

We are expanding our product lineup, beginning with termite control formulas and new agrochemical products.

Business Overview

In the agrochemicals business, Nippon Kayaku manufactures and sells products including agricultural insecticides, herbicides, fungicides, soil fumigants, and insecticides for such common pests as mosquitoes, flies, and cockroaches. Agricultural insecticides and soil fumigants account for the largest part of our sales.

Overview of Operations for the Fiscal Year Ended May 31, 2009

With the growing demand for agrochemicals worldwide, we also achieved growth in sales and profitability.

As the prices of oil and other resources continued to soar during the fiscal year ended May 2009, the price of grain increased, stimulating the desire of farmers to produce more. As a result, the global demand for agrochemicals also grew. Under these conditions, sales for the agrochemicals business also increased. The agrochemicals business has been operating in a difficult environment for the past few years, and we have reduced our fixed costs and discontinued underperforming products. These structural reinforcement plans have led to improved profitability.

In research and development, we have established the objective of marketing one new product every year. For this year, in May 2009, we marketed the termite control formula TM COUNTER, marking our return to the anti-termite formula business after seven years. Among existing products, the product CHLORPIC-FLOW, a new type of CHLOROPICRIN, has been shown to increase yields of strawberries and other greenhouse produce, and sales of this product grew. The new product HASUMON TENTEKI, a natural predator virus-based insecticide, is gaining attention for its excellent safety, as it can be used even on the day of harvest. In addition, the insecticide SAFROTIN MC is gaining attention because of its effectiveness even against insecticide-resistant cockroaches, and the use of this product increased during the year.



TM COUNTER



CHLORPIC-FLOW

Future Developments

We are developing new products such as agrochemical spreading agents as well as expanding the applications for existing products.

From the beginning of the fiscal year ending May 2010, business is being affected by the global economic recession, and there are signs of slacking demand for agrochemicals. Continued high raw material prices are also contributing to the very difficult business conditions.

The Agrochemicals Division will be developing new products while also working to expand the use of existing products. There is great potential demand for CHLORPIC-FLOW in the field of greenhouse agriculture, where damage of continuous cropping occurs, and we are targeting strawberries, tomatoes, flowers, and other high-profit produce with this product. With the reclassification of DIAZINON 5% granules from nonmedical deleterious substance to ordinary substance, we intend to promote its ease-of-use and increase the amount of this product being applied for insect pest control.

In terms of new products, we are planning to market a new type of spreading agent (NK701) which helps with the even application of agrochemicals. This will be our company's first venture into the agrochemical spreading agent field. We will also actively proceed with the introduction of products developed in cooperation with other companies as well as the acquisition of existing products.

To improve quality and profit performance, we are accelerating the update of facilities at the Kashima Plant. In the future, we will continue to carry out structural improvements, study further cost reductions, and improve our product lineup in order to strengthen our business.

SAFROTIN MC



HASUMON TENTEKI



DIAZINON

