

2012 Annual Report

For the year ended March 31, 2012

 **NISSAN CHEMICAL INDUSTRIES, LTD.**

www.nissanchem.co.jp

CONTENTS

FINANCIAL HIGHLIGHTS	2
MESSAGE FROM THE PRESIDENT	3
BUSINESS FIELDS OF NISSAN CHEMICAL INDUSTRIES	4
REVIEW OF OPERATIONS	
CHEMICALS	5
PERFORMANCE MATERIALS	6
AGRICULTURAL CHEMICALS	7
PHARMACEUTICALS	8
TRADING/OTHER BUSINESSES	9
OVERVIEW OF SEGMENTS	10
BUSINESS TOPICS	11
ADVANCED MATERIALS	14
OVERSEAS MEASURES	16
FINANCIAL SECTION	17
INDEPENDENT AUDITORS' REPORT	32
HISTORY	33
DIRECTORY OF NISSAN CHEMICAL	34
GROUP NETWORK	35
CORPORATE PROFILE	36
STOCK INFORMATION	37

Projections

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

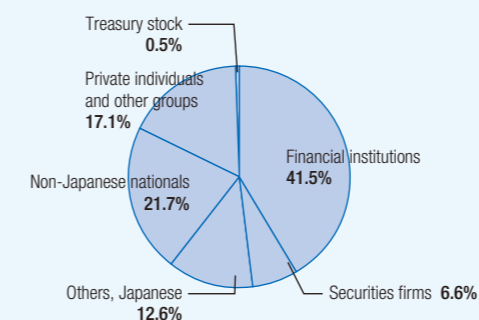
STOCK INFORMATION

Total Number of Authorized Shares	360,000,000
Shares of Common Stock Issued	171,000,000
Shareholders	16,403

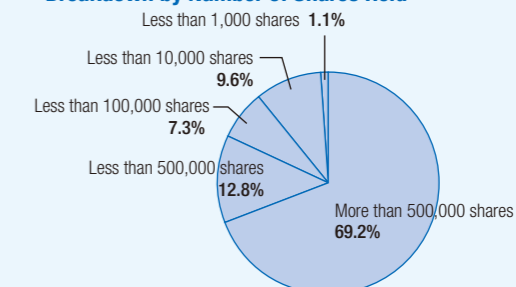
Major Shareholders (Top Five Companies)

	Number of shares held (thousands)	Percentage of total shares in issue (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	12,745	7.5
Japan Master Trust Bank, Ltd. (Trust Account)	11,375	6.7
Mizuho Trust & Banking Co., Ltd. (Employee Retirement Benefit Trust of Mizuho Corporate Bank) New trust custodian: Trust & Custody Services Bank, Ltd.	7,378	4.3
The Norinchukin Bank	4,800	2.8
SOMPO JAPAN INSURANCE INC.	4,365	2.6

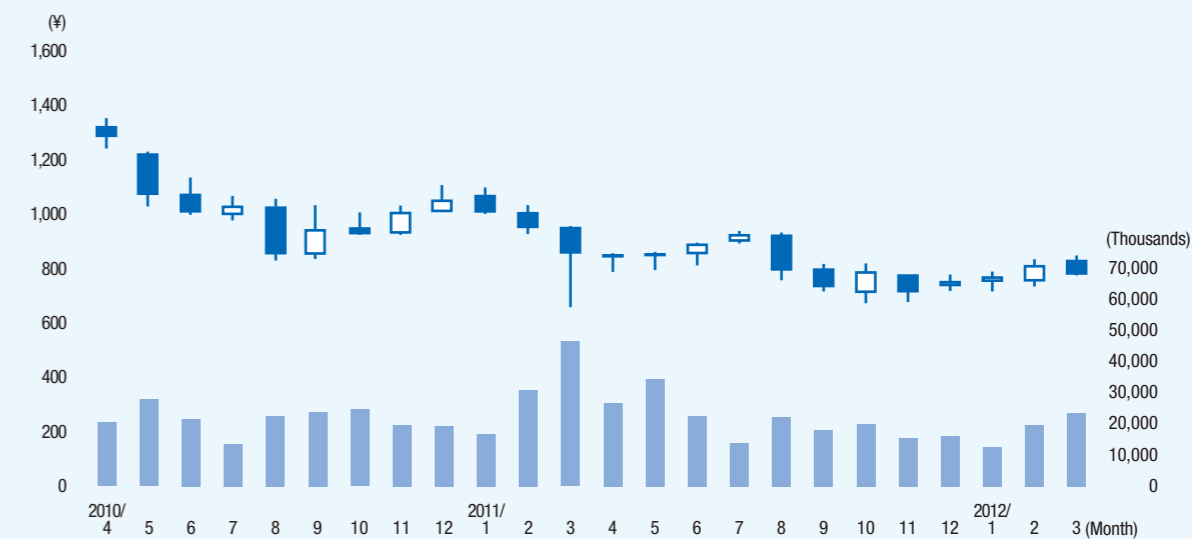
Breakdown of Shareholders by Type



Breakdown by Number of Shares Held



Stock Quote and Chart (April 2010-March 2012)



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



Guidelines for action

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

Basic policies

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



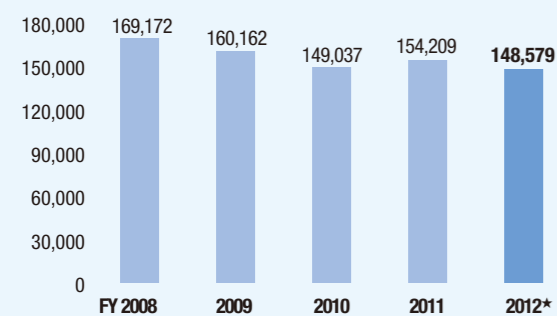
FINANCIAL HIGHLIGHTS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

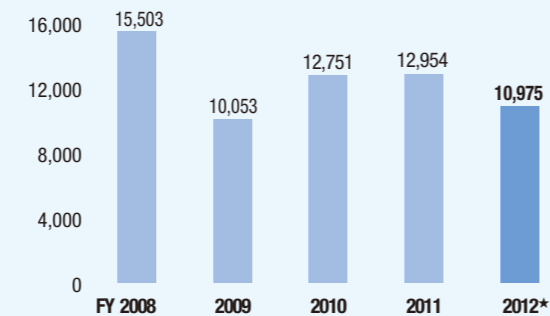
Consolidated	Millions of Yen		Thousands of U.S. Dollars
	FY 2012	FY 2011	FY 2012
Net sales	¥148,579	¥154,209	\$1,808,848
Net income	10,975	12,954	133,617
Equity	118,631	111,312	1,444,255
Amounts per share (in yen and U.S. dollars):			
Net income	¥ 64.52	¥ 75.94	\$ 0.79
Equity	697.36	654.33	8.49
Non-Consolidated			
Net sales	¥110,623	¥115,643	\$1,346,766
Net income	9,981	12,344	121,509
Equity	105,002	98,536	1,278,332
Amounts per share (in yen and U.S. dollars):			
Net income	¥ 58.67	¥ 72.37	\$ 0.71
Equity	617.24	579.23	7.51

Note: The U.S. dollar amounts in this report are given for convenience only and represent translations of Japanese yen at the rate of ¥82.14 to U.S. \$1, the rate prevailing at the end of the term.

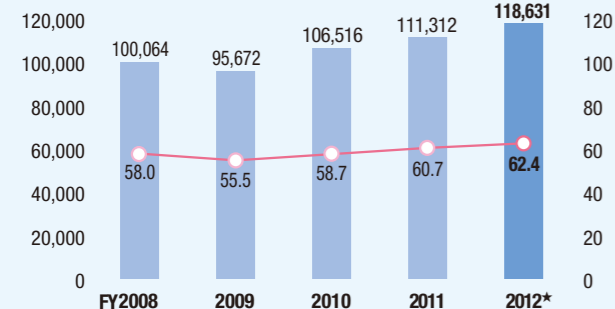
Net Sales (Millions of Yen)



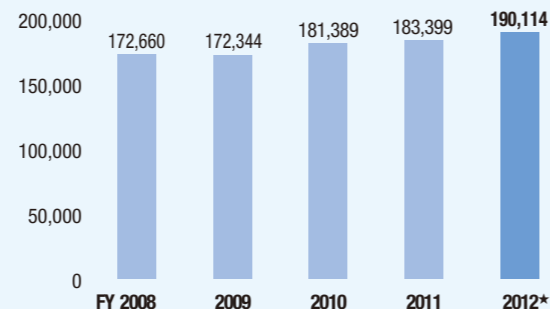
Net Income (Millions of Yen)



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



Total Assets (Millions of Yen)



* FY2012: fiscal year ended March 31, 2012

Message from the President Dear shareholders,

We express our thanks to you for your patronage.

In this term, the supply chains (for materials and products), which had been disturbed by the Great East Japan Earthquake in March 2011, were restored, and corporate production activities started recovering, so there were signs of improvement to the domestic economy. However, the business environment surrounding our corporate group is still severe, due to the high prices of raw fuels, such as naphtha, the lingering yen appreciation, the downturn of the global economy triggered by the European debt crisis, and the sluggish growth of emerging countries.

Against this background, the sales of major products in the Chemicals business and the Performance Materials business decreased considerably, due to the decline in the customer operation rate and the intensification of competition. Meanwhile, the

Agricultural Chemicals business and the Pharmaceuticals business produced healthy results, but the sales and profits of our corporate group decreased in this term.

Our term-end dividend was set at 12 yen per share, and our annual dividend, including the interim dividend, was set at 24 yen per share. This is equal to that of the dividend in the previous term.

In regards to the future outlook, since the economic trends inside and outside Japan are uncertain, the situation will remain unpredictable. Our corporate group aims to return to growth by implementing measures based on the basic strategies specified in the midterm business plan "Vista2015 Stage I" for fiscal 2010 to 2012 while improving our ability to cope with changes in the business environment.

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

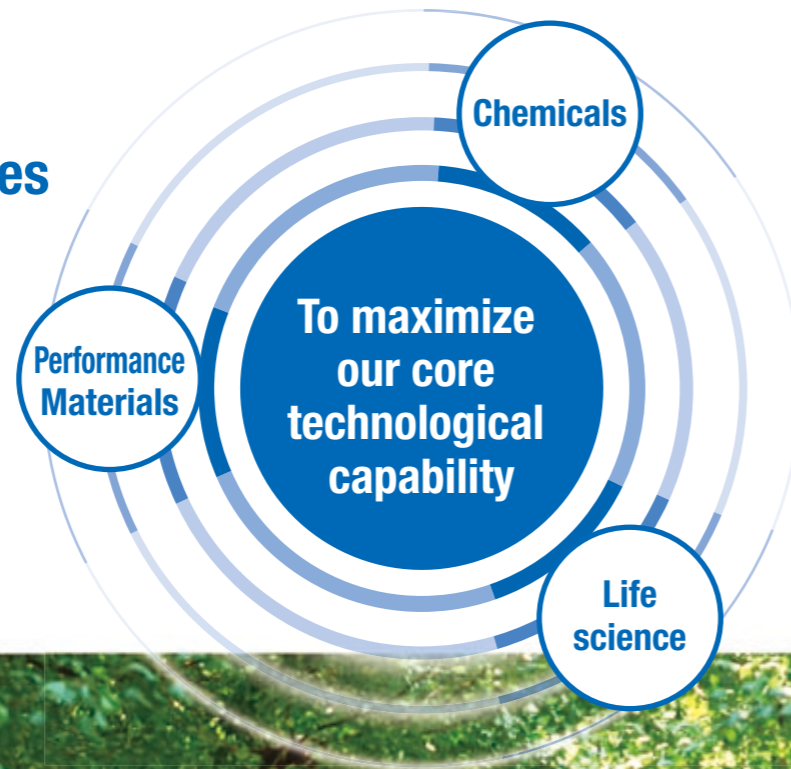
We would appreciate your continued understanding and support.



Kojiro Kinoshita, President

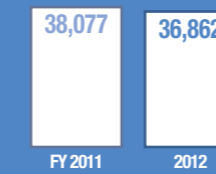
Business fields of Nissan Chemical Industries

Our business started with the production of chemical fertilizers, and we have broadened our business fields, including pesticides, pharmaceutical products, and electronic materials, while developing chemically-derived products. We will refine further our core technology, which has developed throughout our corporate history, and aim to grow further as a unique value-creating firm.

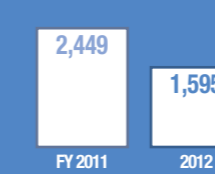


REVIEW OF OPERATIONS Chemicals

Net Sales (Millions of Yen)



Operating Income (Millions of Yen)



SALES RATIO BY SEGMENT
20.6%

Business Overview

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

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



Circuit board (image)

Business Performance

In regards to basic chemicals, the sales of ammonia, urea, nitric acid and sulfuric acid were healthy, but the sales of melamine were sluggish as major clients became the victims of the earthquake in Japan and overseas markets slowed down.

In regards to fine chemicals, the sales of "TEPIC®" (special epoxy for sealants) and others decreased.

Consequently, sales in this business were 36,862 million yen, a decrease of 1,215 million yen from the previous term, and operating income was 1,595 million yen, a decrease of 854 million yen.

Main Products

[TEPIC®]

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

[MELAMINE]

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

[AdBlue®]

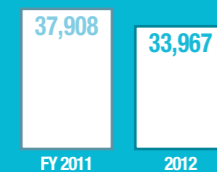
AdBlue® is a solution of urea in demineralised water used as an operating fluid in diesel-powered freight trucks to improve emissions. To promote this unique product, we are now expanding our original supply system for domestic market.

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

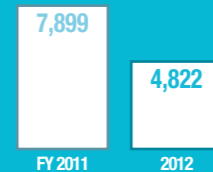
REVIEW OF OPERATIONS

Performance Materials

Net Sales (Millions of Yen)



Operating Income (Millions of Yen)



SALES RATIO BY SEGMENT
18.9%

Business Overview

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

Business Performance

In regards to display materials, photo-alignment materials for 3D televisions were released.

In regards to "SUNEVER®" (polyimide for liquid crystal displays), the sales of products for the liquid crystal panels of smartphones and tablet PCs increased, while those for the liquid crystal panels of television decreased.

As the semiconductor market declined, the sales of BARC (coating material to prevent reflection for semiconductors) decreased and the shipment of "SNOWTEX®" (abrasive for electronic materials and surface preparation agents, etc.) for abrasives decreased.

Consequently, sales in this business were 33,967 million yen, a decrease of 3,941 million yen from the previous term, and operating income was 4,822 million yen, a decrease of 3,077 million yen from the previous term.

Main Products

[SUNEVER®]

SUNEVER® is a polyimide resin for coating liquid-crystal glass to align the liquid crystal molecules in a certain direction. This material comes in various grades to correspond to the latest flat-screen liquid-crystal televisions, liquid-crystal monitors and personal computers, and other medium- and small-size products.

[BARC]

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

[SNOWTEX®]

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

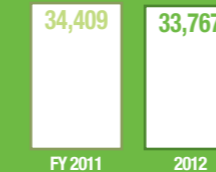


Tablet PCs/smartphones

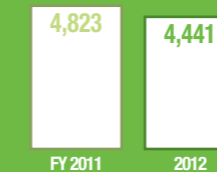
REVIEW OF OPERATIONS

Agricultural Chemicals

Net Sales (Millions of Yen)



Operating Income (Millions of Yen)



SALES RATIO BY SEGMENT
18.8%

Business Overview

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

Business Performance

In regards to domestic sales, the distributors' stock of "ROUNDUP" (non-selective foliage herbicide) was adjusted and the sales of "RAIMEI" (fungicides for dry-field farming and horticulture) for soil treatment increased.

In regards to exports, the sales of "RAIMEI", "PULSOR" (Thifluzamide, fungicide) and others were healthy. However, there was no income from the licenses for animal drugs in this term.

Consequently, sales in this business were 33,767 million yen, a decrease of 642 million yen from the previous term, and operating income was 4,441 million yen, a decrease of 382 million yen from the previous term.

Main Products

[Pyrazosulfuron-ethyl (SIRIUS)]

Uses: An herbicide for rice and turf Commercialization: Rice growing area such as Japan, China, South Korea, South-east Asia and South America.

[Quizalofop-ethyl (TARGA)]

Uses: A grass killer for broadleaf crops such as soybeans, sugar beets, sunflowers, oilseed rape and vegetables Commercialization: All over the world, especially in North America, Europe and India.

[Halosulfuron-methyl (PERMIT)]

Uses: A herbicide effective against sedges and broadleaf weeds for corn, sugarcane, rice and turf Commercialization: Japan, the Americas, Australia, South Africa, Italy, etc.

[Pyridaben (SANMITE)]

Uses: An insecticide and acaricide effective against whiteflies, spider mites, broad mites and rust mites for citrus, pome and stone fruits, vegetables, tea and ornamentals Commercialization: Japan, North America and EU Countries.

[Amisulbrom (LEIMAY)]

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

[Cyenopyrafen (STARMITE)]

Uses: An acaricide effective against spider mites on fruits tree crops, tea, vegetables and ornamentals Commercialization: Japan, South Korea and Colombia.

[Glyphosate (ROUNDUP)]

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

[Thifluzamide (PULSOR)]

Uses: A systemic fungicide highly effective against diseases caused by Rhizoctonia fungus on turf, rice and potato Commercialization: Japan, Brazil, Colombia, South Korea and China.

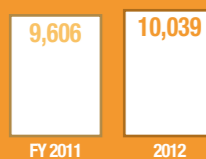


"ROUNDUP" (non-selective foliage herbicide)

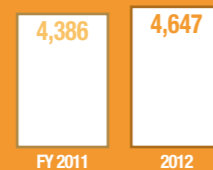
REVIEW OF OPERATIONS

Pharmaceuticals

Net Sales (Millions of Yen)



Operating Income
(Millions of Yen)



SALES RATIO BY SEGMENT
5.6%

Business Overview

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

Business Performance

In regards to "LIVALO," with its share increasing steadily inside Japan, it was released in Europe in May 2011 and in Mexico in February 2012.

Therefore, the sales of active pharmaceutical ingredients increased.

The income from the licenses for new medicines under development (milestone) decreased from the previous year.

Consequently, sales in this business were 10,039 million yen, an increase of 433 million yen from the previous term, and operating income was 4,647 million yen, an increase of 261 million yen from the previous term.

Main Products

[LIVALO]

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

New Medicines under Development [NT-702]

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

[NTC-801]

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

[NIP-022]

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

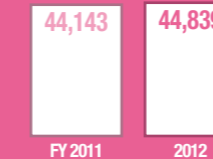


Drug for hypercholesterolemia "LIVALO"

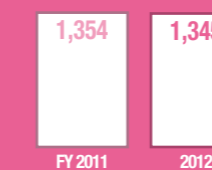
REVIEW OF OPERATIONS

Trading

Net Sales (Millions of Yen)



Operating Income
(Millions of Yen)



SALES RATIO BY SEGMENT
25.0%

Business Performance

The sales of electronic material-related products decreased, but the volume of imported products increased.

Consequently, sales in this business were 44,839 million yen, an increase of 696 million yen from the previous term, and operating income was 1,345 million yen, a decrease of 9 million yen from the previous term.

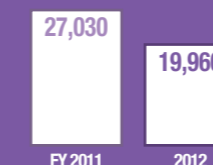


Track exclusively for AdBlue®

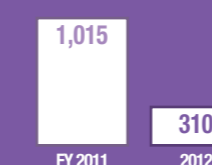
REVIEW OF OPERATIONS

Other Businesses

Net Sales (Millions of Yen)



Operating Income
(Millions of Yen)



SALES RATIO BY SEGMENT
11.1%

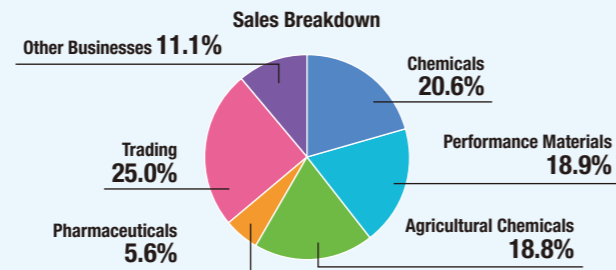
Business Performance

As the sales in the engineering business and others decreased, sales in this business were 19,960 million yen, a decrease of 7,070 million yen from the previous term, and operating income was 310 million yen, a decrease of 705 million yen from the previous term.



Landscaping business

REVIEW OF OPERATIONS OVERVIEW OF SEGMENTS



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

*** REVIEW OF OPERATIONS**

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

Business Topics

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

WITH THE AIM OF COMMERCIALIZING “HYPERBRANCHED POLYMERS” AND “SUPRAMOLECULAR GELS”

Since we started collaborating with Kyushu University in 2006, we have strived to create new Performance Materials. Since April, we have been concentrating on research to make practical use of our results based on the fundamental and applied research conducted over five years up to March 2011 with the aim of commercializing “hyperbranched polymers” and “supramolecular gels.”

“HYPERBRANCHED POLYMERS”

We handle oil-repellent and oil-attracting types as surface modifiers. With them, we have cultivated demands in fields where resistance to fingerprints is required, such as touch panels and mobile phone bodies, and fields where antifouling properties are required, such as household goods. In addition, since hyperbranched polymers have a high refractive index, transparency, and light resistance, we are developing them as materials for LED and organic EL lighting.



“SUPRAMOLECULAR GELS”

“Supramolecular gels” are converted into sols when pressurized, and can be sprayed like water. Accordingly, this substance is indicated as a material for cosmetics. In addition, by utilizing its coating texture and stretching properties, we are developing quasi-drugs and medical devices in cooperation with other companies.



Topics for each business

PERFORMANCE MATERIALS BUSINESS

At the time of our company-wide reorganization in June 2011, the planning and development division was newly established in the business department, and the products that are under development and to be developed in the electronic material laboratory were transferred. We will accelerate the commercialization of new products by utilizing our marketing capabilities and customer information swiftly and effectively.

We are also developing materials in parallel with technological innovation in the semiconductor field, including miniaturization and three-dimensional structures, for high integration. Furthermore, we are conducting research into materials in the promising fields of organic EL and solar cells.



AGRICULTURAL CHEMICALS BUSINESS

The Agricultural Chemicals business has developed a new herbicide for paddy fields named "ALTAIR" (NC-620). This was registered in South Korea in 2011, and is to be registered in Japan in 2012. In addition, we worked on the construction of the material production equipment at Onoda Plant, in accordance with our sales plan.



PHARMACEUTICALS BUSINESS

The Pharmaceuticals business has been steadily conducting clinical tests for anti-arrhythmic "NTC-801" and medicine for thrombocytopenia "NIP-022."



Improvement in R&D capability

Our company plans to drastically reform the bioscience institute to strengthen our research base for life science over five years from fiscal 2011 to 2015.

The research institute mainly for pharmaceutical products, which was completed in December 2011, has a depository that can store over 400,000 compounds, and we aim to streamline and accelerate the creation of new medicines.

From fiscal 2012, we plan to construct research centers for greenhouses and pesticides. In particular, the artificial weather laboratory can simulate overseas weather, and so we will accelerate the development of new pesticides by using this laboratory, while taking into account the overseas markets that are growing in parallel with the increase in world population.

With this plan, we aim to improve our ability to evaluate pharmaceutical products and the greenhouse management function for pesticides, and research life science materials other than pharmaceutical products and pesticides, to make inroads into new fields.



Main building of Life Science Institute
Exterior appearance



Laboratory

Advanced Materials

Beyond the core businesses and technological areas of organic materials, inorganic materials and electronics materials set out in our Vista2015 mid-term business plan, Nissan Chemical Industries is committed to generating new business through the creation of new products and materials in order to expand as a materials manufacturer and attain a pre-eminent position in the areas of research, development and technology.

In addition to building on and utilizing our unique fine organic synthesis, polymer design and ultrafine particle control core technologies, we are attempting to speed up the generation of new business and materials by forming alliances with other specialist corporations, and by forming a top-level organizational partnership with Kyushu University, the largest such partnership for a university in Japan.

Furthermore, we are endeavoring to explore the limitless possibilities of chemical science to create high value-added products that satisfy customer demands for reliability, and in the process grow even brighter as a value-creating corporation.



ADVANCED MATERIALS MAIN PRODUCTS

[HYPERTECH®]

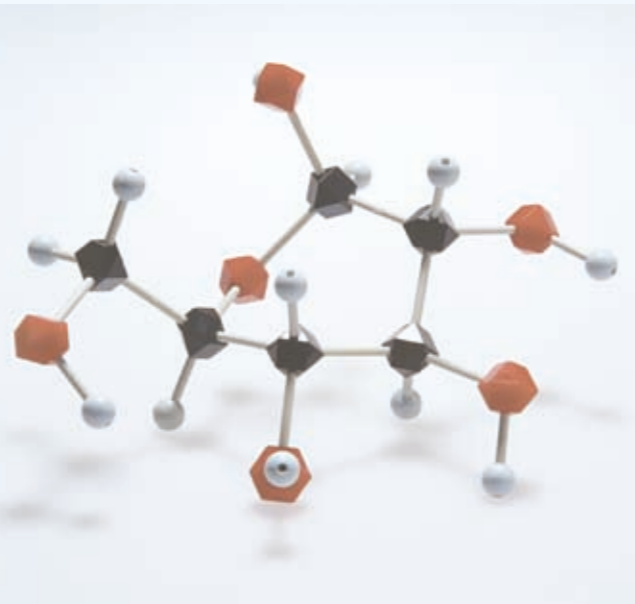
HYPERTECH® is a nanometer-sized spherical polymer, and acts as organic nano-particles. There are a lot of terminal groups on the surface of spherical polymers, therefore depend on properties of the terminal group, HYPERTECH®'s properties can be controlled, such as thermal stability, solubility, and thin-film formation of it. We are supplying hyperbranched polymer (HPS-200), and cross-linked polymer (HA-DVB-500).

[OPTBEADS®]

OPTBEADS® is spherical fine particles composed of melamine-formaldehyde resin and silica and has features of narrow particle size distribution, good heat resistance, acid resistance, alkali resistance, solvent resistance and high refractive index.

[The crystal nucleating agent for polylactic acid: Ecopromote®]

When molding polylactic acid, it becomes a stable crystal nucleus for increasing crystallization speed significantly, producing homogeneous fine crystals, and improving molding cycle and heat resistance.



Winning "nano tech Materials Award" at nano tech 2012

Nissan Chemical Industries, LTD. received "nano tech Materials Award" at "nano tech 2012 the 11th International Nanotechnology Exhibition & Conference" which was held from 15th to 17th February 2012 at Tokyo Big Sight, one of the largest Exhibition on nanotechnology in the world. "nano tech Awards" are given to outstanding exhibitors showing innovative and pioneering technologies.

We are awarded for the exhibition of two series of HYPERTECH®, hyper-branched polymers of nano-meter size in diameter. SC-series are UV curable coating materials with anti-fingerprint and/or anti-smudge properties.

Besides we will be developing hyper-branched polymers as high heat-resistance coating materials (300°C), nucleating reagents for electroless plating for micro wiring, and carbon nanotube dispersion for transparent electrodes.



Winning "nano tech Materials Award" at nano tech 2012



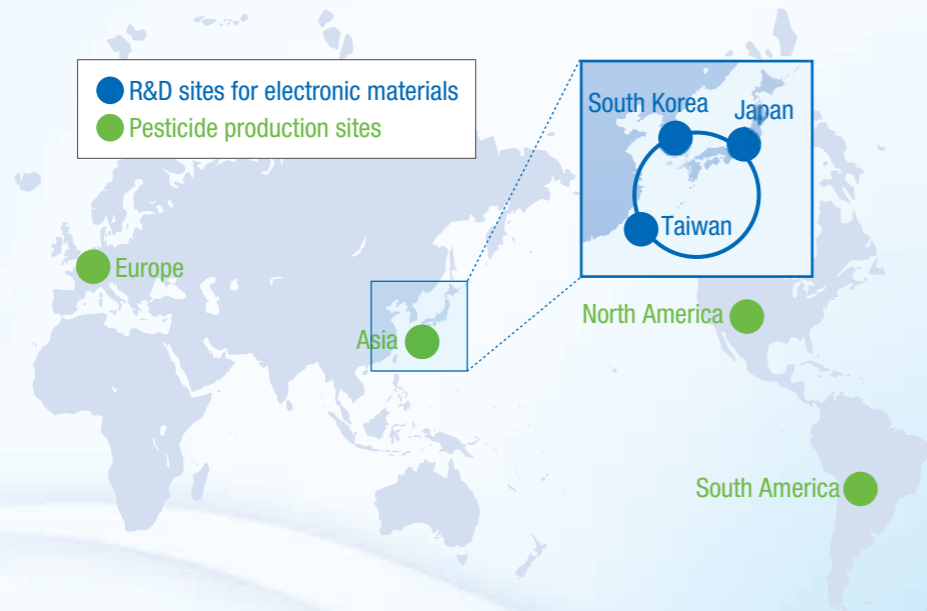
Plaques

Overseas measures

WE ACCELERATE OUR OVERSEAS BUSINESS EXPANSION.

We have placed importance on the Asian markets, which are expected to grow in the electronic material field, and will strengthen the functions of our affiliates in South Korea and Taiwan and expatriate offices in China. For this, the business section will take the initiative in strengthening the cooperation between our R&D center in Taiwan, which has been in operation since May 2011, and our existing R&D center in South Korea, and our electronic material laboratory, in order to improve our ability to meet customers' needs in the technological field.

The Agricultural Chemicals business owns affiliates and subsidiaries in Asia, North America, and Europe. In September 2011, the business made an investment in Iharabras, which is a top-class company producing and selling pesticides in Brazil, and established a new stronghold in South America, with the aim of increasing our sales volume outside Japan. In regards to research, we will develop a global R&D system in Japan, France, and South America, and promote the development of new pesticides and admixtures.



INVESTMENT IN IHARABRAS IN BRAZIL

In September 30, our company acquired 3% of outstanding shares of Iharabras, which is a top-class company producing and selling pesticides in Brazil. We will use the firm's enriched research facilities as a new development site following those in Japan and Europe, develop a global research system, and accelerate the development of new agents and admixtures.

Our company recognizes the pesticide business as one of our core businesses, concentrates on the creation of new original agents, promotes the acquisition of competing agents, and aims to enrich the sales systems mainly in Asia, Europe, and North America. By strengthening our relationship with Iharabras through this investment, we will cultivate the promising Central and South American markets on a full-scale basis, and aim to expand our business even further.



FIVE-YEAR SUMMARY

Consolidated	Millions of Yen				
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Net sales	¥ 169,172	¥ 160,162	¥ 149,037	¥ 154,209	¥ 148,579
Operating income	24,768	17,437	19,151	19,818	15,478
Net income	15,503	10,053	12,751	12,954	10,975
Total assets	172,660	172,344	181,389	183,399	190,114
Equity	100,064	95,672	106,516	111,312	118,631
Capital expenditure	10,913	13,940	10,060	9,588	8,251
Depreciation expense	9,731	10,206	10,994	10,440	10,459
Amounts per share (in yen):					
Net income per share	¥ 85.15	¥ 57.26	¥ 74.00	¥ 75.94	¥ 64.52
Equity per share	556.63	555.14	618.23	654.33	697.36
Financial ratios (%):					
Equity ratio	58.0	55.5	58.7	60.7	62.4
Return on equity	15.6	10.3	12.6	11.9	9.5
Non-Consolidated					
Net sales	¥ 123,937	¥ 117,797	¥ 110,993	¥ 115,643	¥ 110,623
Operating income	21,642	13,935	15,912	16,735	13,095
Net income	13,927	7,957	10,435	12,344	9,981
Total assets	151,991	150,488	160,288	163,956	169,081
Equity	90,873	85,632	93,835	98,536	105,002
Amounts per share (in yen):					
Net income per share	¥ 76.49	¥ 45.32	¥ 60.56	¥ 72.37	¥ 58.67
Equity per share	505.51	496.88	544.63	579.23	617.24
Cash dividends per share	20.0	22.0	24.0	24.0	24.0
Financial ratios (%):					
Equity ratio	59.8	56.9	58.5	60.1	62.1
Year-end statistics:					
Number of shareholders	14,516	14,651	13,801	16,596	16,403
Number of employees	1,614	1,657	1,710	1,750	1,726

FINANCIAL REVIEW

Financial Review for the Year Ended March 31, 2012

Overview

This consolidated fiscal year witnessed a sign of recovery of the Japanese economy, as corporate production activities are recovering due to the restoration of the supply chains, which were damaged by the Great East Japan Earthquake in March 2011. However, the business environment surrounding our corporate group remained severe, because of the high prices of raw fuels, such as naphtha, the lingering yen appreciation, the downturn of the global economy due to the debt crisis in Europe, and the sluggish growth of emerging countries. In this situation, the Chemicals business saw decreases in sales and profits, as the domestic demand for melamine (adhesive material for plywood) declined and the overseas market worsened. As for the Performance Materials business, the photo-alignment materials for 3D television were released, but sales and operating profit decreased considerably from the previous year, due to the decrease in customer operation rate and the intensification of competitions. As for the

Agricultural Chemicals business, product sale was healthy inside and outside Japan, but it could not make up for the decrease in the income from the licenses regarding animal drugs, which was posted last year. The Pharmaceuticals business witnessed increases in sales and profits, because the sales of the active pharmaceutical ingredients of "LIVALO" (medicine for hypercholesterolemia) were healthy.

Operating Results

The sales for this term were 148,579 million yen, a decrease of 5,630 million yen or 3.7% from the previous term. As for profit and loss, operating income was 15,478 million yen, a decrease of 4,340 million yen or 21.9% from the previous term; ordinary income was 15,873 million yen, a decrease of 3,495 million yen or 18.0% from the previous term; and net income was 10,975 million yen, a decrease of 1,978 million yen or 15.3% from the previous term.

Financial Position

Total assets as of the end of this consolidated fiscal year were 190,114 million yen, an increase of 6,715 million yen from the end of the previous consolidated fiscal year, mainly due to the increase in cash and deposits.

Total liabilities were 70,468 million yen, a decrease of 569 million yen from the end of the consolidated fiscal year, as notes and accounts payable augmented while interest-bearing debts and accrued income tax, etc. decreased.

Net assets were 119,645 million yen, an increase of 7,284 million yen from the end of the previous consolidated fiscal year.

As a result, equity ratio was 62.4%, an increase of 1.7% from the end of the previous consolidated fiscal year.

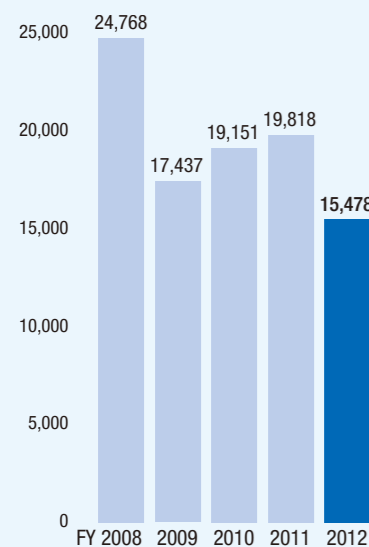
Cash Flow Analysis

The cash flow from operating activities for this consolidated fiscal year was an income of 21,903 million yen, the payment

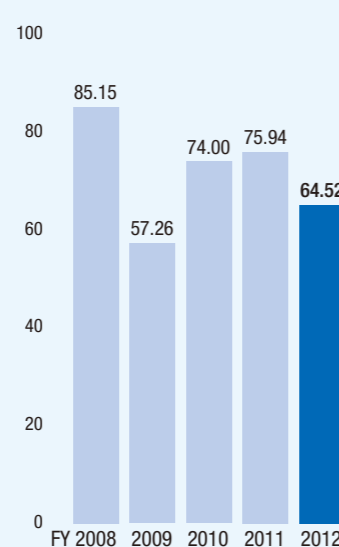
amount of income tax, etc. was deducted, through the increase or decrease in net income before income taxes and minority interests, depreciation, and operating capital, etc. (For the previous consolidated fiscal year, income of 24,915 million yen). The cash flow from investment activities was an expenditure of 9,880 million yen, mainly due to the investment in equipment in the Performance Materials business, etc. (For the previous consolidated fiscal year, expenditure of 8,497 million yen). The cash flow from financing activities was an expenditure of 5,181 million yen, due to the dividend payments and the repayment of debts, etc. (For the previous consolidated fiscal year, expenditure of 9,566 million yen).

As a result, cash and cash equivalents as of the end of this consolidated fiscal year were 27,906 million yen, an increase of 6,780 million yen from the end of the previous consolidated fiscal year, after subtracting an effect of exchange rate changes of 63 million yen (21,127 million yen as of the end of the previous consolidated fiscal year).

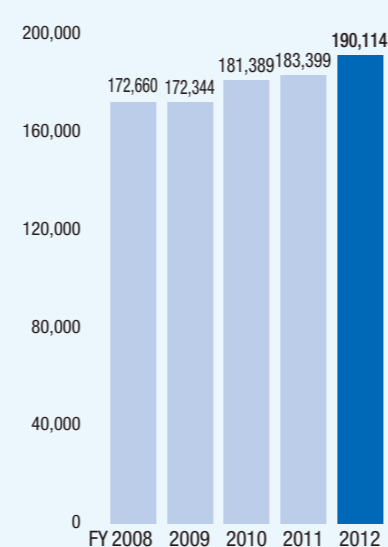
Operating Income (Millions of Yen)



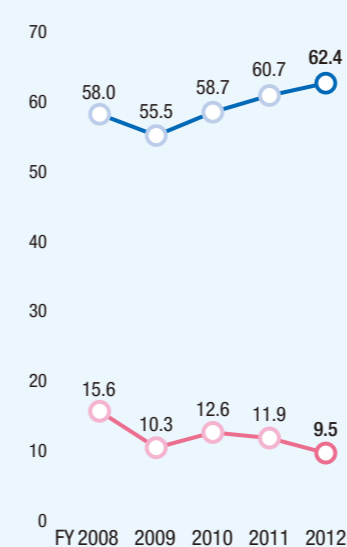
Net Income per Share (Yen)



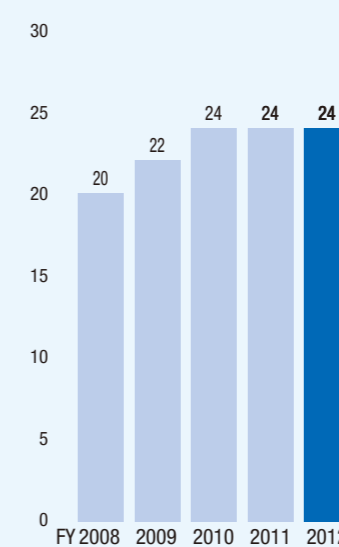
Total Assets (Millions of Yen)



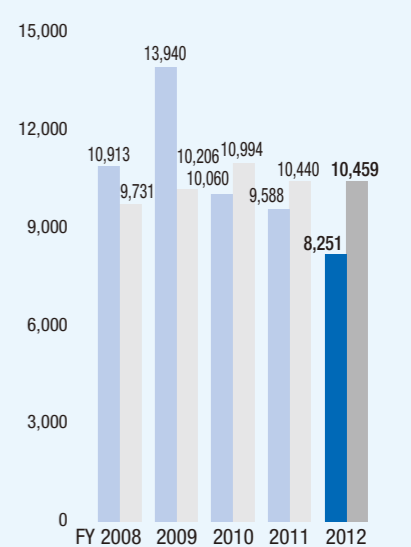
Equity Ratio (%)
Return on Equity (%)



Dividends per Share (Yen)



Capital Expenditures/
Depreciation Expense (Millions of Yen)



CONSOLIDATED BALANCE SHEETS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	FY 2012	FY 2011	FY 2012
Current assets:			
Cash and time deposits	¥ 27,906	¥ 21,127	\$ 339,741
Notes and accounts receivable:			
Trade	55,527	55,220	676,000
Less allowance for doubtful receivables	(10)	(11)	(126)
Inventories (Note 6)	29,409	28,435	358,041
Deferred taxes-current	2,624	2,595	31,943
Other current assets	2,928	3,147	35,647
Total current assets	118,384	110,513	1,441,246
Investments and advances:			
Investment in securities (Note 5)	16,353	14,830	199,087
Investments in and advances to non-consolidated subsidiaries and affiliates	5,972	5,491	72,709
Long-term loans	32	53	390
Other investments	1,031	1,101	12,552
Less allowance for doubtful receivables	(160)	(215)	(1,951)
Total investments and advances	23,228	21,260	282,787
Property, plant and equipment, at cost:			
Land	9,551	9,558	116,279
Buildings and structures	51,533	47,943	627,380
Machinery and equipment	131,352	124,531	1,599,122
Leased assets	73	30	892
Construction in progress	890	4,402	10,833
Less accumulated depreciation	(148,672)	(140,060)	(1,809,991)
Total property, plant and equipment	44,727	46,404	544,515
Other assets			
Deferred taxes-non-current	72	746	880
Intangible assets	2,751	3,383	33,493
Other	952	1,093	11,587
Total assets	¥190,114	¥ 183,399	\$2,314,508

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	FY 2012	FY 2011	FY 2012
Current liabilities:			
Short-term bank loans (Note 9)	¥ 21,396	¥ 17,343	\$ 260,486
Current portion of long-term debt (Note 9)	6,451	8,039	78,539
Notes and accounts payable:			
Trade	17,281	15,444	210,386
Construction	1,684	2,328	20,496
Accrued income taxes	1,905	3,243	23,193
Accrued expenses and other current liabilities	7,999	7,487	97,384
Total current liabilities	56,716	53,884	690,484
Long-term liabilities:			
Long-term debt (Note 9)	11,050	14,501	134,522
Deferred taxes - non-current	83	-	1,005
Accrued retirement benefits (Note 7)	505	522	6,148
Other long-term liabilities	2,114	2,131	25,747
Total long-term liabilities	13,752	17,154	167,422
Contingent liabilities (Note 11)			
Net assets			
Shareholders' equity			
Common stock, ¥50 par value:	18,942	18,942	230,607
Authorized-360,000,000 shares;			
Issued and outstanding-171,000,000 shares			
Additional paid-in capital	13,612	13,612	165,713
Retained earnings	86,508	79,615	1,053,176
Treasury stock, at cost	(1,073)	(1,073)	(13,060)
Valuation and translation adjustments			
Valuation gain of investment securities after tax-effect	2,021	1,438	24,606
Adjustments on foreign currency statement translation	(1,379)	(1,223)	(16,788)
Minority interests	1,014	1,050	12,348
Total net assets	119,645	112,361	1,456,602
Total liabilities and net assets	¥ 190,114	¥ 183,399	\$2,314,508

CONSOLIDATED STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries Years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	FY 2012	FY 2011	FY 2012
Net sales	¥ 148,579	¥ 154,209	\$ 1,808,848
Cost of sales	97,998	99,860	1,193,063
Gross profit	50,581	54,349	615,785
Selling, general and administrative expenses	35,103	34,531	427,354
Operating income	15,478	19,818	188,431
Other income (expense):			
Interest and dividend income	591	593	7,191
Interest expenses	(448)	(498)	(5,454)
Gain on sale of marketable and investment securities	33	261	401
Write-down of marketable and investment securities	(10)	(36)	(127)
Gain on sale of property, plant and equipment	98	29	1,190
Loss on disposal of property, plant and equipment	(240)	(455)	(2,922)
Equity in earnings of non-consolidated subsidiaries and affiliates	560	5	6,823
Other, net	462	(871)	5,632
Income before income taxes	16,524	18,846	201,165
Income taxes (Note 8):			
Current	4,867	5,807	59,257
Deffered	594	20	7,229
Minority interests in consolidated subsidiaries	(88)	(65)	(1,062)
Net income	¥ 10,975	¥ 12,954	\$ 133,617

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	FY 2012	FY 2011	FY 2012
Net income before minority interests	¥ 11,062	¥ 13,018	\$ 134,679
Other comprehensive income (loss):			
Valuation gain (loss) of investment securities after tax-effect	583	(444)	7,095
Adjustment on foreign currency statement translation	(166)	(524)	(2,024)
Share of other comprehensive income in affiliated companies	(0)	1	(0)
Total other comprehensive income (loss)	417	(967)	5,071
Comprehensive income	11,479	12,051	139,750
Total comprehensive income attributable to:			
Owners of the parent	11,402	12,022	138,818
Minority interests	77	29	932

CONSOLIDATED STATEMENTS OF NET ASSETS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of Yen							
	Number of shares of common stock (thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Valuation gain of investment securities after tax-effect	Adjustments on foreign currency statement translation	Minority interests
Balance at March 31, 2010	174,000	¥ 18,942	¥ 13,612	¥ 74,750	¥ (1,933)	¥ 1,881	¥ (735)	¥ 1,137
Net income				12,954				
Cash dividends paid				(4,453)				
Treasury stocks acquired					(2,777)			
Disposal of treasury stocks	(3,000)			(3,636)	3,637			
Other						(443)	(488)	(87)
Balance at March 31, 2011	171,000	18,942	13,612	79,615	(1,073)	1,438	(1,223)	1,050
Net income				10,975				
Cash dividends paid				(4,082)				
Treasury stocks acquired					(0)			
Disposal of treasury stocks				(0)	0			
Other						583	(156)	(36)
Balance at March 31, 2012	171,000	¥ 18,942	¥ 13,612	¥ 86,508	¥ (1,073)	¥ 2,021	¥ (1,379)	¥ 1,014

	Thousands of U.S. Dollars (Note 3)							
	Number of shares of common stock (thousands)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Valuation gain of investment securities after tax-effect	Adjustments on foreign currency statement translation	Minority interests
Balance at March 31, 2011	171,000	\$ 230,607	\$ 165,713	\$ 969,265	\$ (13,057)	\$ 17,510	\$ (14,893)	\$ 12,779
Net income				133,617				
Cash dividends paid				(49,705)				
Treasury stocks acquired					(4)			
Disposal of treasury stocks				(1)	1			
Other						7,096	1,895	(431)
Balance at March 31, 2012	171,000	\$ 230,607	\$ 165,713	\$ 1,053,176	\$ (13,060)	\$ 24,606	\$ (16,788)	\$ 12,348

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	FY 2012	FY 2011	FY 2012
Cash flows from operating activities:			
Net income	¥ 10,975	¥ 12,954	\$ 133,617
Depreciation	10,459	10,440	127,340
Decrease in accrued retirement benefits	(16)	(23)	(195)
Loss on disposal of property, plant and equipment	240	455	2,922
Increase (decrease) in allowance for doubtful accounts	(54)	(32)	(663)
Increase (decrease) in reserve for bonuses	21	27	258
Deferred income taxes	594	20	7,229
Increase (decrease) in notes and accounts receivable	(422)	(1,472)	(5,140)
Increase (decrease) in inventories	(1,028)	2,183	(12,516)
Increase (decrease) in other current assets	820	321	9,986
Increase (decrease) in notes and accounts payable	1,959	683	23,852
Increase (decrease) in accrued expenses and other	(183)	348	(2,225)
Increase (decrease) in other current liabilities	91	(808)	1,107
Other, net	(1,553)	(181)	(18,913)
Net cash provided by operating activities	21,903	24,915	266,659
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment	(8,646)	(8,530)	(105,260)
Proceeds from sale of property, plant and equipment	13	50	161
Payments for purchase of intangible assets	(250)	(127)	(3,039)
Proceeds from sale of investments in securities	116	647	1,407
Payments for purchase of investments in securities	(902)	(37)	(10,975)
Other, net	(211)	(500)	(2,575)
Net cash used in investing activities	(9,880)	(8,497)	(120,281)
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans	4,077	1,881	49,630
Decrease in long-term debt	(5,039)	(4,095)	(61,349)
Cash dividends paid	(4,082)	(4,453)	(49,705)
Other, net	(137)	(2,899)	(1,651)
Net cash provided by financing activities	(5,181)	(9,566)	(63,075)
Effect of exchange rate changes on cash	(63)	(487)	(764)
Net increase (decrease) in cash and cash equivalents	6,779	6,365	82,539
Cash and cash equivalents at beginning of year	21,127	14,762	257,202
Cash and cash equivalents at end of year	¥ 27,906	¥ 21,127	\$ 339,741
Supplemental data:			
Cash paid during the year for-			
Income taxes	¥ 6,031	¥ 6,531	\$ 73,422
Interest	441	522	5,367

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2012, include the account of the Company and its significant 10 subsidiaries (10 in 2011). The Company does not consolidate other subsidiaries due to their immateriality in terms of consolidated total assets, net sales, net income and retained earnings.

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. Investments in 2 (2 in 2011) affiliated companies are accounted for by the equity method.

The assets and liabilities of the newly consolidated subsidiaries are stated at fair value as of their respective dates of acquisition. The differences between the cost and the underlying net equity in the net assets at the dates of acquisition of the consolidated subsidiaries and companies accounted for by the equity method are amortized by

the straight-line method within 20 years.

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

b. Securities

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

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

c. Derivatives and Hedge accounting

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

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

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

d. Allowance for Doubtful Accounts

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade receivables. An additional reserve for individual receivable is

recorded when the Company becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy filing or deterioration in a customer's operating results or financial position. If customer circumstances change, estimates of the recoverability of receivables would be further adjusted.

e. Inventories

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

f. Property, Plant and Equipment

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

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

g. Provision for retirement benefits

The Company has a defined benefit pension plan and a retirement plan covering substantially all of its employees. The Company records annual amounts relating to its pension and retirement plans based on calculations that incorporate various actuarial and other assumptions including, discount rates, mortality, assumed rates of return, compensation increase and turnover rates. The Company reviews its assumption on an annual basis and makes modifications to the assumption based on current rates and trends when it is appropriate to do so. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

Effective October 1, 2010, or January 1, 2011, the Company implemented a defined contribution plan allowing employees to

transfer a portion of their funded defined benefit plan to the new contribution plan.

h. Translation of foreign currency

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

i. Income taxes

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

j. Leased assets

The Company has classified certain long-term leases as capital leases. The obligation under these leases reflects the present value of future net minimum lease payments, discounted at the interest rate implicit in the leases, and corresponding amounts are capitalized as the cost of assets and amortized over the lesser of their economic useful lives or lease terms.

k. Cash and cash equivalent

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

3. U.S. DOLLAR AMOUNTS

The accompanying consolidated financial statements are expressed in Japanese yen as of and for the year ended March 31, 2012, the currency of the country in which the Company operates. The translation of Japanese yen amounts into United States dollar amounts is included solely for the convenience of the reader and has been made at the rate of ¥82.14 to US \$1, the approximate closing rate of exchange reported by the Tokyo Foreign Exchange Market on March 31, 2012. Such translation should not be construed as a representation that the amounts shown could be converted into United States dollars at the above rate.

4. CHANGE IN ACCOUNTING POLICY

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

5. INVESTMENTS IN SECURITIES

Investments in securities at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Listed securities	¥ 11,797	¥11,108	\$ 143,625
Other marketable securities	4,556	3,722	55,462
	¥ 16,353	¥14,830	\$ 199,087

6. INVENTORIES

Inventories at March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Finished products and merchandise	¥ 24,374	¥ 23,119	\$ 296,741
Work in process	47	96	575
Raw materials and supplies	4,988	5,220	60,725
	¥ 29,409	¥ 28,435	\$ 358,041

7. RETIREMENT BENEFITS FOR EMPLOYEES

The liability for retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥(11,835)	¥(12,043)	\$ (144,081)
Fair value of plan assets	10,655	10,730	129,719
Unfunded benefit obligation	(1,180)	(1,313)	(14,362)
Unrecognized actuarial loss	1,021	1,124	12,433
Net retirement benefit obligation	(159)	(189)	(1,929)
Prepaid pension cost	(346)	(333)	(4,219)
Accrued retirement benefits	¥ (505)	¥ (522)	\$ (6,148)

8. INCOME TAXES

The Company is subject to a number of taxes based on income, which in the aggregate result in a normal income tax rate of approximately 40.69% for the years ended March 31, 2012, and 2011.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Depreciation and amortization	¥ 489	¥ 720	\$ 5,950
Accrued bonuses	662	700	8,064
Inventory	568	546	6,918
Impairment of securities	415	470	5,048
Prepaid expenses	438	449	5,329
Other	2,027	2,256	24,686
Gross deferred tax assets	4,599	5,141	55,995
Less: Valuation allowance	(94)	-	(1,143)
Total deferred tax assets	4,505	5,141	54,852
Deferred tax liabilities:			
Unrealized gain on securities	(1,190)	(1,174)	(14,484)
Capital gain deferred in connection with the acquisition of new property	(384)	(453)	(4,675)
Other	(318)	(173)	(3,875)
Total deferred tax liabilities	(1,892)	(1,800)	(23,034)
Net deferred tax assets	¥ 2,613	¥ 3,341	\$ 31,818

The differences between the above statutory tax rate and the effective tax rates were due principally to the effect of timing differences in the recognition of certain income and expenses for tax

and financial reporting purposes and expenses not deductible for income tax purposes.

In line with "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) published on December 2, 2011, the statutory income tax rate used for calculating the deferred tax assets and liabilities was changed from 40.69% to 38.01% for assets and liabilities that are expected to be recovered or settled between April 1, 2012 and March 31, 2015. The rate was also changed to 35.64% for assets and liabilities expected to be recovered or settled on and after April 1, 2015.

As a result of this change, net deferred tax assets decreased by ¥107 million (\$1,308 thousand), while deferred income tax and accumulated other comprehensive income, mainly as unrealized gain and loss on securities, increased by ¥266 million (\$3,245 thousand) and ¥159 million (\$1,937 thousand), respectively.

9. SHORT-TERM LOANS AND LONG-TERM DEBT

Short-term loans consisting of unsecured bank overdraft at March 31, 2012 were ¥21,396 million (\$260,486 thousand). The weighted average interest rate on short-term loans outstanding at March 31, 2012 was 0.83%.

At March 31, 2012 and 2011 long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Unsecured loans from banks and others, at interest rates ranged 0.73% to 2.10%, maturing from serially through 2017	¥ 17,501	¥ 22,540	\$ 213,061
	17,501	22,540	213,061
Less current portion	(6,451)	(8,039)	(78,539)
	¥ 11,049	¥ 14,501	\$ 134,522

Long-term debt payments fall due after March 31, 2012 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 6,451	\$ 78,540
2014	4,934	60,063
2015	5,666	68,980
2016	350	4,261
2017 and thereafter	100	1,217
	¥ 17,501	\$ 213,061

10. EQUITY

(1) Dividends

Cash dividends charged to retained earnings during the years ended March 31, 2012 and 2011 represent dividends paid out during those years. The accompanying consolidated financial statements do not include any provision for a dividend approved by the Board of Directors of ¥12 (\$0.15) per share aggregating ¥2,041 million (\$24,848 thousand) in respect of the year ended March 31, 2012.

(2) Retained earnings

Retained earnings of consolidated basis consists of legal reserve and retained earnings. In accordance with provisions of the Companies Act of Japan, the Company has provided a legal reserve as an appropriation of retained earnings. The Code provides that neither

additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital (common stock) by resolution of the Board of Directors. Legal reserve in the accompanying consolidated financial statement includes only that of the Company. Retained earnings of the Company and its consolidated subsidiaries include certain special reserve for the purpose of obtaining tax benefits in accordance with the Special Taxation Law of Japan.

11. CONTINGENT LIABILITIES

At March 31, 2012 and 2011, the Company and its subsidiaries had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
As guarantor of indebtedness of non-consolidated subsidiaries, affiliates and others	¥379	¥193	\$4,623

12. AMOUNTS PER SHARE

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

Amounts per share of net income and cash dividends for the year ended March 31, 2012 and 2011, were as follows:

	Yen		U.S. Dollars
	2012	2011	2012
Net income	¥64.52	¥75.94	\$0.785
Cash dividends	¥24.00	¥24.00	\$0.292

13. SEGMENT INFORMATION

Reportable segments of the Company consist of the business units for which independent financial information is available that are regularly monitored by the Board of Directors in order to decide the distribution of business resources and evaluate the business results.

The Company classifies its products and services into six reportable segments: "Chemicals" "Performance Materials" "Agricultural Chemicals" "Pharmaceuticals" "Trading" and "Other".

The company made significant revisions to its organizational structure, starting from June 28, 2011. Previously, Inorganic materials division and Electronic materials division were combined in Chemical business. They are now integrated into Nissan Chemicals Performance materials business. Accounting business segment has been revised to reflect this reorganization,"Chemical business" "Performance Materials business" "Agriculture chemicals business" "Pharmaceuticals business" "Trading business" "Other businesses".

The operations of the Company and its consolidated subsidiaries for the years ended March 31,2012 and 2011 were summarized by reportable segment as follows:

		Millions of Yen							
Year ended March31,2012	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Other	Elimination & Corporate	Consolidated	
Sales									
Outside customers	¥ 28,666	¥ 29,206	¥ 31,569	¥ 9,976	¥ 37,752	¥ 11,410	¥ -	¥ 148,579	
Intersegment sales and transfers	8,196	4,761	2,198	63	7,087	8,550	(30,855)	-	
Total Sales	¥ 36,862	¥ 33,967	¥ 33,767	¥ 10,039	¥ 44,839	¥ 19,960	¥(30,855)	¥ 148,579	
Segment operating income	¥ 1,595	¥ 4,822	¥ 4,441	¥ 4,647	¥ 1,345	¥ 310	¥ (1,682)	¥ 15,478	
Depreciation and amortization	¥ 2,478	¥ 4,294	¥ 1,807	¥ 1,042	¥ 121	¥ 464	¥ 254	¥ 10,460	
Segment assets	¥ 31,604	¥ 31,532	¥ 44,605	¥ 12,424	¥ 16,458	¥ 9,461	¥ 44,030	¥ 190,114	

		Millions of Yen							
Year ended March31,2011	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Other	Elimination & Corporate	Consolidated	
Sales									
Outside customers	¥ 29,707	¥ 32,272	¥ 32,225	¥ 9,543	¥ 36,986	¥ 13,476	¥ -	¥ 154,209	
Intersegment sales and transfers	8,370	5,636	2,184	63	7,157	13,554	(36,964)	-	
Total Sales	¥ 38,077	¥ 37,908	¥ 34,409	¥ 9,606	¥ 44,143	¥ 27,030	¥(36,964)	¥ 154,209	
Segment operating income	¥ 2,449	¥ 7,899	¥ 4,823	¥ 4,386	¥ 1,354	¥ 1,015	¥ (2,108)	¥ 19,818	
Depreciation and amortization	¥ 3,369	¥ 4,058	¥ 1,919	¥ 272	¥ 121	¥ 469	¥ 232	¥ 10,440	

		Thousands of U.S.Dollars							
Year ended March31,2012	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Other	Elimination & Corporate	Consolidated	
Sales									
Outside customers	\$ 348,996	\$ 355,562	\$ 384,334	\$ 121,446	\$ 459,603	\$ 138,907	\$ -	\$ 1,808,848	
Intersegment sales and transfers	99,787	57,963	26,766	774	86,282	104,068	(375,640)	-	
Total Sales	\$ 448,783	\$ 413,525	\$ 411,100	\$ 122,220	\$ 545,885	\$ 242,975	\$(375,640)	\$ 1,808,848	
Segment operating income	\$ 19,421	\$ 58,705	\$ 54,072	\$ 56,569	\$ 16,373	\$ 3,770	\$ (20,480)	\$ 188,430	
Depreciation and amortization	\$ 30,162	\$ 52,276	\$ 21,995	\$ 12,689	\$ 1,476	\$ 5,650	\$ 3,092	\$ 127,340	

Overseas operations,which represent sales to customers outside of Japan of the Company and its consolidated subsidiaries for the years ended March 31,2012 and 2011,were as follows:

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

		Millions of Yen			
Year ended March31,2011	Japan	Asia	Europe	Consolidated	
Sales	¥ 110,895	¥ 34,180	¥ 9,134	¥ 154,209	

		Thousands of U.S.Dollars			
Year ended March31,2012	Japan	Asia	Europe	Consolidated	
Sales	\$ 1,324,068	\$ 370,351	\$ 114,429	\$ 1,808,848	

14.SUBSEQUENT EVENT

This is to notify that the company, at the board of Director's meeting held on May 15, 2012, has decided to purchase its shares in the market under Article 156 of the Japanese Corporation Act, as applied pursuant to Article 165, Paragraph 3 of the same Act.

1. Purpose of purchase

To facilitate flexible implementation of capital policy in response to changes in the business environment.

2. Details of purchase

(1) Type of shares: Common share of the company

(2) Amount of shares: Up to 7,000,000 shares

(3) Total purchase cost: Up to 5,000,000,000 yen

(4) Period of purchase: From May 16, 2012 to October 31, 2012

Reference: Shares held by the company as of March 31, 2012

-Total number of shares issued (excluding treasury shares): 170,114,353 shares

-Number of treasury shares: 885,647 shares

Yaesu Audit Company

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

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Nissan Chemical Industries, Ltd. and consolidated subsidiaries, which comprise the consolidated balance sheets as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese Yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nissan Chemical Industries, Ltd. and consolidated subsidiaries as of March 31, 2012, 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, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Tokyo, Japan
June 22, 2012



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

DIRECTORY OF NISSAN CHEMICAL

Offices

Head Office

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

Sapporo Sales Office

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

Sendai Sales Office

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

Nagoya Sales Office

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

Osaka Sales Office

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

Fukuoka Sales Office

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

Plants

Sodegaura Plant

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

Sodegaura Plant Goi Works

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

Saitama Plant

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

Toyama Plant

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

Nagoya Plant

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

Onoda Plant

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

Laboratories

Chemical Research Laboratories

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

Electronic Materials Research Laboratories

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

Inorganic Materials Research Laboratories

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

Biological Research Laboratories

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

GROUP NETWORK

Domestic Group (Consolidated)

Nissei Corporation

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

Nissan Butsuryu Co., Ltd.

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

Nissan Green & Landscape Co., Ltd.

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

Nissan Engineering, Ltd.

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

Environmental Technical Laboratory, Ltd.

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

Nihon Hiryo Co., Ltd.

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

Overseas Group (Consolidated)

Nissan Chemical America Corporation

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

Nissan Chemical Houston Corporation

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

Nissan Chemical Europe S.A.R.L

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

NCK Co., Ltd.

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

Domestic Group (Under the Equity Method)

Sun Agro Co., Ltd.

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

Clariant Catalysts(Japan)K.K.

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

CORPORATE PROFILE

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	171,000,000 shares ¥18,942 million
Number of Shareholders	16,403
Number of Employees	1,726
Stock Listing	Tokyo Stock Exchange
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Board of Directors and Corporate Auditors

President	Kojiro Kinoshita
Vice President	Yutaka Niitsu
Senior Managing Directors	Suketoshi Tsukamoto Jun-ichi Miyazaki
Managing Directors	Shin-ichi Yuki Kiminori Hirata Hiroyoshi Fukuro Tsuneo Higuchi Takami Ohno
Director and Counselor	Nobuichiro Fujimoto
Directors	Kazuhiro Yagisawa Toyoji Koinuma Mitsuaki Sakashita Ken-ichiro Sakurada Katsuaki Miyaji Satoru Hamamoto Nobutomo Tsuruzoe Jun-ichi Watanabe
Corporate Auditors	Katsumi Akita Sumio Kondo Kikuo Takatsuki Chisato Kajiyama