

Condensed Consolidated Financial Information

(Japanese Standard)
**for the Three Months
Ended June 30, 2016**

(April 1, 2016 through June 30, 2016)

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 Stock Exchange is unaudited and for reference only.

Ticker code: 4471

Consolidated Financial Highlights

1-1. Results of Operations

	Three months ended June 30,			
	2016		2015	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	37,141	(6.0%)	39,500	(3.2%)
Operating income	3,987	24.9%	3,192	63.7%
Ordinary income	3,810	6.4%	3,579	59.0%
Profit attributable to owners of parent	2,550	17.5%	2,171	59.7%
Comprehensive income	(2,048)	-	2,253	25.8%

	Three months ended June 30,	
	2016	2015
	Yen	Yen
Net income per share	23.14	19.69
Net income per share, diluted	-	-

1-2. Financial Conditions

	As of June 30,	As of March 31,
	2016	2016
	Millions of Yen	Millions of Yen
Total assets	168,940	175,321
Net assets	115,563	118,284
Shareholders' equity ratio	65.1%	63.9%
Shareholders' equity	109,981	112,019

2. Cash Dividend

	Year ended March 31,		
	2016	2017	2017 (Forecast)
	Yen	Yen	Yen
Cash dividend per share			
1Q (as of June 30)	-	-	-
2Q (as of Sept. 30)	8.00	-	9.00
3Q (as of Dec. 31)	-	-	-
4Q (as of March 31)	9.00	-	45.00
Total	17.00	-	-

[Note] Revision of the latest forecasts of cash dividends announced: None

*As the Company is scheduled to conduct a reverse stock split at a ratio of one share for every five shares effective October 1, 2016, figures for the dividends per share for FY 2016 (forecast) are amounts that take into account the reverse stock split, and total annual dividends are shown as "-." Year-end dividends per share for FY 2016 (forecast) without taking into account the reverse stock split are 9 yen, and annual dividends per share are 18 yen. For details, please see "Appropriate use of business forecasts; other special items."

3. Earnings Forecasts

	Six months ended Sept. 30,		Year ended March 31,	
	2016		2017	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	76,000	(3.1%)	158,000	0.0%
Operating income	6,600	9.6%	13,800	10.5%
Ordinary income	7,000	7.2%	14,500	9.1%
Net income	4,700	30.6%	9,700	40.0%

	Six months ended Sept. 30,		Year ended March 31,	
	2016		2017	
	Yen		Yen	
Net income per share	42.63		439.91	

[Note] Revisions of the latest forecasts for consolidated operating results announced: None

*Concerning net income per share of the Consolidated Financial Forecasts (Full year) for FY 2016, the effects of the reverse stock split are taken into account. Net income per share of the Consolidated Financial Forecasts (Full year) for FY 2016 without taking into account the reverse stock split is 87.98 yen. For details, please see "Appropriate use of business forecasts; other special items."

Notes:

1. Amounts are rounded down to the nearest million.
2. The percentage change is year-on-year change compared with the same period of the previous fiscal year.
3. The computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period.

4. Notes

(1) Significant changes in subsidiaries during the period under review (changes in specific subsidiaries causing a change in the scope of consolidation): None

(2) Application of special accounting methods for the preparation of consolidated quarterly financial statements: Yes

(Note) See Page 8, "2. Matters related to Summary Information (Notes), (2) Application of special accounting methods for the preparation of consolidated quarterly financial statements" for more information.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

- a. Changes in accounting policies associated with revised accounting standards, etc.: None
- b. Changes in accounting policies other than a. above: Yes
- c. Changes in accounting estimates: Yes
- d. Restatements: None

(Note) Sanyo Chemical and its Japanese consolidated subsidiaries changed the method for depreciation of property, plant and equipment from the first three months of this consolidated fiscal year. And it is applicable for "Change in accounting policy that is difficult to distinguish from change in accounting estimate". See Page 8, "2. Matters related to Summary Information (Notes), (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements" for more information.

(4) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury shares)	
End of three months (June 30, 2016):	117,673,760 shares
End of previous period (March 31, 2016):	117,673,760 shares
b. Treasury shares at the end of the period	
End of three months (June 30, 2016):	7,426,002 shares
End of previous period (March 31, 2016):	7,424,755 shares
c. Average number of shares (cumulative for the quarter)	
Reporting three months (ended June 30, 2016):	110,248,256 shares
Previous three months (ended June 30, 2015):	110,261,249 shares

***Disclosure of Implementation Status of Quarterly Review Procedures**

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

*** Appropriate Use of Business Forecasts; Other Special Items**

1. 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 Quarterly Financial Report (attachments) Page 7, "1. Qualitative Information Concerning Quarterly Business Performance for the Three Months Ended June 30, 2014, (3) Qualitative Information Concerning Future Forecast such as Consolidated Earnings Forecasts" for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

2. The Company is scheduled to conduct a reverse stock split at a ratio of one share for every five shares effective October 1, 2016, as the shareholders resolved to approve a reverse stock split at the 92nd Ordinary General Meeting of Shareholders held on June 17, 2016. Additionally, dividend forecasts and Consolidated Financial Forecasts for FY 2016 without taking into account the reverse stock split are as follows.

(1) Dividend Forecasts for FY 2016

Dividends per share

End of 2Q 9 yen

Year-end 9 yen

(2) Consolidated Financial Forecasts for FY 2016

Earnings per share

First half (cumulative) 42.63 yen

Full year 87.98 yen

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1. Analysis of Results of Operations and Financial Position

(1) Qualitative Information Concerning Consolidated Business Results

During the first three months (April 1, 2016 through June 30, 2016) of the current fiscal year, the Japanese economy couldn't completely break free of the economy leveling off because of stagnations in capacity investment and private consumption, and weakness in export due to overseas economic slowdown and yen appreciation. In addition, the unclear outlook for the circumstance surrounding Japan increases such as confusion in financial market due to the UK's leaving the EU and a slowdown of economic expansion in emerging countries including China, despite a continued moderate economic recovery in the United States.

In the chemical industry, business environment grows increasingly severe, because a continuing decline in raw material costs seemed to have bottomed out and the yen is getting stronger.

Under these circumstances, net sales in the first three months of current fiscal year decreased by 6.0% from the same period of the previous fiscal year, to ¥37,141 million mainly by appropriate sales price in each segment to respond to a fall in raw material costs. In terms of profit, however, Sanyo Chemical Group increased from the same period of the previous fiscal year because of a fall in raw material costs, sales increases and other factors. As a result, operating income was ¥3,987 million (a 24.9% increase from the same period of the previous fiscal year), and ordinary income was ¥3,810 million (a 6.4% increase). Profit attributable to owners of parent was ¥2,550 million (a 17.5% increase).

1) Business Performance

(Millions of yen)

	1Q of FY 2015	1Q of FY 2016	Changed amount		FY 2015
			(Amount)	(Ratio)	
Net sales	39,500	37,141	(2,359)	(6.0%)	157,992
Operating income	3,192	3,987	795	24.9%	12,486
Ordinary income	3,579	3,810	230	6.4%	13,294
Profit attributable to owners of parent	2,171	2,550	379	17.5%	6,926
Net income per share	¥19.69	¥23.14	¥3.45	17.5%	62.83
ROA (Return on assets*)	8.0%	8.9%	-	0.9point	7.5%
ROE (Return on equity)	7.7%	9.2%	-	1.5point	6.2%
Currency exchange(\$, CNY)	\$=¥119.16 CNY=¥19.08	\$=¥108.17 CNY=¥16.53		(¥10.99) (¥2.55)	\$=¥121.11 CNY=¥19.22
Naphtha price	¥48,800/kl	¥31,800/kl		(¥17,000/kl)	¥42,700/kl

*ROA (Return on assets) is calculated based on ordinary income.

2) Business Performance by Segment

(Millions of yen)

	1Q of FY2015		1Q of FY2016		Changed amount		FY2015	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Toiletries and Health Care	14,859	1,395	13,196	1,302	(1,663)	(92)	60,089	5,254
Petroleum and Automotives	9,670	439	8,711	332	(959)	(106)	38,344	1,625
Plastics and Textiles	5,351	743	5,409	1,089	57	346	21,233	3,103
Information and Electrics/Electronics	4,943	423	5,740	996	796	572	19,702	1,739
Environmental Protection, Construction and Others	4,675	191	4,084	267	(591)	75	18,622	762

Toiletries and Health Care

Sales in the Toiletries segment remained unchanged mainly because demand for some surfactants used for liquid laundry detergents decreased, though sales for hair care products and household detergents increased steadily.

In Health Care segment, sales were weak mainly due to appropriate sales price to respond to a fall in raw materials costs, though domestic and overseas demand for superabsorbent polymers remained steadily.

As a result, total net sales in this segment decreased by 11.2% from the same period of the previous fiscal year, to ¥13,196 million. Operating income was ¥1,302 million (a 6.6% decrease).

Petroleum and Automotives

In Petroleum and Automotives segment, sales were weak. This was mainly due to price revision to respond to a fall in cost of raw materials for polyurethane foams used in automobile seats and other applications, and lubricating oil additives, despite sales expansion of new products of thermoplastic polyurethane beads for the interior parts of automobiles.

As a result, total net sales in this segment decreased by 9.9% from the previous fiscal year, to ¥8,711 million. Operating income was ¥332 million (a 24.3% decrease).

Plastics and Textiles

In Plastics segment, sales were flat because of sales increases of resin modifiers, despite stagnant sales of permanent antistatic agents used for the transport tray in the production of electronic components

The Textiles segment was flat in sales mainly due to weak sales of polyurethane resins used for synthetic leather and elastomer fiber, though sales of fiberglass agents increased mainly overseas and sales of agents used in textile manufacturing processes for seat belt and tire cord yarns showed recovery trend in Chinese market.

As a result, total net sales in this segment increased by 1.1% from the same period of the previous fiscal year, to ¥5,409 million. Operating income was ¥1,089 million (a 49.6% increase) due to improvement of product mix.

Information and Electrics/Electronics

Sales in the Information segment increased substantially. This was mainly because of temporary increases of demand for polyester beads as a core component of polymerization toners and successful launch of their new products.

Sales in the Electrics/Electronics segment increased substantially. This was mainly because of recovery trend of demand for pressure-sensitive adhesives used for electronic components, though demand for electrolytes for aluminum electrolytic capacitors decreased temporarily.

As a result, total net sales in this segment increased by 16.1% from the same period of the previous fiscal year, to ¥5,740 million. Operating income was ¥996 million (a 135.2% increase) mainly due to improvement of product mix in addition to increased revenue.

Environmental Protection, Construction and Others

Sales in the Environmental Protection segment were weak because the market of polymer flocculants remained weak and cationic monomers of polymer flocculant materials decreased in sales.

Sales of Construction segment decreased substantially. This was mainly because of weak sales of raw materials of polyurethane foams used in furniture and heat insulating materials, and raw materials of building sealants.

As a result, total net sales in this segment decreased by 12.6% from the same period of the previous fiscal year, to ¥4,084 million. However, operating income was ¥267 million (a 39.6% increase) due to improvement of product mix.

(2) Analysis of Financial Position

The Group's financial position at the end of this first three-month period was as follows:

Total assets decreased by ¥6,380 million compared to the previous consolidated fiscal year end, amounting to ¥168,940 million.

Net assets decreased by ¥2,721 million from the previous consolidated fiscal year end, to ¥115,563 million. Our shareholder's equity ratio increased by 1.2 percentage point from the previous consolidated fiscal year end, to 65.1%.

Cash and cash equivalents ("Cash") as of the end of this first three months of the current consolidated fiscal year amounted to ¥17,636 million. This marked a decrease of ¥1,686 million compared to the end of the previous consolidated fiscal year (cash decreased by ¥701 million during the same period of the previous fiscal year).

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 ¥3,467 million (¥4,685 million in net cash provided during the same period of the previous fiscal year). This result was mainly due to the cash inflow from income before income taxes and minority interests of ¥3,681 million, depreciation and amortization of ¥1,770 million, which outweighed the outflow from the decrease in income taxes paid of ¥1,531 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥2,711 million (¥2,001 million in net cash used during the same period of the previous fiscal year). This result was mainly due to cash outlays of ¥2,681 million for fixed assets.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥829 million (¥3,386 million in net cash used during the same period of the previous fiscal year). This result was mainly due to cash outlays of ¥979 million in cash dividends paid.

(3) Qualitative Information Concerning Future Forecast such as Consolidated Earnings Forecasts

Consolidated earnings during this first three-month period, due to uncertain factors such as trends in exchange and raw material costs, we have not made any change to the consolidated earnings forecasts for the full year that we announced on April 28, 2016.

The rates of progress in the three months toward the full-year consolidated earnings forecasts announced on April 28, 2016 are shown in the table below.

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent
Half year consolidated earnings forecasts	76,000	6,600	7,000	4,700
Progress to forecasts (%)	48.9	60.4	54.4	54.3
Full year consolidated earnings forecasts	158,000	13,800	14,500	9,700
Progress to forecasts (%)	23.5	28.9	26.3	26.3

Note: These earnings forecasts were based on information available at the time announced. Actual earnings may differ due to various factors occurring in the future.

2. Matters Related to Summary Information (Notes)

(1) Significant changes in subsidiaries during the period under review

None

(2) Application of special accounting methods for the preparation of consolidated quarterly financial statements

After applying tax effect accounting to income before income taxes and minority interests for the fiscal year, which includes the three months under review, we make a reasonable estimate of the effective tax rate and multiply income before income taxes and minority interests by that estimated effective tax rate. Furthermore, income tax adjustments are included in the presentation of income taxes.

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

[Change in accounting policy that is difficult to distinguish from change in accounting estimate]

Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment (using the straight-line method for the buildings acquired after April 1, 1998, except building facilities) adopted the straight-line method from the first three months of this consolidated fiscal year. Sanyo Chemical Group formulated the Ninth Medium-Term Management Plan, which covers the four-year period from FY2015 through FY2018. It leverages the 4 basic businesses, which seek to expand through process innovation and aggressive investment in large markets.

Superabsorbent polymers (SAP) and lubricating oil additives businesses: We plan to invest in plant and equipment for focusing on global expansion under the policy to expand overseas sales and build a global production management system. While the overseas capital investment ratio will increase, domestic investment will shift to mainly maintenance and replacement of the facilities in corresponds to the market.

Imaging materials and alkylene oxide adducts (AOA): We plan to increase profitability by expansion of the sales of highly profitable developed products and process innovation. For these businesses, we will shift to invest on the maintenance and replacement of the existing facilities.

As we execute the plan, Sanyo Chemical Group promotes concrete measurements, such as to establish the overseas new company in the previous fiscal year. Going forward, we ensure the development of overseas businesses and the establishment of the production management system. Based on them, because we kick into gear to overseas investments in FY2016-the second year of the Ninth Medium Term Management Plan-, which are one of the main measurements of the plan, we reviewed the operating ratio of the facilities of existing and to be scheduled for introduction. The decision to adopt the straight-line method for depreciation of the property, plant and equipment at Sanyo Chemical and its Japanese consolidated subsidiaries came as a result in estimates of stable operation of the facilities in the future. We deem the method, which allocates average costs over usable period, is more appropriate to reflect actual characteristics of such stable operation.

The change caused to unify the method of depreciation of Sanyo Chemical Group to the straight-line method, which consolidated overseas subsidiaries have conventionally used. Compared with the previous method, the depreciation by the straight-line method decreased by ¥3.73 million, operating income increased by ¥2.93 million and net income before tax increased by 3.01 million respectively for the first three months of this consolidated fiscal year.

(4) Additional Information

[Application of Implementation Guidance on Recoverability of Deferred Tax Assets]

The "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Statement No.26, 28 March 2016) has been applied from the first quarter of this consolidated fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of Yen	
	As of Mar. 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	19,323	17,636
Notes and accounts receivable - trade	41,438	40,839
Electronically recorded monetary claims - operating	243	240
Merchandise and finished goods	10,338	10,898
Semi-finished goods	3,107	2,848
Work in process	423	370
Raw materials and supplies	4,098	3,820
Deferred tax assets	1,133	1,127
Other	925	1,594
Allowance for doubtful accounts	(35)	(32)
Total current assets	80,997	79,343
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,101	16,511
Machinery, equipment and vehicles, net	28,032	26,053
Land	8,807	8,772
Construction in progress	4,913	5,205
Other, net	2,015	1,833
Total property, plant and equipment	60,870	58,376
Intangible assets		
Software	869	815
Goodwill	934	901
Other	1,293	1,133
Total intangible assets	3,097	2,850
Investments and other assets		
Investment securities	27,484	25,525
Long-term loans receivable	3	4
Deferred tax assets	263	259
Net defined benefit asset	1,377	1,386
Other	1,258	1,227
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	30,354	28,370
Total non-current assets	94,323	89,597
Total assets	175,321	168,940

	Millions of Yen	
	As of Mar. 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,302	19,172
Electronically recorded obligations - operating	2,995	2,552
Short-term loans payable	5,371	5,584
Current portion of long-term loans payable	1,171	960
Accrued expenses	2,927	3,137
Income taxes payable	1,299	862
Provision for bonuses	1,959	958
Provision for directors' bonuses	102	36
Notes payable - facilities	26	15
Electronically recorded obligations - non-operating	1,328	2,122
Other	5,293	5,388
Total current liabilities	42,777	40,790
Non-current liabilities		
Long-term loans payable	8,320	7,502
Deferred tax liabilities	4,214	3,574
Provision for directors' retirement benefits	413	217
Net defined benefit liability	555	438
Other	754	854
Total non-current liabilities	14,258	12,587
Total liabilities	57,036	53,377
Net assets		
Shareholders' equity		
Capital stock	13,051	13,051
Capital surplus	12,194	12,194
Retained earnings	80,163	82,047
Treasury shares	(5,734)	(5,735)
Total shareholders' equity	99,674	101,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,676	8,715
Foreign currency translation adjustment	2,493	(464)
Remeasurements of defined benefit plans	174	174
Total accumulated other comprehensive income	12,345	8,424
Non-controlling interests	6,265	5,581
Total net assets	118,284	115,563
Total liabilities and net assets	175,321	168,940

(2) Consolidated Statements of Income and Comprehensive Income

(2)- (1) Consolidated Statements of Income

	Millions of Yen	
	Three months ended June 30,	
	2015	2016
Net sales	39,500	37,141
Cost of sales	31,023	27,750
Gross profit	8,477	9,390
Selling, general and administrative expenses	5,284	5,402
Operating income	3,192	3,987
Non-operating income		
Interest income	19	19
Dividend income	235	311
Share of profit of entities accounted for using equity method	89	208
Real estate rent	74	67
Foreign exchange gains	73	—
Other	18	58
Total non-operating income	510	665
Non-operating expenses		
Interest expenses	57	37
Rent cost of real estate	15	15
Loss on abandonment of inventories	24	17
Foreign exchange losses	—	747
Other	25	24
Total non-operating expenses	123	842
Ordinary income	3,579	3,810
Extraordinary income		
Insurance income	6	5
Total extraordinary income	6	5
Extraordinary loss		
Loss on retirement of non-current assets	139	132
Other	2	1
Total extraordinary losses	141	134
Income before income taxes and minority interests	3,444	3,681
Income taxes	969	904
Profit	2,475	2,776
Profit attributable to non-controlling interests	303	226
Profit attributable to owners of parent	2,171	2,550

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

	Millions of Yen	
	Three months ended June 30,	
	2015	2016
Profit	2,475	2,776
Other comprehensive income		
Valuation difference on available-for-sale securities	(252)	(961)
Foreign currency translation adjustment	24	(3,863)
Remeasurements of defined benefit plans, net of tax	6	(0)
Total other comprehensive income	(222)	(4,825)
Comprehensive income	2,253	(2,048)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,942	(1,369)
Comprehensive income attributable to non-controlling interests	310	(678)

(3) Consolidated Statements of Cash Flows

	Millions of Yen	
	Three months ended June 30,	
	2015	2016
Cash flows from operating activities		
Profit before income taxes	3,444	3,681
Depreciation	2,166	1,770
Loss on retirement of non-current assets	139	132
Amortization of goodwill	33	33
Increase (decrease) in provision for bonuses	(1,033)	(969)
Changes in net defined benefit asset and liability	(257)	(127)
Increase (decrease) in provision for directors' retirement benefits	(26)	(195)
Increase (decrease) in provision for directors' bonuses	(58)	(66)
Interest and dividend income	(255)	(331)
Interest expenses	57	37
Share of (profit) loss of entities accounted for using equity method	(89)	(208)
Decrease (increase) in notes and accounts receivable - trade	1,871	(211)
Decrease (increase) in inventories	1,436	33
Increase (decrease) in notes and accounts payable - trade	(2,306)	(504)
Other, net	63	1,381
Subtotal	5,186	4,458
Interest and dividend income received	537	597
Interest expenses paid	(48)	(56)
Income taxes paid	(989)	(1,531)
Net cash provided by (used in) operating activities	4,685	3,467
Cash flows from investing activities		
Purchase of non-current assets	(1,947)	(2,681)
Other, net	(53)	(29)
Net cash provided by (used in) investing activities	(2,001)	(2,711)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,012)	860
Proceeds from long-term loans payable	50	—
Repayments of long-term loans payable	(417)	(637)
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(870)	(979)
Dividends paid to non-controlling interests	(135)	(72)
Net cash provided by (used in) financing activities	(3,386)	(829)
Effect of exchange rate change on cash and cash equivalents	1	(1,006)
Net increase (decrease) in cash and cash equivalents	(701)	(1,078)
Cash and cash equivalents at beginning of period	16,016	19,323
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	—	(607)
Cash and cash equivalents at end of period	15,315	17,636

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

None

(Changes in Basis of Presenting Consolidated Financial Statements)

(Changing of fiscal year and other of consolidated subsidiaries)

Consolidated subsidiaries that settled the account in 31 December were consolidated with the financial statements as of 31 December and made necessary adjustments for consolidation regarding important transactions that occurred between 31 December of these companies' fiscal year-end and the end of consolidated account settlement date. To increase the appropriateness of consolidated accounting information, SANAM Corporation, Sanyo Chemical & Resins, LLC, Sanyo Chemical Texas Industries, LLC, Sanyo Kasei (Nantong) Co., Ltd., San-Dia Polymers (Nantong) Co., Ltd. and SANYO CHEMICAL (SHANGHAI) TRADING CO., LTD. have changed the settlement date to prepare provisional financial statements for hypothetical financial fiscal years ending March 31, and these provisional financial statements are used to prepare consolidated financial statements.

With regard to these changing mentioned above, the net income (loss) of three months from 1 January to 31 March 2016 has been recognized in retained earnings.

As a result, retained earnings increased by ¥3.25million. Increase (decrease) in cash and cash equivalent is indicated as "Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries" in the consolidated quarterly statement of cash flows.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None

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(Segment Information)

[Previous Consolidated Fiscal Year (April 1, 2015 through June 30, 2015)]

Information regarding sales, operating income or loss, assets, liabilities and other items by reporting segment

(Millions of yen)

	Reporting Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	14,859	9,670	5,351	4,943	4,675	39,500	—	39,500
Intersegment sales/transfers	—	—	4	—	89	94	(94)	—
Subtotal	14,859	9,670	5,356	4,943	4,765	39,595	(94)	39,500
Segment income (loss)	1,395	439	743	423	191	3,192	—	3,192

[Current Consolidated Fiscal Year (April 1, 2016 through June 30, 2016)]

(1) Information regarding sales, operating income or loss, assets, liabilities and other items by reporting segment

(Millions of yen)

	Reporting Segment						Adjustment	Total
	Toiletries and Health Care	Petroleum and Automotives	Plastics and Textiles	Information and Electrics/Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	13,196	8,711	5,409	5,740	4,084	37,141	—	37,141
Intersegment sales/transfers	—	—	4	—	67	71	(71)	—
Subtotal	13,196	8,711	5,414	5,740	4,151	37,213	(71)	37,141
Segment income (loss)	1,302	332	1,089	996	267	3,987	—	3,987

(2) Changes on Reporting Segment (Changes in Method for Depreciation of Property, Plant and Equipment)

As described in Page 8 "2. Matters Related to Summary Information (Notes), (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements", Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment (using the straight-line method for the buildings acquired after April 1, 1998, except building facilities) adopted the straight-line method from the first three months of this consolidated fiscal year.

As a result, compared with the previous method, the income of Toiletries and Health Care segment increased by ¥59 million, Petroleum and Automotives segment increased by ¥75 million, Plastics and Textiles segment increased by ¥48 million, Information and Electrics/Electronics segment increased by ¥80 million, and Environmental Protection, Construction and Others segment increased by ¥29 million respectively for the first three months of this consolidated fiscal year.

<Reference>

[Information by Geographic Segment]

[Cumulative Three Months of the Previous Consolidated Fiscal Year (April 1, 2015 through June 30, 2015)]

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or Common Assets	Consolidated Total
Sales							
(1) Sales to third parties	30,862	1,448	6,134	1,055	39,500	—	39,500
(2) Sales from inter-segment transactions and transfers	1,554	—	381	—	1,935	(1,935)	—
Total	32,416	1,448	6,515	1,055	41,436	(1,935)	39,500
Operating income (loss)	2,351	(25)	789	42	3,157	35	3,192

[Cumulative Three Months of the Current Consolidated Fiscal Year (April 1, 2016 through June 30, 2016)]

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or Common Assets	Consolidated Total
Sales							
(1) Sales to third parties	29,104	1,195	6,013	826	37,141	—	37,141
(2) Sales from inter-segment transactions and transfers	1,382	—	582	7	1,972	(1,972)	—
Total	30,487	1,195	6,595	834	39,113	(1,972)	37,141
Operating income (loss)	3,277	(76)	715	14	3,930	56	3,987

[Overseas Sales]

[Cumulative Three Months of the Previous Consolidated Fiscal Year (April 1, 2015 through June 30, 2015)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	11,395	(6,598)	2,508	2,322	16,226
II. Consolidated sales	—	—	—	—	39,500
III. Percentage of overseas sales to consolidated sales (%)	28.8	(16.7)	6.4	5.9	41.1

[Cumulative Three Months of the Current Consolidated Fiscal Year (April 1, 2016 through June 30, 2016)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	10,279	(6,095)	1,886	2,126	14,292
II. Consolidated sales	—	—	—	—	37,141
III. Percentage of overseas sales to consolidated sales (%)	27.7	(16.4)	5.1	5.7	38.5

Notes:

- The term "overseas sales" refers to sales of the parent company and its consolidated subsidiaries registered in countries and regions outside Japan.
- Areas included in each country or region are determined based on their degree of proximity.
- 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

Trend of Each Quarter Results

1. Consolidated

Previous Fiscal Year

(Millions of yen)

	FY 2015				
	1Q	2Q	3Q	4Q	Total
	April 2015 through June 2015	July 2015 through Sept. 2015	Oct. 2015 through Dec. 2015	Jan. 2016 through March 2016	April 2015 through March 2016
Net sales	39,500	38,932	40,701	38,856	157,992
Operating income	3,192	2,827	3,268	3,197	12,486
Ordinary income	3,579	2,948	3,720	3,045	13,294
Profit attributable to owners of parent	2,171	1,427	2,483	843	6,926
Comprehensive income	2,253	73	2,947	(2,645)	2,627

Current Fiscal Year

(Millions of yen)

	FY 2016	Change	
	1Q	Same term of previous fiscal year	Previous term
	April 2016 through June 2016	April 2015 through June 2015	Jan. 2016 through March 2016
Net sales	37,141	(6.0%)	(4.4%)
Operating income	3,987	24.9%	24.7%
Ordinary income	3,810	6.4%	25.1%
Net income attributable to owners of parent	2,550	17.5%	202.3%
Comprehensive income	(2,048)	-	-

2. Non-consolidated

Previous Fiscal Year

(Millions of yen)

	FY 2015				
	1Q	2Q	3Q	4Q	Total
	April 2015 through June 2015	July 2015 through Sept. 2015	Oct. 2015 through Dec. 2015	Jan. 2016 through March 2016	April 2015 through March 2016
Net sales	25,192	24,486	25,394	24,625	99,699
Operating income	1,379	1,341	1,609	1,318	5,648
Ordinary income	2,078	1,942	2,146	1,718	7,885
Net income(loss)	1,567	1,429	1,699	1,126	5,822

Current Fiscal Year

(Millions of yen)

	FY 2016	Change	
	1Q	Same term of previous fiscal year	Previous term
	April 2016 through June 2016	April 2015 through June 2015	Jan. 2016 through March 2016
Net sales	24,516	(2.7%)	(0.4%)
Operating income	2,115	53.4%	60.5%
Ordinary income	2,655	27.8%	54.5%
Net income	2,093	33.5%	85.8%