

# Condensed Consolidated Financial Information

(Japanese Standard)  
**for the Fiscal Year  
Ended March 31, 2013**

(April 1, 2012 through March 31, 2013)

Note: The English version of these financial results contains key items only. The English version of the financial statements is provided for reference purposes only and is based on the original Japanese version, which takes precedence. In the event that a difference in interpretation arises, please refer to the original Japanese version.

**SANYO CHEMICAL INDUSTRIES, LTD.**

URL <http://www.sanyo-chemical.co.jp>

## **Cautionary Statement with Respect to Forward-Looking Statement**

This financial information contains forward-looking statements that are based on Sanyo Chemical Group's current plans, strategies and results. These forward-looking statements were formulated by managers based on currently-available information, however actual results may vary significantly depending on the economic environment where Sanyo Chemical Group conduct its business, competitive conditions, changes in the states of product development, relevant laws and regulations, and fluctuations in the currency exchange rate. Moreover, the factors that can affect these forward-looking statements are not limited to those listed here.

The following summary of the business results that Sanyo Chemical Group submitted Tokyo & Osaka Stock Exchange is unaudited and for reference only.

Ticker code: 4471

# 1. Consolidated Financial Highlights

(Figures are rounded down to the nearest million yen)

## 1-1. Results of Operations

(% indicates changes from the previous corresponding term)

	Year ended March 31,			
	2013		2012	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	142,652	1.1%	141,041	3.7%
Operating income	6,186	7.4%	5,762	(40.1%)
Ordinary income	7,266	4.4%	6,958	(33.9%)
Net income	4,179	12.8%	3,704	(28.9%)
Comprehensive income	6,565	50.2%	4,370	(35.3%)

	Year ended March 31,	
	2013	2012
	Yen	Yen
Net income per share	37.89	33.59
Net income per share, diluted	-	-

	Year ended March 31,	
	2013	2012
	%	%
Return on equity	4.7	4.3
Ordinary income to total assets	4.8	4.8
Operating income to net sales	4.3	4.1

(Reference)Equity in earnings of affiliated companies: Year ended March 31, 2013:¥386 million  
Year ended March 31, 2012:¥860 million

## 1-2. Financial Conditions

	Year ended March 31,	
	2013	2012
	Millions of Yen	Millions of Yen
Total assets	155,438	149,196
Net assets	94,279	90,526
Shareholders' equity ratio	58.7%	58.5%
Shareholders' equity	827.72	791.46

(Reference)Equity: Year ended March 31, 2013:¥91,290 million  
Year ended March 31, 2012:¥87,296 million

## 1-3. Cash Flows

	Year ended March 31,	
	2013	2012
	Millions of Yen	Millions of Yen
Net cash provided by (used in) operating activities	13,293	8,872
Net cash provided by (used in) investing activities	(13,413)	(11,473)
Net cash provided by (used in) financing activities	406	42
Cash and cash equivalents at end of period	10,164	9,360

## 2. Cash Dividend

	Year ended March 31,		
	2012	2013	2014 (Forecast)
Cash dividend per share	Yen	Yen	Yen
1Q (as of June 30)	-	-	-
2Q (as of Sept. 30)	7.50	7.50	7.50
3Q (as of Dec. 31)	-	-	-
4Q (as of March 31)	7.50	7.50	7.50
Total	15.00	15.00	15.00

	Year ended March 31,		
	2012	2013	2014 (Forecast)
	Millions of yen	Millions of yen	Millions of yen
Total dividends paid (annual)	1,654	1,654	

	Year ended March 31,		
	2012	2013	2014 (Forecast)
	%	%	%
Payout ratio(consolidated)	44.7	39.6	34.5
Dividends to net assets(consolidated)	1.9	1.9	

## 3. Earnings Forecasts

(% indicates changes from the previous corresponding term)

	Fiscal year ending March 31, 2014			
	First half		Full year	
	Millions of Yen	%	Millions of Yen	%
Net sales	76,000	7.5	155,000	8.7
Operating income	3,100	3.8	7,400	19.6
Ordinary income	3,500	1.3	8,100	11.5
Net income	2,000	4.7	4,900	17.2

	Fiscal year ending March 31, 2014	
	First half	Full year
	Yen	Yen
Net income per share	18.13	44.43

#### 4. Notes

**(1) Significant changes in subsidiaries during the fiscal year ended March 31, 2013 (changes in specific subsidiaries causing a change in the scope of consolidation):** None

**(2) Changes in accounting policies, changes in accounting estimates, and restatements**

- 1) Changes in accounting policies associated with revised accounting standards, etc.: Yes
- 2) Any changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: Yes
- 4) Restatements: None

(Note) Paragraph 7 (changes in accounting policies that are difficult to distinguish from changes in accounting estimates) of Article 14 of Regulations Concerning the Terminology, Forms and Preparation Method of Consolidated Financial Statements has been applied.

**(3) Number of shares issued (common stock)**

1) Total number of shares issued at the end of the period (including treasury stock)	
Year ended March 31, 2013:	117,673,760 shares
Year ended March 31, 2012:	117,673,760 shares
2) Total number of treasury stock at the end of the period	
Year ended March 31, 2013:	7,382,003 shares
Year ended March 31, 2012:	7,375,316 shares
3) Average number of shares during the period	
Year ended March 31, 2013:	110,295,055 shares
Year ended March 31, 2012:	110,301,278 shares

**\*Disclosure of Implementation Status of Review Procedures**

This financial report is not subject to review procedures under Japan's Financial Instruments and Exchange Law.

**\*Explanation of appropriate use of business performance forecasts**

The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on Sanyo Chemical's performance in the future. Therefore, Sanyo Chemical cannot guarantee that it will achieve the results. Actual earnings may differ significantly due to various factors. See Financial Report (attachments) Page 6 "1. Analysis of Results of Operations and Financial Position (1) Analysis of Results of Operations" for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

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## 1. Analysis of Results of Operations and Financial Position

### (1) Analysis of Results of Operations

During the current fiscal year (April 1, 2012 through March 31, 2013), Japan's economy continued to face difficult circumstances following a downturn in overseas economies including a European economic slowdown stemming from the sovereign debt crisis and an increasing slowdown in emerging economies such as China.

In the chemical industry, the business environment remained harsh. In addition to sluggish demand in Japan and abroad, raw material and fuel costs remained high, though volatile, and the exchange rate for the entire fiscal year was largely unchanged from the year-earlier period.

Under these circumstances, net sales in the current fiscal year increased by 1.1% from the previous fiscal year, to ¥142,652 million due to the addition of superabsorbent polymer production facilities in China in fiscal 2011. In terms of profit, Sanyo Chemical Group recorded increases from the previous fiscal year, due to the increase in net sales, cost-reduction measures, and other factors. As a result, operating income was ¥6,186 million (a 7.4% increase from the previous fiscal year), and ordinary income was ¥7,266 million (a 4.4% increase). Net income was ¥4,179 million (a 12.8% increase).

Results by product group (segment) were as follows.

#### Toiletries and Health Care

Sales in the Toiletries segment remained at the same level. Although sales of raw materials such as surfactants for liquid detergents increased steadily, demand for surfactants for hair care products and polyethylene glycol and other products decreased.

Sales in the Health Care segment substantially increased. This was mainly because in June 2011, we built additional superabsorbent polymer production facilities with an annual production capacity of 70,000 tons in China, which have commenced operations in response to increased global demand for superabsorbent polymers used in disposable diapers.

As a result, total net sales in this segment increased by 8.3% from the previous fiscal year, to ¥55,283 million. Operating income was ¥2,879 million (a 4.3% increase).

#### Petroleum and Automotives

In Petroleum and Automotives, although domestic sales of raw materials for polyurethane foams used in automobile seats and other applications substantially increased due to a pick up in Japan's automotive production, overseas sales did not perform well. In addition, sales of lubricating oil additives substantially increased in response to higher demand for fuel-saving engine oils as well as the launch of new products designed for such use.

As a result, total net sales in this segment increased by 0.6% from the previous fiscal year, to ¥ 32,790 million. Operating income was ¥1,102 million (a 152.3% increase).

#### Plastics and Textiles

Sales in the Plastics segment remained at the same level. Sales of paint, coating and other agents increased substantially. However, demand for permanent antistatic agents, which are used in the production of packaging materials for electronic components, continued to be stagnant.

Sales in the Textiles segment substantially decreased, mainly due to lower overseas demand for fiberglass agents, especially from China, and lower demand for carbon fiber agents in the wake of deteriorating market conditions in Europe, in addition to weak demand for polyurethane for use in synthetic leather and elastomer fibers.

As a result, total net sales in this segment decreased by 5.7% from the previous fiscal year, to ¥17,569 million. Operating income was ¥2,004 million (a 12.7% decrease).

## **Information and Electrics/Electronics**

Sales in the Information segment increased steadily. This was mainly because sales of polyester beads as a core component of polymerization toners increased substantially, though demand for pulverized toner resins was weak due to the deterioration of European market conditions.

Sales in the Electrics/Electronics segment substantially decreased. This was because demand for electrolytes for aluminum electrolytic capacitors and silicon wafer processing agents continued to be stagnant.

As a result, total net sales in this segment decreased by 1.9% from the previous fiscal year, to ¥20,113 million. Operating income was ¥492 million (a 30.0% increase), mainly due to the improvement of our product mix.

## **Environmental Protection, Construction and Others**

Sales in the Environmental Protection segment remained at the same level. Although we began full-fledged sales of new products in our mainstay polymer flocculant line, demand for raw materials for polymer flocculants was weak.

Sales in the Construction segment substantially decreased. Although demand was steady for raw materials for building sealants, overseas sales of raw materials for polyurethane foams used in furniture and heat insulating materials were weak.

As a result, total net sales in this segment decreased by 7.5% from the previous fiscal year, to ¥16,896 million. We recorded an operating loss of ¥292 million (compared to an operating loss of ¥111 million in the previous fiscal year).

## **Fiscal Year 2013 Forecast**

Despite positive signs including a correction of the yen's appreciation and a rebound in stock prices, we do not foresee a significant increase in domestic demand and as the global economic future remains uncertain, Japan's economy is expected to continue facing harsh conditions.

For the fiscal year ending March 31, 2014, we forecast at this time net sales of ¥155,000 million, operating income of ¥7,400 million, ordinary income of ¥8,100 million, and net income of ¥4,900 million.

In addition, the above consolidated earnings forecast assumes the price of domestically produced Naphtha at ¥63,000/KL and an exchange rate of ¥92 to US\$1.



## (2) Analysis of Financial Position

Total assets at fiscal year-end (March 31, 2013) increased by ¥6,241 million compared with the previous fiscal year-end to ¥155,438 million. Current assets increased by ¥3,000 million from the previous fiscal year-end to ¥73,870 million. This increase was mainly due to a ¥804 million increase in cash and deposits, a ¥599 million increase in notes and accounts receivable-trade, a ¥1,723 million increase in inventories, and other factors. Fixed assets increased by ¥3,241 million from the previous fiscal year-end to ¥81,567 million, mainly due to a ¥1,764 million increase in property, plant and equipment and the recording of ¥1,335 million in goodwill due to the purchase of additional subsidiary stock.

Current liabilities increased by ¥3,636 million from the previous fiscal year-end to ¥50,491 million, mainly due to a ¥4,662 million increase in short-term loans following the purchase of additional subsidiary stock. Long-term liabilities decreased by ¥1,148 million from the previous fiscal year-end to ¥10,666 million, due to a ¥890 million decrease in long-term debt and other factors.

Net assets at fiscal year-end (March 31, 2013) increased by ¥3,753 million compared with the previous fiscal year-end to ¥94,279 million. This increase was mainly attributable to inflows such as net income of ¥4,179 million and other factors, which outweighed outflows including ¥1,654 million in cash dividends paid. The shareholder's equity ratio (net assets after deduction of minority interest to total assets) increased by 0.2 percentage points to 58.7% from 58.5% at the previous fiscal year-end. Net assets per share (after deduction of minority interest) also increased by ¥36.26 to ¥827.72 from ¥791.46 as of the end of the previous fiscal year.

	Millions of Yen		
	As of March 31, 2012	As of March 31, 2013	Change
Net cash provided by (used in) operating activities	8,872	13,293	4,420
Net cash provided by (used in) investing activities	(11,473)	(13,413)	(1,940)
Net cash provided by (used in) financing activities	42	406	363
Effects of exchange rate changes on cash and cash equivalents	(125)	252	378
Changes in cash and cash equivalents	(2,683)	538	3,221
Increase in cash and cash equivalents from newly consolidated subsidiary	-	265	265
Cash and cash equivalents at end of period	9,360	10,164	804

At the end of the current fiscal year, cash and cash equivalents ("Cash") were ¥10,164 million, an increase of ¥804 million compared to the previous fiscal year-end.

The cash flow movements during the period and the factors influencing them were as follows:

### Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥13,293 million (compared to ¥8,872 million in net cash provided during the previous fiscal year). This result was mainly due to the increase in cash from income before income taxes and minority interests of ¥6,773 million, and depreciation and amortization of ¥9,205 million, which outweighed the outflow from the increase in inventories of ¥1,241 million, the decrease in notes and accounts payable-trade of ¥786 million, and income tax payments of ¥874 million.

### Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥13,413 million (compared to ¥11,473 million in net cash used during the previous fiscal year). This was mainly due to the purchase of fixed assets totaling ¥11,072 million and the purchase of subsidiary stock and other items in the amount of ¥2,105 million.

### Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥406 million (compared to ¥42 million during the previous fiscal year). This result was mainly due to the (net) increase in cash of ¥2,652 million due to debt payable, which more than offset cash outlays of ¥1,653 million in cash dividends paid.

Trends in Sanyo Chemical Group's cash flow indicators are as follows.

	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013
Equity ratio (%)	61.7	59.3	60.6	58.5	58.7
Equity ratio on a market value basis (%)	41.1	45.0	55.7	40.8	36.4
Cash flows/interest-bearing debt ratio (years)	2.4	0.8	1.2	1.7	1.4
Interest coverage ratio (times)	25.6	82.1	68.9	33.0	38.1

Equity ratio:  $\text{Equity} / \text{Total assets}$

Equity ratio on a market value basis:  $\text{Market capitalization} / \text{Total assets}$

Cash flows / interest-bearing debt ratio:  $\text{Interest-bearing debt} / \text{Cash flows}$

Interest coverage ratio:  $\text{Cash flows} / \text{Interest payment}$

\* All indicators are calculated based on consolidated financial statements.

\* Market capitalization is  $(\text{Closing price at period end}) \times (\text{Number of outstanding shares at period end [less own shares]})$ .

\* Net cash provided by operating activities is as reported on the consolidated statements of cash flows. Interest payments are reported under interest expenses paid on the consolidated statements of cash flow.

### **(3) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next**

We regard increasing returns to shareholders while attempting to reinforce the corporate base for the future through an improvement in Sanyo Chemical Group's profitability as an important management responsibility. Our fundamental policy is to maintain stable dividends, targeting a payout ratio of 30% or higher. Moreover, we intend to use internal reserves for investments that lead to future growth. We plan to pay an annual dividend of ¥15.00 per share in fiscal 2012, which includes an interim dividend of ¥7.50.

In addition, we forecast an interim and year-end dividend in fiscal 2013 of ¥7.50 each, for an annual dividend of ¥15.00 per share.

## 2. Management Policy

### (1) Basic Management Policy of the Company

Guided by our Company Motto of *Let us contribute to building a better society through our corporate activities*, our management policy is to strive to achieve dynamic growth by constantly taking on challenges through the pursuit of individual-based management so that we remain a valuable company to our shareholders, customers, business partners, employees, and society.

Based on this policy, Sanyo Chemical Group believes that it must turn itself into a company that is attractive to all of its stakeholders including shareholders and investors. Therefore, it has focused on the research and development of original, high-value-added products and the aggressive pursuit of business activities through perfection in safety and harmony with the environment.

### (2) Key Performance Indicators and the Company's Medium- to Long-Term Management Strategy

To become a truly unique and excellent corporate group that operates on a global scale, Sanyo Chemical Group has established the long-term goal of growing into a major corporation both in name and substance and is aiming to achieve consolidated net sales of ¥300 billion and operating income of ¥30 billion by FY2020. The Eighth Medium-Term Management Plan (period: FY2011 to FY2014) is positioned as an important stepping stone toward these goals, and under the slogan "Challenge 2000 & 200" we will endeavor to secure consolidated net sales of ¥200 billion or higher, operating income of ¥20 billion or higher, and return on assets (ROA\*) of 12% or higher by FY2014, the final fiscal year of the plan. In order to achieve these targets, all Group companies work together to promote globalization, develop and expand sales of Strategically Developed Products\*\*, and train personnel. Although our medium- to long-term management strategy remains unchanged, in light of major changes in the business environment we wish to set new numerical targets when we formulate the Ninth Medium-term Management Plan, which starts in fiscal 2015.

\* In the Eighth Medium-Term Management Plan, return on assets (ROA) is calculated based on operating income to total asset.

\*\* Refers to the products developed and those that are being developed on a priority basis so as to improve profitability and expand business.

### (3) Issues to be Addressed

Despite positive signs including a correction of the yen's appreciation and a rebound in stock prices, we do not foresee a significant increase in domestic demand, and as the global economic future remains uncertain, Japan's economy is expected to continue facing harsh conditions.

Sanyo Chemical Group will take this situation fully into account, and will steadily implement the following main policies and measures, drastically reform our business structure, and reinforce our foundation in order to recover profitability and achieve earnings growth.

1. Select product and technical development items and concentrate our strengths
2. Enhance production innovation continuously
3. Promote globalization
4. Strengthen Group management

We will enhance management's governance functions, which we view as one of our top-priority management issues, and focus on achieving strict compliance and improving the internal control system.

### (4) Other Material Matters

San-Dia Polymers, Ltd. which manufactures and sells superabsorbent polymers was a joint-venture comprised of 60% equity participation by Sanyo Chemical and 40% by Mitsubishi Chemical Corporation. We terminated the joint-venture contract and started a new joint-venture company in partnership with Toyota Tsusho Corporation. In March 2013, Sanyo Chemical completed its acquisition of the 10% stake of the 40% stake held by Mitsubishi Chemical Corporation, thereby raising its shareholding from 60% to 70%. Toyota Tsusho Corporation plans to conclude its remaining 30% of the stock transfer as early as possible after taking the needed steps to address competition laws in Japan and abroad.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	Millions of Yen	
	FY2011	FY2012
<b>Assets</b>		
Current assets		
Cash and deposits	9,360	10,164
Notes and accounts receivable–trade	42,567	43,166
Merchandise and finished goods	8,513	10,456
Semi–finished goods	4,089	3,265
Work in process	516	492
Raw materials and supplies	3,965	4,594
Deferred tax assets	1,021	1,147
Other	871	616
Allowance for doubtful accounts	(36)	(33)
Total current assets	70,869	73,870
Fixed assets		
Property, plant and equipment		
Buildings and structures	36,418	37,925
Accumulated depreciation	(20,499)	(21,720)
Buildings and structures, net	15,919	16,205
Machinery and vehicles	113,854	122,028
Accumulated depreciation	(89,587)	(96,345)
Machinery, equipment and vehicles, net	24,267	25,683
Land	8,469	8,618
Construction in progress	4,534	4,302
Other	11,033	11,359
Accumulated depreciation	(9,780)	(9,960)
Other, net	1,252	1,398
Total property, plant and equipment	54,443	56,208
Intangible assets		
Software	655	852
Goodwill	—	1,335
Other	384	407
Total intangible assets	1,039	2,595
Investments and other assets		
Investment securities	21,436	21,196
Long–term loans receivable	3	2
Deferred tax assets	304	303
Other	1,145	1,298
Allowance for doubtful accounts	(45)	(36)
Total investments and other assets	22,843	22,764
Total fixed assets	78,326	81,567
Total assets	149,196	155,438

	Millions of Yen	
	FY2011	FY2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	27,515	27,567
Short-term loans	4,911	9,573
Current portion of long-term debt	3,398	3,038
Accrued expenses	3,141	2,900
Income taxes payable	330	945
Provision for bonuses	1,177	1,456
Provision for directors' and corporate auditors' bonuses	60	65
Notes payable-facilities	2,810	2,036
Other	3,511	2,908
Total current liabilities	46,854	50,491
Long-term liabilities		
Long-term debt	6,927	6,037
Deferred tax liabilities	367	762
Provision for retirement benefits	2,953	2,392
Provision for directors' and corporate auditors' retirement benefits	630	519
Other	936	955
Total long term liabilities	11,815	10,666
Total liabilities	58,670	61,158
<b>Net assets</b>		
Shareholders' equity		
Common stock	13,051	13,051
Capital surplus	12,194	12,194
Retained earnings	64,623	67,148
Treasury stock	(5,698)	(5,701)
Total shareholders' equity	84,170	86,691
Accumulated other comprehensive income		
Unrealized gains on other securities	5,329	5,730
Foreign currency translation adjustment	(2,203)	(1,131)
Total accumulated other comprehensive income	3,126	4,598
Minority interests	3,229	2,989
Total net assets	90,526	94,279
<b>Total liabilities and net assets</b>	<b>149,196</b>	<b>155,438</b>

**(2) Consolidated Statements of Income and Comprehensive Income**  
**(2)-(1) Consolidated Statements of Income**

	Millions of Yen	
	FY2011	FY2012
Net sales	141,041	142,652
Cost of sales	116,877	118,358
Gross profit	24,164	24,294
Selling, general and administrative expenses		
Freight and storage charges	5,271	5,224
Salaries and compensations	2,867	2,982
Employees' bonuses	828	877
Retirement benefit expenses	340	319
Welfare expenses	871	878
Depreciation	301	296
Research and development expenses	4,671	4,511
Other	3,250	3,016
Total selling, general and administrative expenses	18,401	18,107
Operating income	5,762	6,186
Non-operating income		
Interest income	73	47
Dividends income	379	529
Real estate rent	337	325
Equity in earnings of unconsolidated subsidiaries and affiliates	860	386
Foreign exchange gains	—	442
Other	184	225
Total non-operating income	1,836	1,957
Non-operating expenses		
Interest expenses	274	354
Rent cost of real estate	93	82
Loss on disposal of inventories	157	358
Foreign exchange losses	31	—
Other	83	82
Total non-operating expenses	640	877
Ordinary income	6,958	7,266

	Millions of Yen	
	FY2011	FY2012
Extraordinary income		
Gain on sales of investment securities	0	76
Gain on sales of fixed assets	2	11
Insurance income	63	63
Subsidy income	155	—
Total extraordinary income	220	151
Extraordinary loss		
Loss on sales of fixed assets	2	1
Loss on disposal of fixed assets	417	611
Impairment loss	41	—
Provision of allowance for doubtful accounts	1	—
Loss on valuation of investment securities	2	20
Loss on valuation of other investments	1	10
Total extraordinary losses	467	643
Income before income taxes and minority interests	6,711	6,773
Income taxes—current	1,566	1,799
Income taxes—deferred	743	210
Total income taxes	2,309	2,010
Income before minority interests	4,401	4,763
Minority interests	696	583
Net income	3,704	4,179

**(2)- (2) Consolidated Statements of Comprehensive Income**

	Millions of Yen	
	FY2011	FY2012
Income before minority interests	4,401	4,763
Other comprehensive income		
Unrealized gains on other securities	193	400
Foreign currency translation adjustment	(223)	1,401
Total other comprehensive income	(30)	1,802
Comprehensive income	4,370	6,565
Comprehensive income attributable to:		
Shareholders of the Company	3,680	5,651
Minority interests	690	913



### (3) Consolidated Statements of Changes in Net Assets

	Millions of Yen	
	FY2011	FY2012
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	13,051	13,051
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	13,051	13,051
Capital surplus		
Balance at the beginning of current period	12,194	12,194
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	12,194	12,194
Retained earnings		
Balance at the beginning of current period	62,571	64,623
Changes of items during the period		
Dividends from surplus	(1,654)	(1,654)
Net income	3,704	4,179
Other	1	—
Total changes of items during the period	2,051	2,524
Balance at the end of current period	64,623	67,148
Treasury stock		
Balance at the beginning of current period	(5,694)	(5,698)
Changes of items during the period		
Purchase of treasury stock	(3)	(3)
Total changes of items during the period	(3)	(3)
Balance at the end of current period	(5,698)	(5,701)
Total shareholders' equity		
Balance at the beginning of current period	82,122	84,170
Changes of items during the period		
Dividends from surplus	(1,654)	(1,654)
Net income	3,704	4,179
Purchase of treasury stock	(3)	(3)
Other	1	—
Total changes of items during the period	2,047	2,521
Balance at the end of current period	84,170	86,691

	Millions of Yen	
	FY2011	FY2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	5,136	5,329
Changes of items during the period		
Net changes of items other than shareholders' equity	193	400
Total changes of items during the period	193	400
Balance at the end of current period	5,329	5,730
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,986)	(2,203)
Changes of items during the period		
Net changes of items other than shareholders' equity	(216)	1,072
Total changes of items during the period	(216)	1,072
Balance at the end of current period	(2,203)	(1,131)
Total accumulated other comprehensive income		
Accumulated other comprehensive income	3,149	3,126
Changes of items during the period		
Net changes of items other than shareholders' equity	(23)	1,472
Total changes of items during the period	(23)	1,472
Accumulated other comprehensive income	3,126	4,598
Minority interests		
Balance at the beginning of current period	3,119	3,229
Changes of items during the period		
Net changes of items other than shareholders' equity	110	(240)
Total changes of items during the period	110	(240)
Balance at the end of current period	3,229	2,989
Total net assets		
Balance at the beginning of current period	88,392	90,526
Changes of items during the period		
Dividends from surplus	(1,654)	(1,654)
Net income	3,704	4,179
Purchase of treasury stock	(3)	(3)
Other	1	—
Net changes of items other than shareholders' equity	86	1,232
Total changes of items during the period	2,134	3,753
Balance at the end of current period	90,526	94,279

#### (4) Consolidated Statements of Cash Flows

	Millions of Yen	
	FY2011	FY2012
Operating activities		
Income before income taxes and minority interests	6,711	6,773
Depreciation and amortization	9,528	9,205
Loss on disposal of fixed assets	417	611
Impairment loss	41	—
Increase (decrease) in allowance for doubtful accounts	6	(11)
Increase (decrease) in provision for bonuses	(428)	258
Increase (decrease) in provision for retirement benefits	(587)	(640)
(Decrease) increase in provision for directors' and corporate auditors' retirement benefits	(115)	(111)
(Decrease) increase in provision for directors' and corporate auditors' bonuses	(28)	5
Interest and dividends income	(453)	(577)
Interest expenses	274	354
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(860)	(386)
Loss (gain) on valuation of investment securities	2	20
Other operating income	(740)	(762)
Other operating expenses	208	176
Loss (gain) on sales of property, plant and equipment	0	(10)
Loss (gain) on sales of investment securities	(0)	(76)
Decrease (increase) in notes and accounts receivable—trade	(6,500)	11
Decrease (increase) in inventories	(2,165)	(1,241)
Decrease (increase) in other assets	240	3
Increase (decrease) in notes and accounts payable—trade	5,338	(786)
Increase (decrease) in accrued consumption taxes	(186)	154
Decrease (increase) in consumption taxes refund receivable	20	14
Increase (decrease) in other liabilities	170	49
Subtotal	10,896	13,032
Interest and dividends income received	1,129	1,538
Interest expenses paid	(268)	(348)
Proceeds from other non—operating activities	740	602
Payment for other non—operating activities	(470)	(656)
Income taxes paid	(3,154)	(874)
Net cash provided by operating activities	8,872	13,293

	Millions of Yen	
	FY2011	FY2012
<b>Investing activities</b>		
Payments into time deposits	(12)	—
Proceeds from withdrawal of time deposits	12	—
Proceeds from redemption of securities	—	50
Purchase of fixed assets	(11,095)	(11,072)
Proceeds from sale of fixed assets	37	55
Purchase of investment securities	(31)	(7)
Proceeds from sales of investment securities	0	134
Purchase of investments in subsidiaries and others	—	(2,105)
Increase in long-term loans receivable	(1)	(66)
Collection of loans receivable	1	3
Payment for other investment activities	(492)	(456)
Proceeds from other investment activities	108	50
Net cash used in investing activities	(11,473)	(13,413)
<b>Financing activities</b>		
Net increase (decrease) in short-term loans payable	1,719	3,950
Proceeds from long-term loans payable	3,723	2,098
Repayment of long-term debt	(3,162)	(3,397)
Purchase of treasury stock	(3)	(3)
Cash dividends paid by parent company	(1,653)	(1,653)
Cash dividends paid to minority shareholders	(580)	(589)
Net cash used in financing activities	42	406
Effect of exchange rate changes on cash and cash equivalents	(125)	252
Net increase (decrease) in cash and cash equivalents	(2,683)	538
Cash and cash equivalents at beginning of period	12,044	9,360
Increase in cash and cash equivalents from newly consolidated subsidiary	—	265
Cash and cash equivalents at end of period	9,360	10,164

**(5) Notes to Consolidated Financial Statements****(Notes to Going Concern Assumptions)**

None

**(6) Segment Information****Information regarding sales, operating income or loss, assets, liabilities and other items by Reporting Segment**

[Previous Consolidated Fiscal Year (April 1, 2011 through March 31, 2012)]

(Millions of yen)

	Reporting Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Auto-motives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	51,054	32,589	18,624	20,504	18,269	141,041	—	141,041
Intersegment sales/transfers	—	—	28	—	211	239	(239)	—
Subtotal	51,054	32,589	18,653	20,504	18,480	141,281	(239)	141,041
Segment income (loss)	2,761	437	2,296	378	(111)	5,762	—	5,762
Segment assets	33,722	27,500	19,580	23,299	15,957	120,060	29,135	149,196
Other items								
Depreciation	2,194	2,460	1,467	2,082	1,293	9,498	—	9,498
Amortization of goodwill	—	—	—	—	—	—	—	—
Investments in unconsolidated subsidiaries and affiliates accounted for by the equity method	—	—	3,444	—	1,052	4,497	—	4,497
Increase in Tangible and Intangible Fixed assets	2,801	3,324	1,995	3,209	1,468	12,799	—	12,799

[Current Consolidated Fiscal Year (April 1, 2012 through March 31, 2013)]

(Millions of yen)

	Reporting Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Auto-motives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	55,283	32,790	17,569	20,113	16,896	142,652	—	142,652
Intersegment sales/transfers	—	—	26	—	379	406	(406)	—
Subtotal	55,283	32,790	17,595	20,113	17,275	143,059	(406)	142,652
Segment income (loss)	2,879	1,102	2,004	492	(292)	6,186	—	6,186
Segment assets	37,936	26,421	19,658	24,453	15,115	123,585	31,852	155,438
Other items								
Depreciation	2,441	2,420	1,365	1,882	1,071	9,182	—	9,182
Amortization of goodwill	—	—	—	—	—	—	—	—
Investments in unconsolidated subsidiaries and affiliates accounted for by the equity method	—	—	3,261	—	515	3,776	—	3,776
Increase in Tangible and Intangible Fixed assets	1,622	2,818	1,445	3,161	851	9,899	—	9,899

<Reference>

[Information by Geographic Segment]

[Previous Consolidated Fiscal Year (April 1, 2011 through March 31, 2012)]

(Millions of yen)

	Japan	USA	China	Other	Total
I. Net sales and operating profit and loss					
Net sales					
(1) Sales to third parties	121,610	3,810	13,353	2,268	141,041
(2) Inter-segment sales/transfers	4,236	58	957	2	5,255
Subtotal	125,846	3,868	14,310	2,271	146,297
Operating expense	120,859	4,081	13,531	2,162	140,634
Operating income (loss)	4,986	(212)	779	108	5,662
II. Assets	144,389	4,028	12,095	1,749	162,264

	Elimination or Common Assets	Consolidated Total
I. Net sales and operating profit and loss		
Net sales		
(1) Sales to third parties	—	141,041
(2) Inter-segment sales/transfers	(5,255)	—
Subtotal	(5,255)	141,041
Operating expense	(5,355)	135,279
Operating income (loss)	100	5,762
II. Assets	(13,067)	149,196

[Current Consolidated Fiscal Year (April 1, 2012 through March 31, 2013)]

(Millions of yen)

	Japan	USA	China	Other	Total
I. Net sales and operating profit and loss					
Net sales					
(1) Sales to third parties	117,622	3,718	18,572	2,739	142,652
(2) Inter-segment sales/transfers	4,274	12	1,113	1	5,402
Subtotal	121,897	3,731	19,685	2,741	148,055
Operating expense	116,202	3,964	19,222	2,611	142,001
Operating income (loss)	5,694	(232)	462	129	6,053
II. Assets	147,081	4,367	18,018	2,407	171,873

	Elimination or Common Assets	Consolidated Total
I. Net sales and operating profit and loss		
Net sales		
(1) Sales to third parties	—	142,652
(2) Inter-segment sales/transfers	(5,402)	—
Subtotal	(5,402)	142,652
Operating expense	(5,535)	136,466
Operating income (loss)	132	6,186
II. Assets	(16,435)	155,438

**[Overseas Sales]**

[Previous Consolidated Fiscal Year (April 1, 2011 through March 31, 2012)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	30,224	(17,150)	9,373	8,937	48,534
II. Consolidated net sales	—	—	—	—	141,041
III. Percentage of overseas sales to consolidated sales (%)	21.4	(12.2)	6.6	6.4	34.4

[Current Consolidated Fiscal Year (April 1, 2012 through March 31, 2013)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	30,715	(18,124)	10,127	7,956	48,799
II. Consolidated net sales	—	—	—	—	142,652
III. Percentage of overseas sales to consolidated sales (%)	21.5	(12.7)	7.1	5.6	34.2

## Notes:

1. The term “overseas sales” refers to sales of the parent company and its consolidated subsidiaries registered in countries and regions outside Japan.
2. Areas included in each country or region are determined based on their degree of proximity.
3. Main countries or regions included in each geographic segment
  - (1) Asia: Korea, China, Indonesia, India, and Thailand
  - (2) Americas: USA, Mexico, and Brazil
  - (3) Other: Australia, Europe, Russia, and the Middle East



## 4. Supplementary Information

### 1. Trend of Each Quarter Consolidated Results

Previous Fiscal Year

(Millions of yen)

	FY 2011				
	1Q	2Q	3Q	4Q	Total
	April 2011 through June 2011	July 2011 through Sept. 2011	Oct. 2011 through Dec. 2011	Jan. 2012 through March 2012	April 2011 through March 2012
Net sales	35,379	35,651	34,850	35,159	141,041
Operating income	2,335	1,039	1,425	961	5,762
Ordinary income	2,890	1,301	1,858	907	6,958
Net income	1,508	960	1,054	180	3,704
Comprehensive income	1,841	172	362	1,994	4,370

Current Fiscal Year

(Millions of yen)

	FY 2012				
	1Q	2Q	3Q	4Q	Total
	April 2012 through June 2012	July 2012 through Sept. 2012	Oct. 2012 through Dec. 2012	Jan. 2013 through March 2013	April 2012 through March 2013
Net sales	35,929	34,751	35,422	36,548	142,652
Operating income	1,635	1,350	1,642	1,557	6,186
Ordinary income	2,245	1,210	1,975	1,833	7,266
Net income	1,171	739	1,363	905	4,179
Comprehensive income	949	(338)	2,307	3,646	6,565

### 2. Investment in plant and equipment

(Millions of yen)

	Consolidated	Unconsolidated
FY2012	9,899	7,469
FY2011	12,799	9,663

### 3. Depreciation and amortization

(Millions of yen)

	Consolidated	Unconsolidated
FY2012	9,182	6,913
FY2011	9,498	7,439

### 4. Research and development cost

(Millions of yen)

	Consolidated	Unconsolidated
FY2012	4,511	3,874
FY2011	4,671	4,017

### 5. Number of Employees

(Millions of yen)

	Consolidated	Unconsolidated
FY2012	1,865	1,246
FY2011	1,776	1,236