

The cover features a vibrant blue sky with scattered white clouds. A large, dark blue diagonal shape cuts across the upper half of the page. At the bottom, a green field is visible under a clear blue sky. The title 'ANNUAL REPORT 2015' is centered in the dark blue area. Below the title is a horizontal bar with segments of green, pink, blue, orange, purple, and cyan. The subtitle 'For the year ended March 31, 2015' is positioned below the bar.

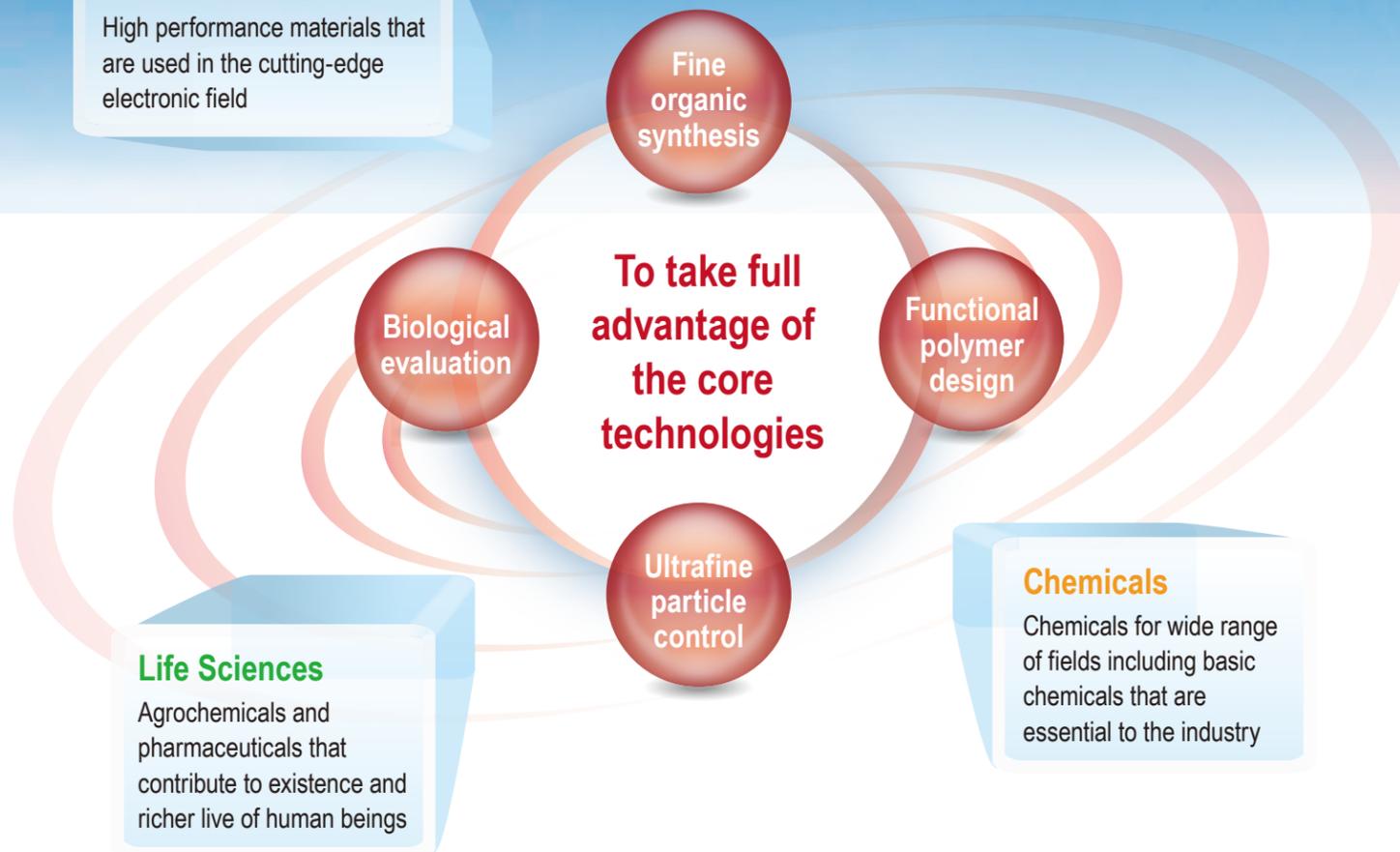
# ANNUAL REPORT 2015

For the year ended March 31, 2015

# OUR BUSINESS FIELDS & CORPORATE POLICIES

## Performance Materials

High performance materials that are used in the cutting-edge electronic field



## Corporate ethos

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



## 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.

## 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

## Performance Materials

Display materials...Placing SUNEVER® (a polyimide resin for liquid-crystal glass) as our core product, we conduct sales and development of products in response to the needs of the display market that is expanding mainly in Asia.

Semiconductor materials...We provide materials that are essential for semiconductor manufacturing process to our customers, with a focus on ARC® (a bottom anti-reflective coating material) and multi layer process materials.

Inorganic colloid...We have been developing new uses of inorganic colloid for various industries over a long period of time. These days, we receive high recognition in the fields of battery, hard coating agent for optical films, and polishing agent for silicon wafer.

ARC® is registered trade mark of Brewer Science, Inc.

## Life Sciences

Agrochemicals...We enrich our product lineups through research and development of new agrochemicals for major crops across the world and buying out the agents from other companies, and sell them in Japan and overseas.

Pharmaceuticals...By making full use of the strategically established chemical library, cutting-edge evaluation function and precise organic synthesis technology, we will keep challenging research and development of innovative new drugs.

## Chemicals

Basic chemicals...We provide our products to a wide range of fields. Our products are centered on industrial chemicals such as ammonia, nitric acid and sulfuric acid as well as high-purity products for semiconductor cleaning.

Fine chemicals...We conduct our business with a focus on chemicals to keep environment such as special epoxy compound for sealant, TEPIC®, and bactericide and disinfectant, HI-LITE®

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# RESEARCH AND DEVELOPMENT

## Chemical Research Laboratories

This is the R&D center based on organic synthesis and material analysis technologies, and is developing new products and technologies in cooperation with personnel inside and outside our company. It not only researches and develops pesticides and medicine, but also functions as "Process Research Center" and "Advanced Analysis Center" of Nissan Chemical, and contributes to the growth of all businesses.

[Major researches]

- Creation of new "pesticides" and "medicines," and development of pesticide formulation and active pharmaceutical ingredients
- Search for synthesis routes and production process development for industrializing "candidates for development and new products" in all fields
- Company-wide research support based on material analysis and computational science



Funabashi, Chiba

## Materials Research Laboratories

Through the fusion of our core technologies and open innovation, it creates new unique materials, swiftly responds to market needs, which are becoming sophisticated and diversified, and concentrates on the R&D of next-generation materials with the aim of developing new markets.

[Major researches]

- R&D of cutting-edge electronic materials, such as those for displays and semiconductors
- R&D of inorganic nanoparticle products
- R&D of next-generation materials in the fields of life science, environmental energy, optical electronics, etc.



Funabashi, Chiba



Sodegaura, Chiba



Toyama, Toyama

Fine organic synthesis

Functional polymer design

Biological evaluation

Ultrafine particle control

We will keep striving to achieve the "dream of chemistry" and become "a value creating enterprise" with great presence.

## Biological Research Laboratories

This conducts various biological evaluations and tests, for creating pesticides, pharmaceutical products, and medical ingredients and putting them into practice. It is developing environmentally friendly chemicals in the pesticide field and harmless medicines in the pharmaceutical field, while emphasizing efficacy and safety.

[Major researches]

Pesticide field

- Efficacy tests in greenhouses and agricultural fields
- Safety tests, assessment of behavior and residue in the environment

Pharmaceutical field

- Pathological test from the genetic level to the pathological model
- Safety and disposition tests

Medical material field

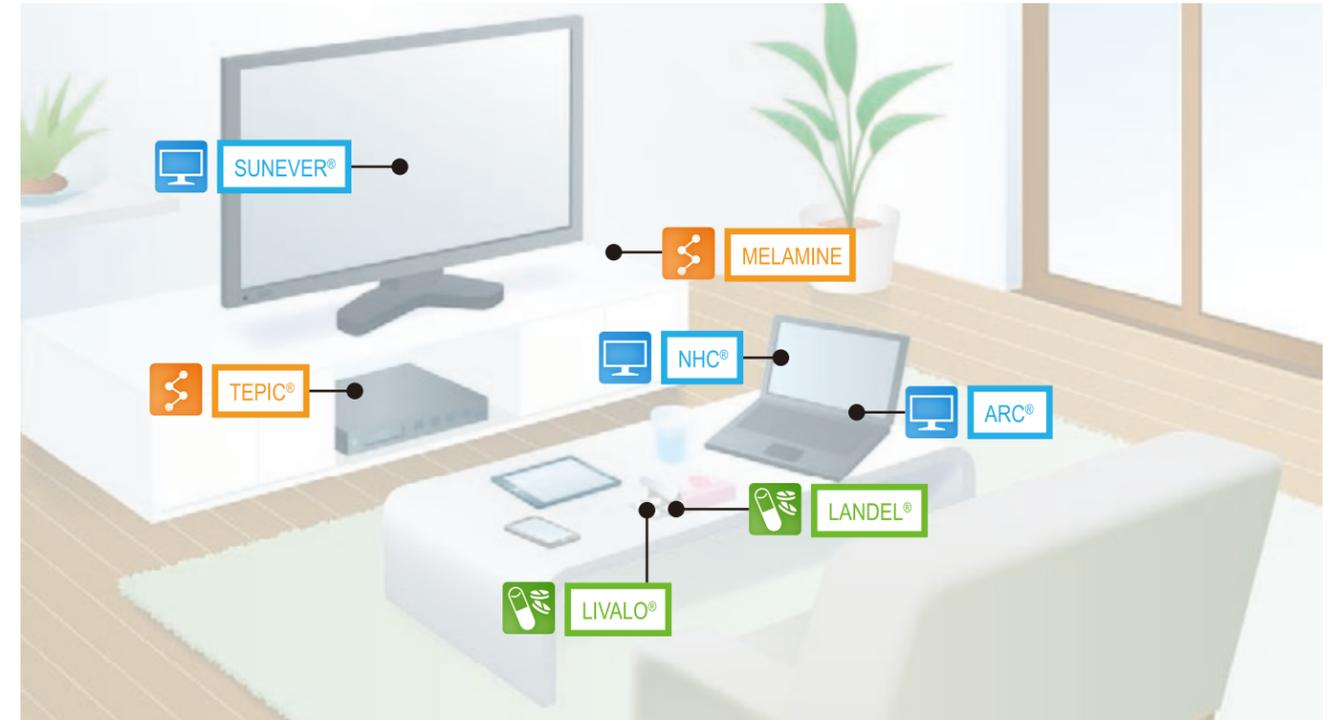
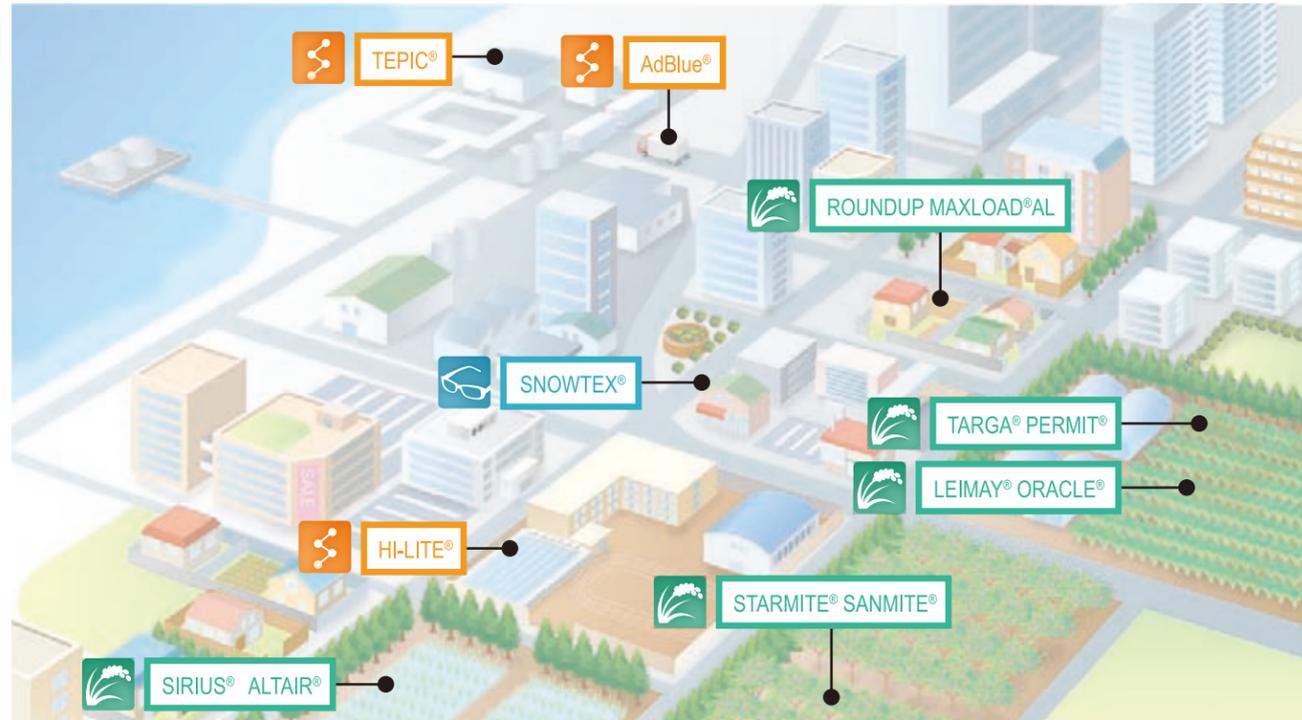
- Development of materials used for medicine creation, medical apparatus, and regenerative medicine



Shiraoka, Saitama

# PRODUCTS OF NISSAN CHEMICAL THAT PLAY ACTIVE PARTS IN THE SOCIETY

We introduce our three business fields and our products that are used in various parts of the society.



## Performance Materials

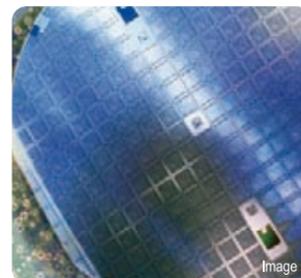
### Electronic Materials

- SUNEVER® (Liquid crystal aligning agent, Polyimide)
- NHC® (insulating hard coat for LCD)
- ARC®



### Inorganic Materials

- SNOWTEX® (polishing agent, surface treatment material)
- ORGANOSILICASOL
- ALUMINASOL
- NanoUse® (refractive index adjustment material)



## Life Sciences

### Agrochemicals

- | Herbicides         | Insecticide | Fungicide |
|--------------------|-------------|-----------|
| • SIRIUS®          | • STARMITE® | • LEIMAY® |
| • PERMIT®          | • SANMITE®  | • PULSOR® |
| • ROUNDUP MAXLOAD® |             |           |
| • TARGA®           |             |           |
| • ALTAIR®          |             |           |



### Veterinary Pharmaceuticals

- Fluralaner

### Pharmaceuticals

- LIVALO® pharmaceutical ingredient (anti-cholesterol agent)
- LANDEL® pharmaceutical ingredient (anti-hypertension agent)



### New medicines under development

- NT-702 (asthma care, arteriosclerosis obliterans treatment agent)
- NTC-801 (anti-arrhythmic agent)
- NIP-022 (thrombocytopenia treatment agent)

## Chemicals

### Chemicals

- MELAMINE (Plywood bonding agent raw materials, etc)
- High purity agent
- High-grade urea solution (AdBlue®)
- FINE OXOCALL®
- Other major products  
Ammonia, nitric acid, sulfuric acid, chemicals for construction, etc.
- TEPIC® (Special epoxy compound for sealant)
- MELAMINE CYANYRATE (MC)
- PHOSMEL® (flame retardant)
- HI-LITE® (sanitizing agent, disinfectant)
- NISSAN REISHI

# DEAR SHAREHOLDERS,

I would like to express my deep appreciation to all the stockholders for the consideration you have always shown for us.

Although personal spending has been weak due to a negative rebound from the last minute surge in demand before the consumption tax increase and the price rise, the domestic business conditions in this term moderately recovered because corporate profits of, especially, companies related to export improved by the weak yen.

Speaking of the business of our corporate group, the chemicals division benefited from the decrease in crude oil prices and the weak yen regardless of the sluggish domestic demand. The performance materials division introduced products that met the market needs, which led to the increase of display and semiconductor materials. For the agrochemicals division, although the increase in consumption taxes had a negative influence on domestic sales, it was compensated by new paddy-field rice pesticides, etc. For overseas sales, in addition to the favorable agricultural chemicals, Fluralaner (an active ingredient of veterinary pharmaceutical) had a large contribution to profit. The pharmaceuticals division was forced to undergo tough circumstances due to the appearance of generic drugs of LIVALO (an anti-cholesterol agent).

Consequently, the sales for the 145<sup>th</sup> term were 171,206 million yen (an increase of 7,548 million yen from the previous term), and the operating income was 25,347 million yen (an increase of 3,100 million yen from the previous term) which is a record high. The term-end dividend is 22 yen/share, and the annual dividend including the interim dividend is 36 yen/share (up 6 yen from the annual dividend of the previous term).

As the future outlook, although a decrease in raw fuel prices is anticipated, we expect that the business environment including customer trends in the electronic material field, increasing trends of generic drugs, etc. remains unpredictable. Under these situations, we, as a whole group, are going to make every effort to achieve the profit goal by absolutely implementing the fundamental strategies established by "Vista 2015 Stage II," a three-year mid-term management plan, which is to see its last fiscal year.

Moreover, this year, one new director was invited from outside, which means two out of the 8 directors are outside directors. This enables us to more strictly supervise business execution and make the management even healthier and more transparent.

Furthermore, under the corporate ethos of "we contribute to society in harmony with the environment, based on our excellent technologies, products and services," we will promote sound and sincere business activities to gain confidence from all stakeholders through compliance (with laws and norms), further consideration for the environment, social contribution activities, etc.

We would like to sincerely ask for further understanding and assistance of all stakeholders.



Kojiro Kinoshita, *President*

# FINANCIAL HIGHLIGHTS

Nissan Chemical Industries, Ltd. and its Consolidated Subsidiaries  
Years ended March 31, 2015 and 2014

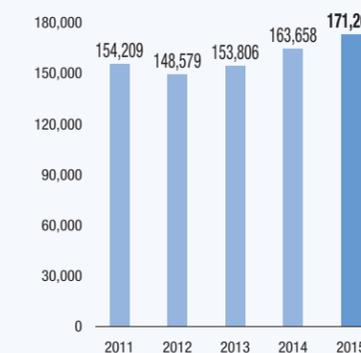
## Financial Data

	Millions of Yen		Thousands of U.S. Dollars
Consolidated	2014	2015	2015
Net sales	¥ 163,658	¥ 171,206	\$ 1,423,514
Net income	16,701	18,199	151,318
Equity	136,552	149,782	1,245,381
Amounts per share (in yen and U.S. dollars):			
Net income	¥ 102.11	¥ 113.99	\$ 0.95
Equity	850.91	949.71	7.90
Non-Consolidated			
Net sales	¥ 121,323	¥ 128,625	\$ 1,069,469
Net income	14,995	16,496	137,158
Equity	117,117	127,372	1,059,050
Amounts per share (in yen and U.S. dollars):			
Net income	¥ 91.68	¥ 103.33	\$ 0.86
Equity	729.81	807.62	6.72

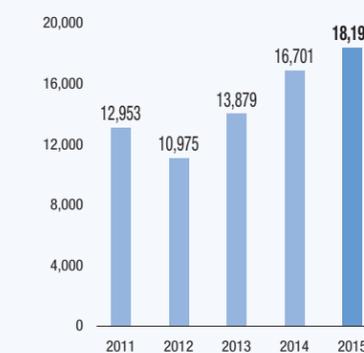
Note: The U.S. dollar amounts in this report are given for convenience only and represent translations of Japanese yen at the rate of ¥120.27 to U.S. \$1, the rate prevailing at the end of the term.

## Financial and Non-Financial Data

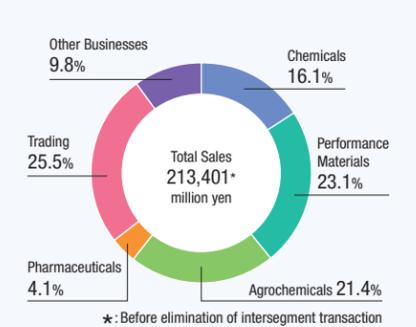
Net Sales (Millions of Yen)



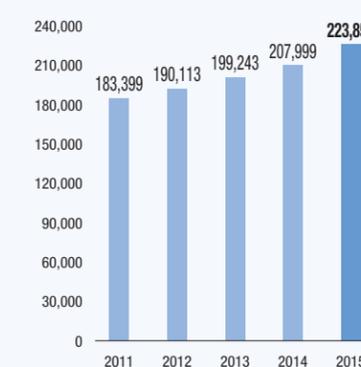
Net Income (Millions of Yen)



Sales Breakdown



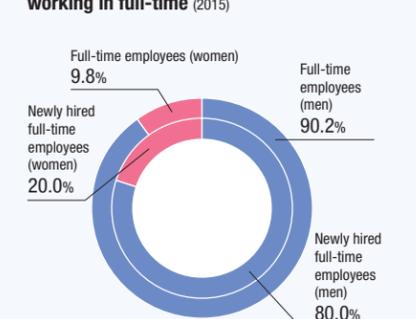
Total Assets (Millions of Yen)



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



The proportion of men and women working in full-time (2015)



Special topics: Medium-term business plan

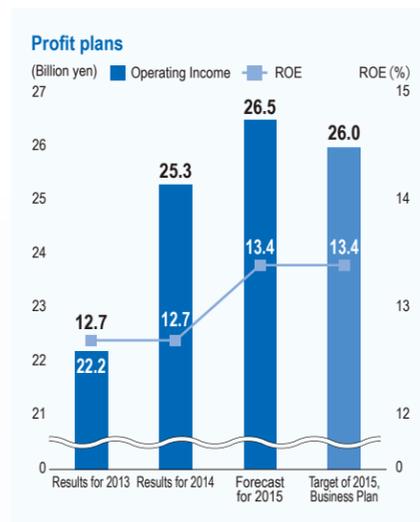
# Vista 2015 StageII

“Only challenge to change makes us keep winning!”

We will establish our status as a chemical products manufacturer with stability and growth capability by establishing the profit basis of our chemical products and our affiliates on the two vehicles of growth: functional materials (electronic, inorganic, organic) and life sciences (agrochemicals and pharmaceuticals).

This is exactly the status we envisioned to be in the fiscal year 2015 in the mid-term business plan, the “Vista 2015 Stage II,” which was commenced in April, 2013. Our corporate group has been executing various steps based on the two fundamental strategies in order to achieve this status.

As a result, the performance forecast of our group for the fiscal year 2015 is 181.0 billion yen in sales, and operating income of 26.5 billion yen, which are both above the target in the mid-term business plans. Also, our operating margin and ROE, which are the main indicators of business, are both expected to achieve planned levels.



## First Strategy, "Creation of New Business and New Products"

### 1. Entry into veterinary pharmaceuticals field

We invented Fluralaner, the active ingredient of the veterinary pharmaceutical product, BRAVECTO® developed by MSD Animal Health, the global animal health business division of Merck & Co., Inc.

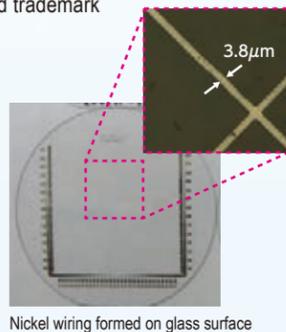
BRAVECTO® was introduced to the EU market in April 2014, and the U. S. market in June 2014.

Fluralaner contributes significantly to our group profits.

BRAVECTO® is a registered trademark of Intervet International B.V.

### 2. Coordination with Kyushu University - "HYPERTECH"

We continued development of surface modifier material and electroless plating nucleating agents, and we obtained



Nickel wiring formed on glass surface

customers for anti-fingerprint purposes in the touch panel industry. We also have expectations for wide acceptance of electroless plating nucleating agents. This material can cut down the amount of metals used in plating by a factor of ten, and does not require vacuum equipment, and can lead to cost reduction at the user side.

### - "NANOFIBERGEL"

"NANOFIBERGEL" has the touch close to water compared to other polymer gels, with very little stickiness. It is effective as a gel spray substrate, since it solates immediately by applying light pressure with a finger, will not clot the nozzle, and will become mist when sprayed. It will solate immediately upon adhesion, and thus will not drip.

We are fanning out this product in cosmetics, pharmaceuticals, and



Spray

Cream

pharmaceutical additives by expanding our premixed product lineup mixed with other components.

### 3. Cell biology related material

We develop materials that can contribute to advanced cell culture technology, such as 3-dimensional culture medium and in vitro amplifying agent of platelets of iPS cells.

The in vitro amplifying agents of platelets are used to produce large amounts of platelets with hemostatic effect from iPS cells. With the chronic deficiency of platelets, the production of large amounts of platelets from iPS cells is expected to be a stable source of platelets for blood transfusion treatment.

### 4. Research

We revised our research structure last October in order to increase the efficiency and effectiveness of our materials research. We combined our electronics material research laboratories and our inorganic material research, and newly established the materials research laboratories. In addition, we newly established the advanced materials research department and the next-generation materials research department, and they are conducting R & D on new materials that will become the future core of our group.

On the other hand, in life sciences, the complete renewal plan of the biological research laboratories is being conducted smoothly. Between the fiscal year 2011 to 2014, a research main building that will be the center of pharmaceutical research, a library that will be able to store over 400 thousand chemical compounds, artificial climate chamber that will be able to reproduce overseas climate, and new agrochemicals research building, were completed. We will start construction on the greenhouse and the cultivation management building, and this maintenance plan is to be completed in March 2017.



The biological research laboratories, agrochemicals research building

## The Second Strategy, "The Advancement of The Business Structure Innovation"

### 1. Changes to the raw material for ammonia

We decided to change the raw material for ammonia being produced in the Toyama Factory, from naphtha to natural gas as part of the structural changes to our ammonia business.

The ammonia production through electrolysis of water was started at the Toyama Factory in 1928. Afterwards, production methods from coal, heavy oil and crude oil will be introduced in stages according to the changes in the business environment. In 1967, the production method was switched to the currently used naphtha method in order to expand the size and rationalize our facilities.

After the completion of the planned construction in August 2016, we will attempt to stabilize the profits of not only ammonia, but also urea, melamine, nitric acid, and other derivatives by switching the component from naphtha to natural gas, which has smaller cost fluctuation.

### 2. Acceleration of overseas deployment

#### - Overseas site

In electronics materials, we have research and production sites in South Korea which is our primary market, and also research functions in Taiwan.

For agrochemicals, we established a local subsidiary in Shanghai, China last year, and targeting to expand sales in the expanding Chinese agrochemicals market by enhancing the market support and the promotion activities.

#### - Nurturing of global personnel

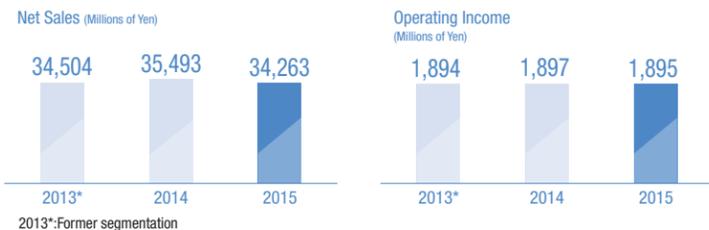
We newly established an overseas education system since we believe that acquirement and nurturing of global personnel is essential for overseas business expansion. Last year, as its first term, we sent out four people to the U.K., Canada and China. We will continue sending out about 5 to 10 people annually.

Our group has always valued integrity as our corporate policy. We, as a whole, will enhance our ability to adapt to market needs which are becoming even more diverse and advanced, and work to realize our corporate vision as “a corporate group that will contribute to the survival and development of humanity.”



A view of the classroom during the overseas education

# REVIEW OF OPERATIONS CHEMICALS



## Business Overview

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

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

## Business Performance

As for Basic Chemicals, the sales of melamine (adhesive agent for particle board) decreased both domestically and internationally, while sales of high purity ammonia increased due to the lower price of naphtha. As for Fine Chemicals, the sales of TEPIC (epoxy compound for LED sealants, solder resist, painting) increased due to weaker yen, while HI-LITE (chlorinated isocyanuric acid for sterilizing) had a hard time with price-cutting competition.

As a result, the sales of this segment were 34,263 million yen (a decrease of 1,229 million yen from the same term of the previous year). Operating income was 1,895 million yen (a decrease of 1 million yen).



"AdBlue" BIB (Bag In Box)

# REVIEW OF OPERATIONS AGROCHEMICALS



## Business Overview

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

## Business Performance

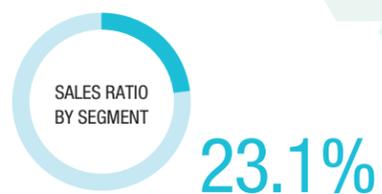
With regard to the domestic sales, the sales volume of ROUNDUP (non-selective herbicide) and ALTAIR (paddy rice herbicide) increased. Steady sales of TARGA (crop herbicide) and PERMIT (paddy rice and crop herbicide) and especially the launch of veterinary medical product including Fluralaner in Europe and the United States of America contributed to the significant increase of overseas sales.

As a result, the sales of this segment were 45,628 million yen (an increase of 6,551 million yen from the same term of the previous year). Operating income was 9,244 million yen (an increase of 3,015 million yen).



ROUNDUP MAXLOAD<sup>®</sup>AL

# REVIEW OF OPERATIONS PERFORMANCE MATERIALS



## Business Overview

SUNEVER, ARC<sup>®</sup> 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

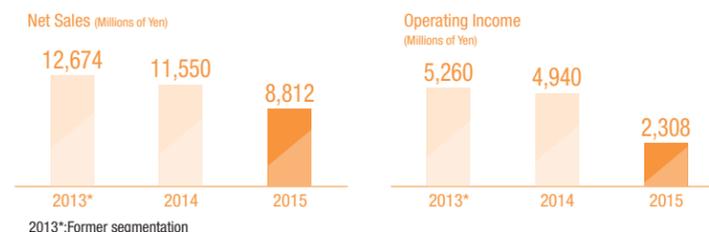
SUNEVER (LCD alignment coating) mainly for smartphone continued to have healthy sales due to the transition to IPS. The demand for ARC<sup>®</sup> (bottom anti-reflective coating for semiconductors) and multi-layer process materials increased due to the miniaturization of semiconductors. The demands for ARC<sup>®</sup> and multi-layer process materials increased due to the miniaturization of semiconductors. The sales of SNOWTEX (silica sol for polishing electronic materials and non-polishing materials) exceeded previous year for polishing electronic materials.

As a result, the sales of this segment were 49,371 million yen (an increase of 6,538 million yen from the same term of the previous year). Operating income was 12,019 million yen (an increase of 3,208 million yen).



NCK Polyimide Factory 2

# REVIEW OF OPERATIONS PHARMACEUTICALS



## Business Overview

Nissan Chemical entered into the pharmaceutical business in 1982, we keep 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

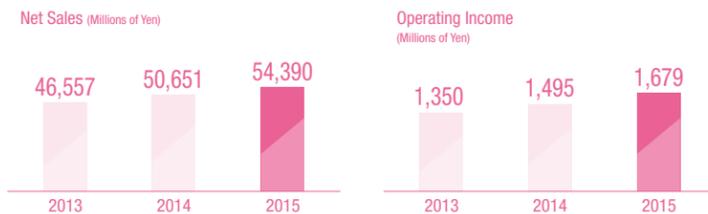
Export LIVALO had healthy sales mainly in the United States of America and Asia. Domestic LIVALO sales drastically decreased due to the influence of generic products. On the other hand, "Custom Chemicals" (custom manufacturing and process researching services for pharmaceutical companies) had healthy sales.

As a result, the sales of this segment were 8,812 million yen (a decrease of 2,737 million yen from the same term of the previous year). Operating income was 2,308 million yen (a decrease of 2,631 million yen).



LIVALO<sup>®</sup>

# REVIEW OF OPERATIONS TRADING



## Business Performance

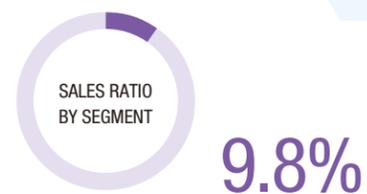
The sales of display materials related products and agrochemicals products increased.

As a result, the sales of this segment were 54,390 million yen (an increase of 3,738 million yen from the same term of the previous year). Operating income was 1,679 million yen (an increase of 183 million yen).



Beijing Branch of Nissei (Shanghai)

# REVIEW OF OPERATIONS OTHER BUSINESSES



## Business Performance

The sales of this segment were 20,882 million yen (a decrease of 563 million yen from the same term of the previous year). Operating loss was 580 million yen (a decrease of 177 million yen).



Landscaping business  
(Nissan Green & Landscape Co., Ltd.)

# BUSINESS TOPICS

## New Product For Pet Health

We invented Fluralaner, the active ingredient of MSD Animal Health's BRAVECTO®. MSD Animal Health is a Merck & Co., Inc.'s global animal health business division.

BRAVECTO® is a veterinary pharmaceutical product developed by MSD, with rapid effectiveness in eliminating ticks and fleas in dogs, and unlike existing products that usually require monthly doses its effects last for three months. Sales already began in the EU in April 2014 and in the USA in June 2014, and it is now used in over 50 countries worldwide.

In Japan, MSD's subsidiary Intervet K.K. (IVKK) received permission to sell in May of this year, and began sales in July.

Tick and flea treatment in the Japanese animal medicine is an area that is growing every year, with a market of around 6 billion JPY. When dogs are infested by ticks, in addition to causing skin inflammation, anemia, and malnutrition, in recent years there have been reports of human deaths from SFTS (severe fever with thrombocytopenia syndrome) which is carried by ticks, making effective elimination of ticks important.

BRAVECTO® is 1) a tasty tablet that can 2) deal with both ticks and fleas for 3) up to 3 months, eliminating the need for monthly administrations by owners. We together with IVKK, are contributing to improving the health of dogs, which are family members, and further strengthening their bonds with owners through the sales of this tablet.



## Repurchase of our Own Shares

We repurchased our own shares in the market in November 2014, in order to execute a flexible capital strategy in response to changes in the business environment.

1. Type of shares repurchased: Common share of the company
2. Total number of shares repurchased: 2,763,600 shares
3. Total cost of repurchase: 5,999,848,400 yen
4. Period of repurchase: From November 6, 2014, to December 8, 2014 (Trade date based)
5. Method of repurchase: Purchased on the Tokyo Stock Exchange

Furthermore, a total of 3,000,000 shares, including the shares repurchased, were cancelled at the end of January 2015 (1.86% of total number of shares issued before cancellation).

(Reference) Total number of shares issued (including treasury shares)

As of January 30, 2015: 158,000,000 shares

# CSR MANAGEMENT

## Promotion of CSR

The foundation of our business activities is our corporate principle: "Contributing to the society in harmony with the environment based on our excellent technologies, products, and services", and we believe that implementation of this principle is our CSR activities.

In order to strengthen our CSR activities, we established the CSR Promotion Council. The Secretariat of the Council is in the Corporate Planning Department.

## CSR Basic Policies

The Company defines the stakeholders as "customers, shareholders/investors, employees, communities/society, and business partners" and decided the following basic policies in order to respond to the expectations of all stakeholders and strengthen their confidence in us.

1. To strengthen corporate governance and secure stability, soundness and transparency of management.
2. To further focus on appropriate chemical substance management and reduction in environmental load and try to protect global environment.
3. To place value on the communication with all stakeholders and disclose information appropriately.



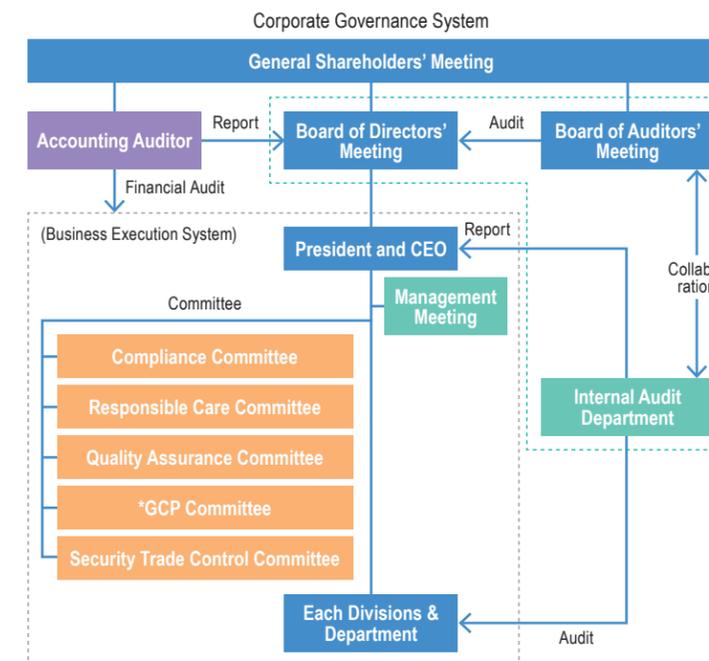
# CORPORATE GOVERNANCE

## Corporate Governance

The Company understands corporate governance as "the system for sound and efficient management to achieve sustainable and long-term profit for our stakeholders". In order to achieve it, we are working on the acceleration of management decision-making, clarification of management and executive operation responsibilities and strengthening the auditing function of the management, compliance system, risk management and internal control system.

By having directors and executive officers have one-year terms, the responsibility for management and business operations is made clear.

## Corporate Governance System



\*GCP: Good Clinical Practice (Standard for clinical trials of pharmaceutical products)

### Board of Directors' Meeting

The Company's board of directors is composed of 8 (including 2 outside directors) directors, and as a rule meetings are held once a month. In addition to making important decisions regarding management, by setting the terms for directors and executive officers as one year, the responsibility for management and business operations is made clear.

### Internal Audit

The Company has the Internal Audit Unit, and based on the Internal Auditing Regulations, fair and independent internal audit is carried out. The business activities are checked by the Departments of Accounting, Legal Matters, Intellectual Property, and Environment, Safety, and Quality Assurance from the experts point of view.

### Audit by Corporate Auditors

The Company's board of auditors is composed of 4 (including 3 outside auditors) members, and auditors ensure appropriate cooperation from stakeholders and carry out auditing plans decided by the board of auditors, auditing not only the board of directors, but also attending other important meetings and auditing other executive actions.

# COMPLIANCE / RISK MANAGEMENT

## Compliance

The Company Group values the management that stresses compliance, because we believe that complying with law, regulations and social norms are the conditions for survival and development of a corporation. Therefore, we created compliance guidelines and vigorously promote compliance throughout our group companies. In addition, we have the "Compliance Committee" in place as an organization that maintains and improves compliance. The chairperson of the Committee is the Company's president and the members include experts from outside of the Company.

### Compliance Promotion System



The Compliance Committee creates manuals, revises guidelines, and makes decisions on compliance training, as well as receiving reports from each department chief, section chief, related committees, and subsidiary presidents, periodically auditing the state of compliance, and providing recommendations for improvements when necessary. The secretariat also holds seminars on various legal guidelines, ensuring thorough education on obeying laws.

A "Consultation Hotline" was also made for making internal reports on employees of the Group, to receive reports and consultations about compliance. There was one report received in fiscal 2014, but it was not a major legal infraction.

## Risk Management

The Company has established risk management guidelines with basic rules on risk management, in order to prevent the occurrence of various risks facing the Group, and minimize the damage and impact of those risks that should occur.

In collaboration with the various Committees including Compliance Committee, they extract and evaluate risks of non-compliance of their workplace, check the implementation status of countermeasures against the risks, strengthen risk and emergency responses systems, and develop Business Continuity Plan (BCP).

### Risk Management System



# RESPONSIBLE CARE

## Responsible Care Activities and International Cooperation



Responsible Care is a global initiative to protect the environment, safety, and health (ESH) carried out voluntarily and autonomously by chemical corporations in 58 countries and regions, covering the whole life cycle of chemicals from their development to manufacture, shipping, use, and even disposal and recycling after final consumption. The Company has been a member of the Japan Chemical Industry Association's Responsible Care Committee since its founding, and has signed the revised Responsible Care Global Charter, indicating its intention to cooperate internationally in Responsible Care activities.

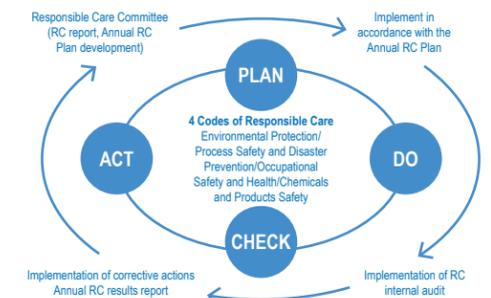
## Basic Principles concerning Responsible Care

- (1) To continuously improve the environment, safety and health performance over the entire lifecycle from development to disposal waste of our products.
- (2) To manage our business activities so as to prevent adverse impact on people and environment as well as to take into account the environment, health and safety during transporting, storing and disposing our products.D12
- (3) To examine the environment, health and safety aspects from the research and development stage, and to develop products and technologies with lower impact on the environment, health and safety.
- (4) To promote conservation of resource and energy, to minimize waste emissions and to recycle waste effectively.
- (5) To address the concerns of government officials and public regarding the influence of our products and operations on the environment, health and safety, while disclosing relevant information and participating in dialogue to promote proper understanding of the issues.
- (6) To ensure risk characterization and risk management based on sound scientific information in order to reinforce product stewardship.
- (7) To comply laws, regulations and standards, and to promote and meet voluntary initiatives for improving the environment, health and safety.
- (8) To ensure accountability in order to address the expectations of domestic and worldwide stakeholders for the promotion of the environment, health and safety.

## Nissan Chemical Responsible Care Management System

To achieve the mid-term goals, a management system has been built with PDCA used to manage goals, and it is continually improved. In order for all plants, laboratories, business divisions and subsidiaries to achieve Responsible Care Mid-term Goals, each office has set mid-term and annual goals for their Responsible Care activities. The Responsible Care Committee has been established to promote these activities. The Chair of the committee is the Head of the Environment, Safety and Quality Assurance Department, and committee members include the Environment, Safety and Quality Assurance officer, Production Technology Department, Human Resources Department Head, Acquisitions Department Head, all business department heads, and all office heads. The committee meets once a year, with reports on activities over the year at each office, activities carried out by the company as a whole, and decisions on the Responsible Care goals for the next year. The results are reported to the Management Meeting, and after a management review the next years' Responsible Care goals are established.

All the Company's plants acquired ISO 14001 (EMS), an international standard for environment management system, and they have been maintaining and updating the certificate through the certifying body since then.



## CSR TOPICS

### Protect Biodiversity Nissan Biopark Nishi-hongo

Nissan Biopark Nishi-hongo, with the goal of "Creating a space with waterside and SATOYAMA forest biodiversity, as an area for plant employees and locals to relax," has had great success from cooperation between the Biopark Support Team, created by former employees of the Company, and the neighboring Hanabatake Management Group.

### Future of the Biopark

Currently, the biopark is in its second stage, and concentrates on two activities. One is expanding the SATOYAMA forest, with trees seen in SATOYAMA planted in the southwest of the biopark this year. The other is developing a space to entice creatures that live in SATOYAMA, such as fireflies. The Hotaru Koi Project involves transplanting freshwater snails that fireflies use as prey, in order to bring fireflies to the streams of the biopark. In 2014, Heike fireflies were spotted, and they have also been gently glowing this year. Now the plan is to also encourage Genji fireflies to come.

In addition to fireflies, dragonflies and birds are also seen more frequently, as a biodiverse space is made near the waterside. Creating an environment for beetles and butterflies, representatives of SATOYAMA, is the current plan.



### Tulip

The expansive flower field to the north of the biopark has 13,000 tulip bulbs as the star this year, with approximately 12,000 m<sup>2</sup>. Five types were planted in November 2014 with cooperation from locals. After the winter, in late April 2015, in cooperation with local preschools and elementary schools there were events to see and pick the tulips which had blossomed (in order to fatten the bulbs). At the end of May, even more preschools and elementary schools helped to dig up the bulbs, and everyone brought home bulbs separated by color, which had tripled in number since being planted. With comments about filling the field with tulips, these activities will likely become even more active.



### Responsible Care Award Grand Prix Ceremony

In fiscal 2013, the biopark received the grand prix of the Responsible Care (RC) Awards held by the Japan Chemical Industry Association. These awards were newly established in 2013, and the biopark is the first recipient of the grand prix. At the time of screening, they highly evaluated the biopark's activities for providing neighboring residents with recreation areas while offering opportunities to learn biodiversity, based on the collaboration between community and the company. On Monday, November 9, 2014, local residents were also invited to the RC Award Grand Prix Ceremony at Nissan Biopark Nishi-Hongo. This ceremony was celebrating the receipt of the RC grand prix on May 16 of the same year, in recognition of the Toyama plant's efforts in creating and maintaining Nissan Biopark Nishi-hongo. After the speech by the plant chief at the beginning, there were congratulations from the chairpersons of the local Hongo Koizumi Region Promotion Association and the Usaka Furusato Development Promotion Association. At the memorial tree planting afterwards, four representatives of the Company and local area planted a Japanese yew. It is hoped that this tree will grow into a symbol of the biopark, warmly watching those who gather in this place.



### Conclusion

The Toyama plant will continue to engage in communication with local residents through a variety of events, and actively work on environmental conservation initiatives such as Nissan Biopark Nishi-hongo. We hope this biopark will be an oasis for plant workers and local residents.

## FIVE-YEAR SUMMARY

Consolidated	Millions of Yen				
	2011	2012	2013	2014	2015
Net sales	¥ 154,209	¥ 148,578	¥ 153,806	¥ 163,658	¥ 171,206
Operating income	19,817	15,477	19,548	22,246	25,347
Net income	12,953	10,975	13,879	16,701	18,199
Total assets	183,399	190,113	199,243	207,999	223,854
Equity	111,312	118,631	125,568	136,552	149,782
Capital expenditure	9,588	8,251	8,085	8,786	9,796
Depreciation expense	10,439	10,459	9,544	8,515	8,452
Amounts per share (in yen):					
Net income per share	¥ 75.94	¥ 64.52	¥ 83.74	¥ 102.11	¥ 113.99
Equity per share	654.33	697.36	766.87	850.91	949.71
Financial ratios (%):					
Equity ratio	60.7	62.4	63.0	65.7	66.9
Return on equity	11.9	9.5	11.4	12.7	12.7

### Non-Consolidated

Net sales	¥ 115,643	¥ 110,623	¥ 114,441	¥ 121,323	¥ 128,625
Operating income	16,735	13,095	16,369	18,489	20,864
Net income	12,344	9,980	11,755	14,995	16,496
Total assets	163,955	169,080	175,032	180,971	193,828
Equity	98,535	105,002	109,155	117,117	127,372
Amounts per share (in yen):					
Net income per share	¥ 72.37	¥ 58.67	¥ 70.92	¥ 91.68	¥ 103.33
Equity per share	579.23	617.24	666.63	729.81	807.62
Cash dividends per share	24.0	24.0	26.0	30.0	36.0
Financial ratios (%):					
Equity ratio	60.1	62.1	62.4	64.7	65.7
Year-end statistics:					
Number of shareholders	16,596	16,403	14,434	12,689	11,877
Number of employees	1,750	1,726	1,712	1,707	1,721

# FINANCIAL REVIEW

Financial Review for the Year Ended March 31, 2015

## Overview

During the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015), the domestic consumption was weak due to the price hike and the influence of a counter reaction to the rush demand before the consumption tax raise. However, export related companies improved their earnings by weaker yen and the domestic economy was on the gradual recovery trend. With regard to our group business, Chemicals Segment was benefited by lower price fuels and weaker yen. As for Performance Materials Segment, Display Materials and Semiconductor Materials increased their sales due to the products matched to the market needs.

As for Agrochemicals Segment, while domestic sales were affected by tax raise, new paddy rice herbicide recovered the loss. As for overseas sales, pesticide had steady sales as well as Fluralaner (the active ingredient of veterinary pharmaceutical

product) was a big hit. As for Pharmaceutical Segment, domestic LIVALO (anti-cholesterol agent) sales decreased due to the influence of generic products.

## Operating Results

As a result, the sales for this term were 171,206 million yen (an increase of 7,548 million yen from the same term of the previous year). All operating income, ordinary income and net income were highest ever. Operating income was 25,347 million yen (an increase of 3,100 million yen). Ordinary income was 26,391 million yen (an increase of 2,667 million yen). Net income was 18,199 million yen (an increase of 1,497 million yen).

## Financial Position

Due to the increase of notes and accounts receivable-trade, stocks and investment securities, assets as of March 31, 2015

were 223,854 million yen (an increase of 15,855 million yen from the previous year).

While liabilities with interest decreased, due to the increase of deferred tax liability, total liabilities as of March 31, 2015 were 72,590 million yen (an increase of 2,414 million yen from the previous year).

Net Assets as of March 31, 2015 were 151,263 million yen (an increase of 13,441 million yen from the previous year).

As a result, equity ratio was 66.9%, an increase of 1.2% from the previous year.

## Cash Flow Analysis

Deducting income taxes paid from income before income taxes and minority interests, depreciation and gain and loss on working capital, net cash provided by operating activities for the year ended March 31, 2015 were 20,452 million yen

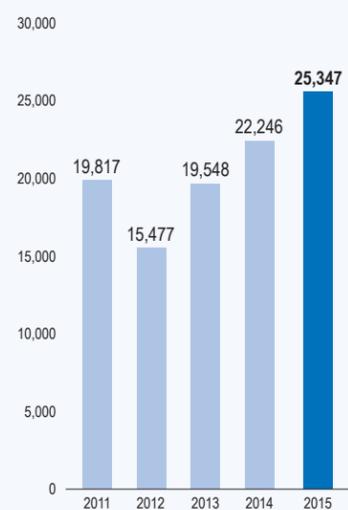
(23,759 million yen for the previous year).

Due to the acquisitions on plant and equipment of Performance Materials division, net cash used in investing activities for the year ended March 31, 2015 were 8,076 million yen (13,471 million yen for the previous year).

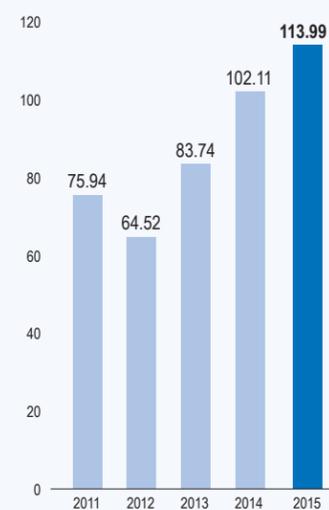
Due to the decrease in borrowings and dividends payment, net cash used in financing activities for the year ended March 31, 2015 were 12,127 million yen (11,802 million yen for the previous year).

As a result, cash and cash equivalents at the end of this term were 31,343 million yen, reflecting 337 million yen effect of exchange rate changes. It increased by 585 million yen from the previous year (30,757 million yen for the previous year).

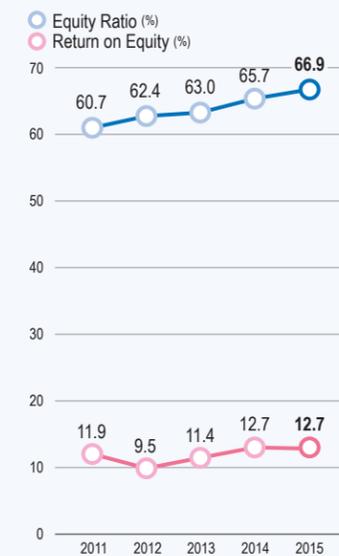
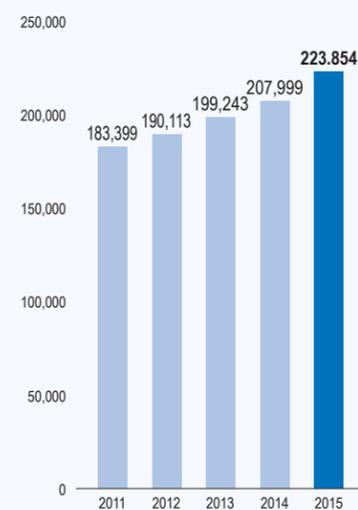
Operating Income (Millions of Yen)



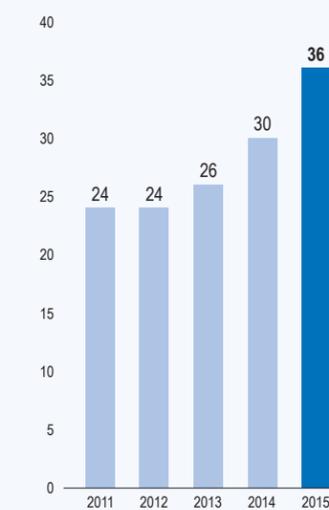
Net Income per Share (Yen)



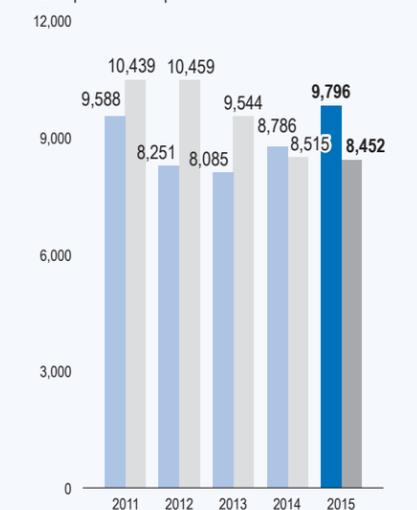
Total Assets (Millions of Yen)



Dividends per Share (Yen)



Capital Expenditures/ Depreciation Expense (Millions of Yen)



# CONSOLIDATED BALANCE SHEETS

Nissan Chemical Industries, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2015 and 2014

ASSETS	(Millions of Yen)		(Thousands of U.S. Dollars)
	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
<b>Current assets</b>			
Cash and deposits	¥ 31,343	¥ 30,757	\$ 260,605
Notes and accounts receivable-trade	58,133	54,041	483,354
Merchandise and finished goods	28,123	26,775	233,832
Work in process	59	51	491
Raw materials and supplies	7,885	6,353	65,561
Accounts receivable-other	2,097	2,390	17,436
Short-term loans receivable	841	706	6,993
Deferred tax assets	3,102	2,882	25,792
Other	1,890	1,477	15,715
Allowance for doubtful accounts	(29)	(22)	(241)
Total current assets	133,448	125,413	1,109,570
<b>Non-current assets</b>			
Property, plant and equipment			
Buildings and structures	58,217	53,393	484,053
Accumulated depreciation and impairment loss	(35,514)	(33,873)	(295,286)
Buildings and structures, net	22,702	19,520	188,759
Machinery, equipment and vehicles	114,888	110,022	955,251
Accumulated depreciation and impairment loss	(104,548)	(101,402)	(869,277)
Machinery, equipment and vehicles, net	10,339	8,619	85,965
Tools, furniture and fixtures	30,704	28,893	255,292
Accumulated depreciation and impairment loss	(26,876)	(25,319)	(223,464)
Tools, furniture and fixtures, net	3,828	3,573	31,828
Land	9,318	9,374	77,476
Leased assets	225	261	1,871
Accumulated depreciation	(150)	(142)	(1,247)
Leased assets, net	74	118	615
Construction in progress	864	3,768	7,184
Total property, plant and equipment	47,128	44,975	391,852
<b>Intangible assets</b>			
Goodwill	4	481	33
Software	308	342	2,561
Other	361	427	3,002
Total intangible assets	674	1,251	5,604
<b>Investments and other assets</b>			
Investment securities	38,711	33,570	321,867
Long-term loans receivable	21	26	175
Deferred tax assets	52	55	432
Net defined benefit asset	2,064	1,265	17,161
Other	1,940	1,681	16,130
Allowance for doubtful accounts	(187)	(240)	(1,555)
Total investments and other assets	42,603	36,358	354,228
Total non-current assets	90,406	82,585	751,692
<b>Total assets</b>	¥ 223,854	¥ 207,999	\$ 1,861,262

Liabilities	(Millions of Yen)		(Thousands of U.S. Dollars)
	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
<b>Current liabilities</b>			
Notes and accounts payable-trade	¥ 15,077	¥ 16,067	\$ 125,360
Short-term loans payable	22,951	23,579	190,829
Current portion of long-term loans payable	3,090	7,066	25,692
Income taxes payable	3,807	3,512	31,654
Provision for bonuses	1,827	1,754	15,191
Provision for directors' bonuses	24	27	200
Provision for environmental measures	315	-	2,619
Other	8,940	7,646	74,333
Total Current liabilities	56,034	59,652	465,902
<b>Non-current liabilities</b>			
Long-term loans payable	9,060	5,450	75,331
Deferred tax liabilities	4,621	2,863	38,422
Provision for business structure improvement	704	-	5,853
Net defined benefit liability	174	244	1,447
Other	1,997	1,966	16,604
Total non-current liabilities	16,556	10,524	137,657
<b>Total liabilities</b>	72,590	70,176	603,559
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital stock	18,942	18,942	157,496
Capital surplus	13,611	13,611	113,170
Retained earnings	105,602	98,121	878,041
Treasury stocks	(584)	(698)	(4,856)
Total shareholders' equity	137,572	129,975	1,143,860
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	10,676	6,138	88,767
Foreign currency translation adjustment	894	20	7,433
Remeasurements of defined benefit plans	639	417	5,313
Total accumulated other comprehensive income	12,210	6,576	101,522
<b>Minority interests</b>	1,481	1,269	12,314
Total net assets	151,263	137,822	1,257,695
<b>Total liabilities and net assets</b>	¥ 223,854	¥ 207,999	\$ 1,861,262

# CONSOLIDATED STATEMENTS OF INCOME CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Nissan Chemical Industries, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2015 and 2014

## Consolidated Statements of Income

	(Millions of Yen)		(Thousands of U.S. Dollars)
	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
<b>Net sales</b>	<b>¥ 171,206</b>	¥ 163,658	<b>\$ 1,423,514</b>
<b>Cost of sales</b>	<b>106,184</b>	103,277	<b>882,880</b>
Gross profit	65,022	60,381	540,634
<b>Selling, general and administrative expenses</b>	<b>39,675</b>	38,134	<b>329,883</b>
Operating income	25,347	22,246	210,751
<b>Non-operating income</b>			
Interest income	20	21	166
Dividend income	613	638	5,097
Share of profit of entities accounted for using equity method	1,093	960	9,088
Foreign exchange gains	476	415	3,958
Other	697	968	5,795
Total non-operating income	2,901	3,004	24,121
<b>Non-operating expenses</b>			
Interest expenses	211	280	1,754
Loss on disposal of non-current assets	332	284	2,760
Plant stop loss	420	598	3,492
Environmental expenses	315	-	2,619
Other	577	363	4,798
Total non-operating expenses	1,857	1,527	15,440
<b>Ordinary income</b>	<b>26,391</b>	23,723	<b>219,431</b>
<b>Extraordinary income</b>	-	-	-
<b>Extraordinary losses</b>			
Product compensation expense	390	-	3,243
Business structure improvement expenses	704	-	5,853
Total extraordinary losses	1,095	-	9,105
<b>Income before income taxes and minority interests</b>	<b>25,296</b>	23,723	<b>210,327</b>
Income taxes-current	7,265	6,901	60,406
Income taxes-deferred	(351)	(64)	(2,918)
Total income taxes	6,914	6,836	57,487
<b>Income before minority interests</b>	<b>18,381</b>	16,887	<b>152,831</b>
Minority interests in income	182	186	1,513
<b>Net income</b>	<b>¥ 18,199</b>	¥ 16,701	<b>\$ 151,318</b>

## Consolidated Statements of Comprehensive Income

	(Millions of Yen)		(Thousands of U.S. Dollars)
	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
<b>Income before minority interests</b>	<b>¥ 18,381</b>	¥ 16,887	<b>\$ 152,831</b>
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	4,538	2,598	37,732
Foreign currency translation adjustment	952	924	7,916
Remeasurements of defined benefit plans, net of tax	221	-	1,838
Share of other comprehensive income of entities accounted for using equity method	0	(1)	0
Total other comprehensive income	5,712	3,521	47,493
<b>Comprehensive income</b>	<b>24,094</b>	20,408	<b>200,333</b>
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	23,832	20,152	198,154
Comprehensive income attributable to minority interests	¥ 261	¥ 255	\$ 2,170

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Nissan Chemical Industries, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2014

	(Millions of Yen)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
<b>Balance as of April 1, 2013</b>	¥ 18,942	¥ 13,611	¥ 91,360	¥ (1,053)	¥ 122,861
Cumulative effects of changes in accounting policies					-
<b>Restated balance</b>	18,942	13,611	91,360	(1,053)	122,861
<b>Changes of items during period</b>					
Dividends of surplus			(4,584)		(4,584)
Net income			16,701		16,701
Purchase of treasury stocks				(5,001)	(5,001)
Disposal of treasury stocks		0		0	0
Retirement of treasury stocks		(0)	(5,355)	5,355	-
Net changes of items other than shareholders' equity					
<b>Total changes of items during period</b>	-	-	6,760	354	7,114
<b>Balance as of March 31, 2014</b>	¥ 18,942	¥ 13,611	¥ 98,121	¥ (698)	¥ 129,975

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	
<b>Balance as of April 1, 2013</b>	¥ 3,541	¥ (834)	¥ -	¥ 2,707	¥ 1,132	¥ 126,701
Cumulative effects of changes in accounting policies						-
<b>Restated balance</b>	3,541	(834)	-	2,707	1,132	126,701
<b>Changes of items during period</b>						
Dividends of surplus						(4,584)
Net income						16,701
Purchase of treasury stocks						(5,001)
Disposal of treasury stocks						0
Retirement of treasury stocks						-
Net changes of items other than shareholders' equity	2,596	854	417	3,869	137	4,006
<b>Total changes of items during period</b>	2,596	854	417	3,869	137	11,121
<b>Balance as of March 31, 2014</b>	¥ 6,138	¥ 20	¥ 417	¥ 6,576	¥ 1,269	¥ 137,822

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Nissan Chemical Industries, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2015

	(Millions of Yen)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	
<b>Balance as of April 1, 2014</b>	¥ 18,942	¥ 13,611	¥ 98,121	¥ (698)	¥ 129,975
Cumulative effects of changes in accounting policies			213		213
<b>Restated balance</b>	18,942	13,611	98,334	(698)	130,189
<b>Changes of items during period</b>					
Dividends of surplus			(4,814)		(4,814)
Net income			18,199		18,199
Purchase of treasury stocks				(6,001)	(6,001)
Disposal of treasury stocks		0		0	0
Retirement of treasury stocks		(0)	(6,116)	6,116	-
Net changes of items other than shareholders' equity					
<b>Total changes of items during period</b>	-	-	7,268	114	7,382
<b>Balance as of March 31, 2015</b>	¥ 18,942	¥ 13,611	¥ 105,602	¥ (584)	¥ 137,572

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	
<b>Balance as of April 1, 2014</b>	¥ 6,138	¥ 20	¥ 417	¥ 6,576	¥ 1,269	¥ 137,822
Cumulative effects of changes in accounting policies						213
<b>Restated balance</b>	6,138	20	417	6,576	1,269	138,035
<b>Changes of items during period</b>						
Dividends of surplus						(4,814)
Net income						18,199
Purchase of treasury stocks						(6,001)
Disposal of treasury stocks						0
Retirement of treasury stocks						-
Net changes of items other than shareholders' equity	4,538	873	221	5,633	211	5,845
<b>Total changes of items during period</b>	4,538	873	221	5,633	211	13,227
<b>Balance as of March 31, 2015</b>	¥10,676	¥ 894	¥ 639	¥ 12,210	¥ 1,481	¥ 151,263

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Nissan Chemical Industries, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2015

	(Thousands of U.S. Dollars)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	
<b>Balance as of April 1, 2014</b>	\$ 157,496	\$ 113,170	\$ 815,839	\$ (5,804)	\$ 1,080,693
Cumulative effects of changes in accounting policies			1,771		1,771
<b>Restated balance</b>	157,496	113,170	817,610	(5,804)	1,082,473
<b>Changes of items during period</b>					
Dividends of surplus			(40,027)		(40,027)
Net income			151,318		151,318
Purchase of treasury stocks				(49,896)	(49,896)
Disposal of treasury stocks		0		0	0
Retirement of treasury stocks		(1)	(50,852)	50,852	-
Net changes of items other than shareholders' equity					
<b>Total changes of items during period</b>	-	-	60,431	948	61,379
<b>Balance as of March 31, 2015</b>	\$ 157,496	\$ 113,170	\$ 878,041	\$ (4,856)	\$ 1,143,860

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	
<b>Balance as of April 1, 2014</b>	\$ 51,035	\$ 166	\$ 3,467	\$ 54,677	\$ 10,551	\$ 1,145,938
Cumulative effects of changes in accounting policies						1,771
<b>Restated balance</b>	51,035	166	3,467	54,677	10,551	1,147,709
<b>Changes of items during period</b>						
Dividends of surplus						(40,027)
Net income						151,318
Purchase of treasury stocks						(49,896)
Disposal of treasury stocks						0
Retirement of treasury stocks						-
Net changes of items other than shareholders' equity	37,732	7,259	1,838	46,836	1,754	48,599
<b>Total changes of items during period</b>	37,732	7,259	1,838	46,836	1,754	109,978
<b>Balance as of March 31, 2015</b>	\$ 88,767	\$ 7,433	\$ 5,313	\$ 101,522	\$ 12,314	\$ 1,257,695

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Nissan Chemical Industries, Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2015 and 2014

	(Millions of Yen)		(Thousands of U.S. Dollars)
	As of March 31, 2015	As of March 31, 2014	As of March 31, 2015
<b>Cash flows from Operating Activities</b>			
Income (loss) before income taxes and minority interests	¥ 25,296	¥ 23,723	\$ 210,327
Depreciation	8,452	8,515	70,275
Interest and dividends income	(633)	(660)	(5,263)
Interest expenses	211	280	1,754
Increase (decrease) in provision for business structure improvement	704	-	5,853
Loss (gain) on disposal of non-current assets	332	284	2,760
Decrease (increase) in notes and accounts receivable-trade	(3,775)	3,019	(31,388)
Decrease (increase) in inventories	(2,659)	(2,281)	(22,109)
Increase (decrease) in notes and accounts payable-trade	(950)	(1,529)	(7,899)
Other	(714)	(1,898)	(5,937)
Subtotal	26,263	29,454	218,367
Interest and dividends income received	1,386	1,620	11,524
Interest expenses paid	(223)	(287)	(1,854)
Income taxes paid	(6,974)	(7,027)	(57,986)
Net cash provided by (used in) operating activities	20,452	23,759	170,051
<b>Cash flows from Investing Activities</b>			
Purchase of investment securities	(1,648)	(918)	(13,703)
Proceeds from sales of investment securities	3,077	245	25,584
Purchase of stocks of subsidiaries and affiliates	-	(2,749)	-
Purchase of property, plant and equipment	(8,568)	(8,999)	(71,240)
Payments for retirement of property, plant and equipment	(253)	(170)	(2,104)
Net decrease (increase) in short-term loans receivable	(109)	(400)	(906)
Other	(574)	(478)	(4,773)
Net cash provided by (used in) investing activities	(8,076)	(13,471)	(67,149)
<b>Cash flows from Financing Activities</b>			
Net increase (decrease) in short-term loans payable	(854)	(588)	(7,101)
Proceeds from long-term loans payable	6,700	4,000	55,708
Repayments of long-term loans payable	(7,066)	(5,533)	(58,751)
Cash dividends paid	(4,814)	(4,584)	(40,027)
Cash dividends paid to minority shareholders	(50)	(48)	(416)
Purchase of treasury stock	(6,001)	(5,001)	(49,896)
Other	(40)	(45)	(333)
Net cash provided by (used in) financing activities	(12,127)	(11,802)	(100,831)
<b>Effect of exchange rate change on cash and cash equivalents</b>	337	393	2,802
<b>Net increase (decrease) in cash and cash equivalents</b>	585	(1,120)	4,864
<b>Cash and cash equivalents at beginning of period</b>	30,757	31,878	255,733
<b>Cash and cash equivalents at end of period</b>	¥ 31,343	¥ 30,757	\$ 260,605

# 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 ("J-GAAP"), which are different from application and disclosure requirements of accounting principles generally accepted in the United States of America ("US-GAAP") and International Financial Reporting Standards ("IFRS") in certain aspects.

The accompanying consolidated financial statements are expressed in Japanese yen as of and for the year ended March 31, 2015, 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 readers outside Japan and has been made at the rate of ¥120.27 to \$1, the approximate closing rate of exchange reported by the Tokyo Foreign Exchange Market on March 31, 2015. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. Dollars at this or any other rate.

## 2. Summary of Significant Accounting Policies

### a. Consolidation

The consolidated financial statements as of March 31, 2015, include the account of the Company and its significant 9 subsidiaries (9 in 2014). 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 2014) 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.

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. Inventories

Inventories are stated at the lower of cost or market. The cost is determined by the gross average method.

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

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.

### e. Goodwill and other Intangible Assets

Goodwill is amortized by the straight-line method within 20 years. Other intangible assets are also amortized using straight-line method. The representative intangible asset is Software for internal use, 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.

### g. 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.

### h. Provision for Bonuses

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

#### j. Provision for Environmental Measures

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

#### k. Provision for Business Structure Improvement

The Company provides reserve at the estimated amount to cover the expenses and losses to be incurred in association with structural improvement.

#### l. Provision for Retirement Benefits

The Company has a defined benefit pension plan and a retirement plan covering substantially all of its employees. The method of calculating the estimated amount of all retirement benefits to be paid at future retirement dates is benefit formula basis. 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. The certain consolidated subsidiaries use a Simplified method for calculating retirement benefit. In this method, retirement benefit obligation is the same amount as necessary payment related to retirement benefit.

#### m. 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).

#### n. 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 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, 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.

#### o. Cash and Cash Equivalent

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

### 3. Change in Accounting Policy

Effective from the beginning of current consolidated financial year, the Company adopted paragraph 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 on May 17, 2012) and paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25 on Mar 26, 2015).

Affecting the above change, the Company reviewed the calculation method of retirement benefit obligations and service costs. The Company changed the method of attributing expected benefit to periods primarily from straight-line attribution to benefit formula basis as well as the decision method of the discount rate. The term of bond which is the basis of the discount rate determination was changed from calculating with years approximate to employees' average estimated remaining service years to weighted average discount rate reflecting the estimated payment term of retirement benefits and its amount.

In accordance with transitional accounting as stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in the calculation methods of retirement benefit obligations and service costs were adjusted in retained earnings at the beginning of current consolidated financial year. As a result, asset for retirement benefit increased by ¥331 million and retained earnings increased by ¥213 million at the beginning of current consolidated financial year. There was a slight effect on operating income, ordinary income and net income before taxes for the year ended March 31, 2015.

### 4. Reclassifications

Effective from the beginning of current consolidated fiscal year, "Rent income" is included in "Other", which was displayed separately in the previous fiscal year, since the amount becomes less than ten-hundredth part of "Non-operating income". In order to reflect the change in the indication method, the company classify the consolidated financial statement for the previous fiscal year. As a result, ¥200 million of "Rent income" and ¥768 million of "Other" which were shown in "Non-operating income" in the previous consolidated statement of income are reclassified to ¥968 million of "Other".

### 5. Collateral Assets and Liabilities

Collateral assets and liabilities as of March 31, 2015 and 2014 were as follows:

#### (1) Collateral Assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Investments in securities	¥ 215	¥ 166	\$ 1,788

#### (2) Collateral Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liabilities	¥ 256	¥ 294	\$ 2,129

### 6. Research and Development Expenses

Research and development expenses were ¥14,964 million (\$124,420 thousand) for the year ended March 31, 2015 and ¥14,232 million for the year ended March 31, 2014.

### 7. Common Stock

#### (1) Dividends

Cash dividends charged to retained earnings during the years ended March 31, 2015 and 2014 represent dividends paid out during those years. The accompanying consolidated financial statements do not include any provision for a dividend approved by the Annual Shareholders Meeting of ¥22 (\$0.18) per share aggregating ¥3,469 million (\$28,843 thousand) in respect of the year ended March 31, 2015.

#### (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.

### 8. Investment Securities

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Listed securities	¥ 26,735	¥ 18,765	\$ 222,292
Unlisted securities of affiliates	10,642	10,333	88,484
Unlisted securities	1,334	4,470	11,092
	¥ 38,711	¥ 33,570	\$ 321,867

### 9. Short-term Debt and Long-term Debt

Short-term Debt consisting of unsecured bank overdraft at March 31, 2015 were ¥22,951 million (\$190,829 thousand).

The weighted average interest rate on short-term Debt outstanding at March 31, 2015 was 0.66%.

Long-term Debt as of March 31, 2015 and 2014 were as follows:

The weighted average interest rate on Long-term Debt outstanding at March 31, 2015 was 0.94%.

The weighted average interest rate on Current portion of Long-term Debt outstanding at March 31, 2015 was 1.02%.

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Long-term Debt	12,150	12,516	101,023
Less current portion	(3,090)	(7,066)	(25,692)
	¥ 9,060	¥ 5,450	\$ 75,331

Long-term Debt fall due after March 31, 2015 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 2,840	\$ 23,614
2017	2,740	22,782
2018	2,140	17,793
2019 and thereafter	1,340	11,142
	¥ 9,060	\$ 75,331

## 10. Retirement Benefits

(1) The liability for retirement benefit as of March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Retirement benefit obligation	¥ 12,173	¥ 12,180	\$ 101,214
Plan asset	(14,131)	(13,234)	(117,494)
	(1,958)	(1,053)	(16,280)
Unfunded Retirement benefit obligation	67	32	557
Net Retirement benefit obligation	(1,890)	(1,021)	(15,715)
Liability for Retirement benefit (Provision for retirement benefit for 2014)	174	244	1,447
Asset for Retirement benefit (Prepaid pension expenses for 2014)	(2,064)	(1,265)	(17,161)
Net Retirement benefit obligation	¥ (1,890)	¥ (1,021)	\$ (15,715)

(2) Actuarial assumptions

The principal actuarial assumption at March 31, 2015 and 2014 were as follows:

	2015	2014
Discount Rate	0.8%	2.0%
Long-term Expected rate of Return	2.0%	2.0%

## 11. Income Taxes

The Company is subject to a number of taxes based on income, which resulted in a normal income tax of approximately 38.01% for the year ended March 31, 2014, and 35.64% for the year ended March 31, 2015 in the aggregate. The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2014 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Inventory	¥ 732	¥ 648	\$ 6,086
Allowance for bonus	601	622	4,997
Impairment loss on securities	453	500	3,767
Prepaid expenses	483	463	4,016
Others	2,603	2,349	21,643
Gross deferred tax assets	4,872	4,582	40,509
Less: Valuation allowance	(133)	(162)	(1,106)
Total deferred tax assets	4,739	4,420	39,403
Deferred tax liabilities:			
Unrealized gain on securities	(5,146)	(3,402)	(42,787)
Reserve for advanced depreciation of fixed assets	(311)	(354)	(2,586)
Other	(748)	(589)	(6,219)
Total deferred tax liabilities	(6,205)	(4,345)	(51,592)
Net deferred tax assets	¥ (1,466)	¥ 75	\$ (12,189)

The differences between the above statutory tax rate and the effective tax rates were principally due to the effect of timing differences. These differences were recognized mainly when certain accounting expenses were not deductible from the taxable income.

## 12. Segment Information

(1) General Information about reportable segments

With respect to its reportable segments, the Company is able to obtain discrete financial data from among its component units. Accordingly, its segments are subject to regular review in order to assist decision-making on allocation of managerial resources and evaluation of business performance by the Board of Directors.

Divisions by products and services are located in the head office, and 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 divisions as follows:

Segment	Main Products
Chemicals	Basic Chemicals (melamine, sulfuric acid, nitric acid, ammonia, etc) Fine Chemicals (epoxy compound for LED sealants, solder resist and painting, flame retardant, chlorinated isocyanuric acid for sterilizing, etc)
Performance Materials	Display Materials (LCD alignment coating, etc) Semiconductor Materials (bottom anti-reflective coating, etc) Inorganic Materials (hard coating materials, electronic information materials, polishing materials, etc)
Agricultural Chemicals	Agrochemicals (herbicide, insecticide, fungicide, fungicide and insecticide, plant growth regulator) Animal health products
Pharmaceuticals	LIVALO (anti-cholesterol agent), etc Custom Chemicals (custom manufacturing and process services for pharmaceutical companies)
Trading	Trading, etc
Others	Transportation, landscaping, engineering, fertilizer, etc

(2) Basis of 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. Inter-segment 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

2014	Millions of Yen							Adjustment (Note)	Consolidated Total
	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Other			
Sales									
Sales to outside customers	¥ 26,461	¥ 37,617	¥ 36,168	¥ 11,493	¥ 40,503	¥ 11,413	¥ -	¥ 163,658	
inter-segment Sales	9,031	5,214	2,961	56	10,148	10,032	(37,445)	-	
Total Sales	35,493	42,832	39,130	11,550	50,651	21,446	(37,445)	163,658	
Segment income (loss)	1,897	8,810	6,229	4,940	1,495	757	(1,883)	22,246	
Segment assets	25,777	37,980	48,569	12,699	18,109	9,082	55,778	207,999	
Other items									
Depreciation and amortization	1,417	3,153	1,405	1,190	85	372	257	7,882	
Amortization of goodwill	-	6	624	-	2	-	-	633	
Increase of property, plant and equipment and intangible assets	¥ 1,231	¥ 4,275	¥ 1,342	¥ 624	¥ 27	¥ 377	¥ 906	¥ 8,786	

Notes: The adjustments are as follows:

1) The negative ¥1,883 million adjustment in segment income includes negative ¥398 million in inter-segment eliminations and negative ¥1,485 million corporate expenses not attributable to any reportable segment.

The corporate expenses are mainly group administrative expenses which do not belong to segments.

2) The ¥55,778 million adjustment in segment assets includes negative ¥9,738 million in inter-segment asset and liability eliminations and ¥65,516 million in corporate assets not attribute to any reportable segment.

The corporate assets are mainly group administrative assets which do not belong to segments.

3) The ¥257 million adjustment in depreciation and amortization is corporation expenses.

4) The ¥906 million adjustment in increase of property, plant and equipment and intangible assets is corporate assets.

Millions of Yen								
2015	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Other	Adjustment (Note)	Consolidated Total
<b>Sales</b>								
Sales to outside customers	¥ 25,072	¥ 43,668	¥ 42,229	¥ 8,759	¥ 41,154	¥ 10,321	¥ -	¥ 171,206
inter-segment Sales	9,190	5,702	3,452	53	13,235	10,561	(42,195)	-
<b>Total Sales</b>	<b>34,263</b>	<b>49,371</b>	<b>45,682</b>	<b>8,812</b>	<b>54,390</b>	<b>20,882</b>	<b>(42,195)</b>	<b>171,206</b>
Segment income (loss)	1,895	12,019	9,244	2,308	1,679	580	(2,380)	25,347
Segment assets	25,173	43,926	53,577	11,426	18,486	9,910	61,353	223,854
<b>Other items</b>								
Depreciation and amortization	1,384	3,561	1,374	902	70	375	305	7,975
Amortization of goodwill	-	5	468	-	2	-	-	476
Increase of property, plant and equipment and intangible assets	¥ 1,393	¥ 5,244	¥ 1,765	¥ 415	¥ 19	¥ 338	¥ 620	¥ 9,796

Notes: The adjustments are as follows:

1) The negative ¥2,380 million adjustment in segment income includes negative ¥386 million in inter-segment eliminations and negative ¥1,993 million corporate expenses not attributable to any reportable segment.

The corporate expenses are mainly group administrative expenses which do not belong to segments.

2) The ¥61,353 million adjustment in segment assets includes negative ¥ 11,165 million in inter-segment asset and liability eliminations and ¥72,518 million in corporate assets not attribute to any reportable segment.

The corporate assets are mainly group administrative assets which do not belong to segments.

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

4) The ¥620 million adjustment in increase of property, plant and equipment and intangible assets is corporate assets.

Thousands of U.S.Dollars								
2015	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Other	Adjustment (Note)	Consolidated Total
<b>Sales</b>								
Sales to outside customers	\$ 208,464	\$ 363,083	\$ 351,118	\$ 72,828	\$ 342,180	\$ 85,815	\$ -	\$ 1,423,514
inter-segment Sales	76,411	47,410	28,702	441	110,044	87,811	(350,836)	-
<b>Total Sales</b>	<b>284,884</b>	<b>410,501</b>	<b>379,829</b>	<b>73,268</b>	<b>452,232</b>	<b>173,626</b>	<b>(350,836)</b>	<b>1,423,514</b>
Segment income (loss)	15,756	99,933	76,860	19,190	13,960	4,822	(19,789)	210,751
Segment assets	209,304	365,228	445,473	95,003	153,704	82,398	510,127	1,861,262
<b>Other items</b>								
Depreciation and amortization	11,507	29,608	11,424	7,500	582	3,118	2,536	66,309
Amortization of goodwill	-	42	3,891	-	17	-	-	3,958
Increase of property, plant and equipment and intangible assets	\$ 11,582	\$ 43,602	\$ 14,675	\$ 3,451	\$ 158	\$ 2,810	\$ 5,155	\$ 81,450

Overseas operations, which represent sales to customers outside Japan for the years ended March 31, 2015 and 2014 were as follows:

Millions of Yen				
2014	Japan	Asia	Europe and the United States	Consolidated Total
<b>Sales</b>	<b>¥ 110,002</b>	<b>¥ 41,833</b>	<b>¥ 11,823</b>	<b>¥ 163,658</b>

Millions of Yen				
2015	Japan	Asia	Europe and the United States	Consolidated Total
<b>Sales</b>	<b>¥ 104,234</b>	<b>¥ 49,597</b>	<b>¥ 17,373</b>	<b>¥ 171,206</b>

Thousands of U.S.Dollars				
2015	Japan	Asia	Europe and the United States	Consolidated Total
<b>Sales</b>	<b>\$ 866,667</b>	<b>\$ 412,380</b>	<b>\$ 144,450</b>	<b>\$ 1,423,514</b>

### 13. 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, 2015 and 2014 were as follows:

	Yen		U.S. Dollars
	2015	2014	2015
Net income	¥ 113.99	¥ 102.11	\$ 0.95
Cash dividends	¥ 36.00	¥ 30.00	\$ 0.30

### 14. Significant Subsequent Events

The Company, at the board of Director's meeting held on May 12, 2015, has decided to repurchase its shares in the market under Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the Companies Act.

1. Purpose of repurchase

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

2. Details of repurchase

(1) Class of shares: Common shares of the company

(2) Total number of shares: Up to 2,500,000 shares

(Rate of the maximum shares to be acquired to the total outstanding shares: 1.59%)

(3) Total amount: Up to 6,000,000,000 yen

(4) Period of repurchase: From May 13, 2015 to August 31, 2015

(For reference)

Number of treasury stocks as of March 31, 2015

-Total number of shares issued (excluding treasury shares): 157,713,321 shares

-Number of treasury shares: 286,679 shares

# INDEPENDENT AUDITORS' REPORT

## Yaesu Audit Company

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

### Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Nissan Chemical Industries, Ltd. and consolidated subsidiaries, which comprise the consolidated balance sheets as of March 31, 2015, 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, 2015, 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, 2015 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.

Yaesu Audit Company  
Tokyo, Japan  
June 25, 2015

# OUR NETWORK



## 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 Jimbuhara-machi,  
Kamiso-machi, Saitama 369-0305  
Tel: 0495-34-2810

Toyama Plant  
635 Sasakura, Fuchu-machi,  
Toyama 939-2753 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

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

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

## Group Network

### Domestic Group

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

Nissan Butsuruy 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, Utsukanda, 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

①Nissan Chemical America Corporation  
10375 Richmond Avenue, Suite 1000, Houston,  
Texas, 77042, U.S.A.  
Tel: 1-713-532-4745  
■ Chemicals and Inorganic materials

②Nissan 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

③NCK Co., Ltd.  
127, Chupalsandan-ro, Paengseong-eup,  
Pyeongtaek-si, Gyeonggi-do, 451-805, KOREA  
Tel: 82-31-691-7044  
■ Electronic materials

④Nissan Chemical Agro Korea Ltd.  
Room 2001, Samjeong Building, 69-5,  
Taepyeongro 2-ga, Jung-gu, Seoul 100-864,  
KOREA  
Tel: 82-2-774-6470  
■ Agrochemicals

⑤Nissan Chemical Taiwan Co., Ltd.  
5F, No.67 Luke 2nd Rd., Luzhu Dist.,  
Kaohsiung City 821, Taiwan(R.O.C.)  
Tel: 886-7-695-5252  
■ Electronic materials

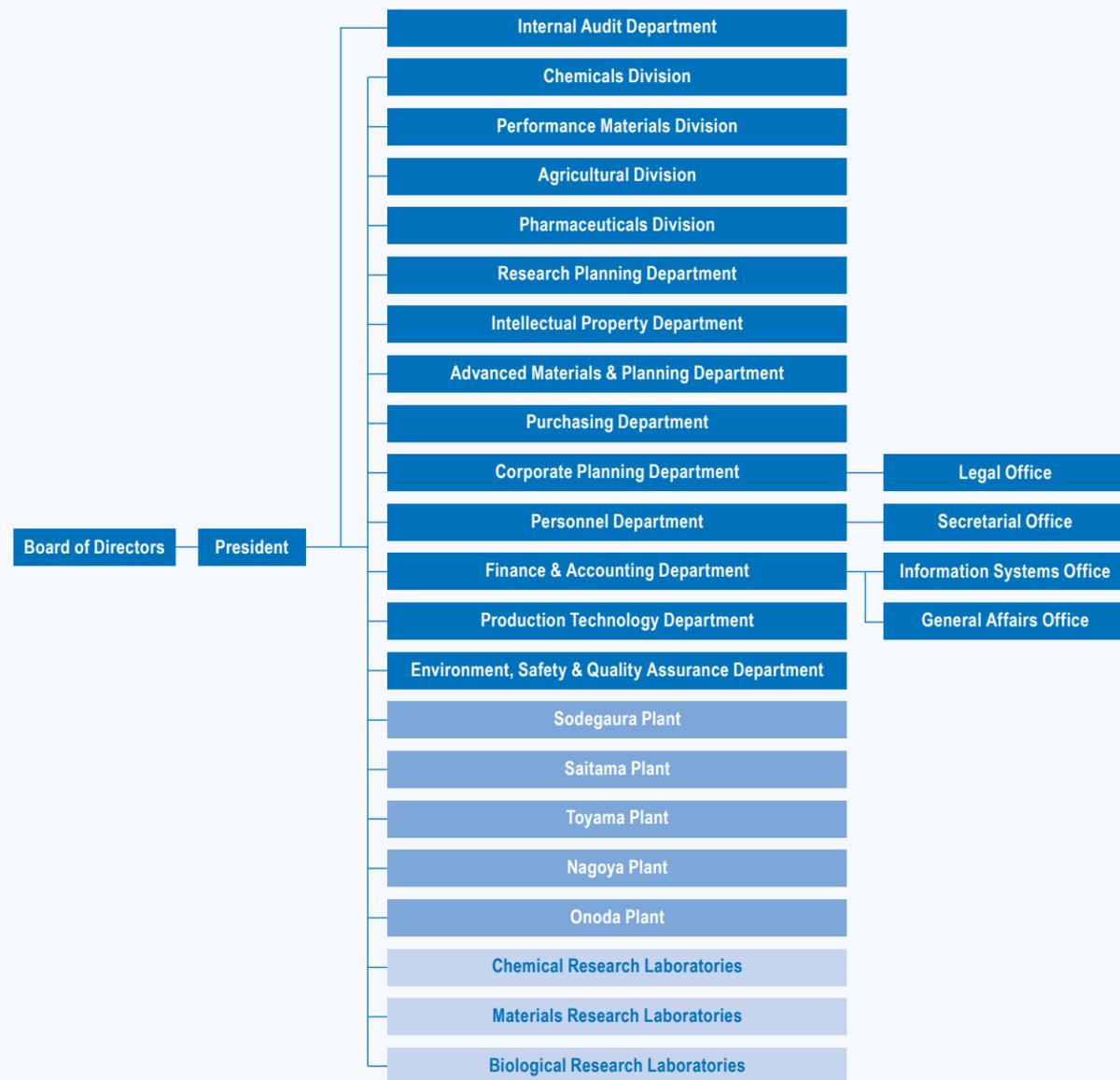
⑥Thin Materials GmbH  
Elsterstraße 23, 82223 Eichenau, GERMANY  
Tel: 49-89-3929-4604  
■ Electronic materials

⑦Nissan Chemical Product(Shanghai) Co., Ltd.  
Room 1110, New Town Center 83, Lou Shan Guan  
Road, Shanghai China 200336  
Tel: +86-21-6236-8300  
■ Agrochemicals

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

# ORGANIZATION CHART



# HISTORY

Based on calendar year

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
1965	Introduces HILITE, a disinfectant germicide
1969	Opens Sodegaura Plant
1971	Opens Central Research Institute
1978	Introduces TEPIC, a special epoxy compound
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 (NCA)
1990	Introduces SIRIUS, a rice paddy herbicide
1991	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 (NCH)
1998	Introduces ARC®, anti-reflective coating for semiconductors
1999	Introduces DAR, an intermediate for a superfiber
2001	Establishes NCK Co., Ltd. Opens representative office in Taipei
2002	Acquires Monsanto Japan's herbicide business Establishes Nissan Chemical Europe S. A. R. L
2003	Introduces LIVALO, an anti-cholesterol agent Opens representative office in Shanghai
2005	Establishes Nissan Chemical Agro Korea Ltd.
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.
2013	Acquired Thin Materials GmbH Merged NCH into NCA Introduces ALTAIR, a rice paddy herbicide
2014	Established Nissan Chemical Product (Shanghai) Co., Ltd.

# CORPORATE PROFILE

(As of March 31, 2015)

<b>Corporate Name</b>	Nissan Chemical Industries, Ltd.
<b>Head Office</b>	7-1, Kanda Nishiki-cho 3-chome, Chiyoda-ku, Tokyo 101-0054, Japan TEL: 03-3296-8111
<b>Founded</b>	1887
<b>Common Stock</b>	158,000,000 shares ¥18,942 million
<b>Number of Shareholders</b>	11,877
<b>Number of Employees</b>	2,325
<b>Stock Listing</b>	Tokyo Stock Exchange
<b>Transfer Agent</b>	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

## Directors / Corporate Auditors / Executive Officers

(As of June 25, 2015)

<b>Representative Director, President &amp; CEO</b>	Kojiro Kinoshita
<b>Director, Senior Executive Vice President</b>	Jun-ichi Miyazaki
<b>Director, Senior Managing Executive Officer</b>	Kiminori Hirata
<b>Director, Senior Managing Executive Officer</b>	Hiroyoshi Fukuro
<b>Director, Managing Executive Officer</b>	Tsuneo Higuchi
<b>Director, Managing Executive Officer</b>	Kazuhiro Yagisawa
<b>Outside Director</b>	Tisato Kajiyama Tadashi Ohe
<b>Corporate Auditors</b>	Katsumi Akita Sumio Kondo Yasuyuki Nakajima Noriyuki Katayama
<b>Executive Officers</b>	Mitsuaki Sakashita Katsuaki Miyaji Satoru Hamamoto Nobutomo Tsuruzoe Jun-ichi Watanabe Hidenori Takishita Takeshi Iwata Shuichiro Dobashi Hiroshi Onitsuka Hitoshi Suzuki Masataka Hatanaka Yuji Nishida Takashi Honda Hironori Yoshida

# STOCK INFORMATION

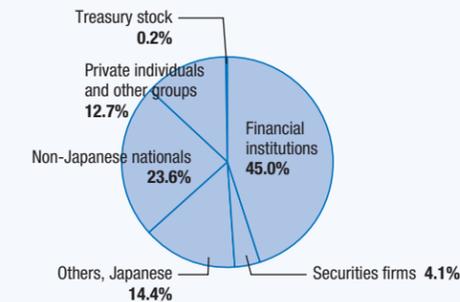
(As of March 31, 2015)

Total Number of Authorized Shares	360,000,000
Shares of Common Stock Issued	158,000,000
Shareholders	11,877

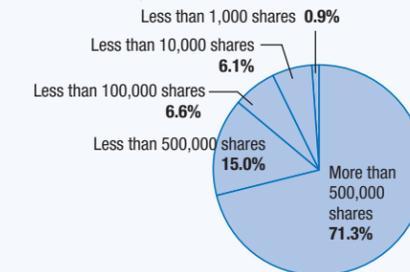
### Major Shareholders (Top Five Companies)

	Number of shares held (thousands)	Percentage of total shares in issue (%)
Japan Master Trust Bank, Ltd. (Trust Account)	15,083	9.5
Japan Trustee Services Bank, Ltd. (Trust Account)	11,513	7.3
Mizuho Trust & Banking Co., Ltd. (Employee Retirement Benefit Trust of Mizuho Bank)		
New trust custodian: Trust & Custody Services Bank, Ltd.	7,879	5.0
The Norinchukin Bank	4,800	3.0
Shareholding association of business partners of Nissan Chemical	4,023	2.5

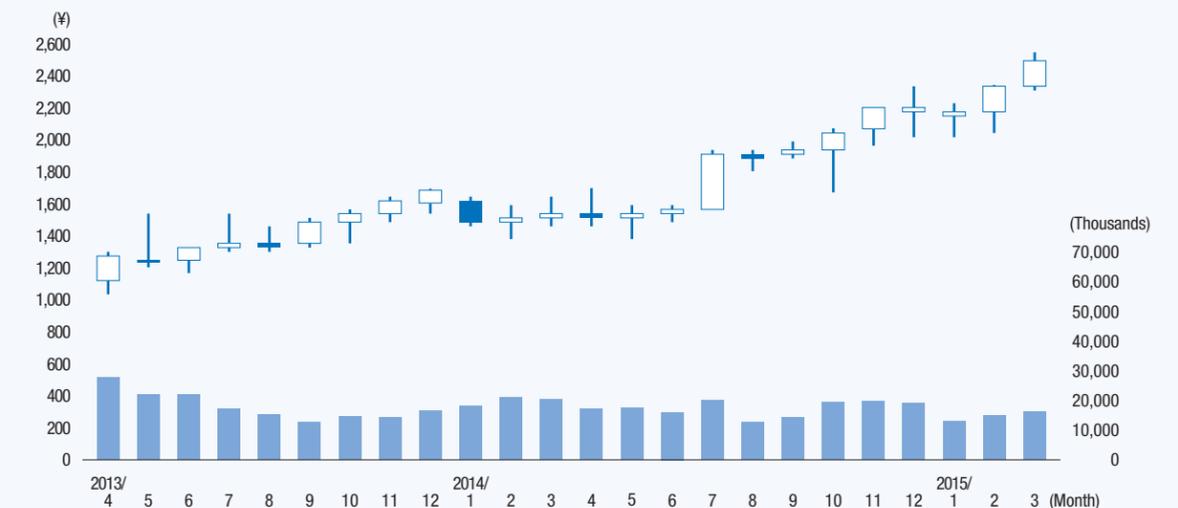
### Breakdown of Shareholders by Type



### Breakdown by Number of Shares Held



### Stock Quote and Chart (April 2013-March 2015)



 **NISSAN CHEMICAL INDUSTRIES, LTD.**

[www.nissanchem.co.jp](http://www.nissanchem.co.jp)