The Nissan Chemical Group Helps to Build a Sustainable Society through Our Business Activities.

The demand for new technologies and products is rising, as is the awareness of the need to preserve the global environment. In response to this demand, we establish de-facto standard technology and create the most advanced materials that help to build a sustainable development of society. At the same time, we offer affordable and fully functional products that meet the global market needs.

The population is growing and also rapidly aging globally. There are growing concerns over food shortages and the declining number of farmers in the domestic agriculture. Faced with these circumstances, we are working to develop agrochemicals that will secure stable agricultural product yields, while also helping to streamline agricultural work and cut down on labor.

In addition, we also develop pharmaceuticals for healthier and more enriched lives for people.

As the changes of the times accelerate, various social issues are coming to light. Moving forward, we will continue our pursuit of technological innovation by concentrating the expertise of in-house and fusing external knowledge with our work to solve these issues.

In 1992, we introduced responsible care activities, which are initiatives designed to ensure environmental friendliness, health and safety throughout the entire lifecycle of each chemical. We have disclosed the details of these activities via Environmental and Safety Report since 1999 and via CSR Report since 2013.

In the CSR Report, we tried to provide our stakeholders with easy-to-understand information regarding our CSR activities. In the FY2016 issue we begin publishing this information as the Annual Report, and add a business overview and financial highlights to make our group’s business activities understood better. Detailed financial information is provided in the Financial Section. In addition, the Special Feature pages contain a summary of our long-term business plan and medium-term business plan that were launched in April this year. This summary describes that how we will help to solve social issues through new business domains and strategies. Moving forward, we will continue developing our CSR activities to contribute to the realization of a sustainable society. We will also improve the content of the report and make it a useful tool for communicating with our stakeholders.

Editorial Policy

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Reporting period

FY2015 (April 2015 to March 2016)

* The occupational accidents data is from January to December 2015 (PS9).

Scope of reporting

This report describes the initiatives of the Nissan Chemical Group, with a focus on environmental and safety initiatives of Nissan Chemical Industries, Ltd.

* The financial data includes the data of Nissan Chemical Industries, Ltd., its consolidated subsidiaries, and its Entities accounted for using equity method.

* The non-financial data only includes the data of Nissan Chemical Industries, Ltd.

Consolidated subsidiaries:

Entities accounted for using equity method:
- Sun Agro Co., Ltd., Clariant Catalysts (Japan) K.K.

Group companies:
The above consolidated subsidiaries and entities accounted for using equity method: Nissan Chemical Taiwan Co., Ltd. (NCT), Nissan Chemical Product (Shanghai) Co., Ltd. (NCS), and Nissan Chemical Agro Korea Ltd. (NAK).
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Moving forward, we will continue developing our CSR activities to contribute to the realization of a sustainable society. We will also improve the content of the report and make it a useful tool for communicating with our stakeholders.
We are pleased to release our Annual Report 2016.

At the Nissan Chemical Group, we promote responsible care activities by viewing the securing of the environment, health, and safety over the entire product lifecycle—from R&D to manufacturing, distribution, sales, use, and disposal—to be our most important task. We have set basic policies for our activities, have set goals, and take actions in the fields of environmental protection, process safety & disaster prevention, occupational safety & health, and chemicals & product safety. At the same time, the departments in charge supervise the contents of these activities, handle problems that have emerged or potential risks, and seek constant improvement. We are also committed to interacting with local communities. We regularly hold tours of our facilities and briefing sessions at all of our plants to improve understanding and trust in our activities for environmental protection and process safety & disaster prevention. For children who will grow up to be responsible for the next generation, our laboratories provide them with opportunities to learn about the hardships and pleasures of working, and the fun of chemistry through work experience and special classes given by visiting their schools.

For our employees, we have established programs related to work-life balance and enhanced mental health measures and other related initiatives so that they can enjoy healthier, enriched lives. We have also been focusing our efforts on creating a workplace environment that enables a diverse range of individuals to maximize their capabilities.

In addition, we have been strengthening our corporate governance, a system for improving the soundness and efficiency of management, so that our stakeholders can earn sustainable, long-term profits. We strive to ensure that management decisions are made quickly, clarify the management responsibility and business execution responsibility, and ensure that management decisions are made quickly, clarify the management responsibility and business execution responsibility, and ensure the soundness and transparency of management under the board meeting and board of corporate auditors, whose members include highly independent outside officers.

In April 2016, we launched two new business plans, the long-term business plan “Progress2030” and mid-term business plan “Vista2021.” In developing these plans, we defined our business model as “Future-Creating Enterprise that responds to social needs with unique, innovative technologies.” This model reflects our desire to create a better future for human and environment. We aim to develop synergistically with the society by helping to solve global issues such as global warming and food and energy shortages.

Moving forward, we will continue to base our business activities on our corporate philosophy which is “contribute to the society in harmony with the environment, based on our excellent technologies, products and services.” And we will continue working to solve social issues and actively fulfill our responsibility as a company by evolving, deepening, and expanding our unique technologies so that we can achieve our corporate vision of becoming “a corporate group that contributes to human survival and development.” We humbly ask for your continued understanding and support.

President & CEO
Kojiro Kinoshita

We were founded in 1887 as Tokyo Jinzo Hiryo, Japan’s first manufacturer of chemical fertilizers. Dr. Jokichi Takamine, who discovered the Taka-Diastase digestive enzyme, was deeply impressed by the state-of-the-art technology for manufacturing chemical fertilizers that he observed while he was studying in Britain. This experience inspired him to found the company. After returning to Japan, Dr. Takamine launched an innovative business that would fundamentally change the nation’s agriculture, obtaining the support of people such as Eiichi Shibusawa, one of the leaders in the Japanese business world at that time. Food production in Japan increased significantly as a result of repeated efforts made by pioneers, driven by the strong belief that the widespread use of chemical fertilizers is essential for increasing crop yield. We at the Nissan Chemical Group have inherited this strong pioneering spirit, and have applied it to the creation of innovative technologies and businesses that will facilitate the progress of society.

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Message from the President

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Moving forward, we will continue to base our business activities on our corporate philosophy which is “We contribute to society in harmony with the environment, based on our excellent technologies, products and services.” And we will continue working to solve social issues and actively fulfill our responsibility as a company by evolving, deepening, and expanding our unique technologies so that we can achieve our corporate vision of becoming “a corporate group that contributes to human survival and development.”

We humbly ask for your continued understanding and support.

Corporate Ethos Structure

Mission Statement (Our Values)
Contribute to society with excellent technologies and products.
Promote prosperity and welfare through concerted efforts to constantly develop new areas.
Respect people who exhibit a sense of responsibility, originality and motivation.

Corporate Philosophy (Corporate Purpose)
We contribute to society in harmony with the environment, based on our excellent technologies, products and services.

Corporate Vision
A corporate group that contributes to human survival and development.

Basic CSR Policy
(1) Conduct sensible business activities as a member of the international community in compliance with laws and regulations.
(2) Create a cheerful and pleasant workplace by respecting the individuality and personalities of employees.
(3) Strive to achieve no-accidents & no-disasters and protect the global environment.
(4) Disclose information appropriately with a focus on communication with stakeholders.
(5) Promote prosperity and welfare through concerted efforts to constantly develop new areas.
(6) Respect people who exhibit a sense of responsibility, originality and motivation.

Corporate Values (Our Beliefs)
(1) A corporate group that contributes to human survival and development.
(2) Contribute to society with excellent technologies and products.
(3) Respect people who exhibit a sense of responsibility, originality and motivation.
(4) Promote prosperity and welfare through concerted efforts to constantly develop new areas.
(5) Fulfill our responsibility as a company by evolving, deepening, and expanding our unique technologies so that we can achieve our corporate vision of becoming “a corporate group that contributes to human survival and development.”

Corporate Ethos Structure

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(4) Disclose information appropriately with a focus on communication with stakeholders.
Business Model

We, Nissan Chemical Group, conduct business activities in four business domains using our five core technologies, including optical control, which we added to the range of technologies we have accumulated over the years.

Based on our recognition of various social issues and changes, we aim to enhance our initiatives for addressing environmental problems and achieve sustainable growth together with society. We will also work to provide new products through each business domain.

Social Issues and Changes

Our Objectives

Creating new technologies and products that respond to both visible and potential needs

Business Domains

Core Technologies

ICT Evolution

Information & Communication

Fine Organic Synthesis

Chemicals & Affiliates

Life Sciences

Functional Polymer Design

Environment & Energy

Ultratine Particle Control

Biological Evaluation

Optical Control

Our Business Activities

Supplying display materials and semiconductor materials in response to the technological innovations of customers

Providing sensor materials needed for IoT and healthcare

Development of interconnect materials that allow for the communication of greater amounts of data at higher speeds

Supplying agrochemicals that help boost crop yields and save on agricultural labor

Providing veterinary pharmaceuticals intended for companion animals that comfort people

Creating pharmaceuticals that cater to medical needs

Developing biomedical materials that contribute to advanced medical care

Providing battery materials that are compatible with batteries that deliver a higher level of performance

Developing energy harvesting materials that help utilize unused energy

Creating thermal control materials that help improve the efficiency of energy use

Strengthening responsible care activities

Respecting the individuality and personality of each person and creating a pleasant workplace

Strengthening corporate governance and ensuring the appropriate disclosure

Unique, Innovative Technologies

Future-Creating Enterprise that Responds to Social Needs with

Creating new technologies and products that respond to both visible and potential needs
Future-Creating Enterprise that Responds to Social Needs with Unique, Innovative Technologies

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Social Issues and Changes

Business Domains

- ICT Evolution
- Food Shortages
- Enhance Well-being
- Advanced Medical Care
- Increasing Energy Demand
- Reducing Environmental Load
- Global Environmental Protection
- Diversity
- Sensible business activities

Core Technologies

- Fine Organic Synthesis
- Functional Polymer Design
- Ultrafine Particle Control
- Biological Evaluation
- Optical Control

Our Objectives

Creating new technologies and products that respond to both visible and potential needs

Our Business Activities

- Supplying display materials and semiconductor materials in response to the technological innovations of customers
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Nissan Chemical Products that Play an Active Role in Society

Here we introduce our three business domains and products used in various parts of society.

**Performance Materials**
- SUNEVER® (polyimide for LCD / flat panel displays)
- NHC® (insulating hard coating)
- SNOWTEX® (semiconductor polishing, hard coating, etc.)
- ORGANOSILICASOL (coating for anti-scratch, insulation, CTE reduction)

**Life Sciences**
- Fluralaner
- LIVALO® (anti-cholesterol agent)
- LANDEL® (anti-hypertension agent)
- NIP-022 (platelet increasing agent)
- NT-702 (asthma care, arteriosclerosis obliterans treatment agent)
- TARGA®
- PERMIT®
- AdBlue®

**Display Materials**
- AdBlue®
- ROUNOD MAXLOAD
- LIVADO / LANDEL
- LEIMAY / ORACLE
- HI-LITE
- SNOWTEX
- STARMITE / SAMMITE
- SIRIUS / ALTAIR

**Agricultural Chemicals**
- SIRIUS®
- ALTAIR®
- ROUNOUP®
- STARMITE®
- MELAMINE
- HI-LITE®
- NISSAN REISHI

**Semiconductor Materials**
- ARC® (bottom anti-reflective coating for semiconductors)
- ORGANOSILICASOL (coating for anti-scratch, insulation, CTE reduction)

**Inorganic Materials**
- MELAMINE CYANATE (flame retardant)
- MELAMINE (plywood adhesive, etc.)
- HI-LITE® (disinfectant)
- FINE OXOCOL®
- AdBlue® is a registered trademark of Verband der Automobilindustrie.

**Chemicals**
- MELAMINE (plywood adhesive, etc.)
- High purity agent
- High-grade urea solution (AdBlue™)
- FINE OXOCOL®
- "AdBlue® is a registered trademark of Verband der Automobilindustrie.
- TEPI® (special epoxy compound for sealants)
- MELAMINE CYANATE (flame retardant)
- HI-LITE® (disinfectant)
- NISSAN REISHI (health food)
Nissan Chemical Products that Play an Active Role in Society

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**Performance Materials**
- Display Materials
  - SUNEVER® (polyimide for LCD / flat panel displays)
  - NHC® (insulating hard coating)
- Semiconductor Materials
  - ARC® (bottom anti-reflective coating for semiconductors)
  - SNOWTEX® (semiconductor polishing, hard coating, etc.)
  - ORGANOSILICASOL (coating for anti-scratch, insulation, CTE reduction)
- Inorganic Materials
  - STARMITE®
  - SANMITE®

**Life Sciences**
- Insecticide
  - SIRIUS®
  - ALTAIR®
  - ROUNDUP® MAXLOAD
  - TARGA®
  - PERMIT®
- Fungicide
  - LEIMAY®
  - ORACLE®
  - PULSOR®
- Veterinary Pharmaceuticals
  - Fluralaner
- Agricultural Chemicals
  - LIVALO® (anti-cholesterol agent)
  - LANDEL® (anti-hypertension agent)
  - NIP-022 (platelet increasing agent)
  - NT-702 (asthma care, arteriosclerosis obliterans treatment agent)
  - NTC-801 (anti-arrhythmic agent)
- Novel agent under development
  - ARC® (bottom anti-reflective coating for semiconductors)

**Chemicals**
- MELAMINE (plywood adhesive, etc.)
- Melamine (urea, etc.)
- HI-LITE® (disinfectant)
- Hi-Purity agent
- Fine Oxocoll®
- NISSAN REISHI (health food)
- High purity agent
- High-grade urea solution (AdBlue™)
- TEPIC® (special epoxy compound for sealant)
- MELAMINE CYANURATE (flame retardant)

**Main Products**
### Financial and Non-Financial Highlights

#### Operating income and Operating margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating income (100 million yen)</th>
<th>Operating margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>12.8</td>
<td>14.6</td>
</tr>
<tr>
<td>2007</td>
<td>13.8</td>
<td>14.6</td>
</tr>
<tr>
<td>2008</td>
<td>13.9</td>
<td>14.6</td>
</tr>
<tr>
<td>2009</td>
<td>12.8</td>
<td>14.6</td>
</tr>
<tr>
<td>2010</td>
<td>12.9</td>
<td>14.6</td>
</tr>
<tr>
<td>2011</td>
<td>12.7</td>
<td>14.6</td>
</tr>
<tr>
<td>2012</td>
<td>13.6</td>
<td>14.6</td>
</tr>
<tr>
<td>2013</td>
<td>14.8</td>
<td>14.6</td>
</tr>
<tr>
<td>2014</td>
<td>16.2</td>
<td>14.6</td>
</tr>
</tbody>
</table>

#### Net income attributable to owners of parent / ROE

<table>
<thead>
<tr>
<th>Year</th>
<th>Net income (100 million yen)</th>
<th>ROE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>14.7</td>
<td>15.6</td>
</tr>
<tr>
<td>2007</td>
<td>10.3</td>
<td>12.6</td>
</tr>
<tr>
<td>2008</td>
<td>11.9</td>
<td>9.5</td>
</tr>
<tr>
<td>2009</td>
<td>11.4</td>
<td>12.7</td>
</tr>
<tr>
<td>2010</td>
<td>12.2</td>
<td>12.7</td>
</tr>
<tr>
<td>2011</td>
<td>14.9</td>
<td>12.7</td>
</tr>
</tbody>
</table>

#### Total amount of dividend / Purchase of treasury shares / Total payout ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Total amount of dividend (100 million yen)</th>
<th>Purchase of treasury shares (100 million yen)</th>
<th>Total payout ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>60</td>
<td>118</td>
<td>0.0</td>
</tr>
<tr>
<td>2007</td>
<td>60</td>
<td>80</td>
<td>10.0</td>
</tr>
<tr>
<td>2008</td>
<td>80</td>
<td>32</td>
<td>8.7</td>
</tr>
<tr>
<td>2009</td>
<td>67</td>
<td>53</td>
<td>8.7</td>
</tr>
<tr>
<td>2010</td>
<td>64</td>
<td>59</td>
<td>9.6</td>
</tr>
<tr>
<td>2011</td>
<td>71</td>
<td>64</td>
<td>9.6</td>
</tr>
</tbody>
</table>

#### Greenhouse gas emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>CO2 emissions from energy use (1,000 tons)</th>
<th>CO2 emissions from non-energy use (1,000 tons)</th>
<th>Chlorinated monoxide (CO2 equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>481</td>
<td>199</td>
<td>262</td>
</tr>
<tr>
<td>2007</td>
<td>459</td>
<td>160</td>
<td>196</td>
</tr>
<tr>
<td>2008</td>
<td>455</td>
<td>160</td>
<td>197</td>
</tr>
<tr>
<td>2009</td>
<td>447</td>
<td>157</td>
<td>175</td>
</tr>
<tr>
<td>2010</td>
<td>448</td>
<td>145</td>
<td>153</td>
</tr>
<tr>
<td>2011</td>
<td>437</td>
<td>143</td>
<td>156</td>
</tr>
<tr>
<td>2012</td>
<td>462</td>
<td>172</td>
<td>252</td>
</tr>
</tbody>
</table>

### Financial Data (Consolidated)

<table>
<thead>
<tr>
<th>Unit</th>
<th>FY2015</th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
<th>FY2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,538</td>
<td>1,518</td>
<td>1,538</td>
<td>1,514</td>
<td>1,533</td>
</tr>
<tr>
<td>Financial income</td>
<td>223</td>
<td>220</td>
<td>237</td>
<td>222</td>
<td>264</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>256</td>
<td>266</td>
<td>259</td>
<td>260</td>
<td>253</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>187</td>
<td>192</td>
<td>224</td>
<td>222</td>
<td>222</td>
</tr>
<tr>
<td>EBITDA**</td>
<td>230</td>
<td>250</td>
<td>308</td>
<td>308</td>
<td>338</td>
</tr>
<tr>
<td>EPS</td>
<td>64.52</td>
<td>63.74</td>
<td>102.11</td>
<td>113.89</td>
<td>143.37</td>
</tr>
<tr>
<td>Dividend</td>
<td>34</td>
<td>26</td>
<td>24</td>
<td>30</td>
<td>38</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>37.2</td>
<td>31.0</td>
<td>29.4</td>
<td>31.6</td>
<td>30.7</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,901</td>
<td>1,970</td>
<td>2,080</td>
<td>2,239</td>
<td>2,282</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,136</td>
<td>1,267</td>
<td>1,378</td>
<td>1,513</td>
<td>1,589</td>
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<tr>
<td>Cash</td>
<td>279</td>
<td>319</td>
<td>308</td>
<td>313</td>
<td>335</td>
</tr>
<tr>
<td>Liabilities with interest</td>
<td>389</td>
<td>381</td>
<td>361</td>
<td>361</td>
<td>351</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>62.4</td>
<td>63.0</td>
<td>65.7</td>
<td>66.9</td>
<td>69.1</td>
</tr>
<tr>
<td>Capex</td>
<td>83</td>
<td>81</td>
<td>88</td>
<td>98</td>
<td>102</td>
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<tr>
<td>Depreciation</td>
<td>105</td>
<td>95</td>
<td>85</td>
<td>85</td>
<td>97</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>136</td>
<td>137</td>
<td>142</td>
<td>150</td>
<td>158</td>
</tr>
</tbody>
</table>

### Non-Financial Data (non-consolidated)

- Full-time employees: Male People 1,568, Female People 1,550, People 1,543, Male People 1,553, Female People 1,563, People 1,597
- Percentage of females among full-time employees: Male People 9.2, Female People 9.5, People 9.6, Male People 9.8, Female People 9.9
- New employees: Male People 21, Female People 22, People 34, Male People 59, Female People 59
- Percentage of females among new employees: Male People 9.2, Female People 9.5, People 9.6

#### Water resources: Tap water, groundwater and industrial water used for business activities

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption (1,000 tons)</th>
<th>Percentage of use (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,538</td>
<td>41.3</td>
</tr>
<tr>
<td>2007</td>
<td>1,550</td>
<td>41.0</td>
</tr>
<tr>
<td>2008</td>
<td>1,578</td>
<td>41.5</td>
</tr>
<tr>
<td>2009</td>
<td>1,550</td>
<td>41.0</td>
</tr>
<tr>
<td>2010</td>
<td>1,578</td>
<td>41.5</td>
</tr>
<tr>
<td>2011</td>
<td>1,550</td>
<td>41.0</td>
</tr>
<tr>
<td>2012</td>
<td>1,578</td>
<td>41.5</td>
</tr>
<tr>
<td>2013</td>
<td>1,550</td>
<td>41.0</td>
</tr>
<tr>
<td>2014</td>
<td>1,578</td>
<td>41.5</td>
</tr>
</tbody>
</table>

#### Other highlights

- Average overtime per month: People 12.5, Male People 12.8, Female People 12.2
- Percentage of those who take annual leave: Male People 76.9, Female People 76.8, People 73.4, Male People 19.0, Female People 19.0
- Percentage of employees leaving job within 3 years of employment: Male People 1.5, Female People 2.0
- Amount of energy consumed (crude oil equivalent)** | 1,000 Kt: 97, 95, 95, 92, 99
- Waste generation: 1,000 tons: 26.3, 26.8, 26.3, 33.0, 33.4
- Final disposal volume of waste: 1,000 tons: 2.3, 2.5, 1.5, 2.3, 2.2
- Water resources input** | Million m3: 41.6, 40.3, 41.3, 39.0, 40.7

** Operating margin = EBITDA / Sales  
** Energy Fuel, purchased electricity and purchased steam used for business activities  
* Water resources: Tap water, groundwater and industrial water used for business activities
Operating income and Operating margin

Net income attributable to owners of parent / ROE

Total amount of dividend / Purchase of treasury shares / Total payout ratio

Greenhouse gas emissions

Financial and Non-Financial Highlights

Financial Data (consolidated)

Non-Financial Data (non-consolidated)
In April 2013, The Nissan Chemical Group launched “Vista2015 Stage II,” a three-year medium-term business plan. Since then, we have been executing two basic strategies which are “creating new products and new businesses” and “pursuit of business structure reforms.” Regarding new products, active ingredient of veterinary pharmaceutical, display materials and others have enjoyed growth, while the development of new materials such as organic nanoparticle and three-dimensional cell culture media have made progress. We have also steadily advanced the development of research infrastructures to accelerate the creation of new materials, established a local subsidiary in China, and pursued other initiatives. As a result of these efforts, operating profit for the fiscal year 2015 reached 28.6 billion yen, exceeding the target by 2.6 billion yen.

While global economic trends are becoming increasingly uncertain, we have identified that “foray into new business domains”, “development of new products that match market trends”, and “enhancing R&D capability” as our tasks for ensuring sustainable growth. To overcome these challenges and secure growth, in April 2016, we launched “Progress2030,” a long-term business plan for the period to 2030, and “Vista2021,” a six-year medium-term business plan which shows our ideal situation of 2021.

In developing these plans, we adopted new business model called “Future-Creating Enterprise that responds to social needs with unique, innovative technologies.” We will strive to develop in synergy with society by helping to solve social issues such as global warming, energy problems and food shortages.

— “Aiming to Be a Company that Creates the Future” —

1. Outline of “Progress2030” Long-Term Business Plan

1 The Company’s 2030 Vision
A corporate group which provides new values for helping to enrich people’s lives by integrating internal and external knowledge with facing globally-changing society
A group of first-class pioneers who blaze a way to the future with enthusiasm by trusts they have built and skills they have cultivated

2 Business Domains
“Information & Communication”, “Life Sciences”, “Environment & Energy” and “Chemicals & Affiliates” that are based on the five core technologies

3 Basic Strategies
Entering new fields by evolving, deepening and expanding unique technologies

1) Information & Communication (display, semiconductor, inorganic, optical functional and sensor materials)
For display, semiconductor and inorganic materials, we will provide products based on technological innovations in the market. We will also create sensor materials by using our existing technologies and optical functional materials by establishing optical control technologies.

2) Life Sciences (agrochemicals, veterinary pharmaceuticals, pharmaceuticals and biomedical materials)
We will strengthen the pipeline for agrochemicals and pharmaceuticals, also develop new veterinary pharmaceuticals. In addition, we will create biomedical materials that contribute to advanced medical care using accumulated technologies for biological evaluation and material design.

3) Environment & Energy (batteries, energy harvesting and thermal control materials)
We will establish a device evaluation technology then supply battery materials and materials that contribute to efficient use of energy.

4) Chemicals & Affiliates (basic chemicals, fine chemicals and affiliates)
In addition to responding to business environmental changes, we will introduce high-performance compounds related to TEPIC®, an epoxy compound.

4 Business Size

| Net sales | Information & Communication | 100 billion yen |
| Operating income | Life Sciences | 100 billion yen |
| Operating margin | Environment & Energy | 50 billion yen |
| | Chemicals & Affiliates | 50 billion yen |
| | Total | 300 billion yen |
| Operating income | 50 billion yen |
| Operating margin | 16.7% |

Net sales (left axis), Operating income (right axis)
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4. Business Size

<table>
<thead>
<tr>
<th>Sector/Category</th>
<th>2015 (¥ billion)</th>
<th>2021 (¥ billion)</th>
<th>2030 (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information &amp; Communication</td>
<td>1789</td>
<td>2500</td>
<td>3000</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>100</td>
<td>400</td>
<td>550</td>
</tr>
<tr>
<td>Environment &amp; Energy</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Chemicals &amp; Affiliates</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3259</strong></td>
<td><strong>3000</strong></td>
<td><strong>3000</strong></td>
</tr>
</tbody>
</table>

Operating Income: 50 billion yen
Operating margin: 16.7%
2. Outline of “Vista2021” Medium-Term Business Plan
— A six-year plan starting in FY2016 —

The plan is divided into the first three years (FY 2016 to 2018) as Stage I and the second three years (FY 2019 to 2021) as Stage II.

1 Ideal Situation of 2021

- Information & Communication and Life Sciences are the driving force for growth while Chemicals & Affiliates achieve a stable profit.
- Establish the foundation of Environment & Energy business and a position as a promising chemical manufacturer that keeps moving forward with a strong presence.

2 Financial Target

1. Sales / Operating income / Net income** (100 million yen)
   - Sales (left axis)
   - Operating income (right axis)
   - Net income (right axis)

2. Operating income by segment (100 million yen)

3 R&D Expenses, Capex

R&D Expenses / Capex (100 million yen)

4 Financial Indicators (FY2018 target)

- Operating margin: Maintain above 15%
- ROE: Maintain above 14%
- R&D expenses/sales: Above 8%

5 Shareholder Return

- Dividend payout ratio: Gradually increase to 40% in FY2018
- Total payout ratio: Maintain 70%
Special Feature

2. Outline of “Vista2021” Medium-Term Business Plan
—A six-year plan starting in FY2016—

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2 Financial Target
1. Sales / Operating income / Net income*: [100 million yen]
   - Sales (left axis)
   - Operating income (right axis)
   - Net income (right axis)

2. Operating income by segment [100 million yen]
   - Chemicals
   - Performance Materials
   - Agricultural Chemicals
   - Pharmaceuticals
   - Others**

3. Outline of “Vista2021 Stage I”

3.1 Basic strategies
1) Maximizing the profit from existing products
   • Boosting the market shares of products for growing fields, driving overseas business expansion, and reducing costs
2) Improving marketing power
   • Identifying market needs by moving closer to customers and obtaining information about advanced materials
3) Enhancing R&D capability
   • Improving existing technologies, establishing new technologies, and accelerating the development of new products

3.2 Sources of Growth
1) Chemicals
   • i. Increasing the sales of AdBlue, a high-grade urea solution, and high purity ammonia
   • ii. Creating actual demand for TEPIC in new grades

2) Performance Materials
   • i. Increasing sales of display materials for photo-alignment IPS and HYPERTEC®, multi-branched organic nanoparticles
   • ii. Expanding sales of anti-reflective coating materials for semiconductors (ARC®) and multilayer process materials (OptiStack®) and launching sensor materials
   • iii. Entering the oil & gas business fields with selling chemicals that enhance productivity of oil well
   • iv. Developing materials for OLED and expanding sales
   • v. Enhancing production systems and customer services in overseas countries

3) Agricultural Chemicals
   • i. Expanding sales of ALTAIR, a paddy rice herbicide and launching a new product line of ROUNDP, a non-selective herbicide
   • ii. Establishing overseas subsidiaries and increasing sales in overseas markets
   • iii. Expanding application of Fluralaner, an active ingredient of veterinary pharmaceutical, to “spot on” drugs for transdermal administration for dogs and cats

4) Pharmaceuticals
   • i. Acquiring seeds in the field of biomedical materials
   • ii. Creating energy harvesting materials
   • iii. Jointly developing NIP-022, a platelet increasing agent and promoting the research collaboration of antifungal drugs
   • iv. Achieving global standardization of cell culture materials
   • v. Expanding the business of custom manufacturing service for active ingredients of generic drugs

3.3 Initiatives for Stage II and Onward
1) Information & Communication
   • i. Developing heat-resistant lenses, lightweight control film and optical interconnect materials
   • ii. Creating next-generation display and semiconductor materials

2) Life Sciences
   • i. Developing NC-S15 insecticide, new fungicides and paddy rice herbicides
   • ii. Jointly developing NIP-022, a platelet increasing agent and promoting the research collaboration of antifungal drugs
   • iii. Achieving global standardization of cell culture materials

3) Environment & Energy
   • i. Developing materials for secondary batteries and fuel cells
   • ii. Creating energy harvesting materials

4) R&D
   • i. Acquiring seeds in the field of biomedical materials
   • ii. Introducing cutting-edge technologies through open innovations
   • iii. Developing new business fields by strengthening and fusion of core technologies

*Net income attributable to owners of parent
**Includes trading, others and adjustment
Performance Materials
We will continue to expand the business by actively developing display, semiconductor, and inorganic materials, as well as new materials for new fields.

Display Materials
Our display materials business, led by SUNEVER® (polyimide for LCD / flat panel displays) and NHC® (insulating hard coating), is developed by meeting the expanding display market needs in and around Asia.

Semiconductor Materials
We provide bottom anti-reflective coating (ARC®) materials necessary for semiconductor manufacturing process. We also work to expand our business by developing multilayer process materials and temporary bonding materials.

Inorganic Materials
We have continuously developed nano-collidos to a variety of industries for many years using nanoparticle control technology, one of our core technologies. We strive to supply our main product, SNOWTEX®, and other products.

New Products
Our development focuses on next generation products that identify the future needs of customers.

Main Products

SUNEVE®
This is a coating material made from polyimide resin. It is used for glass substrates to align liquid crystal molecules in a particular direction. We offer various grades of this product for small- and medium-sized screens, such as PCs, tablets and smartphones, in addition to those for the latest flat-panel LCD TVs.

Anti-reflective coating materials for semiconductors (ARC®)
This is a material that is developed for semiconductor lithography. It can be used to coat the part under photolitho to solve various problems with photolitho exposure. We offer products that are compatible with a wide range of line widths, from the i-line to the cutting-edge ArF, thereby contributing to technological innovation of semiconductor devices.

SNOWTEX®
This is a colloid solution with nano-sized silica particles dispersed stably in water. Taking advantage of its diverse functions, it has been used in a wide range of fields such as paper, fibers, iron and steel, foundry, and refractory. In recent years, we have developed new applications for this product, such as those for batteries, catalyst binders, coating agents for ink-jet printing paper, and polishing agents for electronic substrate materials and electronic recording media.

ORGANOSILICASOL
This is a colloid solution made from organosilica with nano-sized silica sols dispersed stably in an organic solvent. It is used for organic-inorganic composite materials and hard coating agents.

Features of Our Business

Electronic Materials
- Promoting R&D in an integrated manner with customers in Japan and overseas countries
- Bases established in Japan, Korea, Taiwan, and China that target the continuously growing field of electronic materials in the Asian market

Inorganic Materials
- Development of a wide range of applications that take advantage of the features of high performance colloid products
- Prompt response to customers through collaboration between sales, manufacturing, and research teams

Business Results and Outlook
In FY2015, sales of SUNEVER® for small- and medium-sized screens such as smartphones and those for large screens such as TVs remained strong, but ARC® and other products were affected by the decline in operating rates of some customers. Regarding inorganic materials, SNOWTEX® for polishing agents for electronic materials struggled but other general uses and ORGANOSILICASOL sales increased year on year.

Development of OLED Related Materials
We work on the development of materials that support the technological innovation of displays, such as OLED and flexible panels, and next-generation products related to semiconductor materials and inorganic materials. Most importantly, we focus our efforts on developing markets for OLED, which is expected to grow in the future as a next-generation display material. In addition to coating hole-injector layer materials and TFT-planarizing film materials, we are currently moving forward with the development of distinctive peripheral materials, such as tank materials that help ensure the uniformity of pixels during inkjet application and optical alignment materials used for anti-reflective retardation films.

Hole injection layer materials (Elseource®)
These products are effective for improving the characteristics and reliability of devices. The optimized ink characteristics have made them applicable for various coating methods. They help ensure lower costs and the improved reliability of panels.

TFT planarizing film materials (NPAR®)
The NPAR® series are positive-working photosensitive acrylic resins that feature low levels of outgas and high planarization. They are used in planarizing films for the TFT array of OLED displays and other types of displays.
Performance Materials

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ORGANOSILICASOL

This is a colloid solution with nano-sized silica sols dispersed stably in an organic solvent. It can be applied for new uses and fields, such as compounding with resin, which is difficult to do with conventional water-based silica sol. It is used for organic-inorganic composite materials and hard coating agents.

Features of Our Business

Electronic Materials

- Promoting R&D in an integrated manner with customers in Japan and overseas countries
- Bases established in Japan, Korea, Taiwan, and China that target the continuously growing field of electronic materials in the Asian market

Inorganic Materials

- Development of a wide range of applications that take advantage of the features of high performance colloidal products
- Prompt response to customers through collaboration between sales, manufacturing, and research teams

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Hole injection layer materials (Elsource®)

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TFT planarizing film materials (NPAR®)

The NPAR® series are positive-working photosensitive acrylic resins that feature low levels of outgas and high planarization. They are used in planarizing films for the TFT array of OLED displays and other types of displays.
Agricultural Chemicals

Provide a stable supply of food to people around the world
Provide agrochemicals that are environmentally friendly
This is what we aim to do.

We seek out and develop new agents for mainstay crops around the world as well as those in Japan. We also actively acquire other companies’ agents and jointly develop agents. We constantly work to expand our product lineup and sell our products in Japan and other countries.

**Main Products**

MSD Animal Health (MSD). We manufacture this product and supply it to MSD as an active ingredient for veterinary pharmaceuticals. It is also marketed as PERMIT® in more than 20 overseas countries as an herbicide for rice paddies, corn fields, sugar cane fields, and lawns.

Several fungicides have specific activity for diseases caused by oomycetes and myxomycetes. We sell LEIMAY®, which is used as an atomizing agent for fruits, tea, and vegetables. It is also popular in overseas countries. In Korea it is used for fruits and vegetables, and in South America it is used for flowers.

SIRIUS®
To meet the needs of farmers, we develop and sell a large number of one-shot herbicides for rice paddies. The main component of these herbicides is SIRIUS®, our proprietary active ingredient. We have been marketing these products in overseas markets as well as in more than 20 countries for over 20 years.

ALTAR®
An active ingredient in herbicides for rice paddies, is a wide-spectrum herbicide with that is highly effective in eliminating bulrush and cyperaceous perennial weeds. It is also effective for weeds that are resistant to conventional sulfonylurea-based herbicides. We market this product in Japan, Korea, and China.

ROUNDUP® MAXLOAD, ROUNDUP® MAXLOAD AL, ROUNDUP® MAXLOAD ALII
In 2002, we acquired the exclusive marketing rights to this product in Japan from Monsanto. While this herbicide kills most weeds, it has low toxicity to humans and animals and does not remain in the soil or in the environment. Due to these benefits, this herbicide is popular all over the world. From 2011, we added ROUNDUP® MAXLOAD ALII to the product lineup. Created for general households, this product features a container with a shower head and can be used without needing to be diluted.

PERMIT®
This herbicide controls grassy weeds that affect broadleaf crops such as soy beans, rapeseed, beets, cotton, and sunflowers. It is used in more than 35 countries, including India and countries in the Americas and Europe.

TARGA®
This herbicide controls grassy weeds that affect broadleaf crops such as soy beans, rapeseed, beets, cotton, and sunflowers. It is used in more than 35 countries, including India and countries in the Americas and Europe.

STARMITE®
This acaricide prevents and eliminates spider mites from fruits, tea, and vegetables. It is extremely safe for the natural enemies of spider mites and useful insects such as honey bees. It is also popular in overseas countries. In Korea it is used for fruits and vegetables, and in South America it is used for flowers.

SANMITE®
This insecticide/acaricide is effective against spider mites and rust mites in fruit trees, as well as spider mites and whiteflies in vegetables. We also market this product in more than 30 overseas countries.

LEIMAY®, ORACLE®
These fungicides have specific activity for diseases caused by oomycetes and myxomycetes. We sell LEIMAY®, which is used as an atomizing agent for potatoes, grapes, and vegetables, and ORACLE®, which is used for preventing and eliminating the root-knot disease of cruciferous vegetables and soil-borne diseases of potatoes, rice, vegetables, and lawns.

CREATUM®, PULSOR®
These products contain a fungicide that we acquired from Dow AgroSciences in 2010. We market CREATUM® for the sheath blight disease that affects wetland rice and MARGY® for large patch lawn disease. We export and sell this product in overseas markets including China, Korea, India, and Brazil under the trade name of PULSOR®.

Furanacon
Furanacon is a chemical compound with an isoxazoline skeleton that we invented. It is an active ingredient found in BRAVECTO™, a veterinary pharmaceutical that was developed by MSD Animal Health (MSD). We manufacture this product and supply it to MSD as an active ingredient for veterinary pharmaceuticals.

**Features of Our Business**

Integrated System from Exploratory Research, Development to Manufacture and Sales

**Business Overview**

From 2011, we added ROUNDUP® MAXLOAD ALII to the product lineup. Created for general households, this product features a container with a shower head and can be used without needing to be diluted.

**Business Results and Outlook**

Sales (left axis)
Operating income (right axis)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (Outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
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<tr>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

In FY2015, sales of ALTAR® and Furanacon remained steady. Regarding ROUNDUP®, we developed sales for general household use.

**T O P I C S**

Entering the Field of Veterinary Pharmaceuticals

In conducting exploratory research on inacids, we invented Fluralaner, a chemical compound that is effective as an ectoparasiticide for companion animals. We began to manufacture and supply this compound to veterinary pharmaceutical manufacturers, making our full-scale entry into the field of veterinary pharmaceuticals.

Fluralaner is an active ingredient of BRAVECTO™, a veterinary pharmaceutical that was developed by MSD. It is a new chemical compound with an isoxazoline skeleton, and exhibits a new action mechanism that is different from that of other conventional ectoparasiticides. In February 2014, the European Union (EU) permitted the marketing of BRAVECTO chewable tablet (an orally administered drug), and MSD started selling it in major European countries in April. In the United States, it was approved in May 2016 and began to be sold in June.

In Japan, it was registered in May 2015 and launched in July. Currently, it is marketed in more than 60 countries worldwide. The superior features of this product include not only the immediate effects on major breeds of fleas and ticks on dogs, but also long-lasting effects which protect dogs from fleas and ticks for three months (eight-week protection against brown dog ticks), which is far longer than existing products that normally need to be given every month.

In addition, the EU permitted the marketing of BRAVECTO Spot-On (a transdermally administered drug) in May 2016. Unlike chewable tablet that was limited to use for dogs, BRAVECTO Spot-On is intended for both cats and dogs. MSD is working to receive marketing approval in other countries, such as the United States and Japan.
Agricultural Chemicals

Provide a stable supply of food to people around the world
Provide agrochemicals that are environmentally friendly
This is what we aim to do.

We seek out and develop new agents for mainstay crops around the world as well as those in Japan. We also actively acquire other companies’ agents and jointly develop agents. We constantly work to expand our product lineup and sell our products in Japan and other countries.

**Main Products**

- **SIRIUS**
  - To meet the needs of farmers, we develop and sell a large number of one-shot herbicides for rice paddies. The main component of these herbicides is SIRIUS®, our proprietary active ingredient. We have been marketing these products overseas markets as well as in more than 20 countries for over 20 years.

- **ALTAR®**
  - An active ingredient in herbicides for rice paddies, ALTAR® is a wide-spectrum herbicide with high effectiveness against various cyperaceous and perennials. It is also effective for weeds that are resistant to conventional sulfonylurea-based herbicides. We manufactured this product in Japan, Korea, and China.

- **ROUNDUP® MAXLOAD, ROUNDUP® MAXLOAD AL, ROUNDUP® MAXLOAD ALII**
  - In 2002, we acquired exclusive marketing rights to this product from Monsanto. While this herbicide kills many weeds, its low toxicity to humans and animals and does not remain in the soil or in the environment. Due to these benefits, this herbicide is popular all over the world. From 2011, we added ROUNDUP® MAXLOAD AL to the product lineup. Created for general households, this product features a container with a shower head and can be used without needing to be diluted.

- **TARGA®**
  - This herbicide controls grasses and weeds that affect broadleaf crops such as soybeans, rapeseeds, beets, cotton, and sunflowers. It is sold in more than 35 countries, including India and countries in the Americas and Europe.

- **PERMIT®**
  - Taking advantage of the fact that it is extremely effective against cyperaceous weeds, we market this product in Japan under the trade names of HICUT®, which is a herbicide for rice paddies in the mid to late term that is highly effective against the pesky weed Eleocharis kuroguwai, and INPOOL®, for lawn. We also market it as PERMIT® in more than 20 overseas countries as an herbicide for rice paddies, corn fields, sugar cane fields, and lawns.

- **STARmite®**
  - This acaricide prevents and eliminates spider mites from fruits, tea, and vegetables. It is extremely safe for the natural enemies of spider mites and useful insects such as honeybees. It is also popular in overseas countries. In Korea it is used for fruits and vegetables, and in South America it is used for flowers.

- **SANmite®**
  - This insecticide/acaricide is effective against spider mites and rust mites in fruit trees, as well as spider mites and whiteflies in vegetables. We also market this product in more than 30 overseas countries.

- **LEMAY®, ORACLE®**
  - These fungicides have a specific activity for diseases caused by oomycetes and myxomycetes. We sell LEMAY®, which is used as an atomizing agent for potatoes, grapes, and vegetables, and ORACLE®, which is used for preventing and eliminating the root-knot disease of cruciferous vegetables and soil-borne diseases of potatoes, rice, vegetables, and lawns.

- **GREATUM®, PULSOR®**
  - These products contain a fungicide that we acquired from Dow AgroSciences in 2010. We market GREATUM® for the sheath blight disease that affects wetland rice and MARGA® for large patch lawn disease. We export and sell this product in overseas markets including China, Korea, India, and Brazil under the trade name of PULSOR®.

- **Fluralaner**
  - Fluralaner is a chemical compound with an isoxazoline skeleton that we invented. It is an active ingredient found in BRAVECTO™, a veterinary pharmaceutical that was developed by MSD Animal Health (MSD). We manufacture this product and supply it to MSD as an active ingredient for veterinary pharmaceuticals.

**Features of Our Business**

**Integrated System from Exploratory Research, Development to Manufacture and Sales**

**Research laboratories**

**Plants**

**Business Results and Outlook**

**Entering the Field of Veterinary Pharmaceuticals**

In conducting exploratory research on insecticides, we invented Fluralaner, a chemical compound that is effective as an ectoparasiticide for companion animals. We began to manufacture and supply this compound to veterinary pharmaceutical manufacturers, making our full-scale entry into the field of veterinary pharmaceuticals.

Fluralaner is an active ingredient of BRAVECTO, a veterinary pharmaceutical that was developed by MSD. It is a new chemical compound with an isoxazoline skeleton, and exhibits a new action mechanism that is different from that of other conventional ectoparasiticides. In February 2014, the European Union (EU) permitted the marketing of BRAVECTO chewable tablet (an orally administered drug), and MSD started selling it in major European countries in April. In the United States, it was approved in May 2014 and began to be sold in June.

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Pharmaceuticals

We strive to develop better pharmaceuticals by making use of our accumulated technology. Our products help preserve precious lives and deliver smiles to people around the world.

Private Drug Discovery

We first entered the pharmaceutical business in 1982. Since then, we have continued to tackle challenges in the R&D of innovative new drugs, making full use of our strategically developed chemical compound library, our cutting-edge evaluation functions, and our fine organic synthesis technologies.

Finetech®

This business provides total support to customers for the R&D of active pharmaceutical ingredients (API). Specifically, we engage in the contracted development of manufacturing process in each one of the stages, from pre-clinical to commercial production stages, and the contracted manufacture of API and intermediates in compliance with GMP.

Main Products

Pitavastatin calcium (LIVALO®)

This is a statin agent that greatly reduces LDL cholesterol and causes fewer drug-interactions. It is distributed by Kowa Pharmaceutical Co. Ltd. in Japan. This agent is recognized as one of the “spring statins” in clinical practice. It has also been released in the United States, as well as Latin American, European, and Asian countries. There are plans to release it in other countries and territories in the future.

Enfodiapine hydrochloride (LANDEL®, FINTE®)

This is a dual type Ca antagonist that blocks not only L-type calcium channels, but also T-type channels. LANDEL is distributed by Zeria Pharmaceutical Co., Ltd. and Shionogi & Co., Ltd. in Japan, and FINTE® is distributed by Green Cross Co. in South Korea. This agent has shown to have a positive effect on hypertension and angina pectoris. In addition, the agent is expected to provide a renoprotective and cardio-protective benefits.

Novel Agent under Development

NIP-022 (platelet increasing agent)

This is orally administrable drug increases the platelet count by activating the thrombopoietin receptor, which is a hematopoietic factor, to accelerate platelet production. It has also been released in the United States, as well as Latin American, European, and Asian countries. There are plans to release it in other countries and territories in the future.

Finetech Business

Manufacturing of API and intermediates (from pre-clinical to commercial production satges and manufacturing in compliance with GMP)

We manufacture API and intermediates by establishing manufacturing methods that can be scaled up.

Process research (route scouting, optimization and scale-up)

We establish production processes that can be scaled-up through quantitative reaction analysis and confirming the stability data of every process. We suggest cost-competitive synthesis routes by only disclosing the structural formula.

Supplying API of generics

We develop and sell API capable of high levels of activity in small amounts, such as the prostaglandin (PG) class of ingredients and vitamin D3 (VD3), by making use of our accumulated technologies for handling high active API and our column equipment capable of high levels of refinement.

Features of Our Business

A Unique Business Model that Specializes in New Drug Discovery and the Manufacture of API without Sales Force

Business Model

Before Launch

Drug discovery

License out

Clinical trial

API production

Formulation Marketing

After Launch

Sales milestone

Royalty

Features of Our Business

Business Results and Outlook

Joint Development of a Novel Platelet Increasing Agent

In October 2015, we entered into a co-development and license agreement on NIP-022, a novel platelet increasing agent that we discovered, with Yakult Honsha Co., Ltd. (hereafter, "Yakult Honsha"). In July 2016, Yakult Honsha began clinical trials on the agent. We are in charge of the development and manufacture of the API and other processes, and will proceed with the development of this agent jointly with Yakult Honsha.

Joint Research of Novel Antifungal Drugs

In January 2016, we concluded a strategic research collaboration agreement with Shionogi & Co., Ltd. (hereafter, "Shionogi"). This agreement is aimed at discovering novel antifungal drug candidates. Among areas of infection medications, there is still a high level of medical needs that must be met in the area of antifungal therapeutic drugs, and more effective and safer drugs are demanded. Shionogi has strengths in small molecule drug discovery and focuses on the infectious disease area, while we are highly capable of conducting structure-activity relationship (SAR) study based on our sophisticated capabilities in the design and organic synthesis of small molecule compounds. In cooperating with Shionogi, we will bolster the synergies of the two companies’ capabilities and strive to discover candidate compounds for the development of novel antifungal drugs.
Pharmaceuticals

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**NIP-022, a novel platelet increasing agent that we discovered, with Yakult Honshu in Japan.**

In October 2015, we entered into a co-development and license agreement on NIP-022, a novel platelet increasing agent that we discovered, with Yakult Honsha Co., Ltd. (hereafter, “Yakult Honsha”). In July 2016, Yakult Honsha began clinical trials on the agent. We are in charge of the development and manufacture of the API and other processes, and will proceed with the development of this agent jointly with Yakult Honsha.

**NTC-801, an anti-arrhythmic agent that inhibits the acetylcholine-activated potassium channel current (IKACh).**

NTC-801 is expected to be used as an atrial selective agent for intermittent claudication associated with peripheral arterial disease.

**NT-702 (asthma care, arteriosclerosis obliterans treatment agent)**

This exhibits both a phosphodiesterase inhibitory effect and a thromboxane A2 synthetase inhibitory effect. It is expected to be used as a novel agent for asthma and intermittent claudication associated with peripheral arterial disease.

**NTC-801 (anti-arrhythmic agent)**

This is a new anti-arrhythmic agent that inhibits the acetylcholine-activated potassium channel current (IKACh). NTC-801 is expected to be used as an atrial selective agent for the treatment of atrial fibrillation because IKACh channels are apparent in the atrium but not in the ventricle.

Finetech Business

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Features of Our Business

**A Unique Business Model that Specializes in New Drug Discovery and the Manufacture of API without Sales Force**

**Business Model**

**Before Launch**

- **Development milestone**

**After Launch**

- **Royalty**

**Business Results and Outlook**

In FY2015, the sales of LIVALO® for overseas markets remained strong, but conditions remained tough in the domestic market. On the other hand, the sales of Finetech were strong. We also had revenue from a lump-sum payment that resulted from the joint development and conclusion of a license agreement related to a platelet increasing agent (NIP-022).

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Business Overview

Chemicals

The development of products focused on the high-level customer needs is another important mission.

**Basic Chemicals**

We provide products to meet a wide range of demands, focusing on melamine, sulfuric acid, nitric acid, ammonia and other heavy chemicals. We also provide high-purity chemicals for washing semiconductors.

**Fine Chemicals**

This business focuses on environmental chemicals such as TEPIC®, a special epoxy compound for sealants, Melamine Cyanurate and PHOSMEL®, non-halogen flame retardants, phenylphosphonic acid, which is a surface modifier, and HI-LITE® sterilizing agent and disinfectant.

**New Products**

To better meet customer needs, we are working to fully enhance our product lineup, which focuses on new grade TEPIC®.

**Main Products**

**MELAMINE**

This is widely used as an adhesive agent for plywood, laminated sheets, molded products, resin finish for fabric, paper and paint. It is highly aesthetic and offers a substantial level of quality.

**High Purity Chemicals**

Our products used for semiconductors / LED require an extremely high level of purity. We provide sulfuric acid, nitric acid, and ammonia to customers in this industry, who hold our products in high regard.

**High-grade urea solution AdBlue®**

This is a solution of urea in demineralized water used as an operating fluid in diesel-powered freight trucks to improve emissions. We have established and expanded our original supply system addressing customer needs.

**FINEOXOCOL®**

This is our unique, highly branched, saturated fatty alcohols and acids with a long chain alkyl group consisting of carbon 16 to 20. It has been used for various esters, lubricants, cosmetics, and ink modifiers.

**TEPIC®**

This, Tris (2,3-Epoxy propyl) Isocyanurate is a special tri-functional epoxy compound consisting of a triazine ring and three glycidyl groups. The triazine ring provides excellent outdoor durability due to its low UV absorption, while the glycidyl groups provide outstanding heat resistance by densely cross-linking with resins.

**MELAMINE CYANURATE (MC)**

This is the compound of melamine and iso cyanuric acid. We provide high quality product by integrated production from raw materials. MC is nitrogen compound, which offers superb thermal stability up to 300°C. It is used for various engineering plastics, such as nylon, as flame retardant or synergist. It also has exhibits outstanding flame retardation when used with flame retardants such as phosphorus systems or metal hydroxide, and has been added to various plastics.

**Nissan Reishi**

Nissan Reishi is a safe Japanese-made health food created through the domestic processing of Reishi mushrooms grown in Japan.

Features of Our Business

Supplying Derivatives that Use Ammonia as Main Raw Material

Business Results and Outlook

In FY2015, export sales of MELAMINE were brisk in Basic Chemicals dept. In Fine Chemicals dept., HI-LITE grew positively. In addition, a decline in oil prices contributed to the rise of the profit rate of the division.

**Ammonia Feedstock Change Project**

As a part of the structural reform of our ammonia business, we switched the feedstock for ammonia produced at Toyama Plant from naphtha to natural gas. We began producing ammonia from the new feedstock in August 2016. At Toyama Plant, we began producing ammonia by means of water electrolysis in 1928. We later introduced manufacturing methods featuring the use of coal, heavy oil, and crude oil in response to changes in the business environment over the years. To meet the rapid increase in demand for ammonia in the 1960s, we switched to a naphtha-based method in 1967 to increase the size of our facilities and streamline them.

In February 2015, we decided to switch the feedstock because the stable procurement of natural gas had become a real possibility. By using natural gas, the price of which fluctuates less than naphtha, we will try to generate stable income from ammonia and various derivatives such as urea, MELAMINE, and nitric acid.
Business Overview

Chemicals

The development of products focused on the high-level customer needs is another important mission.

Basic Chemicals

We provide products to meet a wide range of demands, focusing on melamine, sulfonic acid, nitric acid, ammonia and other heavy chemicals. We also provide high-purity chemicals for washing semiconductors.

Fine Chemicals

This business focuses on environmental chemicals such as TEPIC®, a special epoxy compound for sealants, Melamine Cyanurate and PHOSMEL®, non-halogen flame retardants, phenylphosphonic acid, which is a surface modifier, and HI-LITE® sterilizing agent and disinfectant.

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HI-LITE®

Chlorinated isocyanurate is the main ingredient in this product, which is used for sterilization and disinfection of swimming pools and water purification tanks.

Nissan Reishi

Nissan Reishi is a safe Japanese-made health food created through the domestic processing of Reishi mushrooms grown in Japan.

Features of Our Business

Supplying Derivatives that Use Ammonia as Main Raw Material

Main Products

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Business Results and Outlook

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In FY2015, export sales of MELAMINE were brisk in Basic Chemicals dept. In Fine Chemicals dept., HI-LITE grew positively. In addition, a decline in oil prices contributed to the rise of the profit rate of the division.
Advanced Materials & Planning

Tackling challenges in new fields with an “undaunted spirit”

Our mission is to create new materials and businesses that will be our pillars for future growth of Performance Materials and Life Sciences business domains. We work on developing new materials that meet market needs by making full use of our core technologies, fine organic synthesis, functional polymer design, ultra-fine particle control and biological evaluation. We also promote the collaboration between industry, government, and academia, such as alliances with distinguished companies and joint research with universities, to create actual demand early.

Main Products

- **Life Science Materials**
  - **Cell culture material**
    - We offer the FCeM® series and SphereMan® as base materials for three-dimensional cell cultures. Used to culture cells in a three-dimensional state, these products can adjust cells efficiently while mimicking the in vivo environment.
  - The FCeM® series contains FP801, an additive for culture media whose main ingredient is gelatin gum. It can disperse and suspend spheres (clumps of cells) while exhibiting the same level of viscosity as that of water. It has been adapted for the evaluation of anticancer drugs because it is capable of culturing large amounts of iPSC / ES cells as well as cancer cells.
  - SphereMan® contains LAG17 natural polymer, which is also used for food and pharmaceutical additives. Just like the FCeM® series, it allows for the low adhesion culture of cancer cells. Evenly dispersed spheres sink to the bottom, making it easy to collect the cultured cells. This makes the SphereMan useful for sphere formation assay and 3D imaging analysis.
  - **NANOFIBERGEL®**
    - This gelator comprises palmitic acid and dipeptide, and is friendly to people and the environment. It changes from a gel (sloidy) to sol (liquid) in response to stress. It can be prepared in different forms, such as a spray, cream, and stick. We offer this product as an agent for cosmetics, quasi-drugs, and pharmaceuticals.

- **Environmental Harmony Materials**
  - **ECOPROMOTE® crystal nucleating agent for polylactate**
    - It forms a stable crystal nucleus during the polylactate molding process to increase the speed of crystallization significantly. It produces fine, even crystals, helping to improve the molding cycle and enhance the heat resistance and transparency of molded products.

- **Optical Materials**
  - **SUNCONNECT®**
    - Liquid organic-inorganic hybrid resin materials that exhibit high thermal stability and transparency. Suitable for imprinting methods, photo lithography, and other processes. It can be applied to optical devices such as optical lenses (camera module, heat-resistant and near-infrared transparent) and optical waveguide (optical interconnect).
Main Products

Life Science Materials

Cell culture material
We offer the FCeM® series and SphereMax® as base materials for three-dimensional cell cultures. Used to culture cells in a three-dimensional state, these products can adjust cells efficiently while mimicking the in vivo environment.

The FCeM® series contains FP001, an additive for culture media whose main ingredient is gellan gum. It can disperse and suspend spheres (clumps of cells) while exhibiting the same level of viscosity as that of water. It has been adapted for the evaluation of anticancer drugs because it is capable of culturing large amounts of iPScs / ES cells as well as cancer cells.

SphereMax® contains LAT17 natural polymer, which is also used for food and pharmaceutical additives. Just like the FCeM® series, it allows for the low adhesion culture of cancer cells. Evenly dispersed spheres sink to the bottom, making it easy to collect the cultured cells. This makes the SphereMax® useful for sphere formation assay and 3D imaging analysis.

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Research and Development

We strive to further refine the core technology we have cultivated throughout our long history, and develop new products, technologies, and businesses.

**Chemical Research Laboratories**

Chemical Research Laboratories is Nissan Chemical’s core R&D site, and is responsible for our corporate research. It researches and develops agricultural chemicals and pharmaceuticals that utilize the fine organic synthesis technology we have cultivated over the years, research on company-wide processes, and material analysis research.

**Major research contents**
- Discovery of agrochemicals and pharmaceuticals, and the development of agrochemical formulations and active pharmaceutical ingredients
- Development of new organic materials and polymer materials
- Process development of new products and candidates
- Material analysis and computational science that support research

**Materials Research Laboratories**

Materials Research Laboratories create highly unique new materials, allowing us to respond quickly to increasingly sophisticated and diverse market needs.

**Major research contents**
- Material development based on technologies for the design, synthesis, and evaluation of functional polymers and composite materials
- Development of new materials intended for new display technologies and semiconductor process technologies
- Manufacturing research and the application development of materials such as inorganic particulates

**Biological Research Laboratories**

Biological Research Laboratories serve as a place for life science research, such as evaluation research related to the usefulness and safety of agricultural chemicals, pharmaceutical products, and medical materials.

**Major research contents**
- Efficacy tests, safety tests, and residue tests of agrochemicals in greenhouses and on farmland
- Pharmacological tests, safety tests and pharmacokinetics tests of pharmaceuticals, ranging from those on the gene level to those based on pathological models
- Development of medical materials such as cell culture media, stem cell amplifiers, and coating materials for medical equipment

**Promotion of Industry-government-academia Collaborations**

While we deepen our proprietary technologies, we also promote the creation of new materials and introduction of new technologies through industry-government-academia collaborations. As part of those activities, we participate in a project of the Japan Agency for Medical Research and Development (AMED), which was founded in April 2015, and are working on the development of a cell manufacturing and processing system for the industrialization of regenerative medicine. We are conducting joint development with Kyoto University and have discovered a technology that leads to the low-cost manufacturing of iPSCs. We will continue contributing to the development of regenerative medicine while also processing with state-of-the-art research.

In the area of collaboration between industry and academia, we have been involved in research through comprehensive collaboration with Kyoto University since April 2006. This collaboration aims to create new materials through functionalization and application research, which is conducted by combining the seeds (materials) owned by us with advanced technologies owned by the university.

In addition to the previously described efforts, we engage in R&D activities around the world. We collaborate with overseas universities and participate in an international consortium.

**Utilization of Intellectual Properties**

We received the Minister of Economy, Trade and Industry Award at the fiscal 2016 Intellectual Property Achievement Awards. We were selected for one of the fiscal 2016 Intellectual Property Achievement Awards* under the Minister of Economy, Trade and Industry Award (Enterprises Excelling in Patent Utilization).

Technological innovations are growing increasingly sophisticated and diverse, and the protection of intellectual property rights is being strengthened globally. We recognize that it is important to quickly acquire the rights to the outcomes of R&D, apply them appropriately on a timely basis, carry out preliminary surveys, and confirm that we have not infringed upon the rights of others.

We will continue striving to integrate our business strategies, R&D strategies, and intellectual property strategies, aiming to create competitive new technologies and products and venture into new business domains.

**R&D Expenses**

We consider R&D to be the source of growth, and have intensively invested our management resources in R&D. The percentage of our expenses in Performance Materials and Life Sciences (agricultural chemicals and pharmaceuticals) is high, accounting for more than 85% of the total.
Research and Development

We strive to further refine the core technology we have cultivated throughout our long history, and develop new products, technologies, and businesses.

**Chemical Research Laboratories**

Chemical Research Laboratories is Nissan Chemical's core R&D site, and is responsible for our corporate research. It researches and develops agricultural chemicals and pharmaceuticals that utilize the fine organic synthesis technology we have cultivated over the years, research on company-wide processes, and material analysis research.

**Major research contents**
- Discovery of agrochemicals and pharmaceuticals, and the development of agrochemical formulations and active pharmaceutical ingredients
- Development of new organic materials and polymer materials
- Process development of new products and candidates
- Material analysis and computational science that support research

**Materials Research Laboratories**

Materials Research Laboratories create highly unique new materials, allowing us to respond quickly to increasingly sophisticated and diverse market needs. At the same time, the laboratories focus their efforts on researching next-generation materials in an effort to create new markets.

**Major research contents**
- Material development based on technologies for the design, synthesis, and evaluation of functional polymers and composite materials
- Manufacturing processes for the next-generation display materials and semiconductor process technologies
- Manufacturing research and the application development of materials such as inorganic particulates

**Biological Research Laboratories**

Biological Research Laboratories serve as a place for life science research, such as evaluation research related to the usefulness and safety of agricultural chemicals, pharmaceutical products, and medical materials.

**Major research contents**
- Efficacy tests, safety tests, and residue tests of agrochemicals in greenhouses and on farmland
- Pharmacological tests, safety tests and pharmacokinetics tests of pharmaceuticals, ranging from those on the gene level to those based on pathological models
- Development of medical materials such as cell culture media, stem cell amplifiers, and coating materials for medical equipment

**Promotion of Industry-government-academia Collaborations**

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We consider R&D is the source of growth, and have intensively invested our management resources in R&D. The percentage of our expenses in Performance Materials and Life Sciences (agricultural chemicals and pharmaceuticals) is high, accounting for more than 85% of the total.
Our Corporate Governance

We think of corporate governance as a mechanism that ensures sound, efficient management to provide stakeholders with sustainable, long-term profits. Based on this idea, we strive to ensure management decisions are made promptly, and to work to clarify the management responsibility and responsibility for executing operations. At the same time, we take initiatives for strengthening the management’s monitoring function, compliance system, risk management system, and internal control system under our board meeting and board of corporate auditors, whose members include highly independent outside officers.

Our Corporate Governance System

Execution and supervision of operations

We clarify the management’s function for prompt decision-making and supervision and the function for executing operations, thereby strengthening both of functions. We also strive to improve management’s capabilities for developing and implementing management strategies.

Board Meeting

Our board consists of nine members (including two outside directors), and meets once a month, in principle, to resolve important management matters. It also supervises the execution of operations by directors and executive officers.

Internal Audit

We have the Internal Audit Department, and conducts fair and independent internal audits in accordance with the Internal Auditing Regulations. Business activities are checked by the Accounting & Finance, Legal, Intellectual Property, and Environment, Safety & Quality Assurance Departments, with each applying its respective expertise.

Audit by Corporate Auditors

Our board of corporate auditors consists of four auditors (including three outside corporate auditors). Corporate auditors audit the execution of operations by directors by participating in the board meetings and other important meetings in accordance with auditing plans formulated by the board of auditors. They also ensure the appropriate level of cooperation with stakeholders.

Accounting Audit

We have appointed the Yasuda Audit Company as our accounting auditor. They audit the company and our domestic subsidiaries at the end of each fiscal year, and during the fiscal year when necessary.

Support for outside directors and corporate auditors

The Corporate Planning Department supports outside directors by giving them prior explanations of the contents of the agenda and other matters to be discussed at the board meeting, enabling them to give effective advice on management policies and management improvement measures and supervise the management. For outside corporate auditors, we have appointed audit assistants in response to requests from them. Audit assistants are employees who help outside corporate auditors fulfill their duties efficiently and smoothly. They serve as coordinators for holding internal audits, board meetings, and other meetings, help outside corporate auditors conduct audits, and collect and provide information to them.

Number of Major Meetings and Attendances (FY2015)

<table>
<thead>
<tr>
<th>Meeting Type</th>
<th>Number of Times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Meeting</td>
<td>13</td>
</tr>
<tr>
<td>Board of Corporate Auditors’ Meeting</td>
<td>12</td>
</tr>
<tr>
<td>Attendance of outside directors at board meetings</td>
<td>99.8%</td>
</tr>
<tr>
<td>Attendance of outside corporate auditors at board of auditors’ meetings</td>
<td>100%</td>
</tr>
<tr>
<td>Attendance of outside corporate auditors at board meetings</td>
<td>97.4%</td>
</tr>
</tbody>
</table>
Our business activities are based on our corporate philosophy, which states that we contribute to society in harmony with the environment, based on our excellent technologies, products and services. Based on our recognition that CSR activities are meant for putting the corporate philosophy into practice, we reviewed our group’s code of conduct and revised our basic CSR policies in April 2016. We have also set up a CSR Promotion Council, with the Corporate Planning Department serving as the secretariat. This council formulates action plans and checks activities on a regular basis. It reports the results of its activities to top management twice a year.

CSR Promotion System

- CSR Promotion Council
- Corporate Planning Department
- Environment, Safety & Quality Assurance Department
- Personnel Department

Our Commitment to and Communication with Stakeholders

Customers
We identify customer needs through sales activities, and work to improve our products and services.

Shareholders/Investors
We believe shareholders are the main stakeholders of our company. We make efforts to ensure the appropriate profit allocation.

Communities/Society
We actively engage in social contribution activities and regional interaction.

Employees
Every year, the president visits offices, plants, and laboratories in Japan and overseas to deepen mutual understanding with employees.

Business Partners
We promote supply chain management and check our partners’ CSR initiatives as necessary.

Our Corporate Governance System

Execution and supervision of operations
We clarify the management’s function for prompt decision-making and supervision and the function for executing operations, thereby strengthening both of functions. We also strive to improve management’s capabilities for developing and implementing management strategies.

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We have appointed the Yaesu Audit Company as our accounting auditor. They audit the company and our domestic subsidiaries at the end of each fiscal year, and during the fiscal year when necessary.

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<tbody>
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<td>13 times</td>
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<td></td>
</tr>
</tbody>
</table>
Compliance

We place emphasis on compliance in our management, reflecting our belief that compliance with laws and regulations and social norms is essential for the survival and development of any company. To this end, we actively promote compliance throughout the entire group, and have set up a Compliance Committee as the organization for maintaining and improving compliance. It is chaired by the president and consists of members that include external specialists.

Compliance Promotion Framework

The Compliance Committee creates manuals, revises guidelines, and train employees. It also receives reports from each division / department chief, plant / laboratory chief, related committees, and presidents of subsidiaries. In addition, it periodically audits the state of compliance and provides recommendations for improvements when necessary. The committee also specifies matters to be observed by Group’s employees, and encourages them to carry out daily activities more faithfully than recommendations for improvements when necessary.

Consultation Hotline

We have a system that permits direct whistleblowing to the Compliance Committee. When an employee discovers a compliance violation or potential compliance violation, they shall address the problem in normal operations, in principle, through measures that include reporting the matter to their superior. However, if they think it is difficult to address the problem promptly and effectively, they can use the hotline to prevent compliance violations or resolve the problem early on. Whistleblowers can remain anonymous and if they state their name, we make sure that they are not disadvantaged by the use of the hotline.

<table>
<thead>
<tr>
<th>Consultation Hotline Reports (Number)</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Risk Management

We have established risk management guidelines with basic rules on risk management to prevent the emergence of various risks to the Group, and minimize the damage and impact of these risks should they arise.

<table>
<thead>
<tr>
<th>Risk Management Guidelines</th>
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</tr>
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<tbody>
<tr>
<td>1. Ensuring the safety of human resources</td>
<td>4. Maintaining trust of stakeholders</td>
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<tr>
<td>2. Surviving as a company</td>
<td>5. Optimizing business opportunities and opportunities to make achievements and avoiding the loss of these opportunities</td>
</tr>
<tr>
<td>3. Sound maintenance of assets</td>
<td>6. Ensuring compliance and pursuing efficiency, accuracy and effectiveness in the execution of operations</td>
</tr>
</tbody>
</table>

Risk Management Framework

We appoint risk managers to divisions, departments, plants, laboratories and group companies under the overall control of the Chief Risk Management Officer (CRO) appointed by the Board meeting, with the Corporate Planning Department serving as the Risk Management Office. At the Risk Management Meeting, which consists of the CRO, risk managers and the Risk Management Office, we identify and assess risks in individual organizations through cooperation with specialized committees such as the Compliance Committee. Based on the results of the identification and assessment, we examine the status of the implementation of countermeasures, strengthen systems for handling crises and emergencies and formulate a business continuity plan (BCP). In addition, we share the risk management information of the entire group through the annual plan, the annual review of risk management activities and reports from all organizations.

Supply Chain Management

Before outsourcing an operation such as the manufacture of important raw materials, intermediates and products, we ask the potential contractor to answer a questionnaire on CSR. We give priority to companies which fulfill our standards when selecting business partners. We also conduct on-site audits of suppliers in Japan and overseas to check their initiatives for CSR activities in detail, with a particular focus on their activities related to the environment, health and safety (EHS) in our efforts to promote supply chain management. In addition, we have made it our policy not to use conflict minerals and raw materials containing such minerals related to Inhumane armed groups in the Democratic Republic of the Congo and surrounding countries, both internally and in our supply chain.
CSR Management

Compliance

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As Corporate Auditor
- Corporate Auditor

Head of Legal Office
- Head of Legal Office

Corporate Auditor
- Corporate Auditor

Outside Lawyer
- Outside Lawyer

As a Corporate Citizen
- Compliance with business laws
- Revisions on acts of endowment and political donations
- Breaking off relations with antisocial forces
- Compliance with the Anti-monopoly Act
- Ensuring fair transactions with suppliers and compliance with the subcontract Act
- Compliance with laws and regulations related to import and export
- Prohibition of excessive entertainment and gift-giving
- Protection of the privacy of foreign public officials
- Ensuring appropriate advertisement

As a Public Company
- Disclosure of management information
- Appropriate accounting
- Ensuring product safety
- Conserving environment
- Taking measures for process safety and disaster prevention

As a Manufacturer
- Compliance with the rules of employment
- Respect for human rights and the prohibition of discrimination
- Protection of sexual harassment
- Ensuring workplace health and safety
- Protection of political and religious activities

As Members of the Workplace
- Appropriate management of trade secrets
- Appropriate use of information systems
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Consultation Hotline Reports (Number)

<table>
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<th>Year</th>
<th>FY2011</th>
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<th>FY2014</th>
<th>FY2015</th>
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Responsible Care(RC) Activities

Responsible Care Management

Responsible Care (RC) activities aim to secure environment, health and safety (EHS) performance on a voluntary basis throughout the entire process, from the development of chemical substances, manufacture, distribution, use, final consumption and to disposal / recycle. These activities also serve as a form of communication with society through the announcement of their results. Chemical companies in more than 60 countries and regions are working on RC activities.

The global expansion of RC activities was triggered by the establishment of the International Council of Chemical Associations (ICCA) in 1989. In Japan, the Japan Responsible Care Council (JRCC) was established by the Japan Chemical Industry Association (JCIA) in 1995. We are one of the original members of JRCC. We have also signed the Responsible Care Global Charter, which was revised in 2014, and we are enhancing our efforts in RC activities.

Responsible Care Basic Policies

We have set priority matters related to the EHS in all stages of our business activities as our basic policies on RC. We have fully shared these basic policies with all group companies.

1. Strive to ensure the continuous improvement of the EHS throughout the entire product lifecycle, from development all the way to the final disposal.
2. Manage business activities and prevent them from affecting people and the environment, giving consideration to the EHS when transporting, storage and disposing products.
3. Strive to develop products and technologies with a smaller environmental impact by considering the EHS aspects from R&D phase.
4. Promote greater resource conservation and energy conservation to reduce the amount of waste and effectively use of the waste.
5. Take note of the interest of administrative authorities and public interest concerning the impact of our products and operations on EHS, and strive to communicate with them to ensure their correct and full understanding by disclosing sufficient information.
6. Further enhance risk assessment and risk management based on scientific knowledge and strengthen proper management of chemical substances.
7. Observe laws and standards and promote voluntary initiatives to further improve the EHS performance.
8. Fulfill accountability to further meet the expectations of stakeholders in Japan and overseas concerning our activities related to EHS.

Nissan Chemical RC Management System

To achieve our RC mid-term plan (see right-hand page), we have established RC management system based on ISO14001, an international standard on environmental management system. We carry out target management and continuous improvements based on PDCA. All of our plants, laboratories, business divisions and group companies set their own mid-term plans and annual targets to achieve the plans. We have set up the RC Committee as the organization in charge of promoting these activities. It is chaired by the head of Environment, Safety & Quality Assurance Department, with its members being the officer in charge of Environment, Safety & Quality Assurance Department and heads of the Production Technology Department, Personnel Department, Purchasing Department, business divisions, plants and laboratories. At the committee’s annual meeting, the members discuss the results of all activities, and the RC targets for the next fiscal year. The results of the discussions are reported at the management meeting and subject to management review before the RC targets for the next fiscal year are determined. In addition, all plants have obtained third-party certificate under ISO14001. Business divisions, laboratories, and group companies confirm the effectiveness of the management systems through internal RC audits.

Promotion of the RC Mid-Term Plan (FY2016 – 2021)

We have set Responsible Care mid-term plan, a six-year plan that aims to steadily promote activities related to environmental protection and countermeasures to address climate change, safety and disaster prevention, occupational safety and health, and chemical and product safety. We will take specific forms of action by drawing up a plan for each fiscal year based on the RC mid-term plan.

<table>
<thead>
<tr>
<th>Responsible Care Code</th>
<th>Mid-term plan (FY2016-2021)</th>
<th>FY2016 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental protection and countermeasures to address climate change</td>
<td>- Reducing the energy consumption rate by 7% (FY2016 - 2021)</td>
<td>- Energy conservation through the renewal of aging facilities</td>
</tr>
<tr>
<td></td>
<td>- Reducing GHG emissions and improving the GHG emission rate</td>
<td>- Promoting the conversion of waste solvents into forms of fuel</td>
</tr>
<tr>
<td></td>
<td>- Reducing the total amount of emissions during the period of the mid-term plan (2016 to 2021) by 100,000 tons compared to the period of the previous mid-term plan (2015 to 2019)</td>
<td>- Switching from naphtha to natural gas as the feedstock for ammonia</td>
</tr>
<tr>
<td></td>
<td>- Improving the emission rate by 25% from the FY2011 level by FY2021</td>
<td>(Reducing GHG emissions by 10,000 tons)</td>
</tr>
<tr>
<td></td>
<td>- Reducing industrial waste</td>
<td>- Promoting the reuse and recycling of waste</td>
</tr>
<tr>
<td></td>
<td>- Establishing a CSR (Corporate Social Responsibility) management (green procurement) system</td>
<td>- Conducting EHS audits of important business partners</td>
</tr>
<tr>
<td></td>
<td>- Strengthening measures for protecting biodiversity</td>
<td>- Continuing to prepare risk action guidelines</td>
</tr>
<tr>
<td></td>
<td>- Promoting the development and sales of environmentally friendly products</td>
<td>- Promoting the sale of environmentally friendly products</td>
</tr>
</tbody>
</table>

Safety and disaster prevention

| Safety and disaster prevention | - Creating a safety culture and improving the safety capabilities | Promoting the risk-based management throughout the lifecycle of chemical substances |
| | - Improving the effectiveness of the risk assessment systems for manufacturing, construction work, and improving the effectiveness of research | - Contributing to advanced research that examines the impact of chemical substances on human health and the environment |

Occupational safety and health

| Occupational safety and health | - Establishing an occupational safety and health management system based on JCSS certified occupational safety and health system | - Managing the risk assessment for occupational safety and health in the RC audit |
| | - Achieving zero accidents that require staff time off from work | |

Chemicals and product safety

| Chemicals and product safety | - Promoting risk-based management throughout the lifecycle of chemical substances | - Creating internal standards for the risk assessment of chemical substances and safety measures based on safety data |
| | - Contributing to advanced research that examines the impact of chemical substances on human health and the environment | - Promoting the disclosure of safety summaries of chemical products |
| | - Continuing to ensure safety and stable operations | - Participating in EHS activities organized by the Japan Chemical Industry Association |

Assessment of the RC Mid-Term Plan (FY2013-2015)

<table>
<thead>
<tr>
<th>Field</th>
<th>Mid-term plan (FY2013-2015)</th>
<th>Achievement assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental protection</td>
<td>- Reduce the amount of energy consumption and improve energy consumption rate.</td>
<td>- Although the amount of consumption increased, the energy consumption rate declined by 3% over three years.</td>
</tr>
<tr>
<td></td>
<td>- Achieve occupational reduction in the emissions of PERH substances and hazardous substances</td>
<td>- Emissions remained unchanged</td>
</tr>
<tr>
<td>Process safety and disaster prevention</td>
<td>- Continue to ensure safety and stable operations</td>
<td>- Safe, stable operations were maintained</td>
</tr>
<tr>
<td></td>
<td>- Achieve occupational reduction in the emissions of PERH substances and hazardous substances</td>
<td>- Emissions remained unchanged</td>
</tr>
<tr>
<td></td>
<td>- Achieve zero accidents that require staff time off from work</td>
<td>- There were two cases of accidents that require staff time off from work</td>
</tr>
<tr>
<td></td>
<td>- Achieve occupational reduction in the emissions of PERH substances and hazardous substances</td>
<td>- Emissions remained unchanged</td>
</tr>
<tr>
<td>Occupational safety and health</td>
<td>- Achieve zero accidents that require staff time off from work</td>
<td>- There were two cases of accidents that require staff time off from work</td>
</tr>
<tr>
<td></td>
<td>- Achieve occupational reduction in the emissions of PERH substances and hazardous substances</td>
<td>- Emissions remained unchanged</td>
</tr>
<tr>
<td>Chemicals and product safety</td>
<td>- Improve the effectiveness of the prior assessment systems for manufacturing, construction work, and improving the effectiveness of research</td>
<td>- There were two cases of occupational accidents caused by violation of rules</td>
</tr>
<tr>
<td></td>
<td>- Achieve zero accidents that require staff time off from work</td>
<td>- We obtained the information without delay and made it available throughout the year</td>
</tr>
<tr>
<td></td>
<td>- Implementing the risk assessment for occupational safety and health in the RC audit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Achieve zero accidents that require staff time off from work</td>
<td>- There were no cases of serious accidents</td>
</tr>
</tbody>
</table>
Responsible Care(RC) Activities

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Responsible Care Basic Policies

We have set priority matters related to the EHS in all stages of our business activities as our basic policies on RC. We have fully shared these basic policies with all group companies.

(1) Strive to ensure the continuous improvement of the EHS throughout the entire product lifecycle, from development all the way to the final disposal.
(2) Manage business activities and prevent them from affecting people and the environment, giving consideration to the EHS when transporting, storage and disposing products.
(3) Strive to develop products and technologies with a smaller environmental impact by considering the EHS aspects from R&D phase.
(4) Promote greater resource conservation and energy conservation to reduce the amount of waste and effectively use of the waste.
(5) Take note of the interest of administrative authorities and public interest concerning the impact of our products and operations on EHS, and strive to communicate with them to ensure their correct and full understanding by disclosing sufficient information.
(6) Further enhance risk assessment and risk management based on scientific knowledge and strengthen proper management of chemical substances.
(7) Observe laws and standards and promote voluntary initiatives to further improve the EHS performance.
(8) Fulfill accountability to further meet the expectations of stakeholders in Japan and overseas concerning our activities related to EHS.

Nissan Chemical RC Management System

To achieve our RC mid-term plan (see right-hand page), we have established RC management system based on ISO14001, an international standard on environmental management system. We carry out target management and continuous improvements based on PDCA. All of our plants, laboratories, business divisions and group companies set their own mid-term plans and annual targets to achieve the plans. We have set up the RC Committee as the organization in charge of promoting these activities. It is chaired by the head of Environment, Safety & Quality Assurance Department, with its members being the officer in charge of Environment, Safety & Quality Assurance Department and heads of the Production Technology Department, Personnel Department, Purchasing Department, business divisions, plants and laboratories. At the committee’s annual meeting, the members discuss the results of all activities, and the RC targets for the next fiscal year. The results of the discussions are reported at the management meeting and subject to management review before the RC targets for the next fiscal year are determined. In addition, all plants have obtained third-party certificate under ISO14001. Business divisions, laboratories, and group companies confirm the effectiveness of our management systems through internal RC audits.

Promotion of the RC Mid-Term Plan (FY2016 – 2021)

We have set Responsible Care mid-term plan, a six-year plan that aims to steadily promote activities related to environmental protection and countermeasures to address climate change, safety and disaster prevention, occupational safety and health, and chemical and product safety. We will take specific forms of action by drawing up a plan for each fiscal year based on the RC mid-term plan.

Assessment of the RC Mid-Term Plan (FY2013-2015)

<table>
<thead>
<tr>
<th>Field</th>
<th>Mid-term plan (FY2013-2015)</th>
<th>Achievement assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental protection</td>
<td>• Reduce the amount of energy consumption and improve energy efficiency</td>
<td>- Although the amount of consumption increased, the energy efficiency improved by 1% over three years.</td>
</tr>
<tr>
<td></td>
<td>• Achieve quantified reduction in the emissions of PM10 and hazardous substances</td>
<td>- Emissions remained unchanged.</td>
</tr>
<tr>
<td>Process safety and disaster prevention</td>
<td>• Continue to ensure safety and stable operations</td>
<td>- Safe, stable operations were maintained.</td>
</tr>
<tr>
<td></td>
<td>• Achieve quantified reduction in the leakage of hazardous substances</td>
<td>- Leaks were reduced by 3% over three years.</td>
</tr>
<tr>
<td>Occupational safety and health</td>
<td>• Achieve zero accidents that require staff time off work</td>
<td>- There were four cases of accidents that require staff time off work.</td>
</tr>
<tr>
<td></td>
<td>• Achieve quantified reduction in the occurrence of occupational accidents</td>
<td>- There were three cases of occupational accidents caused by violation of rules.</td>
</tr>
<tr>
<td>Chemicals and product safety</td>
<td>• Implement a QR&amp;APS Safety Summary</td>
<td>- We obtained the information without delay and made it available throughout the company.</td>
</tr>
<tr>
<td></td>
<td>• Implement a QR&amp;APS/Chemical Management System</td>
<td>- We had an on-site audit and reviewed the implementation of laws and regulations related to EHS and ensure they are followed.</td>
</tr>
<tr>
<td>Compliance</td>
<td>• Make sure to obtain and share information about legal regulations in a timely manner</td>
<td>- We obtained the information without delay and made it available throughout the company.</td>
</tr>
</tbody>
</table>

Responsible Care Committee

We have set up the Responsible Care Committee, which was revised in 2014, and we are enhancing our efforts in RC activities.
Responsible Care (RC) Activities

Responsible Care Audits

RC audit checks whether the RC activities in offices are carried out appropriately, checks whether the PDCA cycle is implemented without fail to clarify visible or potential problems related to the EHS and promotes improvements in response after clarifying the problems if there are any. The audit is conducted by Environment, Safety & Quality Assurance Department in accordance with the annual audit plan formulated at the beginning of each fiscal year, and in accordance with the RC audit guidelines. In FY2015, a total of 36 audits were conducted as planned, the details of which are summarized below.

- Responsible Care Audits
  - Responsible Care Audits
  - Environmental Load from Production Activities
    - Responsible Care Audits
      - Responsible Care Audits
      - Environmental Load from Production Activities
    - Responsible Care Audits
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Responsible Care (RC) Activities

The figure below shows the inputs of raw materials, energy and water for production and emissions to the atmosphere, waters, soil and waste.

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Emissions from Production Activities

The measures we took for environmental protection, such as the reduction of steam at Toyama Plant and conversion of waste organic solvents into fuels at Onoda Plant, produced the following economic effects in FY2015.

Environmental Load from Production Activities

The table below shows emissions from raw materials, energy and water for production and to the atmosphere, waters, soil and waste.

Environmental Load from Production Activities

The figure below shows the inputs of raw materials, energy and water for production and emissions to the atmosphere, waters, soil and waste.

Production and research:

In accordance with the Act on the Rational Use of Energy, we collect data on the amount of energy consumed at all of our business establishments and submit this data to the national government, along with data on our energy consumption rate. The amount of energy we consumed in FY2015 increased from the previous fiscal year by approximately a crude oil equivalent of 7,000 kiloliters. This is attributed to an increase in the production volume of products that consume a lot of energy. We have a product matrix that covers a wide range of products, from commodity chemicals to agrichemicals, pharmaceuticals and functional products for electronic materials. This makes it difficult to evaluate the energy consumption rate based on the simple quantity of production, which is why we calculate it based on sales. Our energy consumption rate had been improving over the last several years, but it increased by 4.6% year on year in FY2015. This is thought to have been the result of reducing the prices of our main products that we produce at our plants.

Environmental Load from Production Activities

The table below shows emissions from raw materials, energy and water for production and to the atmosphere, waters, soil and waste.

Investment:

We have made active capital investments such as changing the feedstock for manufacturing ammonia at the Toyama Plant in our efforts to reduce GHG emissions. We also renovate aging facilities in a well-planned manner to ensure safety, disaster prevention and maintain safe operations.

Energy Consumption and Energy Consumption Rate

In accordance with the Act on the Rational Use of Energy, we collect data on the amount of energy consumed at all of our business establishments and submit this data to the national government, along with data on our energy consumption rate. The amount of energy we consumed in FY2015 increased from the previous fiscal year by approximately a crude oil equivalent of 7,000 kiloliters. This is attributed to an increase in the production volume of products that consume a lot of energy. We have a product matrix that covers a wide range of products, from commodity chemicals to agrichemicals, pharmaceuticals and functional products for electronic materials. This makes it difficult to evaluate the energy consumption rate based on the simple quantity of production, which is why we calculate it based on sales. Our energy consumption rate had been improving over the last several years, but it increased by 4.6% year on year in FY2015. This is thought to have been the result of reducing the prices of our main products that we produce at our plants.

Logistics:

As a cargo owner, we work together with Nissan Butsuryu Co., Ltd., a group company which handles our logistics operations, to promote the rational use of energy for transportation. In FY2015, our energy consumption rate improved from the previous fiscal year, while the amount of energy consumption in crude oil equivalent was almost unchanged from the previous fiscal year. We will continue striving to improve our energy consumption rate through measures such as promoting modal shifts, replacing vehicles with energy-saving and practicing eco-driving.

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Reduction of Greenhouse Gas Emissions

In accordance with the Act on Promotion of Global Warming Countermeasures, we collect data on the emissions of carbon dioxide (CO2) and other greenhouse gases from all of our business establishments, including our plants, laboratories, and head office, and report this data to the national government. In FY2015, our CO2 emissions increased from the previous fiscal year, but there was a decline in dinitrogen monoxide (nitrous oxide, or N2O) emissions, and overall greenhouse gas emissions remained almost unchanged from the previous fiscal year. However, the GHG emission rate, which is calculated as the ratio between emissions and sales (emission/volume), fell steadily over the course of five years from FY2011 to FY2015. Compared to FY2011, the GHG emission rate was reduced by 13% in FY2015.

Reduction of Waste

We thoroughly implement control measures to ensure the proper disposal of waste, while also striving to reduce industrial waste. Where we outsource waste treatment, we conduct on-site inspections of the waste disposer to confirm that our waste will be disposed properly, and check the travel distance of waste, destinations, and other details with their manifest. This approach enables us to monitor the entire process to the final disposal. Waste water discharged in the manufacturing process accounts for the majority of our waste, we reuse sludge as feedstock for the base course material of roads and cement. We emit a total of 2.2 tons of these substances, including 1.7 tons to the atmosphere and 0.5 tons to the waters. Total emissions remained almost unchanged from the previous fiscal year, but we have continued to take steps to control them. We did not emit these substances into the soil.

Reduction of Emissions of PRTR Substances

In FY2015, we emitted 62 chemical substances whose emissions must be registered in accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR law). The main substances emitted were formaldehyde and n-hexane. Formaldehyde is used as a reaction solvent, while n-hexane is found in naphtha, which is used as a fuel or feedstock.

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Reduction of Emissions of VOCs

We regularly take initiatives to reduce emissions of volatile organic compounds (VOCs), which cause the formation of photochemical oxidants. We have not emitted any 1,2-Dichloroethane into the atmosphere since 2006 due to the introduction of VOC eliminators and other initiatives. Our emissions of other VOCs (benzene and formaldehyde) have also remained at around 30% of the level of 2006 and earlier.

Control of Exhaust Gas

We control exhaust gas by observing the discharge standards stipulated in the Air Pollution Control Act and regulatory values based on agreements with local communities. We maintain the proper conditions in our desulfurization facilities and denitrification facilities in an effort to control the emissions of air pollutants such as sulfur oxide (SOx) and nitrogen oxide (NOx).

Responsibility Care (RC) Activities

1. Toyama Plant: Switching from Naphtha to Natural Gas
In August 2016, the Toyama Plant switched from naphtha to natural gas as the feedstock used for amonia. It will also consider switching to natural gas as the fuel for melamine furnaces and boilers. Natural gas does not generate any sulfur oxide or soot dust when it is burned. The amount of CO2 and NOx (nitrogen oxide) emitted by natural gas is 30% to 40% less than that of petroleum, thereby helping to protect the global environment and prevent climate change.

2. Onoda Plant: Reuse of Waste Organic Solvents
The Onoda Plant, which mainly produces organic fine chemicals, takes the waste organic solvents for column cleanup and the cleaning of pharmaceuticals and agrochemicals and uses them as boiler fuel. The waste organic solvents selected for reuse are those that pose no risk of generating toxic gases, such as SOx and NOx, and are free of chlorine. In the past, heavy oil was used as boiler fuel, and all waste organic solvents were incinerated by an industrial waste disposal operator. The reuse of solvents has not only reduced CO2 emissions from the plant but also produced benefits in terms of cost.

We will continue to work patiently to tackle climate change.

Topics

Initiatives for Preventing Climate Change

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Emissions of organic air pollutants [ton] SOx emission / NOx emission [ton]
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### Reduction of Waste

We thoroughly implement control measures to ensure the proper disposal of waste, while also striving to reduce industrial waste. Where we outsource waste treatment, we conduct on-site inspections of the waste disposal to confirm that our waste will be disposed properly, and check the travel distance of waste, destinations, and other details with their manifest. This approach enables us to monitor the entire process to the final disposal. Waste water discharged in the manufacturing process accounts for the majority of our industrial waste. We treat this waste internally by means of combustion. As for solid waste, we reuse sludge as feedstock for the base course material of roads and cement. We also promote the recycling of waste plastics in an effort to reduce the final disposal volume. The amount of waste generated began to rise in FY2014 due to an increase in the production volume of organic fine chemicals and flame retardants.

### Reduction of Emissions of VOCs

In FY2015, we emitted 0.2 chemical substances whose emissions must be registered in accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR law). The main substances emitted were formaldehyde and n-hexane. Formaldehyde is used as a reaction solvent, while n-hexane is found in naphtha, which is used as a fuel or feedstock.

### Reduction of Emissions of PRTR Substances

We emit a total of 2.2 tons of these substances, including 1.7 tons to the atmosphere and 0.5 tons to the waters. Total emissions remained almost unchanged from the previous fiscal year, but we have continued to take steps to control them. We did not emit these substances into the soil.
Responsible Care (RC) Activities

Control of Waste Water

Our plants observe the discharge standards stipulated in the Water Pollution Control Act and regulatory values based on agreements with local communities. We monitor the chemical oxygen demand (COD) in waste water and the total nitrogen and total phosphorous concentration. There was an increase in the amount of COD discharged in the previous fiscal year due to the malfunction of water discharge facilities. However, improvements to the facilities helped return the amount to normal levels in FY2015. On the other hand, there was a decrease in the amount of total nitrogen discharged in the previous fiscal year due to the situation of the ammonia plant, the level returned to normal in FY2015.

Biodiversity

At Nissan Chemical, we are fully aware of the fact that biodiversity serves as an important foundation for sustainable society in the future. As a member of international society, we intend to promote activities that contribute to biodiversity by sharing roles and responsibilities with all the people and working together with them. For this purpose, we have established the Nissan Chemical Biodiversity Action Guidelines. In addition, in October 2015 we participated in the Japan Business and Biodiversity Partnership to promote our initiatives for biodiversity.

Efficient Use of Water Resources

At Nissan Chemical plants, we carry out exhaustive water-saving activities by obtaining environmental laws and regulations and cooperating with local organizations. These activities ensure that our operations do not place a burden on natural water circulation. We also clean waste water before returning it to nature to prevent negatively affecting the environment. The Toyama Plant is located in the city of Toyama at the base of Mount Tate, beneath which there is an abundance of groundwater. We have been promoting the rational use of groundwater as a member of the groundwater water use council in Toyama area, a local council that works to protect the local natural environment and promote the sound development of local groundwater. For this purpose, we have established the Toyama Plant groundwater water use council in Toyama area, a local council that works to protect the local natural environment and promote the sound development of local groundwater.

The ground and square are open to the local residents, and families visit the park, which also has tables for cherry-blossom viewing. The Bio-park, which is made up of former employees of Nissan Chemical, is working together with a group that manages the adjacent Tower field to achieve the main objective of the Nissan Biopark Nishi-hongo, which is to "create spaces with biodiversity, mainly waterfront and community-based forests, to provide places where employees of the plant and local residents can relax.”

At Nissan Bio-park Nishi-hongo

The development of the Nissan Bio-park Nishi-hongo, which is operated by the Toyama Plant and received the FY2013 Grand Prize from the Japan Chemical Industry Association in 2014, began about 10 years ago on a plot of approximately two hectares of land. It has turf areas, a wetland, and a pond. Freely专人 were released in the park as part of the Hotarui Koi Project, an initiative which aims to nurture Japanese fireflies. The pond is used for breeding Japanese rice fish, an endangered species. It also serves as a balancing reservoir in the event of flooding. Tulips, sunflowers, Japanese cherry trees, Japanese beach trees, and other plants are planted in the park, which also has tables for cherry-blossom viewing. The Bio-park Support Team, which is made up of former employees of Nissan Chemical, is working together with a group that manages the adjacent Tower field to achieve the main objective of the Nissan Biopark Nishi-hongo, which is to "create spaces with biodiversity, mainly waterfront and community-based forests, to provide places where employees of the plant and local residents can relax.”

Interview: Manager of Environment and Safety Section, Toyama Plant

At the Nissan Biopark Nishi-hongo of the Toyama Plant, former employees of Nissan Chemical who are qualified as naturalists, or those of printers.

Nissan Chemical Biodiversity Action Guidelines

Our corporate philosophy is to “contribute to society in harmony with the environment,” based on our excellent technologies, products, and services.” We at the Nissan Chemical Group engage in business activities that take into account biodiversity and help protect the global environment.

1) We will understand, analyze, and evaluate the impact of our products on biodiversity throughout their lifecycle and strive to reduce the impact. We will work to preserve biodiversity and ensure the sustainable use of biological resources.

2) We will strive to raise each employee’s awareness of biodiversity through responsible care activities.

3) We will continue to carry out social contribution activities that help preserve biodiversity and earn us the high esteem and trust of society.

4) We will disclose the results of these initiatives to deepen the level of communication with society.

Clean-up Activities

The Nagoya Plant participates in clean-up activities organized by groups such as the Fujima-Higata environmental council. We offer a place to host outdoor events such as festivals. We offer a place to host outdoor events such as festivals.

Promotion of Development and Sales of Environmentally-Friendly Products and Green Products

At Nissan Chemical, we have been working on the development of environmentally-friendly products that diminish the effects of climate change and the environmental impact.

Compact agrochemical products

We provide lightweight, compact agrochemical products that contain high concentrations of active ingredients, such as granulated water-soluble powder. This enables us to make a number of contributions, such as reducing CO2 emissions from packaging materials, waste, manufacturing, and transportation.

AdBlue®: a high-grade urea solution

AdBlue® is a high-grade urea solution that is used for the urea SCR system, a technology for purifying exhaust gas. AdBlue® helps reduce the environmental impact. When it is sprayed on exhaust gas from a diesel vehicle, nitrogen oxide (NOx) is decomposed into nitrogen and water, which are harmless. Demand for AdBlue® has been increasing year by year due to the tightening of regulations on automobile exhaust gas. This trend is expected to continue, so we have established bases for supplying this product in the Kantō, Hokkaido, Hokuriku, Tokai, and Kyushu areas.

ECOPROMOTE®: nucleating agents for inducing the crystallization speed of PLA.

The ECOPROMOTE® is a series of additives for polyactic acid (PLA), a bioplastic derived from plants such as corn. While PLA is the leading biodegradable plastic in terms of practical application, its uses have been limited because it is plagued by problems with molding processing and heat resistance. The ECOPROMOTE® has a function for promoting the crystallization growth of PLA, exhibits superior heat resistance, and can be molded quickly. Therefore, it is used widely for materials that need to be durable, such as electronic equipment materials and those of printers.

Nucleating agent for electronless plating

We promoted the application development of HYPERTECH®, a functional coating material that contains hyphenated nano-particles. As a result, we have developed nucleating agents for electronless plating that allows for a more than 90% reduction of the amount of metal used for wiring the touch panels of smartphones, tablet PCs, and other devices. Metal wires are created by making a metal film covering the entire substrate in a vacuum vessel, and then removing unwanted parts with acid. More than 90% of the metal is removed in this process. HYPERTECH® makes it possible to draw wiring patterns, with the metal adhering to only the drawn lines. This in turn helps to minimize the area covered with metal plating.

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Biodiversity

Our plants observe the discharge standards stipulated in the Water Pollution Control Act and regulatory values based on agreements with local communities. We monitor the chemical oxygen demand (COD) in waste water, and the total nitrogen and total phosphorus concentration. There was an increase in the amount of COD discharged in the previous fiscal year due to the malfunction of waste discharge facilities. However, improvements to the facilities helped return the amount to normal levels in FY2015. On the other hand, there was a decrease in the amount of total nitrogen discharged in the previous fiscal year due to the abatement of the ammonia plant, the level returned to normal in FY2015.

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Safety and Disaster Prevention, Occupational Safety and Health

Responsible Care(RC) Activities

In FY2015, we thoroughly carried out pre-manufacturing evaluations, process risk predictions, and facility risk predictions, aiming to ensure safety, achieve stable operations, and improve our process safety capability. As a result, there were no fire, explosion, and leakage accidents. To maintain this zero-severe accident level, we began to consider the idea of assessing the safety culture of plants in FY2014, and started carrying out full-scale evaluations at all of our plants in FY2015. As a result, important issues, such as the communication gap between line teams, engineers, managers, and workers, were identified. Moving forward, we will strive to overcome these issues and foster a safety culture at all of our plants. We will also extend these evaluations to laboratories and affiliates in FY2016.

Safety Training Center

We have established a Safety Training Center in the Toyama Plant. At this facility, employees whose length of service is ten years or shorter learn how to safely conduct work related to machines, electricity, and instrumentation. Trainees take part in simulations in which they are sandwiched and caught in machines, and receive instructions on how to wear and use protective gear properly and other safety matters. The Safety Training Center also accepts trainees from other plants, thereby helping to raise the level of safety awareness of the entire company.

Occupational Safety and Health

In regards to occupational safety and health, we make continuous improvements by implementing a PDCA cycle in our RC management system. This system helps to prevent work accidents, promote good health of staff, and build a comfortable workplace environment, supporting our efforts to improve the level of safety and health at the individual business locations. At locations where work accidents occurred, we thoroughly investigate the causes, implement or plan provisional or permanent measures, and submit a report to the Environment, Safety & Quality Assurance Department and the Personnel Department as the following example. The Environment, Safety & Quality Assurance Department sends the report to all business locations to help prevent the occurrence of similar accidents with the protection of the personal information of the accident victim(s).

Safety Results

In FY2015, there were four cases of accidents that require staff time off from work and six cases of accidents that does not require staff time off from work. The number of accidents requiring staff time off from work increased from the previous fiscal year. Unfortunately, the frequency rate has also worsened for two consecutive years. The result comes from insufficient risk assessment of potential hazards and the increased numbers of falls attributed to old age of victims were especially prominent. We will make sure to perform risk assessments and make risk predictions before doing work, taking into account aged workers, and engage in safety activities further, aiming to achieve zero accidents.

Chemicals and Product Safety

Chemicals Management

To achieve the 2020 targets, on which agreement was reached at the World Summit on Sustainable Development (WSSD) in 2002, the Strategic Approach to International Chemicals Management (SAICM) for promoting risk reduction based on scientific risk assessment, collection and provision of information, and other measures were adopted at the International Conference on Chemicals Management (ICCM) in 2006. At Nissan Chemical, we strive to minimize the negative impact of chemical products on people’s health and the environment during their lifecycle in line with the domestic SAICM implementation plan.

Risk Assessment in Product Lifecycle

We perform a risk assessment (prior assessment) of each step in handling chemical products, such as the research and development, manufacture, sales, and revision. The assessment of risks to human health and the environment in the value chain is based on data performed by the Biological Research Laboratories, either on its own or by outsourcing it. Safety test data obtained from results of searching external databases such as literature, and checking things such as data on physicochemical properties and work environment conditions. Based on the results of risk assessment, we avoid using chemicals of concern and study safe alternatives. These results are reported to top management and made known to all the necessary people in the company. The results are also made known to people in the value chain by means such as technology transfer documents and safety data sheets. For our GPS*: JPS** activities, which are promoted by ICCA and JCA, we conduct risk assessments of our chemical products and provide an overview of appropriate management based on risks and safety information in the GPS/JPS Safety Summary. This information is disclosed and made available to the public. We also participate in LR3**, an international initiative promoted by JCA that seeks to provide long-term support for research on the impact of chemicals on human health and the environment. The activities we engage in aim to advance research on the assessment of risks to human health and the environment.

Considerations for Animal Testing

Various forms of biological assessments are needed for the research and development of agrochemicals, pharmaceuticals, medical materials, and chemical materials that are beneficial for society. It is difficult to perform this research without using laboratory animals when conducting tests. In regards to animal testing, our Biological Research Laboratories have established rules in accordance with laws and regulations, such as the Act on Welfare and Management of Animals, and the basic 3R principles (Replacement, Reduction, and Refinement). Working in line with these rules, the Animal Experiment Committee decides whether to conduct animal testing and checks how the tests are performed to ensure that animal testing is conducted appropriately and that proper consideration is given to the welfare of animals.
Safety and Disaster Prevention, Occupational Safety and Health

Safety and Disaster Prevention

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In FY2015, there were four cases of accidents that require staff time off from work and six cases of accidents that does not require staff time off from work. The number of accidents requiring staff time off from work increased from the previous fiscal year. Unfortunately, the frequency rate has also worsened for two consecutive years. The result comes from insufficient risk assessment of potential hazards and the increased numbers of falls attributed to old age of victims were especially prominent. We will make sure to perform risk assessments and make risk predictions before doing work, taking into account aged workers, and engage in safety activities further, aiming to achieve zero accidents.

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Safety and Disaster Prevention

Example of work accident report

- Fire
- Electric shock
- Special abnormality
- Chemical substance
- Radiation
- Noise
- Pressure
- Mechanical
- Biological
- Vibration
- Requirements for the report
  - Title
  - Occurrence date
  - Occurrence time
  - Location
  - Accident type
  - Accident cause
  - Accident prevention

Chemicals and Product Safety

Chemicals Management

To achieve the 2020 targets[5] on which agreement was reached at the World Summit on Sustainable Development (WSSD) in 2002, the Strategic Approach to International Chemicals Management (SAICM) for promoting risk reduction based on scientific risk assessment, collection and provision of information, and other measures were adopted at the International Conference on Chemicals Management (ICCM) in 2005. At Nissan Chemical, we strive to minimize the negative impact of chemical products on people’s health and the environment during their lifetime in line with the domestic SAICM implementation plan.

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Chemical Safety Evaluation

The Safety Research Department evaluates the safety of materials and intermediates used for products and processes, and provides safety information, thereby ensuring product safety and occupational safety. It evaluates the health and environmental hazards using animals, bacteria, aquatic organisms, and other creatures. It makes use of the results of the evaluations for appropriate risk control in the respective phases of research and development, industrial feasibility tests, and manufacturing. At the same time, it makes daily efforts to assure the safety of products so that customers can feel safe using them.
Relationships with Customers

Quality Policy and Quality Targets

Our quality policy is providing products and services that satisfy customers. Under this policy, we set mid-term quality targets and implement yearly schedules along with the PDCA cycle in an ongoing effort to improve our management system and operations every year. Moving forward, we will continue to improve our capability of meeting market needs that are becoming more diverse and complex. We will thereby develop ourselves further as a company that contributes to society.

Nissan Chemical Quality Management System

Our quality assurance system is based on quality ISO at each plant. The system is held in high regard by our customers because it allows for the provision of high-quality products and services in Japan and other countries. We have set up a Quality Assurance Committee that promotes quality assurance activities. It is chaired by the head of the Environment, Safety & Quality Assurance Department, and consists of the officer in charge of the Environment, Safety & Quality Assurance, and the heads of Production Technology Department, Purchasing Department, all the business departments, and all the offices. The committee meets regularly every year. The matters reported during the committee meeting are the results of activities, audits, improvements made in response to the complaints at Nissan Chemical and affiliates in the fiscal year under review. The members also discuss action policies related to quality assurance and other items for the following fiscal year. The results of the discussions are reported at the management meeting and subject to management review before the quality targets for the following fiscal year are determined.

In addition, all of our plants have obtained certification under ISO9001 (QMS), an international standard on quality management system. They each maintain and update the certificate through the certifying body.

Quality Assurance Activities

By applying quality management system such as ISO9001, we conduct quality assurance activities that respond to laws, regulations and customer demands throughout our whole lifecycle from development, commercialization to the use of customers. We have a corporate network that makes us promptly collect customer opinions concerning products (complaints, product liability accident information, etc.), evaluate them and take corrective actions if necessary.

Acquisition of NSF/ANSI-60® Certification

We have obtained the NSF/ANSI-60® certification for HI-LITE® (trichloroisocyanuric acid, dichloroisocyanuric acid), which is manufactured at our Toyama Plant. NSF/ANSI-60® is a standard for chemicals that are intentionally added to drinking water. It is a standard under which certification is granted by the NSF International of the United States. NSF International was established to create standards and requirements for maintaining good hygiene in places such as kitchens in the restaurant industry. NSF/ANSI-60® has been expanded globally and is widely recognized all over the world as well as in the United States. The acquisition of NSF/ANSI-60® certification is essential for supplying HI-LITE® to manufacturers of antimicrobials to prevent epidemics that may be caused by drinking water in areas with poor hygiene control. It is believed that acquiring this certification will develop a new market of antimicrobials for drinking water, in addition to markets of antimicrobials for swimming pools, SPA, and water purifier tanks for which they were mainly used. We will continue to make further improvements together with our plants to provide customers with safer products that offer a higher level of quality.

NSF is an independent international organization involved in the development of standards, product certifications, tests, audits, education, and the provision of risk management services related to public health and the environment. The NSF certification mark on a product signifies that the product complies with all standard requirements. NSF periodically conducts unannounced inspections and product testing to verify that the product continues to comply with the standard.
With Stakeholders

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It is believed that acquiring this certification will develop a new market of antimicrobials for drinking water, in addition to markets of antimicrobials for swimming pools, SPA, and water purifier tanks for which they were mainly used. We will continue to make further improvements together with our plants to provide customers with safer products that offer a higher level of quality.

TOPICS

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With Stakeholders

Relationships with Employees

In the mid-term business plan “Vista21,” transforming into an organization where excellent challengers are fostered and utilizing the ideas of diverse range of individuals are described as the way our group should be. To bring these situations about, we intend to tackle a range of initiatives, such as the exchange of personnel between departments and the promotion of diversity. Also we will continue to introduce systems for creating pleasant work environments. In FY2015, we provided the Self-Care Care to all employees as a mental health measure. We will continue these initiatives in our efforts to ensure the sustainable growth of our employees and the company.

Fair Personnel Evaluation

Our personnel system is a structure that, through the interactive communication (dialogue) with their superiors, staff as an independent individual can work vibrantly with high motivation, utilizing their creativity while feeling their own growth toward the ideal picture of who they want to be. We strive to improve the transparency and persuasiveness of our personnel evaluation to make it fair, and ensure that it better reflects the achievements and contributions of employees.

Respect for Diversity, Personal Characteristics and Belief of Individuals

At Nissan Chemical, a diverse range of individuals have been actively contributing to the group with their excellent talents in a wide range of fields irrespective of age, gender, and nationality. We intend to continue to promote the diversity of individuals. One thing that we are proud of is our high employee retention rate. We believe that our workplace environment allows each individual employee to play an active part.

Human Resource Development

We believe that the essence of human resource development lies in having each individual employee continue to improve themselves aiming to have a further personal growth. Based on this belief, we have introduced training programs intended for employees who desire to learn new things and develop as individuals.

Creation of Comfortable Workplace

We have introduced a wide variety of systems that enable employees to work in a highly productive manner and achieve a good work-life balance. In recent years we have maintained a high rate of paid-leave use of more than 70%. In addition, we implement No Overtime Day and other measures to raise employee awareness toward work efficiency and help create a comfortable workplace.

Labor-Management Relationship Based on Open Dialogue and Mutual Understanding

Nissan Chemical and the Nissan Chemical Labor Union have built a good relationship based on mutual understanding and trust. They strive to improve labor conditions as good partners to the management by taking various measures, such as holding periodic meetings for reporting business results and initiatives for better work-life balance. In FY2015, a meeting for exchanging opinions about employees’ health problems with the health insurance union also began to be held on a regular basis.

Self-Care Training for Mental Health

Self-care refers to the actions that individuals take to maintain and improve their health on their own. We support the self-care of employees by providing training which helps them acquire basic knowledge about stress and learn skills for coping with stress. During the training, employees reflect on their own stressful experiences and learn how to change the ways they thinking or perceive things in order to cope with stress appropriately.

Training Programs

<table>
<thead>
<tr>
<th>Name</th>
<th>Content</th>
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</thead>
<tbody>
<tr>
<td>New Employee Training</td>
<td>Trainees learn the importance of thinking and acting on their own as the first step for developing their careers.</td>
</tr>
<tr>
<td>Training to Employees in their First Year after Entering Company</td>
<td>Trainees learn the importance of motivating themselves and how to remain highly motivated to continue tackling challenges.</td>
</tr>
<tr>
<td>Pre-Promotion Training</td>
<td>This training is aimed at improving the essential capabilities for taking on responsibilities and making strategic decisions. Trainees are made aware of the risks and responsibilities as leaders who are responsible for the next generation, and formulate action plans for achieving vision.</td>
</tr>
<tr>
<td>Training for Improving On-Site Capabilities</td>
<td>This training is aimed at improving the communication abilities of trainees. Trainees talk about the issues they faced at work sites, and seek solutions for those issues together in order to obtain the insight they need.</td>
</tr>
<tr>
<td>Studying Overseas</td>
<td>This program is aimed at developing potential leaders who can create new ideas and business globally. Trainees are sent to overseas language schools to help acquire the process of making individuals in the company more globally-minded.</td>
</tr>
<tr>
<td>Evaluation Trainer</td>
<td>Trainees confirm the content of evaluation and learn the basics of personnel evaluation, methods for competency evaluation and communication methods.</td>
</tr>
<tr>
<td>Coaching Skills Training</td>
<td>Trainees acquire communication skills for encouraging people to act on their own.</td>
</tr>
<tr>
<td>Business Improvement Training</td>
<td>This training is aimed at clarifying the scope of business assignments, clarifying roles, improving communication skills and the capacity to control motivation.</td>
</tr>
<tr>
<td>Correspondence Course</td>
<td>This is a tool for helping each employee formulate their career plan with a vision and working towards self-actualization.</td>
</tr>
<tr>
<td>Strategic CoT</td>
<td>Supposedly CoT is for those with substantial abilities and organizational skills that develop individuals and enable people to develop themselves. This training aims to improve the ability to develop individuals and ability to handle businesses.</td>
</tr>
</tbody>
</table>

Awards Program

Every year we grant awards to employees who have made beneficial inventions, devised improvement measures, or made remarkable achievements and contributions. Regarding intellectual properties, we also reward excellent inventions selected from among patent-pending inventions at an early stage in an effort to create greater incentive for R&D, discover excellent inventions and improve upon their quality and creativity.

<table>
<thead>
<tr>
<th>Name</th>
<th>Presenter</th>
<th>Content</th>
</tr>
</thead>
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<tr>
<td>Central Awards</td>
<td>President and CEO</td>
<td>Reward excellent inventions at an early stage to promote the improvement of R&amp;D capabilities.</td>
</tr>
<tr>
<td>Office Awards</td>
<td>Head of each division</td>
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<tr>
<td>Corporate Award</td>
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<tr>
<td>Central Awards presentation ceremony</td>
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Systems for Promoting a Good Work-Life Balance

<table>
<thead>
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<tbody>
<tr>
<td>Paid Leave</td>
<td>The system has been introduced at the head office and laboratories.</td>
</tr>
<tr>
<td>Childcare Leave</td>
<td>If certain requirements are fulfilled, an employee may take childcare leave until their child is 1.5 years old or until the first April 30 after the child’s first birthday.</td>
</tr>
<tr>
<td>Parental Leave</td>
<td>Leave may be taken by a child’s child up to 7 days of parental leave (paid leave) within 8 weeks of the child’s birth.</td>
</tr>
<tr>
<td>Nursing Care Leave</td>
<td>An employee may use up to 30 days per year of annual leave which has been saved up for childcare or spouse care and which is no longer valid.</td>
</tr>
<tr>
<td>Shorter Working Hours</td>
<td>After the child’s first birthday.</td>
</tr>
<tr>
<td>Health Day Leave</td>
<td>An employee may take annual leave by units of half days, with an upper limit of 30 times per year.</td>
</tr>
<tr>
<td>Planned Leave</td>
<td>We recommend that 2 days of company-wide planned leave and 3 days of individually planned leave be taken every year.</td>
</tr>
<tr>
<td>Annual Leave Accumulation</td>
<td>An employee may take a maximum of 40 days of annual leave that they would take on as medical leave, leave for their own sickness, leave to conduct a professional medical checkup, and leave to care for elderly or sick family members, or for other similar purposes.</td>
</tr>
<tr>
<td>Notification Leave</td>
<td>An employee may take 5 days of leave (paid leave) within 1 year after becoming 50 years old. Financial aid is also granted.</td>
</tr>
<tr>
<td>Non-employment Leave</td>
<td>An employee may take a maximum of 3 consecutive days of leave (paid leave) within 1 month before or after their mandatory retirement.</td>
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Relationships with Employees

In the mid-term business plan “Vista2021,” transforming into an organization where excellent challengers are fostered and utilizing the ideas of diverse range of individuals are described as the way our group should be. To bring these situations about, we intend to tackle a range of initiatives, such as the exchange of personnel between departments and the promotion of diversity. Also we will continue to introduce systems for creating pleasant work environments. In FY2015, we provided the Self-Care Training for all employees as a mental health measure. We will continue these initiatives in our efforts to ensure the sustainable growth of our employees and the company.

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Our personnel system is a structure that, through the interactive communication (dialogue) with their superiors, staff as an independent individual can work vibrantly with high motivation, utilizing their creativity while feeling their own growth toward the ideal picture of who they want to be. We strive to improve the transparency and persuasiveness of our personnel evaluation to make it fair, and ensure that it better reflects the achievements and contributions of employees.

Respect for Diversity, Personal Characteristics and Belief of Individuals

At Nissan Chemical, a diverse range of individuals have been actively contributing to the group with their excellent talents in a wide range of fields irrespective of age, gender, and nationality. We intend to continue to promote the diversity of individuals. One thing that we are proud of is our high employee retention rate. We believe that our workplace environment allows each individual employee to play an active part.

Human Resource Development

We believe that the essence of human resource development lies in having each individual employee continue to improve themselves aiming to have a further personal growth. Based on this belief, we have introduced training programs intended for employees who desire to learn new things and develop as individuals.

Creation of Comfortable Workplace

We have introduced a wide variety of systems that enable employees to work in a highly productive manner and achieve a good work-life balance. In recent years we have maintained a high rate of paid-leave use of more than 70%. In addition, we implement No Overtime Day and other measures to raise employee awareness toward work efficiency and help create a comfortable workplace.

Labor-Management Relationship Based on Open Dialogue and Mutual Understanding

Nissan Chemical and the Nissan Chemical Labor Union have built a good relationship based on mutual understanding and trust. They strive to improve labor conditions as good partners to the management by taking various measures, such as holding periodic meetings for reporting business results and initiatives for better work-life balance. In FY2015, a meeting for exchanging opinions about employees’ health problems with the health insurance union also began to be held on a regular basis.

Self-Care Training for Mental Health

Self-care refers to the actions that individuals take to maintain and improve their health on their own. We support the self-care of employees by providing training which helps them acquire basic knowledge about stress and learn skills for coping with stress. During the training, employees reflect on their own stressful experiences and learn how to change the ways they thinking or perceive things in order to cope with stress appropriately.

Training Programs

<table>
<thead>
<tr>
<th>Name</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Employee Training</td>
<td>Trainees learn the importance of thinking and acting on their own as the first step for developing their careers.</td>
</tr>
<tr>
<td>Training to Employees in the Third for the Existing Company</td>
<td>Trainees learn the importance of motivating themselves and how to remain highly motivated to continue tackling challenges.</td>
</tr>
<tr>
<td>Pre-Promotion Training</td>
<td>This training is aimed at improving the essential capabilities for setting agenda and facilitating training. Trainees are made aware of their roles and obligations as leaders who are responsible for the next generation, and formulate action plans for achieving goals.</td>
</tr>
<tr>
<td>Training for Improving On-Site Capabilities</td>
<td>This training is aimed at improving the communication abilities of trainees. Trainees talk about the issues they faced at work sites, and seek solutions for those issues together in order to obtain the insight they need.</td>
</tr>
<tr>
<td>Studying Overseas</td>
<td>This program is aimed at developing and sending individuals who can create new value and advance business globally. Trainees are sent overseas and exposed to business environments abroad to help accelerate the process of making individuals in the company more globally minded.</td>
</tr>
<tr>
<td>Evaluating Trainer</td>
<td>Trainees confirm the content of evaluation and learn the basics of personnel evaluation, methods for competency evaluation and communication methods.</td>
</tr>
<tr>
<td>Coaching Skills Training</td>
<td>Trainees acquire communication skills for encouraging people to act on their own.</td>
</tr>
<tr>
<td>Business Improvement Training</td>
<td>This training is aimed at clarifying the scope of business assignments, clarifying roles, improving communication skills and the capacity to control motivation.</td>
</tr>
<tr>
<td>Correspondence Course</td>
<td>This is a tool for helping each employee formulate their career plan with a vision and working towards self-actualization.</td>
</tr>
<tr>
<td>Strategic C/T</td>
<td>Supports provide C/T face to face with their subordinates, aiming to create an organization that develops individuals and where people develop themselves. This training aims to improve the ability to develop Individuals and ability to handle businesses.</td>
</tr>
</tbody>
</table>

Awards Program

Every year we grant awards to employees who have made beneficial inventions, devised improvement measures, or made remarkable achievements and contributions. Regarding intellectual properties, we also reward excellent inventions selected from among patent-pending inventions at an early stage in an effort to create greater incentive for R&D, discover excellent inventions and improve upon their quality and creativity.

Systems for Promoting a Good Work-Life Balance

<table>
<thead>
<tr>
<th>Name</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Awards Office Awards</td>
<td>President and CNO Head of each division Head of each office</td>
</tr>
<tr>
<td>Reward for Excellent Inventions</td>
<td>Officer in charge of Intellectual Property Department Reward excellent inventions at an early stage to promote the improvement of R&amp;D capabilities</td>
</tr>
</tbody>
</table>

With Stakeholders
Relationships with Society

We recognize that bringing about a sustainable society is essential for the growth and development of companies. As a corporate citizen, we engage in various social contribution activities through our products and services, and provide new values for helping to enrich people’s lives.

Support for the Next Generation

In FY2015, we became involved with Tobitabi (Leap for Tomorrow) Young Ambassador Program, a joint government-industry project for supporting students who wish to study overseas. This program is aimed at fostering the individuals society seeks, mainly in the industrial world, and globally competitive individuals who will demonstrate their capabilities on the world stage in the future. Japanese companies make donations and regularly cooperate with the selection of students and other processes as judges to send high school and university students, who are the potential future leaders of Japan, to various parts of the world. Through this project, we will continue to contribute to the development of Japanese youth.

In addition, Chemical Research Laboratories and Materials Research Laboratories send their staff members to local elementary schools to give special classes aimed at supporting science education. In FY2015, they visited three schools in the period from November to January. Hoping to raise children’s interest in chemistry, they selected familiar themes and conducted two experiments: “Dry ice magic” and “Let’s make micro-capsules.”

Welfare Fund

We have been engaged in welfare fund activities since 1997 as a part of our activities for contributing to local communities. Employees save a certain amount of money from their monthly salaries, to which an equal amount of money is added by the company. The money collected this way is used to support the welfare of local communities.

These activities are carried out individually at the head office and individual offices, plants, laboratories, and group companies. They are also conducted as joint projects. There are cases where staff members visit welfare facilities and ask them what items they need before considering what to donate. Overall, the activities are carried out in a community-based manner.

Industry Awards

To support the development of synthetic organic chemistry, we established the Nissan Chemical Industries Award for Novel Reaction & Method in FY2009 as an award presented by the Society of Synthetic Organic Chemistry. Japan. This award is granted to researchers who have made creative, excellent achievements in research related to novel reactions and methods. The research by research associate professor Yoshiaki Nishibayashi of the University of Tokyo, who is the FY2015 recipient of the award, is highly acclaimed in Japan and other countries as a creative research that will have an impact not only on organic synthetic chemistry, but also related fields such as metalorganic chemistry, complex chemistry and catalytic chemistry.

Interaction with Local Residents

We hold plant tours and explanatory meetings on a regular basis for local residents and schools. During these meetings we explain our initiatives for disaster prevention and environmental protection in an effort to show them that the plants are safe and secure. We also participate in local beautification activities such as cleaning of public roads around the plants and nearby stations, and activities for planting flowers together with local residents. The Biological Research Laboratories hold the Harvest Festival and Memorial Service for Living Organisms in November every year. This event is for paying respects to insects and laboratory animals that were sacrificed in the research and development of agrochemicals and pharmaceuticals. We invite local residents to this event to make it an opportunity so that they can better understand what kind of facility the Biological Research Laboratories are.

Information Disclosure

We have formulated a Disclosure Policy and disclose information in accordance with the rules on timely disclosure established by the Tokyo Stock Exchange, Inc., on which our shares are listed. In addition, we endeavor to disclose company information other than that which is required under the aforementioned rules on timely disclosure, including presentation materials used in company briefing sessions, as proactively and impartially as possible on our website and through other media outlets.

Timely Disclosure System

We promptly publish information that is required under the above rules on timely disclosure by means of the Timely Disclosure Network (TDNet) provided by Tokyo Stock Exchange, Inc., as well as on our website.

IR Briefing Meeting

We hold an IR briefing meeting for institutional investors, analysts, and the media every half year to explain the overall conditions of our business. This meeting is attended by the officer in charge of IR and the managers responsible from individual divisions. We also hold tours of our facilities for institutional investors and analysts as needed so that they can see our work sites in person and better understand our production and research.

In addition, every year the officer in charge of IR visits overseas investors and participates in conferences in Japan and other countries hosted by securities companies. In FY2015, the officer visited Europe, the United States, and Asian countries, and our positive attitude towards overseas IR activities was highly regarded.

We publish news releases, financial results, and materials for briefing sessions in Japanese and English, in principle, aiming to disclose information more promptly and fairly to investors in Japan and overseas.

Disclosure of Product SDS

To ensure our chemical products are used safely, we provide customers with safety data sheets (SDSs) of all products. Customers and users can download the SDSs for all agrochemicals from our website. Our employees can obtain product information, including information about their risks and hazards, laws and regulations, transportation, storage, and methods of disposal, from our internal SDS database.

Disclosure of GPS / JIPS Safety Summaries

We participate in the Global Product Strategy (GPS) / Japan Initiative of Product Stewardship (JIPS) activities that are promoted by the International Council of Chemical Associations (ICCA) and the Japan Chemical Industry Association (JCIA). In these activities, companies assess the risk of chemical products, manage them properly, compile their safety information in the GPS / JIPS Safety Summary, and make it available to the public, including their customers. The disclosure of this information helps to minimize the risks of chemical substances throughout the entire supply chain.
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Overview
The domestic economy slowly recovered in the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016). However, lower individual consumption, the stagnation of economic growth in China, and the economic slowdown in emerging countries threaten the future of the global economy.

In our group business, the profitability of Chemicals Segment improved, driven by the lower prices of raw fuels, but there was also a decrease in domestic demand. In the Performance Materials Segment, display materials have continued to grow due in large part to products for smartphones. In the Agricultural Chemicals Segment, both herbicides and Fluralaner both helped to boost profit, while in the Pharmaceutical Segment, the domestic sales of “LIVALO” (anti-cholesterol drug) were adversely affected by generic medicines.

Operating Results
As a result of previously mentioned factors, the sales for this period was 176,894 million yen (an increase of 5,688 million yen from the same period of the previous year). Operating income was 28,606 million yen (an increase of 3,258 million yen), and ordinary income was 26,531 million yen (an increase of 3,140 million yen). Net income attributable to owners of parent was 22,350 million yen (an increase of 4,151 million yen).

Financial Position
Due to the increase of cash and deposits, assets as of March 31, 2016 were 228,169 million yen (an increase of 4,314 million yen from the previous year).

While income taxes payable increased due to the decrease in long-term loans payable, total liabilities as of March 31, 2016 were 71,244 million yen (a decrease of 1,346 million yen). Net assets as of March 31, 2016 were 156,924 million yen (an increase of 5,660 million yen).

Operating Income (Millions of Yen)  
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>28,606</td>
<td>25,347</td>
<td>22,246</td>
<td>19,548</td>
<td>15,477</td>
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</table>

Net Income per Share (Yen)  
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<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>143.37</td>
<td>143.37</td>
<td>122.02</td>
<td>109.79</td>
<td>92.02</td>
</tr>
</tbody>
</table>

Total Assets (Millions of Yen)  
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>223,854</td>
<td>207,999</td>
<td>190,113</td>
<td>199,243</td>
<td>150,000</td>
</tr>
</tbody>
</table>

Dividends per Share (Yen)  
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>36</td>
<td>35</td>
<td>33</td>
<td>24</td>
</tr>
</tbody>
</table>

With the purchase of treasury shares, cash dividends paid and repayment of long-term loans payable, net cash used in financing activities for the year ended March 31, 2016 was 12,177 million yen (12,127 million yen). As a result of these factors, cash and cash equivalents at the end of this term were 35,335 million yen, reflecting the negative 324 million yen effect of exchange rate changes and the 61 million yen increase from newly consolidated subsidiaries (31,343 million yen). Therefore, cash and cash equivalents at the end of this period increased 3,992 million yen when compared to the previous year.
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As a result of these factors, equity ratio was 68.1%, representing an increase of 1.2% from the previous year.

Position of Cash Flow
Net cash provided by operating activities for the year ended March 31, 2016 was 29,989 million yen (20,452 million yen for the previous year) after deducting income taxes paid from income before income taxes and non-controlling interests, depreciation, and gain and loss on working capital.

Due to the investment on plant and equipment, net cash used in investing activities for the year ended March 31, 2016 was 8,416 million yen (8,076 million yen).

With the purchase of treasury shares, cash dividends paid and repayment of long-term loans payable, net cash used in financing activities for the year ended March 31, 2016 was 12,000 million yen (12,127 million yen). As a result of these factors, cash and cash equivalents at the end of this period increased 3,992 million yen when compared to the previous year.
### Consolidated Balance Sheets

**For FY2015 and FY2014**

<table>
<thead>
<tr>
<th>Assets</th>
<th>FY2015</th>
<th>FY2014</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>¥ 35,335</td>
<td>¥ 31,343</td>
<td>¥ 313,599</td>
</tr>
<tr>
<td>Notes and accounts receivable-trade</td>
<td>¥ 57,006</td>
<td>¥ 58,133</td>
<td>¥ 511,190</td>
</tr>
<tr>
<td>Merchandise and finished goods</td>
<td>¥ 30,198</td>
<td>¥ 26,123</td>
<td>¥ 267,974</td>
</tr>
<tr>
<td>Work in process</td>
<td>¥ 43</td>
<td>¥ 59</td>
<td>¥ 382</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>¥ 8,266</td>
<td>¥ 7,885</td>
<td>¥ 73,352</td>
</tr>
<tr>
<td>Accounts receivable-other</td>
<td>¥ 4,726</td>
<td>¥ 2,097</td>
<td>¥ 41,938</td>
</tr>
<tr>
<td>Short-term loans receivable</td>
<td>¥ 1,039</td>
<td>¥ 841</td>
<td>¥ 9,220</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>¥ 2,968</td>
<td>¥ 3,102</td>
<td>¥ 26,338</td>
</tr>
<tr>
<td>Other</td>
<td>¥ 2,030</td>
<td>¥ 1,890</td>
<td>¥ 18,014</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(¥ 34)</td>
<td>(¥ 29)</td>
<td>(¥ 302)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>¥ 142,181</td>
<td>¥ 133,448</td>
<td>¥ 1,261,708</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>¥ 59,662</td>
<td>¥ 58,217</td>
<td>¥ 529,435</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment loss</td>
<td>(¥ 10,027)</td>
<td>(¥ 35,514)</td>
<td>(¥ 338,574)</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles</td>
<td>¥ 116,267</td>
<td>¥ 114,888</td>
<td>¥ 1,031,742</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment loss</td>
<td>(¥ 107,181)</td>
<td>(¥ 104,548)</td>
<td>(¥ 991,114)</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles, net</td>
<td>¥ 9,086</td>
<td>¥ 10,339</td>
<td>¥ 80,628</td>
</tr>
<tr>
<td>Tools, furniture and fixtures</td>
<td>¥ 33,828</td>
<td>¥ 30,704</td>
<td>¥ 300,196</td>
</tr>
<tr>
<td>Accumulated depreciation and impairment loss</td>
<td>(¥ 28,819)</td>
<td>(¥ 26,876)</td>
<td>(¥ 255,737)</td>
</tr>
<tr>
<td>Tools, furniture and fixtures, net</td>
<td>¥ 5,009</td>
<td>¥ 3,822</td>
<td>¥ 44,441</td>
</tr>
<tr>
<td>Land</td>
<td>¥ 9,195</td>
<td>¥ 9,318</td>
<td>¥ 81,996</td>
</tr>
<tr>
<td>Leased assets</td>
<td>¥ 116</td>
<td>¥ 225</td>
<td>¥ 1,029</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(¥ 87)</td>
<td>(¥ 150)</td>
<td>(¥ 772)</td>
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<tr>
<td>Leased assets, net</td>
<td>¥ 28</td>
<td>¥ 74</td>
<td>¥ 248</td>
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<tr>
<td>Construction in progress</td>
<td>¥ 1,506</td>
<td>¥ 864</td>
<td>¥ 13,364</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>¥ 47,461</td>
<td>¥ 47,128</td>
<td>¥ 421,764</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Goodwill</td>
<td>¥ 2</td>
<td>¥ 4</td>
<td>¥ 18</td>
</tr>
<tr>
<td>Software</td>
<td>¥ 476</td>
<td>¥ 308</td>
<td>¥ 4,224</td>
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<tr>
<td>Other</td>
<td>¥ 424</td>
<td>¥ 361</td>
<td>¥ 3,763</td>
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<tr>
<td><strong>Total intangible assets</strong></td>
<td>¥ 903</td>
<td>¥ 674</td>
<td>¥ 8,013</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>¥ 33,251</td>
<td>¥ 38,711</td>
<td>¥ 295,066</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>¥ 99</td>
<td>¥ 52</td>
<td>¥ 879</td>
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<tr>
<td>Net defined benefit asset</td>
<td>¥ 2,086</td>
<td>¥ 2,064</td>
<td>¥ 18,511</td>
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<tr>
<td>Other</td>
<td>¥ 2,354</td>
<td>¥ 1,962</td>
<td>¥ 20,889</td>
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<tr>
<td>Allowance for doubtful accounts</td>
<td>(¥ 167)</td>
<td>(¥ 187)</td>
<td>(¥ 1,482)</td>
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<tr>
<td><strong>Total investments and other assets</strong></td>
<td>¥ 37,623</td>
<td>¥ 42,603</td>
<td>¥ 333,863</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>¥ 85,988</td>
<td>¥ 90,406</td>
<td>¥ 763,949</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>¥ 228,169</td>
<td>¥ 223,854</td>
<td>$ 2,024,749</td>
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</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>FY2015</th>
<th>FY2014</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes and accounts payable-trade</td>
<td>¥ 15,350</td>
<td>¥ 15,077</td>
<td>$ 136,214</td>
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<tr>
<td>Short-term loans payable</td>
<td>¥ 22,938</td>
<td>¥ 22,951</td>
<td>$ 203,550</td>
</tr>
<tr>
<td>Current portion of long-term loans payable</td>
<td>¥ 3,060</td>
<td>¥ 3,090</td>
<td>$ 27,154</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>¥ 4,576</td>
<td>¥ 3,807</td>
<td>$ 40,607</td>
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<tr>
<td>Provision for bonuses</td>
<td>¥ 1,874</td>
<td>¥ 1,827</td>
<td>$ 16,630</td>
</tr>
<tr>
<td>Provision for directors’ bonuses</td>
<td>¥ 21</td>
<td>¥ 24</td>
<td>$ 186</td>
</tr>
<tr>
<td>Provision for environmental measures</td>
<td>¥ 350</td>
<td>¥ 315</td>
<td>$ 3,106</td>
</tr>
<tr>
<td>Other</td>
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<td>¥ 8,940</td>
<td>$ 86,654</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>¥ 70,337</td>
<td>¥ 56,034</td>
<td>$ 514,127</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loans payable</td>
<td>¥ 7,100</td>
<td>¥ 9,060</td>
<td>$ 63,605</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>¥ 3,095</td>
<td>¥ 4,621</td>
<td>$ 27,465</td>
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<td>Provision for business structure improvement</td>
<td>¥ 690</td>
<td>¥ 704</td>
<td>$ 6,034</td>
</tr>
<tr>
<td>Provision for loss on business of subsidiaries and associates</td>
<td>¥ 309</td>
<td>¥ -</td>
<td>$ 2,742</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>¥ 102</td>
<td>¥ 174</td>
<td>$ 905</td>
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<tr>
<td>Other</td>
<td>¥ 2,020</td>
<td>¥ 1,997</td>
<td>$ 17,925</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>¥ 13,307</td>
<td>¥ 16,556</td>
<td>$ 118,965</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>¥ 71,244</td>
<td>¥ 72,590</td>
<td>$ 632,212</td>
</tr>
</tbody>
</table>

| Net assets                                                           |               |               |                            |
| **Shareholders’ equity**                                             |               |               |                            |
| Capital stock                                                        | ¥ 19,942      | ¥ 19,942      | $ 168,069                  |
| Capital surplus                                                      | ¥ 13,611      | ¥ 13,611      | $ 120,783                  |
| Retained earnings                                                    | ¥ 115,878     | ¥ 105,602     | $ 1,028,290                |
| Treasury shares                                                      | (¥ 4,281)     | (¥ 584)       | (¥ 37,989)                 |
| **Total Shareholders’ equity**                                       | ¥ 144,151     | ¥ 137,572     | $ 1,279,182                |
| **Accumulated other comprehensive income**                          |               |               |                            |
| Valuation difference on available-for-sale securities                | ¥ 10,515      | ¥ 10,676      | $ 93,309                   |
| Foreign currency translation adjustment                              | ¥ 171         | ¥ 894         | $ 1,517                    |
| Remeasurements of defined benefit plans                              | ¥ 554         | ¥ 639         | $ 4,916                    |
| **Total Accumulated other comprehensive income**                    | ¥ 11,241      | ¥ 12,210      | $ 99,752                   |
| **Non-controlling interests**                                       | ¥ 1,531       | ¥ 1,481       | $ 13,586                   |
| **Total net assets**                                                 | ¥ 196,924     | ¥ 151,263     | $ 1,392,528                |
| **Total liabilities and net assets**                                 | ¥ 228,169     | ¥ 223,854     | $ 2,024,749                |
## Consolidated Balance Sheets

For FY2015 and FY2014

### Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2015 (Millions of ¥)</th>
<th>FY2014 (Millions of ¥)</th>
<th>FY2013 (Millions of ¥)</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Cash and deposits</td>
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<td>¥ 31,343</td>
<td>¥ 313,559</td>
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<td>¥ 58,133</td>
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<td>Work in process</td>
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<td>Raw materials and supplies</td>
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<td>Short-term loans receivable</td>
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<td>Other</td>
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<td>¥ 1,890</td>
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<td>Allowance for doubtful accounts</td>
<td>(¥ 34)</td>
<td>(¥ 29)</td>
<td>(¥ 302)</td>
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<td><strong>Total current assets</strong></td>
<td>¥ 142,181</td>
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<td><strong>Non-current assets</strong></td>
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<tr>
<td>Property, plant and equipment</td>
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<td></td>
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<tr>
<td>Buildings and structures</td>
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<td>¥ 529,435</td>
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<td>(¥ 35,514)</td>
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<td><strong>Total buildings and structures, net</strong></td>
<td>¥ 22,035</td>
<td>¥ 22,702</td>
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<td>Machinery, equipment and vehicles</td>
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<td>¥ 1,031,742</td>
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<td>(¥ 107,101)</td>
<td>(¥ 104,548)</td>
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<td><strong>Total machinery, equipment and vehicles, net</strong></td>
<td>¥ 9,166</td>
<td>¥ 10,339</td>
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<td>Tools, furniture and fixtures</td>
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<td>¥ 30,704</td>
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<td>Accumulated depreciation</td>
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<td>(¥ 150)</td>
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<td><strong>Leased assets, net</strong></td>
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<td>¥ 47,128</td>
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<td><strong>Intangible assets</strong></td>
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<td>Goodwill</td>
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<td><strong>Investments and other assets</strong></td>
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<td>Allowance for doubtful accounts</td>
<td>(¥ 167)</td>
<td>(¥ 187)</td>
<td>(¥ 1,482)</td>
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<td><strong>Total investments and other assets</strong></td>
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<td>¥ 42,003</td>
<td>¥ 333,863</td>
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<td><strong>Total non-current assets</strong></td>
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<tr>
<td><strong>Total assets</strong></td>
<td>¥ 228,169</td>
<td>¥ 223,854</td>
<td>¥ 2,024,749</td>
<td></td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2015 (Millions of ¥)</th>
<th>FY2014 (Millions of ¥)</th>
<th>FY2013 (Millions of ¥)</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
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<td></td>
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<td></td>
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<tr>
<td>Notes and accounts payable-trade</td>
<td>¥ 15,350</td>
<td>¥ 15,077</td>
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<td>Short-term loans payable</td>
<td>¥ 22,938</td>
<td>¥ 22,951</td>
<td>¥ 203,550</td>
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<td>Current portion of long-term loans payable</td>
<td>¥ 3,060</td>
<td>¥ 3,090</td>
<td>¥ 27,154</td>
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<td>Income taxes payable</td>
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<td>¥ 3,807</td>
<td>¥ 40,607</td>
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<td>Provision for bonuses</td>
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<td>¥ 16,630</td>
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<tr>
<td>Provision for directors’ bonuses</td>
<td>21</td>
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<td>186</td>
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<td>Provision for environmental measures</td>
<td>350</td>
<td>315</td>
<td>3,106</td>
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<tr>
<td>Other</td>
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<td><strong>Total current liabilities</strong></td>
<td>¥ 97,937</td>
<td>¥ 56,034</td>
<td>¥ 514,127</td>
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<td><strong>Non-current liabilities</strong></td>
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<tr>
<td>Long-term loans payable</td>
<td>¥ 7,100</td>
<td>¥ 9,060</td>
<td>¥ 63,005</td>
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<tr>
<td>Deferred tax liabilities</td>
<td>¥ 3,095</td>
<td>¥ 4,621</td>
<td>¥ 27,465</td>
<td></td>
</tr>
<tr>
<td>Provision for business structure improvement</td>
<td>¥ 680</td>
<td>¥ 704</td>
<td>¥ 6,034</td>
<td></td>
</tr>
<tr>
<td>Provision for loss on business of subsidiaries and associates</td>
<td>¥ 309</td>
<td>-</td>
<td>2,742</td>
<td></td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>102</td>
<td>174</td>
<td>905</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2,020</td>
<td>1,997</td>
<td>17,925</td>
<td></td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>¥ 13,307</td>
<td>¥ 16,556</td>
<td>¥ 118,085</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>¥ 71,244</td>
<td>¥ 72,580</td>
<td>¥ 632,212</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital stock</td>
<td>¥ 19,942</td>
<td>¥ 18,942</td>
<td>¥ 168,089</td>
<td></td>
</tr>
<tr>
<td>Capital surplus</td>
<td>¥ 13,611</td>
<td>¥ 13,611</td>
<td>¥ 120,783</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>¥ 115,878</td>
<td>¥ 105,602</td>
<td>¥ 1,028,290</td>
<td></td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(¥ 4,281)</td>
<td>(¥ 584)</td>
<td>(¥ 37,989)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Shareholders’ equity</strong></td>
<td>¥ 144,151</td>
<td>¥ 137,572</td>
<td>¥ 1,279,182</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated other comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Valuation difference on available-for-sale securities</td>
<td>¥ 10,515</td>
<td>¥ 10,676</td>
<td>93,309</td>
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<tr>
<td>Foreign currency translation adjustment</td>
<td>¥ 171</td>
<td>¥ 894</td>
<td>¥ 1,517</td>
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</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>¥ 554</td>
<td>¥ 639</td>
<td>¥ 4,916</td>
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<tr>
<td><strong>Total Accumulated other comprehensive income</strong></td>
<td>¥ 11,241</td>
<td>¥ 12,210</td>
<td>¥ 99,752</td>
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<tr>
<td><strong>Non-controlling interests</strong></td>
<td>¥ 1,351</td>
<td>¥ 1,481</td>
<td>¥ 13,586</td>
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</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>¥ 116,824</td>
<td>¥ 115,124</td>
<td>¥ 1,392,528</td>
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</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>¥ 228,169</td>
<td>¥ 223,854</td>
<td>¥ 2,024,749</td>
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</tr>
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</table>
### Consolidated Statements of Income

**Consolidated Statements of Income**

For FY2015 and FY2014

<table>
<thead>
<tr>
<th>(Millions of ¥)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥ 176,894</td>
<td>¥ 171,206</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>106,146</td>
<td>105,184</td>
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<tr>
<td>Gross profit</td>
<td>70,748</td>
<td>65,022</td>
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<tr>
<td>Selling, general and administrative expenses</td>
<td>42,142</td>
<td>39,675</td>
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<tr>
<td>Operating income</td>
<td>28,308</td>
<td>25,347</td>
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**Non-operating income**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Dividend income</td>
<td>508</td>
<td>613</td>
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<tr>
<td>Share of profits of entities accounted for using equity method</td>
<td>858</td>
<td>1,093</td>
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<tr>
<td>Gain on sales of non-current assets</td>
<td>274</td>
<td>12</td>
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<tr>
<td>Foreign exchange gains</td>
<td>-</td>
<td>476</td>
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<tr>
<td>Other</td>
<td>748</td>
<td>684</td>
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Total Non-operating income: ¥ 2,478

**Ordinary income**

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<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on sales of investment securities</td>
<td>3,081</td>
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Total Ordinary income: ¥ 3,081

**Extraordinary income**

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<th>FY2014</th>
</tr>
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<tr>
<td>-</td>
<td>-</td>
<td>-</td>
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Total Extraordinary income: ¥ 3,081

**Total changes of items during period**

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<thead>
<tr>
<th>Description</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to owners of parent</td>
<td>¥ 22,556</td>
<td>¥ 18,942</td>
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### Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th>(Millions of ¥)</th>
<th>FY2015</th>
<th>FY2014</th>
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<tbody>
<tr>
<td>Net income</td>
<td>¥ 22,556</td>
<td>¥ 18,942</td>
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**Other comprehensive income**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2015</th>
<th>FY2014</th>
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<tr>
<td>Valuation difference on available-for-sale securities</td>
<td>(159)</td>
<td>4,538</td>
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<tr>
<td>Foreign currency translation adjustment</td>
<td>(800)</td>
<td>952</td>
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<tr>
<td>Remeasurements of defined benefit plans, net of tax</td>
<td>(64)</td>
<td>221</td>
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<tr>
<td>Share of other comprehensive income of entities accounted for using equity method</td>
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Total other comprehensive income: (1,047)

**Comprehensive income**

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<th>FY2014</th>
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<tbody>
<tr>
<td>¥ 21,509</td>
<td>¥ 17,895</td>
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**Balance at end of current period**

<table>
<thead>
<tr>
<th>(Millions of ¥)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated other comprehensive income</td>
<td>-</td>
<td>-</td>
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### Consolidated Statements of Changes in Net Assets

<table>
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<th>FY2015</th>
<th>FY2014</th>
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<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>¥ 18,942</td>
<td>¥ 13,611</td>
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**Changes of items during period**

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<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends of surplus</td>
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<tr>
<td>Net income attributable to owners of parent</td>
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<td>22,350</td>
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<td>Change of scope of consolidation</td>
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<tr>
<td>Purchase of treasury shares</td>
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<td>(9,001)</td>
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**Balance at end of current period**

<table>
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<tr>
<th>(Millions of ¥)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at end of current period</td>
<td>¥ 10,676</td>
<td>¥ 894</td>
</tr>
</tbody>
</table>

**Changes of items during period**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends of surplus</td>
<td>-</td>
<td>(6,269)</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>22,350</td>
<td>22,350</td>
</tr>
<tr>
<td>Change of scope of consolidation</td>
<td>(500)</td>
<td>(500)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(9,001)</td>
<td>(9,001)</td>
</tr>
</tbody>
</table>

**Balance at end of current period**

<table>
<thead>
<tr>
<th>(Millions of ¥)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at end of current period</td>
<td>¥ 10,515</td>
<td>¥ 171</td>
</tr>
</tbody>
</table>

### Notes

### Consolidated Statements of Income

**Consolidated Statements of Income**

**For FY2015 and FY2014**

<table>
<thead>
<tr>
<th>(Millions of Yen)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>116,784</td>
<td>110,786</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>80,308</td>
<td>73,882</td>
</tr>
<tr>
<td>Gross profit</td>
<td>36,476</td>
<td>36,904</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>42,142</td>
<td>39,675</td>
</tr>
<tr>
<td>Operating income</td>
<td>26,808</td>
<td>25,347</td>
</tr>
</tbody>
</table>

**Net income**

- Interest income: 14,194
- Dividend income: 581
- Share of profit of entities accounted for using equity method: 858
- Gain on sales of non-current assets: 274
- Foreign exchange gains: 476
- Other: 748

**Total Non-operating income**

- Interest expenses: 194
- Loss on disposal of non-current assets: 319
- Plant stop losses: 327
- Product compensation expenses: 211
- Foreign exchange losses: 165
- Other: 334

**Total Non-operating expenses**

- Interest expenses: 194
- Loss on disposal of non-current assets: 319
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**Total Non-operating income**

- Interest expenses: 194
- Loss on disposal of non-current assets: 319
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- Product compensation expenses: 211
- Foreign exchange losses: 165
- Other: 334

**Ordinary income**

- Gain on sales of investment securities: 3,081
- Total Extraordinary income: 3,081

**Extraordinary income**

- Impairment loss: 3,941
- Loss on business of subsidiaries and associates: 311
- Product compensation expenses: 390
- Business structure improvement expenses: 704

**Extraneous losses**

- Impairment loss: 3,941
- Loss on business of subsidiaries and associates: 311
- Product compensation expenses: 390
- Business structure improvement expenses: 704

**Total Extraordinary losses**

- Impairment loss: 3,941
- Loss on business of subsidiaries and associates: 311
- Product compensation expenses: 390
- Business structure improvement expenses: 704

**Income before income taxes and non-controlling interests**

- Income taxes-current: 7,955
- Income taxes-deferred: (2,151)

**Total income taxes**

- Income taxes-current: 7,955
- Income taxes-deferred: (2,151)

**Net income**

- Net income attributable to owners of parent: 22,350

**Net income attributable to owners of parent**

- Non-controlling interests: 21,380

**Net income attributable to owners of parent**

- Net income attributable to owners of parent: 22,350

### Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th>(Millions of Yen)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
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**Net income**

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**Net income attributable to owners of parent**

- Non-controlling interests: 21,380

**Net income attributable to owners of parent**

- Net income attributable to owners of parent: 22,350

### Consolidated Statements of Changes in Net Assets

**For FY2015**

<table>
<thead>
<tr>
<th>(Thousands of U.S. dollars)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock</td>
<td>198,332</td>
<td>189,383</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>894</td>
<td>894</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,569,740</td>
<td>1,541,061</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>564</td>
<td>564</td>
</tr>
<tr>
<td>Total shareholders' equity</td>
<td>1,737,572</td>
<td>1,737,572</td>
</tr>
</tbody>
</table>

**Balance at beginning of current period**

- Cumulative effects of changes in accounting policies
- Restated balance

**Changes of items during period**

- Dividends of surplus: (6,269)
- Net income attribute to owners of parent: 22,350
- Change of scope of consolidation: (500)
- Net changes of items other than shareholders’ equity

**Total changes of items during period**

- Net changes of items other than shareholders’ equity

**Balance at end of current period**

- Total shareholders’ equity

### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th>(Thousands of U.S. dollars)</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation difference on available-for-sale securities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(1,411)</td>
<td>(1,411)</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans, net of tax</td>
<td>(7,699)</td>
<td>(7,699)</td>
</tr>
<tr>
<td>Share of other comprehensive income of entities accounted for using equity method</td>
<td>(9)</td>
<td>(9)</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>(2,871)</td>
<td>(2,871)</td>
</tr>
</tbody>
</table>

**Comprehensive Income**

- Owners of parent: 23,832
- Non-controlling interests: 319

**Comprehensive Income**

- Owners of parent: 23,832
- Non-controlling interests: 319

**Balance at end of current period**

- Total shareholders’ equity
### Consolidated Statements of Changes In Net Assets

**For FY2014**

<table>
<thead>
<tr>
<th>Total shareholders' equity</th>
<th>(Millions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>¥ 18,942</td>
</tr>
<tr>
<td>Restated balance</td>
<td>213</td>
</tr>
<tr>
<td>Changes of items during period</td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td>(4,814)</td>
</tr>
<tr>
<td>Net income attribute to owners of parent</td>
<td>18,199</td>
</tr>
<tr>
<td>Change of scope of consolidation</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(6,001)</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>0</td>
</tr>
<tr>
<td>Cancellation of treasury shares</td>
<td>(0)</td>
</tr>
<tr>
<td>Net changes of items other than shareholders' equity</td>
<td>-</td>
</tr>
<tr>
<td>Total changes of items during period</td>
<td>-</td>
</tr>
<tr>
<td>Balance at end of current period</td>
<td>¥ 10,676</td>
</tr>
</tbody>
</table>

**For FY2015**

<table>
<thead>
<tr>
<th>Total shareholders' equity</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>$ 168,089</td>
</tr>
<tr>
<td>Restated balance</td>
<td>-</td>
</tr>
<tr>
<td>Changes of items during period</td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td>(55,630)</td>
</tr>
<tr>
<td>Net income attribute to owners of parent</td>
<td>198,332</td>
</tr>
<tr>
<td>Change of scope of consolidation</td>
<td>(4,437)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(79,874)</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>0</td>
</tr>
<tr>
<td>Cancellation of treasury shares</td>
<td>(0)</td>
</tr>
<tr>
<td>Net changes of items other than shareholders' equity</td>
<td>-</td>
</tr>
<tr>
<td>Total changes of items during period</td>
<td>-</td>
</tr>
<tr>
<td>Balance at end of current period</td>
<td>$ 91,188</td>
</tr>
</tbody>
</table>

### Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at end of current period</td>
<td>¥ 894</td>
<td>¥ 639</td>
<td>¥ 12,210</td>
<td>¥ 151,263</td>
</tr>
</tbody>
</table>

### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th>Valuation difference on available-for-sale securities</th>
<th>Foreign currency translation adjustments</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total accumulated other comprehensive income</th>
<th>Non-controlling interests</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>¥ 6,138</td>
<td>¥ 20</td>
<td>¥ 417</td>
<td>¥ 6,576</td>
<td>¥ 1,269</td>
</tr>
</tbody>
</table>

### Total shareholders' equity

<table>
<thead>
<tr>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at end of current period</td>
<td>$ 120,783</td>
<td>$ 937,102</td>
<td>$ 51,188</td>
<td>$ 1,342,293</td>
</tr>
</tbody>
</table>

### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th>Valuation difference on available-for-sale securities</th>
<th>Foreign currency translation adjustments</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total accumulated other comprehensive income</th>
<th>Non-controlling interests</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>$ 94,738</td>
<td>$ 7,670</td>
<td>$ 108,350</td>
<td>$ 13,142</td>
<td>$ 1,342,293</td>
</tr>
</tbody>
</table>

### Total shareholders' equity

<table>
<thead>
<tr>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at end of current period</td>
<td>$ 1,342,293</td>
<td>$ 1,220,800</td>
<td>$ 79,874</td>
<td>$ 2,220,105</td>
</tr>
</tbody>
</table>

### Total shareholders' equity

<table>
<thead>
<tr>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at end of current period</td>
<td>$ 1,220,800</td>
<td>$ 1,220,800</td>
<td>$ 0</td>
<td>$ 1,220,800</td>
</tr>
</tbody>
</table>
# Consolidated Statements of Changes In Net Assets

## For FY2014

<table>
<thead>
<tr>
<th></th>
<th>Total shareholders' equity</th>
<th>Million of Yen</th>
<th></th>
<th>Total shareholders' equity</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital stock</td>
<td>Capital surplus</td>
<td>Retained earnings</td>
<td>Treasury shares</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at beginning of current period</strong></td>
<td>$18,942</td>
<td>$13,611</td>
<td>$98,121</td>
<td>$(698)</td>
<td>$129,975</td>
</tr>
<tr>
<td><strong>Cumulative effects of changes in accounting policies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Restated balance</strong></td>
<td><strong>$18,942</strong></td>
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<td><strong>98,121</strong></td>
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<td></td>
<td></td>
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<td></td>
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<td>Dividends of surplus</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
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<td>Net income attribute to owners of parent</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total changes of items during period</strong></td>
<td><strong>$4,538</strong></td>
<td><strong>873</strong></td>
<td><strong>221</strong></td>
<td><strong>5,833</strong></td>
<td><strong>211</strong></td>
</tr>
<tr>
<td><strong>Balance at end of current period</strong></td>
<td><strong>$10,676</strong></td>
<td><strong>894</strong></td>
<td><strong>639</strong></td>
<td><strong>12,210</strong></td>
<td><strong>1,481</strong></td>
</tr>
</tbody>
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## For FY2015

<table>
<thead>
<tr>
<th></th>
<th>Total shareholders' equity</th>
<th>Million of Yen</th>
<th></th>
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<td><strong>$639</strong></td>
<td><strong>$12,210</strong></td>
<td><strong>$(1,481)</strong></td>
<td><strong>5,633</strong></td>
</tr>
<tr>
<td><strong>Balance at end of current period</strong></td>
<td><strong>$13,227</strong></td>
<td><strong>$18,199</strong></td>
<td><strong>$18,199</strong></td>
<td><strong>$6,576</strong></td>
<td><strong>5,633</strong></td>
</tr>
</tbody>
</table>

The liability for retirement benefits as of FY2015 and FY2014 were as outstanding as of March 31, 2016 was 0.93%.

The weighted average interest rate on long-term debt outstanding as of

The weighted average interest rate on short-term debt outstanding as of


d. Property, Plant and Equipment (excluding Leased Assets)

The method for calculating the estimated amount of all retirement benefits follows:

The Company has a defined benefit pension plan and a retirement plan ment.

The Company provides accrued bonuses for members of the Board of Directors based on the estimated amounts to be paid for the fiscal year.

The provision for retirement benefits

The Company has defined benefit pension plans that were in operation at the beginning of the accounting period.

The carrying amount of pension plan obligations has been reduced based on the estimated amounts to be paid under the provisions of the plans during the life of the plans.

The estimated useful life ranges from two years to fifty years for buildings and structures, and two years to twelve years for machinery and equipment.

Goodwill is amortized by the straight-line method within 20 years. Other intangible assets are also amortized using the straight-line method. The most typical intangible asset is Software, and its useful life is 5 years.

f. Leased Assets

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.

1. Basis for 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, the related accounting regulations, and the accounting principles generally accepted in Japan ("J-GAAP"), which differ in certain aspects from the application and disclosure requirements of the accounting principles generally accepted in the United States of America ("US-GAAP") and International Financial Reporting Standards ("IFRS"). In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued in Japan in order to present them in a form that is more familiar to readers in other countries.

2. Summary of Significant Accounting Policies

a. Consolidation

The consolidated financial statements as of March 31, 2016 include the account of Nissan Chemical Industries, Ltd. (the "Company") and its ten main (nine in FY2014) subsidiaries (together, the "Companies"). 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, either directly or indirectly, is able to exercise control over operations are fully consolidated. Those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. Investments in two affiliated companies (two in FY2014) are accounted for by the equity method. The assets and liabilities of the newly consolidated subsidiaries are stated at fair value as of the respective dates on which they were acquired. 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. Instead, they are reported as a separate component of other comprehensive income until realized. Realized gains and losses for securities that 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 is incapable of exercising significant influence are stated at cost and reviewed periodically for impairment.

c. Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined by the average method.

d. Property, Plant and Equipment (excluding Leased Assets)

Property, plant and equipment are stated at cost. In general, the deprecia-
The weighted average interest rate on long-term debt outstanding as of March 31, 2016 was 0.61%.

Short-term debt consisting of an unsecured bank overdraft as of March 31, 2016 follows:

- Interest and dividend income (897) (633) (5,298)
- Interest expenses 194 211 1,722
- Increase (decrease) in provision for business structure improvement (23) 704 (204)
- Increase (decrease) in provision for loss on business of subsidiaries and associates 309 - 2,742
- Loss (gain) on sales of investment securities (3,081) - (27,349)
- Loss (gain) on disposal of non-current assets 319 332 2,831
- Decrease (increase) in notes and accounts receivable-trade 143 (3,775) 1,269
- Decrease (increase) in inventories (2,716) (2,659) (24,102)
- Increase (decrease) in notes and accounts payable-trade 352 (955) 3,124
- Other (514) (714) (4,561)

Total 36,372 26,263 322,762

- Interest and dividend received 1,177 1,386 10,445
- Interest paid (194) (223) (1,722)
- Income taxes paid (7,366) (6,974) (65,365)
- Net cash provided by (used in) operating activities 29,969 20,452 266,119

Cash flows from investing activities

- Purchase of investment securities (331) (1,648) (2,937)
- Proceeds from sales and redemption of investment securities 2,206 3,017 19,016
- Purchase of property, plant and equipment (8,671) (5,569) (80,495)
- Payments for retirement of property, plant and equipment (262) (253) (2,325)
- Net decrease (increase) in short-term loans receivable (216) (109) (1,917)
- Other (742) (574) (6,584)

Total (8,416) (8,076) (74,683)

Cash flows from financing activities

- Net increase (decrease) in short-term loans payable 54 (854) 479
- Proceeds from long-term loans payable 1,100 6,700 9,761
- Repayments of long-term loans payable (3,099) (7,066) (27,420)
- Cash dividends paid (6,209) (4,814) (55,630)
- Dividends paid to non-controlling interests (70) (50) (621)
- Purchase of treasury shares (9,001) (6,001) (79,874)
- Other (40) (40) (355)

Total net cash provided by (used in) financing activities (17,317) (12,127) (153,669)

Effect of change in currency exchange rate on cash and cash equivalents (524) 337 (2,875)

Net increase (decrease) in cash and cash equivalents 3,931 585 34,883

Cash and cash equivalents at the beginning of period 31,243 30,757 278,135

Increase in cash and cash equivalents from newly consolidated subsidiary 61 541

Cash and cash equivalents at the end of period $ 35,235 $ 31,343 $ 313,359

**Notes to Consolidated Financial Statements**

1. Basis for 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, the related accounting regulations, and the accounting principles generally accepted in Japan (“J- GAAP”), which differ in certain aspects from the application and disclosure requirements of the accounting principles generally accepted in the United States of America (“US-GAAP”) and International Financial Reporting Standards (“IFRS”). In preparing these consolidated financial statements, certain reclassification and rearrangements have been made to the consolidated financial statements issued in Japan in order to present them in a form that is more familiar to readers in other countries.

2. Summary of Significant Accounting Policies

a. Consolidation

The consolidated financial statements as of March 31, 2016 include the account of Nissan Chemical Industries, Ltd. (the “Company”) and its ten main (nine in FY2014)subsidiaries (together, the “Companies”). 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, either directly or indirectly, is able to exercise control over operations are fully consolidated. Those companies with which the Company has the ability to exercise significant influence are accounted for by the equity method. Investments in two affiliated companies (two in FY2014) are accounted for by the equity method. The assets and liabilities of the newly consolidated subsidiaries are stated at fair value as of the respective dates on which they were acquired.

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. Instead, they 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 is incapable of exercising significant influence are stated at cost and reviewed periodically for impairment.

c. Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined by the average method.

d. Property, Plant and Equipment (excluding Leased Assets)

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

The estimated useful life ranges are two years to fifty years for buildings and structures, and two years to twelve years for machinery and equipment.

e. Goodwill and other Intangible Assets

Goodwill is amortized by the straight-line method within 20 years. Other intangible assets are also amortized using the straight-line method. The most typical intangible asset is Software, and its useful life is 5 years.

f. Leased Assets

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

g. Allowance for Doubtful Accounts

The allowance for doubtful accounts is the Company’s best estimate for 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 when a customer files for bankruptcy or when the operating results or financial position deteriorates.

The customer’s circumstances change, estimates of the recoverability of receivables are further adjusted.

h. Provision for Bonuses

The Company provides accrued bonuses for employees based on the estimated amounts to be paid for the fiscal year.

i. Provision for Director’s Bonuses

The Company provides accrued bonuses for members of the Board of Directors based on the estimated amounts to be paid for the fiscal year.

j. Provision for Environmental Measures

The Company provides a reserve at the estimated cost to deal with the expenditures of Environmental Measures.

k. Provision for Business Structural Improvement

The Company provides a reserve at the estimated amount to cover the expenses and losses to be incurred in association with structure improve- ment.

l. Provision for Loss on Business of Subsidiaries and Associates

The Company provides a reserve at the estimated amount to cover the losses in consideration of its financial position.

m. Provision for Retirement Benefits

The Company has a defined benefit pension plan and a retirement plan that substantially covers all of its employees.
The method for calculating the estimated amount of all retirement benefits to be paid at future retirement dates is based on the benefit formula. Actuarial gains and losses are primarily amortized using the declining-balance method over the average of the estimated remaining service years (16 years) commencing from this accounting period. Certain consolidated subsidiaries use a simplified method for calculating retirement benefits.

In this method, the retirement benefit obligation is the same amount as the necessary payment related to retirement benefits.

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

4. Change in Accounting Policy
Effective from the beginning of the year ended March 31, 2016, the Company has adopted the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No.21, issued on September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Combinations”), “Revised Accounting Standard for Financial Statements” (ASBJ Statement No.22, issued on September 13, 2013, hereinafter referred to as the Accounting Standard for Consolidation), and “Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7, issued on September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Divestitures”).

In applying these revised accounting standards, the Company records differences arising from changes in equity interest in subsidiaries as capital surplus when it maintains control over its subsidiaries. The corresponding acquisition-related costs are recognized as expenses when incurred.

In regards to business combinations conducted after the beginning of the first quarter of the current consolidated fiscal year, the disclosure method was revised to reflect the retrospective adjustment of purchase price allocation after determining the provisional accounting method in the quarterly consolidated financial statements of the fiscal period in which the business combination occurred.

In addition, the presentation method of net income is amended, and the presentation of "minority interests" is changed to "non-controlling interests". To reflect those changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been restated.

In regards to the application of the Accounting Standard for Business Combinations and other standards, the Company is subject to the transitional treatment set out in Section 56-3(4) of the Accounting Standard for Business Combinations, the treatment set out in Section 44-5(4) of the Accounting Standard for Consolidation, and the treatment set out in Section 57-4(5) of the Accounting Standard for Business Divestitures.

These changes are effective from the beginning of the first quarter of current consolidated fiscal year. Likewise, they have no effect on profit and loss.

5. Reclassifications
Effective from the beginning of the current consolidated fiscal year, “Long-term loans receivable”, which were displayed separately in “Investments and other assets” in the previous fiscal year, are now included in “Other” to improve the level of clarity.

In order to reflect the change in the indication method, the Company has classified the consolidated financial statement for the previous fiscal year. As a result, ¥21 million of "Other" and ¥1,940 million of "Gain on sales of non-current assets" in the previous consolidated statements of income are reclassified as ¥21 million of "Other".

Effective from the beginning of the current consolidated fiscal year, “Gain on sales of non-current assets”, which were included in “Other” of “Non-operating income” in the previous fiscal year, are displayed separately since the amount exceeded the 10% of “Non-operating income”.

In order to reflect the change in the indication method, the Company has classified the consolidated financial statement for the previous fiscal year. As a result, ¥697 million of "Other" and ¥12 million of "Gain on sales of non-current assets" in the previous consolidated statements of income are reclassified as ¥685 million of "Other".

Effective from the beginning of the current consolidated fiscal year, "Environmental expenses", which were displayed separately in "Non-operating expenses" in the previous fiscal year, are included in "Other" since the amount was lower than 10% of "Non-operating income". In order to reflect the change in the indication method, the Company has classified the consolidated financial statement for the previous fiscal year.

As a result, ¥315 million of "Environmental expenses" and ¥577 million of "Other" in the previous consolidated statements of income are reclassified as ¥362 million of "Other".

6. Collateral Assets and Liabilities
Collateral assets and liabilities as of FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>¥ (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive securities</td>
<td>¥ 100</td>
<td>¥ 215</td>
</tr>
<tr>
<td>Liabilities</td>
<td>¥ 270</td>
<td>¥ 256</td>
</tr>
</tbody>
</table>

7. Research and Development Expenses
Research and development expenses included in selling, general and administrative expenses for FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>¥ (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in securities</td>
<td>¥ 15,778</td>
<td>¥ 14,964</td>
</tr>
</tbody>
</table>

8. Impairment Losses
The Company recognized impairment losses on the following asset group for FY2015:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>¥ (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>¥ 3,341</td>
</tr>
</tbody>
</table>

In general, the Companies define division as the basis of grouping.
In the case of consolidated subsidiaries, the Company is also defined as the basis of grouping in terms of its scale.
In regards to intangible assets, we deem each asset to be one group.

The book value of Goodwill and Patent of this Materials GmbH (consolidate subsidiary) is reduced to a recoverable amount, and is recognized as an impairment loss on an extraordinary loss.

The amount recovered is the recoverable amount of this asset group by value. It is calculated by discounting the future cash flow at 11%.

9. Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>¥ (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other comprehensive income</td>
<td>¥ 5,712</td>
<td>¥ 6,712</td>
</tr>
</tbody>
</table>

10. Common Stock
(1) Dividends
Cash dividends charged to retained earnings for the years ended March 31, 2015 and 2016 represent the dividends paid out during those years.

The accompanying consolidated financial statements do not include any provisions for a dividend approved by the Annual Shareholders Meeting of ¥260 (¥2.23) per share with an aggregate ¥44,013 million (¥35,611 thousand) for the year ended March 31, 2016.

(2) Retained Earnings
Retained earnings on a consolidated basis consist 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 states that while neither legal capital surplus nor legal retained earnings are available for dividends, both may be used to reduce or eliminate a deficit by a resolution of the shareholders’ meeting, or may be transferred to stated capital common stock by a 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 a certain special reserve for the purpose of obtaining tax benefits in accordance with the Special Taxation Law of Japan.
The method for calculating the estimated amount of all retirement benefits to be paid at future retirement dates is based on the benefit formula. Actuarial gains and losses are primarily amortized using the declining-balance method over the average of the estimated remaining service years (16 years) commencing from this accounting period. Certain consolidated subsidiaries use a simplified method for calculating retirement benefits.

In this method, the retirement benefit obligation is the same amount as the necessary payment related to retirement benefits.

n. Translation of Foreign Currency

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

o. 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 all changes in unrealized gains and losses charged to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gains or losses, net of the applicable income taxes, are reported as components of accumulated other comprehensive income (loss). If interest rate 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.

p. Cash and Cash Equivalents

The Company considers cash equivalents, include all highly liquid investments to have been 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, 2016 after being converted from the currency of the country in which the Company operates. The translation of Japanese yen amounts to United States dollar amounts is included solely for the convenience of the readers outside Japan, and has been made at the rate of ¥112.69 to US $1, which is the approximate closing exchange rate reported by the Tokyo Foreign Exchange Market on March 31, 2016. This translation should not be construed to indicate that the “Other” to improve the level of clarity.

4. Change in Accounting Policy

Effective from the beginning of the year ended March 31, 2016, the Company has adopted the "Revised Accounting Standard for Business Combinations"(Accounting Standards Board of Japan (ASBJ) Statement No.21, issued on September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Combinations”), “Revised Accounting Standard for Financial Instruments” (ASBJ Statement No.22, issued on September 13, 2013, hereinafter referred to as the Accounting Standard for Consolidation), and “Revised Accounting Standard for Business Divestitures”(ASBJ Statement No.7, issued on September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Divestitures”).

In applying these revised accounting standards, the Company records differences arising from changes in equity interest in subsidiaries as capital surplus when it maintains control over its subsidiaries. The corresponding acquisition-related costs are recognized as expenses when incurred. In regards to business combinations conducted after the beginning of the first quarter of the current consolidated fiscal year, the disclosure method was revised to reflect the retrospective adjustment of purchase price allocation after determining the provisional accounting method in the quarterly consolidated financial statements of the fiscal period in which the business combination occurred.

In addition, the presentation method of net income is amended, and the presentation of “minority interests” is changed to “non-controlling interests”. To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been restated.

In regards to the application of the Accounting Standard for Business Combinations and other standards, the Company is subject to the transitional treatment set out in Section 55-2(4) of the Accounting Standard for Business Combinations, the treatment set out in Section 44-5(4) of the Accounting Standard for Consolidation, and the treatment set out in Section 57-4(5) of the Accounting Standard for Business Divestitures.

These changes are effective from the beginning of the first quarter of current consolidated fiscal year. Likewise, they have no effect on profit and loss.

5. Reclassifications

Effective from the beginning of the current consolidated fiscal year, “Long-term loans receivable”, which were displayed separately in “Investments”, are now included in “Other”. As a result, ¥697 million of “Other” and ¥12 million of “Gain on sales of non-current assets” in the previous consolidated statements of income are reclassified as ¥684 million of “Other”.

Effective from the beginning of the current consolidated fiscal year, “Environmental expenses”, which were displayed separately in “Non-operating expense in the previous fiscal year, are included in “Other” since the amount was lower than 10% of “Non-operating income”. In order to reflect the change in the indication method, the Company has classified the consolidated financial statement for the previous fiscal year.

As a result, 931 million of “Environmental expenses” and 937 million of “Other” in the previous consolidated statements of income are reclassified as ¥852 million of “Other”.

6. Collateral Assets and Liabilities

Collateral assets and liabilities as of FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2015 (Millions of ¥)</th>
<th>FY2014 (Millions of ¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>¥ 180</td>
<td>¥ 205</td>
</tr>
<tr>
<td>Liabilities</td>
<td>¥ 270</td>
<td>¥ 256</td>
</tr>
</tbody>
</table>

7. Research and Development Expenses

Research and development expenses included in selling, general, and administrative expenses for FY2014 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2014 (Millions of ¥)</th>
<th>FY2015 (Millions of ¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research expenses</td>
<td>¥ 15,778</td>
<td>¥ 14,964</td>
</tr>
</tbody>
</table>

8. Impairment Losses

The Company recognized impairment losses on the following asset group for FY2015:

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2015 (Millions of ¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill and Patent</td>
<td>¥ 234</td>
</tr>
</tbody>
</table>

In general, the Companies define division as the basis of grouping. In the case of consolidated subsidiaries, the Company is also defined as the basis of grouping in terms of its scale. In regards to intangible assets, we deem each asset to be one group. The book value of Goodwill and Patent of our subsidiaries is reduced to a recoverable amount, and is recognized as an impairment loss on an extraordinary loss. The companies measure the recoverable amount of this asset group by value. It is calculated by discounting the future cash flow at 11%.

9. Comprehensive Income

<table>
<thead>
<tr>
<th>Description</th>
<th>FY2015 (Millions of ¥)</th>
<th>FY2014 (Millions of ¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Show other comprehensive income of entities accounted for using equity methods</td>
<td>¥ 1,547 (2)</td>
<td>¥ 5,712 (9)</td>
</tr>
</tbody>
</table>

10. Common Stock

(1) Dividends

Cash dividends charged to retained earnings for the years ended March 31, 2015 and 2016 represent the dividends paid out during those years. The accompanying consolidated financial statements do not include any provisions for a dividend approved by the Annual Shareholders Meeting of $26 (¥30,231) per share with an aggregate $401,013 ($35,611 thousand) for the year ended March 31, 2016.

(2) Retained Earnings

Retained earnings on a consolidated basis consist 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 states that while neither legal capital surplus nor legal retained earnings are available for dividends, both may be used to reduce or eliminate a deficit by a resolution of the shareholders’ meeting, or may be transferred to stated capital common stock by a 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 a certain special reserve for the purpose of obtaining tax benefits in accordance with the Special Taxation Law of Japan.
11. Investment Securities

(Thousands of U.S. dollars)

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>¥ 24,559</td>
<td>¥ 26,735</td>
<td>¥ 217,934</td>
</tr>
<tr>
<td>Unlisted securities of affiliates</td>
<td>7,244</td>
<td>10,642</td>
<td>64,263</td>
</tr>
<tr>
<td>Unlisted securities</td>
<td>5,447</td>
<td>1,304</td>
<td>12,841</td>
</tr>
<tr>
<td></td>
<td>¥ 33,251</td>
<td>¥ 38,771</td>
<td>¥ 395,066</td>
</tr>
</tbody>
</table>

12. Short-term Debt and Long-term Debt

Short-term debt consisting of an unsecured bank overdraft as of March 31, 2016 was ¥22,936 million ($203,549 thousand).

The weighted average interest rate on short-term debt outstanding as of March 31, 2016 was 0.61%.

The weighted average interest rate on long-term debt outstanding as of March 31, 2016 was 0.69%.

The weighted average interest rate on the current portion of long-term debt outstanding as of March 31, 2016 was 0.83%.

Long-term debt as of March 31, 2015 and 2016 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td>¥ 10,160</td>
<td>¥ 12,150</td>
<td>¥ 90,119</td>
</tr>
<tr>
<td>Less current portion</td>
<td>(3,004)</td>
<td>(3,090)</td>
<td>(37,154)</td>
</tr>
<tr>
<td></td>
<td>¥ 7,156</td>
<td>¥ 9,060</td>
<td>¥ 52,965</td>
</tr>
</tbody>
</table>

Long-term debt payment due after FY2015 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ending March 31</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>$ 2,850</td>
<td>$ 26,267</td>
</tr>
<tr>
<td>FY2017</td>
<td>2,360</td>
<td>28,842</td>
</tr>
<tr>
<td>FY2018</td>
<td>1,560</td>
<td>13,843</td>
</tr>
<tr>
<td>FY2019 and thereafter</td>
<td>220</td>
<td>1,952</td>
</tr>
<tr>
<td></td>
<td>¥ 7,700</td>
<td>¥ 65,055</td>
</tr>
</tbody>
</table>

13. Retirement Benefits

(1) The liability for retirement benefits as of FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefit obligation</td>
<td>¥ 11,998</td>
<td>¥ 12,173</td>
<td>¥ 106,469</td>
</tr>
<tr>
<td>Plan asset</td>
<td>(14,955)</td>
<td>(14,131)</td>
<td>(134,733)</td>
</tr>
<tr>
<td></td>
<td>(2,958)</td>
<td>(1,958)</td>
<td>(13,285)</td>
</tr>
<tr>
<td>Unfunded retirement benefit obligation</td>
<td>72</td>
<td>67</td>
<td>639</td>
</tr>
<tr>
<td>Net retirement benefit obligation</td>
<td>(1,983)</td>
<td>(1,880)</td>
<td>(17,979)</td>
</tr>
<tr>
<td>Net defined-benefit liability</td>
<td>102</td>
<td>102</td>
<td>905</td>
</tr>
<tr>
<td>Net defined-benefit asset</td>
<td>(2,084)</td>
<td>(2,064)</td>
<td>(16,931)</td>
</tr>
<tr>
<td>Net retirement benefit obligation</td>
<td>(1,983)</td>
<td>(1,880)</td>
<td>(17,979)</td>
</tr>
</tbody>
</table>

(2) Actuarial assumptions

The principal actuarial assumptions for FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>0.8%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Long-term expected rate of return</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Expected rate of salary increase</td>
<td>3.8 to 5.5%</td>
<td>3.7 to 9.0%</td>
</tr>
</tbody>
</table>

15. Segment Information

(1) General Information about reportable segments

In regard to reportable segments, the Company is able to obtain discrete financial data from its component units. Accordingly, its segments are subject to regular review to help the Board of Directors decide how to allocate managerial resources and evaluate business performance.

Divisions by products and services are located at headquarters. Each division works out a comprehensive strategy applicable to their products and services and carries out their business activities. The Company consists of segments based on the following divisions:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Main Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>Basic chemicals (melamine, sulfuric acid, nitric acid, ammonia, etc.)</td>
</tr>
<tr>
<td></td>
<td>Fine chemicals (epoxy compound for LED sealants, solder resist and painting &amp; flame retardants, chlorationcyanic acid for sterilizing, etc.)</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>Display materials (LCD alignment coating, etc.)</td>
</tr>
<tr>
<td></td>
<td>Semiconduct materials (bottom and reflective coating for semiconductors, etc.,)</td>
</tr>
<tr>
<td></td>
<td>Inorganic materials (hard coating materials, electronic information materials, polishing materials, etc.)</td>
</tr>
<tr>
<td>Agricultural Chemicals</td>
<td>Agrochemicals (herbicides, insecticides, fungicides, combination fungicide and insecticide, and plant growth regulators)</td>
</tr>
<tr>
<td>Pharmacareatics</td>
<td>Veterinary pharmaceuticals</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>LAVALO (anti-chloroquine) drugs, etc.</td>
</tr>
<tr>
<td></td>
<td>Flextech (custom manufacturing and process services for pharmaceutical companies)</td>
</tr>
<tr>
<td>Trading</td>
<td>Trading, etc.</td>
</tr>
<tr>
<td>Others</td>
<td>Transportation, landscaping, engineering, fertilizer, etc.</td>
</tr>
</tbody>
</table>

(2) Basis for the measurement of reported segment income or loss, segment assets, and other material items

The accounting policies for the reportable segments are consistent with the Company’s accounting policies used in the preparation of its consolidated financial statements. Intersegment sales and income (loss) are recognized based on current market prices.

(3) Information on sales, income (loss), assets, and other items by reportable segment

<table>
<thead>
<tr>
<th>FY2014</th>
<th>Chemicals</th>
<th>Performance Materials</th>
<th>Agricultural Chemicals</th>
<th>Pharmaceuticals</th>
<th>Trading</th>
<th>Other</th>
<th>Adjusting Items</th>
<th>Consolidated total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to customers</td>
<td>¥ 25,072</td>
<td>¥ 43,688</td>
<td>¥ 42,249</td>
<td>¥ 6,759</td>
<td>¥ 41,154</td>
<td>¥ 10,321</td>
<td>¥ 171,206</td>
<td></td>
</tr>
<tr>
<td>Inter-segment sales</td>
<td>9,190</td>
<td>5,702</td>
<td>3,602</td>
<td>13,235</td>
<td>10,347</td>
<td>5,135</td>
<td>38,182</td>
<td></td>
</tr>
<tr>
<td>Total sales</td>
<td>34,263</td>
<td>49,371</td>
<td>45,892</td>
<td>43,396</td>
<td>44,501</td>
<td>16,476</td>
<td>96,388</td>
<td></td>
</tr>
<tr>
<td>Segment income (loss)</td>
<td>¥ 1,895</td>
<td>¥ 12,019</td>
<td>¥ 9,244</td>
<td>¥ 2,306</td>
<td>¥ 1,679</td>
<td>¥ 580</td>
<td>29,347</td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td>25,173</td>
<td>43,826</td>
<td>53,577</td>
<td>17,426</td>
<td>19,408</td>
<td>9,910</td>
<td>61,353</td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>Depreciation and amortization</td>
<td>¥ 1,384</td>
<td>¥ 3,561</td>
<td>¥ 1,374</td>
<td>¥ 902</td>
<td>¥ 70</td>
<td>305</td>
<td>7,977</td>
</tr>
<tr>
<td></td>
<td>Accumulation of goodwill</td>
<td>-</td>
<td>648</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>648</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase of property, plant and equipment and intangible assets</td>
<td>¥ 1,393</td>
<td>¥ 5,244</td>
<td>¥ 1,765</td>
<td>¥ 415</td>
<td>¥ 19</td>
<td>¥ 338</td>
<td>¥ 620</td>
</tr>
</tbody>
</table>

Notes: The adjustments are as follows:

1) The ¥2,380 million adjustment in segment income includes ¥385 million in intersegment eliminations and ¥1,995 million corporate expenses not attributable to any reportable segment.

2) The ¥2,385,353 million adjustment in segment assets includes ¥1,165 million in inter-segment asset and liability eliminations and ¥2,219,518 million in corporate assets not attributable to any reportable segment.

3) The ¥305 million adjustment for depreciation and amortization is for corporate expenses.

4) The ¥620 million adjustment for the increase of property, plant and equipment, and intangible assets is for corporate assets.
11. Investment Securities

<table>
<thead>
<tr>
<th>(Millions of Yen)</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>FY2014</td>
</tr>
<tr>
<td>Equity securities</td>
<td>$24,559</td>
</tr>
<tr>
<td>Unlisted securities of affiliates</td>
<td>7,244</td>
</tr>
<tr>
<td>Unlisted securities</td>
<td>5,447</td>
</tr>
<tr>
<td></td>
<td>$33,251</td>
</tr>
</tbody>
</table>

12. Short-term Debt and Long-term Debt

Short-term debt consisting of an unsecured bank overdraft as of March 31, 2016 was ¥22,938 million ($203,549 thousand). The weighted average interest rate on short-term debt outstanding as of March 31, 2016 was 0.61%. The weighted average interest rate on long-term debt outstanding as of March 31, 2016 was 0.90%. The weighted average interest rate on the current portion of long-term debt outstanding as of March 31, 2016 was 0.93%. Long-term debt as of March 31, 2015 and 2016 was as follows:

<table>
<thead>
<tr>
<th>(Millions of Yen)</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>FY2014</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>¥10,160</td>
</tr>
<tr>
<td>Less current portion</td>
<td>(3,094)</td>
</tr>
<tr>
<td></td>
<td>¥7,066</td>
</tr>
</tbody>
</table>

Long-term debt payment due after FY2015 were as follows:

<table>
<thead>
<tr>
<th>Year ending March 31</th>
<th>(Millions of Yen)</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>¥2,960</td>
<td>$26,267</td>
</tr>
<tr>
<td>FY2017</td>
<td>2,360</td>
<td>20,842</td>
</tr>
<tr>
<td>FY2018</td>
<td>1,560</td>
<td>13,843</td>
</tr>
<tr>
<td>FY2019 and thereafter</td>
<td>220</td>
<td>1,982</td>
</tr>
<tr>
<td></td>
<td>¥7,760</td>
<td>$65,035</td>
</tr>
</tbody>
</table>

13. Retirement Benefits

(1) The liability for retirement benefits as of FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th>(Millions of Yen)</th>
<th>(Thousands of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>FY2014</td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>¥11,998</td>
</tr>
<tr>
<td>Plan asset</td>
<td>(14,955)</td>
</tr>
<tr>
<td></td>
<td>(2,956)</td>
</tr>
<tr>
<td>Unfunded retirement benefit obligation</td>
<td>72</td>
</tr>
<tr>
<td>Net retirement benefit obligation</td>
<td>(1,993)</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>102</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>(2,084)</td>
</tr>
<tr>
<td>Net retirement benefit obligation</td>
<td>(1,993)</td>
</tr>
</tbody>
</table>

(2) Actuarial assumptions

The principal actuarial assumptions as FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>0.8%</td>
</tr>
<tr>
<td>Long-term expected rate of return</td>
<td>2.0%</td>
</tr>
<tr>
<td>Expected rate of salary increase</td>
<td>3.6 to 9.5%</td>
</tr>
</tbody>
</table>

Note: Expected rate of salary increase is calculated based on our point system.

15. Segment Information

(1) General Information about reportable segments

In regard to reportable segments, the Company is able to obtain discrete financial data from its component units. Accordingly, its segments are subject to regular review by the Board of Directors decide how to allocate managerial resources and evaluate business performance.

Divisions by products and services are located at headquarters. Each division works out a comprehensive strategy applicable to their products and services and carries out their business activities. The Company consists of segments based on the following divisions:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Main Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>Basic chemicals (melamine, sulfuric acid, nitric acid, ammonia, etc.)</td>
</tr>
<tr>
<td></td>
<td>Fire chemicals (expoxy compound for LED sealants, solder resist and painting flame retardants, chlorinated cyanic acid for sterilizing, etc.)</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>Display materials (LCD alignment coating, etc.)</td>
</tr>
<tr>
<td></td>
<td>Semiconductors materials (bottom and reflective coating for semiconductors, etc.)</td>
</tr>
<tr>
<td></td>
<td>Inorganic materials (hard coating materials, electronic information materials, polishing materials, etc.)</td>
</tr>
<tr>
<td>Agricultural Chemicals</td>
<td>Agrochemicals (herbicides, insecticides, fungicides, combination fungicide and insecticide, and plant growth regulators)</td>
</tr>
<tr>
<td></td>
<td>Veterinary pharmaceuticals</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>UPL (uni-positive liposomes) drugs, etc.</td>
</tr>
<tr>
<td></td>
<td>Flexitech (custom manufacturing and process services for pharmaceutical companies)</td>
</tr>
<tr>
<td>Trading</td>
<td>Trading, etc.</td>
</tr>
<tr>
<td>Others</td>
<td>Transportation, landscaping, engineering, fertilizer, etc.</td>
</tr>
</tbody>
</table>

(2) Basis for the measurement of reported segment income or loss, segment assets, and other material items

The accounting policies for the reportable segments are consistent with the Company’s accounting policies used in the preparation of its consolidated financial statements.

Intersegment sales and income (loss) are recognized based on current market prices.

(3) Information on sales, income (loss), assets, and other item amounts by reportable segment

<table>
<thead>
<tr>
<th>Millions of Yen</th>
<th>Chemicals</th>
<th>Performance Materials</th>
<th>Agricultural Chemicals</th>
<th>Pharmaceuticals</th>
<th>Trading</th>
<th>Other</th>
<th>Adjustments</th>
<th>Consolidated total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014 sales</td>
<td>$25,072</td>
<td>$43,688</td>
<td>$42,229</td>
<td>$8,759</td>
<td>$41,154</td>
<td>$10,321</td>
<td>$171,206</td>
<td></td>
</tr>
<tr>
<td>FY2015 sales</td>
<td>9,190</td>
<td>5,702</td>
<td>3,452</td>
<td>50</td>
<td>12,335</td>
<td>10,561</td>
<td>42,193</td>
<td>223,854</td>
</tr>
<tr>
<td>Total sales</td>
<td>34,263</td>
<td>49,371</td>
<td>45,692</td>
<td>8,812</td>
<td>54,390</td>
<td>20,852</td>
<td>(42,193)</td>
<td>171,206</td>
</tr>
<tr>
<td>Segment income (loss)</td>
<td>1,895</td>
<td>12,019</td>
<td>9,244</td>
<td>2,306</td>
<td>1,879</td>
<td>580</td>
<td>(2,380)</td>
<td>29,347</td>
</tr>
<tr>
<td>Less: Segment expenses</td>
<td>25,173</td>
<td>43,836</td>
<td>53,577</td>
<td>11,428</td>
<td>18,486</td>
<td>9,910</td>
<td>61,353</td>
<td>223,854</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,384</td>
<td>3,561</td>
<td>1,374</td>
<td>902</td>
<td>70</td>
<td>375</td>
<td>305</td>
<td>7,975</td>
</tr>
<tr>
<td>Other items</td>
<td>468</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>468</td>
</tr>
<tr>
<td>Notes: The adjustments are as follows: 2</td>
<td>The $2,380 million adjustment in segment income includes $2,380 million in segment income for the year ended March 31, 2016.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The corporate expenses are mainly group administrative expenses which do not belong to any segment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The $2,380 million adjustment in segment income includes $2,380 million in segment income for the year ended March 31, 2016.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The $2,380 million adjustment in segment income includes $2,380 million in segment income for the year ended March 31, 2016.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The $2,380 million adjustment in segment income includes $2,380 million in segment income for the year ended March 31, 2016.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Notes: The adjustments are as follows: 1) The $2,380 million adjustment in segment income includes $2,380 million in segment income for the year ended March 31, 2016. 2) The corporate expenses are mainly group administrative expenses which do not belong to any segment. 3) The $2,380 million adjustment in segment income includes $2,380 million in segment income for the year ended March 31, 2016. 4) The $2,380 million adjustment in segment income includes $2,380 million in segment income for the year ended March 31, 2016. |
### Cash dividends

Amounts per share of net income and cash dividends for FY2015 and FY2014 were as follows:

- **Net income per share** is based on the weighted average number of shares of common stock outstanding during the year.

### Notes

1. The ¥(2,469) million adjustment in segment income includes ¥(361) million in inter-segment eliminations and ¥(2,107) million corporate expenses not attributable to any reportable segment.

2. The ¥66,671 million adjustment in segment assets includes ¥(11,172) million in inter-segment asset and liability eliminations and ¥77,843 million in corporate assets not attributable to any segment.

3. The ¥381 million adjustment in increase of property, plant and equipment and intangible assets is for corporate assets.

4. The ¥403 million adjustment in depreciation and amortization is for corporate expenses.

5. The ¥361 million adjustment in increase of property, plant and equipment and intangible assets is for corporate assets.

### Overseas operations

**Sales to customers outside Japan** for FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th>FY2015</th>
<th>Millions of Yen</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥ 215,19</td>
<td>¥ 166,08</td>
</tr>
<tr>
<td>Sales to customers outside Intergroup segment sales</td>
<td>¥ 9,187</td>
<td>¥ 11,387</td>
</tr>
<tr>
<td>Total sales</td>
<td>¥ 234,397</td>
<td>¥ 205,305</td>
</tr>
<tr>
<td>Segment income (loss)</td>
<td>¥ 5,807</td>
<td>¥ 8,213</td>
</tr>
<tr>
<td>Segment assets</td>
<td>¥ 20,643</td>
<td>¥ 40,972</td>
</tr>
<tr>
<td>Other items</td>
<td>¥ 1,427</td>
<td>¥ 1,411</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>¥ 57</td>
<td>¥ 57</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>¥ -</td>
<td>¥ -</td>
</tr>
</tbody>
</table>

**Increase in property, plant, and equipment and intangible assets**:

<table>
<thead>
<tr>
<th>FY2015</th>
<th>Thousands of U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$ 223,206</td>
</tr>
<tr>
<td>Sales to customers outside Intergroup segment sales</td>
<td>$ 81,525</td>
</tr>
<tr>
<td>Total sales</td>
<td>$ 234,722</td>
</tr>
<tr>
<td>Segment income (loss)</td>
<td>$ 34,848</td>
</tr>
<tr>
<td>Segment assets</td>
<td>$ 226,477</td>
</tr>
<tr>
<td>Other items</td>
<td>$ 12,683</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$ 4,670</td>
</tr>
</tbody>
</table>

**Increase in property, plant, and equipment and intangible assets**:

<table>
<thead>
<tr>
<th>FY2015</th>
<th>Thousands of U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$ 20,091</td>
</tr>
</tbody>
</table>

**Overseas operations, which represent sales to customers outside Japan** for FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th>FY2015</th>
<th>Millions of Yen</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥ 104,234</td>
<td>¥ 91,170</td>
</tr>
<tr>
<td>Japan</td>
<td>¥ 76,919</td>
<td>¥ 63,589</td>
</tr>
<tr>
<td>Korea</td>
<td>¥ 19,681</td>
<td>¥ 14,396</td>
</tr>
<tr>
<td>Other Asia</td>
<td>¥ 17,633</td>
<td>¥ 13,185</td>
</tr>
<tr>
<td>Europe and the United States</td>
<td>¥ 17,633</td>
<td>¥ 13,185</td>
</tr>
</tbody>
</table>

### 16. 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 FY2015 and FY2014 were as follows:

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>¥ 143.37</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>¥ 46.00</td>
</tr>
</tbody>
</table>
Cash dividends
Net income

FY2015 Japan Korea Asia
Amounts per share of net income and cash dividends for FY2015 and FY2014 were as follows:

Net income per share is based on the weighted average number of shares of common stock outstanding during the year.

16. 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 FY2015 and FY2014 were as follows:

Yaesu Audit Company
5-17, Yasukuni-chome, Chiyoda-ku, Tokyo 102-8428, Japan
Phone: +(81)-3-3242-1351 Fax: +(81)-3-3242-1353

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, 2016, 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 misstatement.

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, 2016, 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, 2016 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 1 to the consolidated financial statements.
Our Network

Domestic Production Bases

Nagoya Plant
This plant faces the Port of Nagoya. Here we manufacture sulfuric acid and high-quality urea aqueous solution, among other products.

Onoda Plant
This plant is located in Sanyo-Onoda City, Yamaguchi. It is our base for the production of fine organic synthetic compounds, such as agrochemicals and pharmaceuticals.

Saitama Plant
This plant is located in northern Saitama. Here we manufacture agricultural formulations.

Sodegaura Plant Goi Works
This plant is located in the industrial area in Sodegaura City. It is our base for the production of performance materials.

Toyama Plant
This plant is located in the center of Toyama Plain. Here we manufacture various groups of products, such as basic chemicals, environmental chemicals, and performance materials.

List of Offices, Plants and Laboratories

Offices

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

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

Osaka Office
Osaka Saiichi Seimei Building 1-8-17 Umekita, Kita-ku, Osaka 530-0001
Tel: 06-6348-7200

Sapporo Office
Maruko Sapporo Building 1-7, Kita-Niigyo-Nishi, Chuo-ku, Sapporo 060-0002
Tel: 011-251-0261

Nagoya Office
Nagoya KS Building 3-1-18, Takai, Nakamura-ku, Nagoya 453-0001
Tel: 052-433-8883

Fukuoka Office
JPR Hakata Building 1-4-4 Hakata Ekimae, Hakata-ku, Fukuoka 812-0011
Tel: 092-433-3421

Domestic Consolidated Subsidiaries

Nissei Corporation
1-10-5, Nihonbashihon-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3241-2548

- Sales of chemical products and insurance, and real estate business

Nissan Green & Landscape Co., Ltd.
3-18-9, Uchikanda, Chiyoda-ku, Tokyo 101-0047
Tel: 03-3256-4031

- Landscaping and civil engineering

Environmental Technical Laboratories, Ltd.
3-11-7, Konosu, Adachi-ku, Tokyo 183-0872
Tel: 03-3888-6643

- Environmental analysis

Nissan Butsuryu Co., Ltd.
1-10-5, Nihonbashihon-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-5285-8601

- Transportation

Nissan Engineering, Ltd.
1-28-6, Kameido, Koto-ku, Tokyo 136-0071
Tel: 03-3366-7678

- Plant engineering services

Nihon Hiryo Co., Ltd.
1-10-5, Nihonbashihon-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3241-4231

- Fertilizers and agrochemicals

Entities accounted for using 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.
2-28-8, Horikinomahiga, Bunkyo-ku, Tokyo 113-0021
Tel: 03-5977-7300

- Catalysts for petrochemical and petroleum products

Our Network

Domestic Production Bases

Nagoya Plant
This plant faces the Port of Nagoya. Here we manufacture sulfuric acid and high-quality urea aqueous solution, among other products.

Toyama Plant
This plant is located in the center of Toyama Plain. Here we manufacture various groups of products, such as basic chemicals, environmental chemicals, and performance materials.

Onoda Plant
This plant is located in Sanyo-Onoda City, Yamaguchi. It is our base for the production of fine organic synthetic compounds, such as agrochemicals and pharmaceuticals.

Saitama Plant
This plant is located in northern Saitama. Here we manufacture agricultural formulations.

Sodegaura Plant Goi Works
This plant is located in the industrial area in Sodegaura City. It is our base for the production of performance materials.

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

Saitama Plant
235-1, Azahakita, Oaza Jintohara-machi, Kaminato-machi, Saitama 369-0355
Tel: 0495-34-2810

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

List of Offices, Plants and Laboratories

Offices

Sapporo Office
Maruko Sapporo Building 1-1, Kita-Niigyo-Nishi, Chuo-ku, Sapporo 060-0002
Tel: 011-251-0261

Nagoya Office
Nagoya KS Building 3-1-18, Takko, Naka-ku, Nagoya 453-0001
Tel: 052-435-8823

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

Sales of chemical products and insurance, and real estate business

Nissan Butsuryu Co., Ltd.
1-10-5, Nihombashi-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3241-4231

Nissan Engineering, Ltd.
1-28-6, Kamido, Koto-ku, Tokyo 136-0071
Tel: 03-3366-7078

Nihon Hyogo Co., Ltd.
1-10-5, Nihombashi-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3254-9201

Nippon Butsuryu Kogyo Co., Ltd.
2-24-8, Horikogasawa, Bunkyo-ku, Tokyo 113-0021
Tel: 03-5977-7300

Entitles accounted for using Equity Method

Sun Agro Co., Ltd.
1-10-5, Nihombashi-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3510-3601

Clariant Catalysts (Japan) K.K.
2-28-8, Honkomagome, Bunkyo-ku, Tokyo 113-0021
Tel: 03-5977-7300

Fertilizers and agrochemicals

Nissan Green & Landscape Co., Ltd.
10-1, Tsukiji-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3266-4031

Nissan Engineering, Ltd.
2-11-17, Kita-Nakano, Nakano-ku, Tokyo 164-0012
Tel: 03-3666-7078

Environmental analysis

Nissan Butsuryu Kogyo Co., Ltd.
2-24-8, Horikogasawa, Bunkyo-ku, Tokyo 113-0021
Tel: 03-5977-7300

Nissan Environmental, Ltd.
1-28-6, Kamido, Koto-ku, Tokyo 136-0071
Tel: 03-3366-7078

Plant engineering services

Nihon Hyogo Co., Ltd.
1-10-5, Nihombashi-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3254-9201

Fertilizers and agrochemicals

Nissan Butsuryu Kogyo Co., Ltd.
2-24-8, Horikogasawa, Bunkyo-ku, Tokyo 113-0021
Tel: 03-5977-7300

Catalysts for petrochemical and petroleum products

Nissan Chemical Group

Domestic Consolidated Subsidiaries

Nissei Corporation
1-10-5, Nihombashi-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3241-2548

Sales of chemical products and insurance, and real estate business

Nissan Green & Landscape Co., Ltd.
3-16-9, Uchikanda, Chiyoda-ku, Tokyo 101-0047
Tel: 03-3256-4031

Landscaping and civil engineering

Environmental Technical Laboratories, Ltd.
2-11-17, Kita-Nakano, Nakano-ku, Tokyo 164-0012
Tel: 03-3666-7078

Environmental analysis

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

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

Saitama Plant
235-1, Azahakita, Oaza Jintohara-machi, Kaminato-machi, Saitama 369-0355
Tel: 0495-34-2810

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

Materials Research Laboratories
488-6, Suzuki-cho, Funabashi, Chiba 274-0052
Tel: 047-774-0200

Biological Research Laboratories
1470, Shiraoka, Shiraoka, Saitama 249-0294
Tel: 0480-92-2513

Environmental Technical Laboratories, Ltd.
11-1, Kitasode, Sodegaura, Chiba 299-0266
Tel: 0438-63-2341

Environmental analysis

Nissui Corporation
1-10-5, Nihombashi-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3241-2548

Sales of chemical products and insurance, and real estate business

Nissan Green & Landscape Co., Ltd.
3-16-9, Uchikanda, Chiyoda-ku, Tokyo 101-0047
Tel: 03-3256-4031

Landscaping and civil engineering

Environmental Technical Laboratories, Ltd.
2-11-17, Kita-Nakano, Nakano-ku, Tokyo 164-0012
Tel: 03-3666-7078

Environmental analysis

Nissui Corporation
1-10-5, Nihombashi-cho, Chuo-ku, Tokyo 103-0023
Tel: 03-3241-2548

Sales of chemical products and insurance, and real estate business

Nissan Green & Landscape Co., Ltd.
3-16-9, Uchikanda, Chiyoda-ku, Tokyo 101-0047
Tel: 03-3256-4031

Landscaping and civil engineering

Environmental Technical Laboratories, Ltd.
2-11-17, Kita-Nakano, Nakano-ku, Tokyo 164-0012
Tel: 03-3666-7078

Environmental analysis

Nissan Chemical Group
Our Network

Corporate History

History of Nissan Chemical Industries, Ltd.

We were founded in 1887 as Tokyo Jinzo Hiryo, Japan’s first manufacturer of chemical fertilizers, by visionaries of the Meiji Period, namely Jokichi Takamine, Ichirō Shibata, Takashi Masuda, and others.

We later merged with Kanto Sanso, Nippon Kagaku Hiryo, and other companies, and eventually changed the company name to Dainippon Jinzo Hiryo. In 1937, we made a comprehensive transfer of our assets, etc., to Nippon Kagaku Kogyo, which was affiliated with Nippon Sangyo Corporation, and then changed the company name to Nissan Chemical Industries, Ltd., the name by which we are known today (hereafter, the “Company”).

History

- **February 1887** Tokyo Jinzo Hiryo is established.
- **March 1889** Nippon Seim (later renamed Nippon Kagaku Hiryo) is established.
- **March 1891** The Onda Plant of Nippon Seim (now the Onda Plant of the Company) is completed.
- **December 1895** Oji Seisakusho (later renamed Kanto Sanso) is established.
- **December 1897** The Komatsugawa Plant of Tokyo Jinzo Hiryo (which later becomes Tokyo Nippon Kagaku) is completed.
- **July 1910** Tokyo Jinzo Hiryo is renamed Dainippon Jinzo Hiryo.
- **November 1917** Oji Plant of Kanto Sanso (which later becomes the Oji Plant of the Company) is completed.
- **December 1907** The Nagoya Plant (now the Nagoya Plant of the Company) of Nippon Jinzo Hiryo (later merged with Nippon Kagaku Hiryo) is completed.
- **February 1919** The Toya Plant of Dainippon Jinzo Hiryo (now the Toya Plant of the Company) is completed.
- **June 1922** Taishi Unosu (now Nissan Bunka Co., Ltd.) is established.
- **May 1935** Dainippon Jinzo Hiryo merges with Kanto Sanso and Nippon Kagaku Hiryo. The Research Section of the Engineering Department is established at the head office and the Research Group is established at the Oji Plant. They serve as the research and development departments.
- **April 1935** The Komatsugawa Plant of Dainippon Jinzo Hiryo (now the Toya Plant of the Company) is completed.
- **February 1936** The fertilizer testing station of Dainippon Jinzo Hiryo (Koyasu, Yokohama-shi) is relocated to Shiraoka (now the Biological Research Laboratories of the Company).
- **October 1936** Bunka Nihonsha (now Nissan Corporation) is established.
- **December 1937** Dainippon Jinzo Hiryo transfers assets, etc., to Nippon Kagaku Kogyo and then the latter is renamed Nissan Chemical Industries, Ltd.
- **April 1940** Nissan Chemical Industries, Ltd. is acquired by Nippon Mining Co., Ltd., and becomes its chemical section.
- **April 1945** Nippon Oil & Fats Co., Ltd. takes over the chemical section of Nippon Mining Co., Ltd. in a transfer of business and changes its name to Nissan Chemical Industries, Ltd.
- **May 1949** The Company is listed on the Japanese stock exchange after it resumes operation.
- **July 1949** The Company spins off its oil and fats section (now NOF Corporation) in accordance with the Enterprise Reorganization Act.
- **January 1955** The company establishes Nissan Petrochemicals Ltd., thereby entering the petrochemical business.
- **November 1955** The Company merges with Kanto Sanso and Nippon Kagaku Hiryo. The Research Section of the Engineering Department is established at the head office and the Research Group is established at the Oji Plant. They serve as the research and development departments.
- **April 2001** The Company establishes Nissan Agri Co., Ltd. (now Sun Agro Co., Ltd.), thereby spinning off its fertilizer business and integrating group companies related to the business.
- **July 2002** The Company acquires the domestic herbicide business from Monsanto Japan Limited.
- **February 2003** The Company establishes Nissan Chemical Agro Korea Ltd. (NCA) in South Korea.
- **January 2010** The Company acquires a fungicide from Dow AgroSciences LLC of the United States.
- **October 2010** The Company establishes Nissan Chemical Taiwan Co., Ltd. (NCT) in Taiwan.
- **June 2013** The Company acquires Thin Materials GmbH (Germany).
- **October 2013** The Company merges NCH into NCA.
- **January 2014** The Company establishes Nissan Chemical Product (Shanghai) Co., Ltd. (NCS) in China.

- **March 1891** The Onda Plant of Nippon Seim (now the Onda Plant of the Company) is completed.
- **December 1895** Oji Seisakusho (later renamed Kanto Sanso) is established.
- **November 1917** Oji Plant of Kanto Sanso (which later becomes the Oji Plant of the Company) is completed.
- **December 1897** The Komatsugawa Plant of Tokyo Jinzo Hiryo (which later becomes Tokyo Nippon Kagaku) is completed.
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- **February 2003** The Company establishes Nissan Chemical Agro Korea Ltd. (NCA) in South Korea.
- **January 2010** The Company acquires a fungicide from Dow AgroSciences LLC of the United States.
- **October 2010** The Company establishes Nissan Chemical Taiwan Co., Ltd. (NCT) in Taiwan.
- **June 2013** The Company acquires Thin Materials GmbH (Germany).
- **October 2013** The Company merges NCH into NCA.
- **January 2014** The Company establishes Nissan Chemical Product (Shanghai) Co., Ltd. (NCS) in China.

Corporate History

History of Nissan Chemical Industries, Ltd.
Our Overseas Bases (Consolidated Subsidiaries)

Nissan Chemical Europe S.A.R.L
Parc d'affaires de Crécy - 10/14 rue de la Voie Lactée
69200 Saint Didier au Mont d'Or, France
Tel: 33-4-37-64-40-20
Sales of agrochemicals

NCK Co., Ltd.
127, Chupakian-dong, Pwoegeong-eup, Pyungtaek-si, Gyeonggi-do, 17984, Korea
Tel: 82-31-691-7104
R&D, production and sales of electronic materials

Nissan Chemical America Corporation
10333 Richmond Avenue, Suite 1100, Houston, Texas 77042, U.S.A.
Tel: 1-713-532-4745
R&D, production and sales of inorganic materials

Corporate History
History of Nissan Chemical Industries, Ltd.

We were founded in 1887 as Tokyo Jinzo Hiryo, Japan's first manufacturer of chemical fertilizers, by visionaries of the Meiji Period, namely Jokichi Takamine, Erichi Shibusawa, Takashi Masuda, and others.

We later merged with Kanto Sanso, Nippon Kagaku Hiryo, and other companies, and eventually changed the company name to Dainippon Jinzo Hiryo. In 1937, we made a comprehensive transfer of our assets, etc., to Nippon Kagaku Kogyo, which was affiliated with Nippon Sango Corporation, and then changed the company name to Nissan Chemical Industries, Ltd., the name by which we are known today (hereafter, the “Company”).

Corporate History

February 1887 Tokyo Jinzo Hiryo is established.
July 1889 Nippon Senri Seizo (later renamed Nippon Kagaku Hiryo) is established.
March 1891 The Onda Plant of Nippon Senri Seizo (now the Onda Plant of the Company) is completed.
December 1895 The Nippon Oil & Fats Co., Ltd. is established.
May 1923 Dainippon Jinzo Hiryo mergers with Kanto Sanso and Nippon Kagaku Hiryo. The Research Section of the Engineering Department is established at the head office and the Research Group is established at the Oji Plant. They serve as the research and development departments.
April 1928 The Toyama Plant of Dainippon Jinzo Hiryo (now the Toyama Plant of the Company) is established.
February 1931 The fertilizer testing station of Dainippon Jinzo Hiryo (Koyasu, Yokohama-shi) is relocated to Shiroya (now the Biological Research Laboratories of the Company).
October 1932 Bunka Nohosha (now Nissei Corporation) is established.
December 1937 Dainippon Jinzo Hiryo transfers assets, etc. to Nippon Kagaku Kogyo and then the latter is renamed Nissan Chemical Industries, Ltd.
April 1943 Nissan Chemical Industries, Ltd. is acquired by Nippon Mining Co., Ltd. and becomes its chemical section.
April 1945 Nippon Oil & Fats Co., Ltd. takes over the chemical section of Nippon Mining Co., Ltd. in a transfer of business and changes its name to Nissan Chemical Industries, Ltd.
May 1949 The Company is listed on the Japanese stock exchange after it submits operation.
July 1949 The Company spins off its oil and fats section (now NOF Corporation) in accordance with the Enterprise Reorganization Act.
January 1955 The Company establishes Nissan Petrochemicals Ltd., thereby entering the petrochemical business.
November 1968 Tokyo Nissan Kagaku relocates its plant to Kamisato-mura, Sakaiwa (now the Sakaiwa Plant of the Company).
August 1969 The Company constructs the Sodegaura Plant following the formulation of a plan to close and relocate the Oji Plant.
December 1969 Production at the Oji Plant is discontinued and the plant is closed.
June 1968 The Company transfers its petrochemical section to Kiyosaka Kogyo Co., Ltd. (now KH Neochem Co., Ltd.) and withdraws from the petrochemical business.
October 1989 The Company establishes Nissan Chemical America Corporation (NCA) in the United States.
June 1998 The Company acquires Tokyo Nippon Kagaku as its Saitama Plant.
April 2001 The Company establishes Nissan Chemical Korea Co. Ltd. (now, NCK Co. Ltd.) in South Korea.
June 2005 The Company establishes Nissan-Agr Co., Ltd. (now Sun Agro Co., Ltd.), thereby spinning off its fertilizer business and integrating group companies related to the business.
July 2002 The Company acquires the domestic herbicide business from Monsanto Japan Limited.
February 2005 The Company establishes Nissan Chemical Agro Korea Ltd. (NAC) in South Korea.
January 2010 The Company acquires a fungicide from Dow AgroSciences LLC of the United States.
October 2010 The Company establishes Nissan Chemical Taiwan Co., Ltd. (NCT) in Taiwan.
June 2013 The Company acquires Thin Materials GmbH (Germany).
October 2013 The Company merges NCH into NCA.
January 2014 The Company establishes Nissan Chemical Product (Shanghai) Co., Ltd. (NCS) in China.
Corporate Profile
(As of March 31, 2016)

Corporate Name: Nissan Chemical Industries, Ltd.
Head Office: 7-1, Kanda Nishiki-cho 3-chome, Chiyoda-ku, Tokyo 101-0054, Japan TEL : 03-3296-8111
Founded: 1887
Common Stock: 156,000,000 shares ¥18,942 million
Number of Employees: Consolidated : 2,371
Stock Listing: Tokyo Stock Exchange
Transfer Agent: Sumitomo Mitsui Trust Bank, Limited 4-1, Mann souchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Directors / Corporate Auditors / Executive Officers
(As of June 28, 2016)

Representative Director, President & CEO: Kojiro Kinoshita
Director, Senior Executive Vice President: Junichi Miyazaki
Director, Senior Managing Executive Officer: Kiminori Hirata
Director, Managing Executive Officer: Tsuneo Higuchi
Masa taka Hatanaka
Katsuaki Miyaji
Outside Director: Tisato Kajiyama
Tadao Ohe
Corporate Auditors: Sumio Kondo
Yasu yuki Nakajima
Noriho Suzuki
Noriyuki Katayama
Executive Officers: Satoru Hamamoto
Nobutomo Tsuzoe
Hidenori Tai shita
Takeshi Iwata
Hiroshi Oritsuka
Hisashi Suzuki
Yuji Nakashita
Takahashi Honda
Hironori Yoshihara
Shinsuke Yagi
Motoaki Ishikawa
Kazuhiro Osma

Stock Information
(As of March 31, 2016)

Total Number of Authorized Shares: 360,000,000
Shares of Common Stock Issued: 156,000,000
Shareholders: 11,661

Major Shareholders (Top Five Companies)

<table>
<thead>
<tr>
<th>Number of Shares Held (1,000 shares)</th>
<th>Ratio of the number of held shares to the total number of issued shares (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. Trust Account</td>
<td>21,699</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. Trust Account</td>
<td>12,143</td>
</tr>
<tr>
<td>Trust &amp; Custody Services Bank, Ltd. as trustee for the Mizuho Trust &amp; Banking Co., Ltd. Retirement Benefit Trust</td>
<td>7,769</td>
</tr>
<tr>
<td>The Norinchukin Bank</td>
<td>4,800</td>
</tr>
<tr>
<td>Nissan Chemical Industries, Ltd. Customer Shareholders Association</td>
<td>3,982</td>
</tr>
</tbody>
</table>

Stock Quote and Chart (April 2014-March 2016)
Corporate Profile
(As of March 31, 2016)

Corporate Name: Nissan Chemical Industries, Ltd.
Head Office: 7-1, Kanda Nishiki-cho 3-chome, Chiyoda-ku, Tokyo 101-0054, Japan TEL: 03-3296-8111
Founded: 1887
Common Stock: 156,000,000 shares ¥18,942 million
Number of Employees: Consolidated: 2,371
Stock Listing: Tokyo Stock Exchange
Transfer Agent: Sumitomo Mitsui Trust Bank, Limited 4-1, Manznouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Directors / Corporate Auditors / Executive Officers
(As of June 28, 2016)

Representative Director, President & CEO: Kojiro Kinoshita
Director, Senior Executive Vice President: Junichi Miyazaki
Director, Senior Managing Executive Officer: Kiminori Hirata
Hiroyoshi Fukuro
Director, Managing Executive Officer: Tsuneo Higuchi
Masataka Hatanaka
Katsuki Miyaj
Outside Director: Tisato Kajiyama
Tadao Ohe
Corporate Auditors: Sumio Kondo
Yasuyuki Nakajima
Noriro Suzuki
Noriyuki Katayama
Satoru Hamamoto
Nobutomo Tsuzue
Hidenori Taitshita
Takeshi Iwata
Hiroshi Onitsuka
Hitoshi Suzuki
Yuji Nakasita
Takashi Honda
Yorinori Yoshida
Shinsuke Yagi
Motoaki Ishikawa
Kazuhiko Ohrai

Executive Officers:
Kojiro Kinoshita
Junichi Miyazaki
Hiroyoshi Fukuro
Katsuki Miyaj
Tsuneo Higuchi
Masataka Hatanaka
Katsuki Miyaj
Tisato Kajiyama
Tadao Ohe
Sumio Kondo
Yasuyuki Nakajima
Noriro Suzuki
Noriyuki Katayama
Satoru Hamamoto
Nobutomo Tsuzue
Hidenori Taitshita
Takeshi Iwata
Hiroshi Onitsuka
Hitoshi Suzuki
Yuji Nakasita
Takashi Honda
Yorinori Yoshida
Shinsuke Yagi
Motoaki Ishikawa
Kazuhiko Ohrai

Stock Information
(As of March 31, 2016)

Total Number of Authorized Shares: 360,000,000
Shares of Common Stock Issued: 156,000,000

Major Shareholders (Top Five Companies)

- The Master Trust Bank of Japan, Ltd. (Trust Account): 21,099 shares, 14.1%
- Japan Trustee Services Bank, Ltd. (Trust Account): 12,143 shares, 7.9%
- Trust & Custody Services Bank, Ltd. as trustees for the Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust: 7,769 shares, 5.0%
- The Norinchukin Bank: 4,800 shares, 3.1%
- Nissan Chemical Industries, Ltd. Customer Shareholders Association: 3,982 shares, 2.6%

Stock Quote and Chart (April 2014-March 2016)

Stock Quote:

<table>
<thead>
<tr>
<th>Year</th>
<th>Price (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/1</td>
<td>3,500</td>
</tr>
<tr>
<td>2015/1</td>
<td>3,000</td>
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<tr>
<td>2014/4</td>
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<tr>
<td>2011/4</td>
<td>1,000</td>
</tr>
<tr>
<td>2010/4</td>
<td>500</td>
</tr>
</tbody>
</table>

Stock Chart:

- More than 500,000 shares: 72.6%
- Less than 1,000 shares: 1.0%
- Less than 500,000 shares: 14.9%
- Less than 100,000 shares: 6.6%
- Less than 10,000 shares: 5.8%
- Less than 1,000 shares: 1.0%

Number of shares held (1,000 shares):

- The Master Trust Bank of Japan, Ltd. (Trust Account): 21,099
- Japan Trustee Services Bank, Ltd. (Trust Account): 12,143
- Trust & Custody Services Bank, Ltd. as trustees for the Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust: 7,769
- The Norinchukin Bank: 4,800
- Nissan Chemical Industries, Ltd. Customer Shareholders Association: 3,982

Status of Distribution by Shareholder:

- Financial institutions: 59.6%
- Foreigners: 18.1%
- Individuals / Other: 12.1%
- Securities companies: 4.2%
- Other domestic corporations: 14.9%

Breakdown by Number of Shares Held:

- More than 500,000 shares: 72.6%
- Less than 1,000 shares: 1.0%
- Less than 500,000 shares: 14.9%
- Less than 100,000 shares: 6.6%
- Less than 10,000 shares: 5.8%
- Less than 1,000 shares: 1.0%

Number of shares held:

- More than 500,000 shares: 72.6%
- Less than 1,000 shares: 1.0%
- Less than 500,000 shares: 14.9%
- Less than 100,000 shares: 6.6%
- Less than 10,000 shares: 5.8%
- Less than 1,000 shares: 1.0%