

Condensed Consolidated Financial Information

(Japanese Standard)
**for the Nine Months
Ended Dec. 31, 2016**

(Apr. 1, 2016 through Dec. 31, 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 <https://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

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.

1-1. Results of Operations

	Nine months ended Dec. 31,			
	2016		2015	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	111,531	(6.4%)	119,135	(4.2%)
Operating income	11,080	19.3%	9,288	56.3%
Ordinary income	12,471	21.7%	10,248	43.6%
Profit attributable to owners of parent	8,583	41.1%	6,083	44.5%
Comprehensive income	9,148	73.5%	5,273	(42.0%)

	Nine months ended Dec. 31,	
	2016	2015
	Yen	Yen
Net income per share	389.31	275.85
Net income per share, diluted	-	-

*Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016. The figures for the earnings per share are amounts on the assumption that Sanyo Chemical conducts the reverse stock split on the beginning of previous fiscal year.

1-2. Financial Conditions

	As of Dec. 31,	As of March 31,
	2016	2016
	Millions of Yen	Millions of Yen
Total assets	184,883	175,321
Net assets	125,605	118,284
Shareholders' equity ratio	64.6%	63.9%
Shareholders' equity	119,419	112,019

*Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016. The figures for the net assets per share are amounts on the assumption that Sanyo Chemical conducts the reverse stock split on the beginning of previous fiscal year.

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: Revisions to dividends forecast during the period: None

*As Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on 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 "-."

3. Earnings Forecasts

	Year ended March 31,	
	2017	
	Millions of Yen	Change
Net sales	158,000	0.0%
Operating income	13,800	10.5%
Ordinary income	14,500	9.1%
Profit attributable to owners of parent	9,700	40.0%

	Year ended March 31,	
	2017	
	Yen	
Net income per share	439.93	

Note: Revisions to consolidated earnings forecast during the period: None

*Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016. The figures for earnings per share of the Consolidated Financial Forecasts (Full year) for FY 2016 are amounts that take into account the reverse stock split.

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

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

- Number of shares issued at the end of the period (including treasury shares)

End of nine months (Dec. 31, 2016):	23,534,752 shares
End of previous period (March 31, 2016):	23,534,752 shares
- Treasury shares at the end of the period

End of nine months (Dec. 31, 2016):	1,486,620 shares
End of previous period (March 31, 2016):	1,484,951 shares
- Average number of shares (cumulative for the quarter)

Reporting nine months (ended Dec. 31, 2016):	22,049,148 shares
Previous nine months (ended Dec. 31, 2015):	22,051,665 shares

*Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016. The figures for the number of shares issued and outstanding at the end of the period, number of treasury stock at the end of the period and average number of shares outstanding during the period are amounts on the assumption that Sanyo Chemical conducts the reverse stock split on the beginning of previous fiscal year.

*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

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 Results, (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.

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1. Qualitative Information Concerning Consolidated Business Results

(1) Analysis of Results of Operations and Financial Position

During the first nine months (April 1, 2016 through Dec. 31, 2016) of the current fiscal year, the Japanese economy could marginally break free of the economy leveling off mainly because export showed signs of recovery, though capacity investment and private consumption remained on the same level. In addition, the outlook for the circumstance surrounding Japan is heading for mild recovery such as a continued economic recovery in the United States, and a bottoming out in emerging and resource-rich countries' economy, despite fear such as a prolonged low growth in European economy and an another slowdown of Chinese economy.

In the chemical industry, business environment remained severe, because a continuing decline in raw material costs turned upward, the yen got weaker from the trend of the strong yen and other factors.

Under these circumstances, net sales in the first nine months of current fiscal year decreased by 6.4% from the same period of the previous fiscal year, to ¥111,531 million mainly by appropriate sales price in each segment to respond to a fall in raw material costs. However, profit increased from the same period of the previous fiscal year because of a fall in raw material costs, growing sales amount, cost down measurements and other factors. As a result, operating income was ¥11,080 million (a 19.3% increase from the same period of the previous fiscal year), and ordinary income was ¥12,471 million (a 21.7% increase from the same period of the previous fiscal year), and ordinary income was ¥12,471 million (a 21.7% increase). Profit attributable to owners of parent was ¥8,583 million (a 41.1% increase).

1) Business Performance

(Millions of yen)

	3Q of FY 2015	3Q of FY 2016	Changed amount		FY 2015
			(Amount)	(Ratio)	
Net sales	119,135	111,531	(7,604)	(6.4%)	157,992
Operating income	9,288	11,080	1,791	19.3%	12,486
Ordinary income	10,248	12,471	2,222	21.7%	13,294
Profit attributable to owners of parent	6,083	8,583	2,500	41.1%	6,926
Net income per share	¥275.85	¥389.31	¥113.45	41.1%	¥314.13
ROA (Return on assets*)	7.4%	9.2%	-	1.8point	7.5%
ROE (Return on equity)	7.2%	9.9%	-	2.7point	6.2%
Currency exchange(\$, CNY)	\$=¥120.99	\$=¥106.66	(¥14.33)		\$=¥121.11
	CNY=¥19.33	CNY=¥15.95	(¥3.38)		CNY=¥19.22
Naphtha price	¥45,600/kl	¥32,200/kl	(¥13,400/kl)		¥42,700/kl

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

[Note] 1. The ROA and ROE figures shown for each nine-month period are annualized.

2. Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016. The figures for earnings per share are amounts on the assumption that Sanyo Chemical conducts the reverse stock split on the beginning of previous fiscal year.

2) Business Performance by Segment

(Millions of yen)

	3Q of FY2015		3Q 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	45,278	3,661	41,331	3,477	(3,946)	(184)	60,089	5,254
Petroleum and Automotives	28,983	1,403	27,551	1,587	(1,432)	183	38,344	1,625
Plastics and Textiles	16,099	2,394	15,893	3,135	(205)	740	21,233	3,103
Information and Electrics/Electronics	14,492	1,187	14,389	2,109	(102)	921	19,702	1,739
Environmental Protection, Construction and Others	14,282	640	12,363	770	(1,918)	129	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 briskly.

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

As a result, total net sales in this segment decreased by 8.7% from the same period of the previous fiscal year, to ¥41,331 million. Operating income was ¥3,477 million (a 5.0% decrease).

Petroleum and Automotives

In Petroleum and Automotives segment, sales were weak. This was 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 4.9% from the same period of the previous fiscal year, to ¥27,551 million. Operating income was ¥1,587 million (a 13.1% increase).

Plastics and Textiles

In Plastics segment, sales were flat because flat sales of permanent antistatic agents, and stagnant sales of active agents for rubbers and plastics, despite brisk sales increases of resin modifiers.

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 and chemicals for carbon fibers increased mainly overseas and sales of agents used in textile manufacturing processes for seat belt and tire cord yarns increased because of recovery trend in Chinese market.

As a result, total net sales in this segment decreased by 1.3% from the same period of the previous fiscal year, to ¥15,893 million. Operating income was ¥3,135 million (a 30.9% increase) due to improvement of product mix.

Information and Electrics/Electronics

Sales in the Information segment were weak. This was mainly because of sales decrease of toner resins for pulverized toners in Europe and the United States and appropriate sales price to respond to a fall in raw materials costs, despite increases of steady demand for polyester beads as a core component of polymerization toners.

Sales in the Electrics/Electronics segment increased substantially. This was because demand for electrolytes for aluminum electrolytic capacitors and pressure-sensitive adhesives used for electronic components increased substantially.

As a result, total net sales in this segment decreased by 0.7% from the same period of the previous fiscal year, to ¥14,389 million. Operating income was ¥2,109 million (a 77.6% increase) due to improvement of product mix.

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 for polyurethane foams used in furniture and heat insulating materials, and raw materials for building sealants.

As a result, total net sales in this segment decreased by 13.4% from the same period of the previous fiscal year, to ¥12,363 million. However, operating income was ¥770 million (a 20.2% increase).

(2) Analysis of Financial Position

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

Total assets increased by ¥9,562 million compared to the previous consolidated fiscal year end, amounting to ¥184,883 million due to the increase in cash and deposits, the increase in notes and accounts receivable-trade mainly because of the effects of the period-end holiday, the increase in investment securities and other factors.

Net assets increased by ¥7,320 million from the previous consolidated fiscal year end, to ¥125,605 million. Our shareholder's equity ratio increased by 0.7 percentage point from the previous consolidated fiscal year end, to 64.6%.

Cash and cash equivalents ("Cash") as of the end of this first nine months of the current consolidated fiscal year amounted to ¥21,096 million. This marked a increase of ¥1,772 million compared to the end of the previous consolidated fiscal year (cash increased by ¥4,018 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 ¥14,904 million (¥16,921 million in net cash provided during the same period of the previous fiscal year). This result was mainly due to the cash inflow from profit before income taxes of ¥12,011 million, depreciation and amortization of ¥5,490 million, and the increase in notes and accounts payable-trade of ¥4,124 million, which outweighed the outflow from the increase in notes and accounts receivable-trade of ¥4,093 million and income taxes paid of ¥2,968 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥10,575 million (¥8,291 million in net cash used during the same period of the previous fiscal year). This result was mainly due to cash outlays of ¥10,272 million for fixed assets.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥1,245 million (¥4,491 million in net cash used during the same period of the previous fiscal year). This result was mainly due to the cash outflow from cash dividends paid of ¥1,980 million and repayments of long-term loans payable of ¥1,111 million, which outweighed the inflow from the increase in short-term loans payable of ¥2,157 million (net).

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

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

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

(Full Year)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Net Income per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Consolidated forecast	158,000	13,800	14,500	9,700	439.93
Progress to forecast	70.6%	80.3%	86.0%	88.5%	—
Previous term's figures	157,992	12,486	13,294	6,926	314.13

[Note] 1. 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. Sanyo Chemical conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2016.

The figures for the earnings per share are amounts on the assumption that Sanyo Chemical conducts the reverse stock split on the beginning of previous fiscal year.

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 this 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 ¥1,262 million, operating income increased by ¥1,113 million, ordinary income and profit before income taxes increased by 1,139 million respectively for the first nine 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 Dec. 31, 2016
Assets		
Current assets		
Cash and deposits	19,323	21,096
Notes and accounts receivable - trade	41,438	45,046
Electronically recorded monetary claims - operating	243	314
Merchandise and finished goods	10,338	10,693
Semi-finished goods	3,107	3,203
Work in process	423	140
Raw materials and supplies	4,098	4,055
Deferred tax assets	1,133	1,171
Other	925	1,569
Allowance for doubtful accounts	(35)	(37)
Total current assets	80,997	87,253
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,101	16,768
Machinery, equipment and vehicles, net	28,032	28,532
Land	8,807	8,743
Construction in progress	4,913	5,707
Other, net	2,015	1,909
Total property, plant and equipment	60,870	61,660
Intangible assets		
Software	869	825
Goodwill	934	834
Other	1,293	1,156
Total intangible assets	3,097	2,816
Investments and other assets		
Investment securities	27,484	30,321
Long-term loans receivable	3	4
Deferred tax assets	263	232
Net defined benefit asset	1,377	1,412
Other	1,258	1,214
Allowance for doubtful accounts	(32)	(32)
Total investments and other assets	30,354	33,153
Total non-current assets	94,323	97,630
Total assets	175,321	184,883

	Millions of Yen	
	As of Mar. 31, 2016	As of Dec. 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,302	21,599
Electronically recorded obligations - operating	2,995	5,253
Short-term loans payable	5,371	7,121
Current portion of long-term loans payable	1,171	961
Accrued expenses	2,927	3,080
Income taxes payable	1,299	1,316
Provision for bonuses	1,959	1,133
Provision for directors' bonuses	102	78
Notes payable - facilities	26	—
Electronically recorded obligations - non-operating	1,328	1,224
Other	5,293	4,005
Total current liabilities	42,777	45,774
Non-current liabilities		
Long-term loans payable	8,320	7,023
Deferred tax liabilities	4,214	4,904
Provision for directors' retirement benefits	413	256
Net defined benefit liability	555	477
Other	754	841
Total non-current liabilities	14,258	13,503
Total liabilities	57,036	59,277
Net assets		
Shareholders' equity		
Capital stock	13,051	13,051
Capital surplus	12,194	12,194
Retained earnings	80,163	87,088
Treasury shares	(5,734)	(5,742)
Total shareholders' equity	99,674	106,591
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,676	11,838
Foreign currency translation adjustment	2,493	817
Remeasurements of defined benefit plans	174	172
Total accumulated other comprehensive income	12,345	12,828
Non-controlling interests	6,265	6,185
Total net assets	118,284	125,605
Total liabilities and net assets	175,321	184,883

(2) Consolidated Statements of Income and Comprehensive Income

(2)- (1) Consolidated Statements of Income

	Millions of Yen	
	Nine months ended Dec. 31,	
	2015	2016
Net sales	119,135	111,531
Cost of sales	93,709	84,218
Gross profit	25,426	27,312
Selling, general and administrative expenses	16,137	16,232
Operating income	9,288	11,080
Non-operating income		
Interest income	56	43
Dividend income	529	593
Share of profit of entities accounted for using equity method	506	645
Real estate rent	217	201
Foreign exchange gains	—	101
Other	75	149
Total non-operating income	1,385	1,735
Non-operating expenses		
Interest expenses	165	106
Rent cost of real estate	48	66
Loss on abandonment of inventories	100	60
Foreign exchange losses	6	—
Other	103	110
Total non-operating expenses	424	344
Ordinary income	10,248	12,471
Extraordinary income		
Gain on sales of investment securities	103	4
Insurance income	22	21
Other	1	—
Total extraordinary income	126	26
Extraordinary losses		
Loss on retirement of non-current assets	482	481
Other	2	3
Total extraordinary losses	484	485
Profit before income taxes	9,891	12,011
Income taxes	3,226	2,794
Profit	6,664	9,216
Profit attributable to non-controlling interests	581	633
Profit attributable to owners of parent	6,083	8,583

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

	Millions of Yen	
	Nine months ended Dec. 31,	
	2015	2016
Profit	6,664	9,216
Other comprehensive income		
Valuation difference on available-for-sale securities	(740)	2,161
Foreign currency translation adjustment	(669)	(2,228)
Remeasurements of defined benefit plans, net of tax	19	(2)
Total other comprehensive income	(1,390)	(68)
Comprehensive income	5,273	9,148
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	4,835	9,066
Comprehensive income attributable to non-controlling interests	438	81

(3) Consolidated Statements of Cash Flows

	Millions of Yen	
	Nine months ended Dec. 31,	
	2015	2016
Cash flows from operating activities		
Profit before income taxes	9,891	12,011
Depreciation	6,754	5,490
Loss on retirement of non-current assets	482	481
Amortization of goodwill	100	100
Increase (decrease) in provision for bonuses	(843)	(800)
Changes in net defined benefit asset and liability	(716)	(115)
Increase (decrease) in provision for directors' retirement benefits	12	(157)
Increase (decrease) in provision for directors' bonuses	(14)	(23)
Interest and dividend income	(585)	(637)
Interest expenses	165	106
Share of (profit) loss of entities accounted for using equity method	(506)	(645)
Loss (gain) on sales of investment securities	(103)	(4)
Decrease (increase) in notes and accounts receivable - trade	(1,692)	(4,093)
Decrease (increase) in inventories	2,554	223
Increase (decrease) in notes and accounts payable - trade	2,920	4,124
Other, net	(428)	460
Subtotal	17,988	16,521
Interest and dividend income received	983	1,475
Interest expenses paid	(157)	(124)
Income taxes paid	(1,892)	(2,968)
Net cash provided by (used in) operating activities	16,921	14,904
Cash flows from investing activities		
Purchase of non-current assets	(8,225)	(10,272)
Purchase of investment securities	(3)	(148)
Proceeds from sales of investment securities	108	5
Other, net	(171)	(159)
Net cash provided by (used in) investing activities	(8,291)	(10,575)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,841)	2,157
Proceeds from long-term loans payable	237	—
Repayments of long-term loans payable	(860)	(1,111)
Net decrease (increase) of treasury shares	(9)	(7)
Cash dividends paid	(1,761)	(1,980)
Dividends paid to non-controlling interests	(255)	(303)
Net cash provided by (used in) financing activities	(4,491)	(1,245)
Effect of exchange rate change on cash and cash equivalents	(120)	(702)
Net increase (decrease) in cash and cash equivalents	4,018	2,380
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	20,035	21,096

(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 ¥325million. 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

(Segment Information)

[Previous Consolidated Fiscal Year (April 1, 2015 through Dec. 31, 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	45,278	28,983	16,099	14,492	14,282	119,135	—	119,135
Intersegment sales/transfers	0	—	14	—	282	297	(297)	—
Subtotal	45,278	28,983	16,113	14,492	14,565	119,432	(297)	119,135
Segment income (loss)	3,661	1,403	2,394	1,187	640	9,288	—	9,288

Note: Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

[Current Consolidated Fiscal Year (April 1, 2016 through Dec. 31, 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	41,331	27,551	15,893	14,389	12,363	111,531	—	111,531
Intersegment sales/transfers	—	—	12	—	226	238	(238)	—
Subtotal	41,331	27,551	15,905	14,389	12,589	111,769	(238)	111,531
Segment income (loss)	3,477	1,587	3,135	2,109	770	11,080	—	11,080

Note: Segment income is adjusted for Operating Income described in Consolidated Statements of Income.

(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 ¥241 million, Petroleum and Automotives segment increased by ¥262 million, Plastics and Textiles segment increased by ¥180 million, Information and Electrics/Electronics segment increased by ¥326 million, and Environmental Protection, Construction and Others segment increased by ¥102 million respectively for the first nine months of this consolidated fiscal year.

<Reference>

[Information by Geographic Segment]

[Cumulative Nine Months of the Previous Consolidated Fiscal Year (April 1, 2015 through Dec. 31, 2015)]

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or Common Assets	Consolidated Total
Sales							
(1) Sales to third parties	90,670	5,065	20,405	2,994	119,135	—	119,135
(2) Sales from inter-segment transactions and transfers	4,659	—	1,270	19	5,949	(5,949)	—
Total	95,329	5,065	21,676	3,014	125,085	(5,949)	119,135
Operating income (loss)	7,349	(73)	1,773	135	9,185	102	9,288

[Cumulative Nine Months of the Current Consolidated Fiscal Year (April 1, 2016 through Dec. 31, 2016)]

(Millions of yen)

	Japan	USA	China	Other	Total	Elimination or Common Assets	Consolidated Total
Sales							
(1) Sales to third parties	85,633	4,229	19,242	2,424	111,531	—	111,531
(2) Sales from inter-segment transactions and transfers	4,846	—	1,196	26	6,069	(6,069)	—
Total	90,480	4,229	20,439	2,451	117,600	(6,069)	111,531
Operating income (loss)	9,878	(83)	1,158	45	10,999	81	11,080

[Overseas Sales]

[Cumulative Nine Months of the Previous Consolidated Fiscal Year (April 1, 2015 through Dec. 31, 2015)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	31,715	(18,565)	8,978	7,629	48,323
II. Consolidated sales	—	(—)	—	—	119,135
III. Percentage of overseas sales to consolidated sales (%)	26.6	(15.6)	7.6	6.4	40.6

[Cumulative Nine Months of the Current Consolidated Fiscal Year (April 1, 2016 through Dec. 31, 2016)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	30,820	(17,865)	5,743	7,794	44,358
II. Consolidated sales	—	(—)	—	—	111,531
III. Percentage of overseas sales to consolidated sales (%)	27.6	(16.0)	5.2	7.0	39.8

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
 - Asia: Korea, China, Indonesia, India, and Thailand
 - Americas: USA, Mexico, and Brazil
 - 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	2Q	3Q	Same term of previous fiscal year	Previous term
	April 2016 through June 2016	July 2016 through Sept. 2016	Oct. 2016 through Dec. 2016	Oct. 2015 through Dec. 2015	July 2016 through Sept. 2016
Net sales	37,141	34,893	39,496	(3.0%)	13.2%
Operating income	3,987	3,536	3,555	8.8%	0.5%
Ordinary income	3,810	3,655	5,005	34.5%	36.9%
Net income attributable to owners of parent	2,550	2,604	3,428	38.0%	31.7%
Comprehensive income	(2,048)	3,454	7,741	162.7%	124.1%

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	2Q	3Q	Same term of previous fiscal year	Previous term
	April 2016 through June 2016	July 2016 through Sept. 2016	Oct. 2016 through Dec. 2016	Oct. 2015 through Dec. 2015	July 2016 through Sept. 2016
Net sales	24,516	23,149	24,953	(1.7%)	7.8%
Operating income	2,115	2,020	2,509	55.9%	24.2%
Ordinary income	2,655	2,701	4,011	86.9%	48.5%
Net income	2,093	2,139	3,239	90.6%	51.4%