

A Statement of Accounts

For the Fiscal Year Ended March 31, 2007

Fiscal Year 2006



<Notice>

Yen amounts and ratios described in this presentation material are rounded off.

<Cautionary Statement with Respect to Forward-looking Statement>

This presentation material contains projections based on the assumptions, forward-looking statements and plans about the future of Sanyo Chemical Industries, Ltd. as of March 31, 2007. Actual performance results may vary significantly due to a variety of factors affecting the sphere of business that include but are not limited to: the world economy, competitive position, and fluctuations in the exchange rate, raw material costs, and others.

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Sanyo Chemical Industries, Ltd.

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Corporate Data



Date of Establishment : November 1, 1949

Head Office : Higashiyama-ku, Kyoto

Branch Offices : Tokyo, Osaka

Domestic Factories : Nagoya, Kashima, Kyoto, Kawasaki

Number of Consolidated Employees : Approx. **1,600**

Line of Business : Manufacture & sales of approx. 3,000
types of performance chemicals

Principal Products

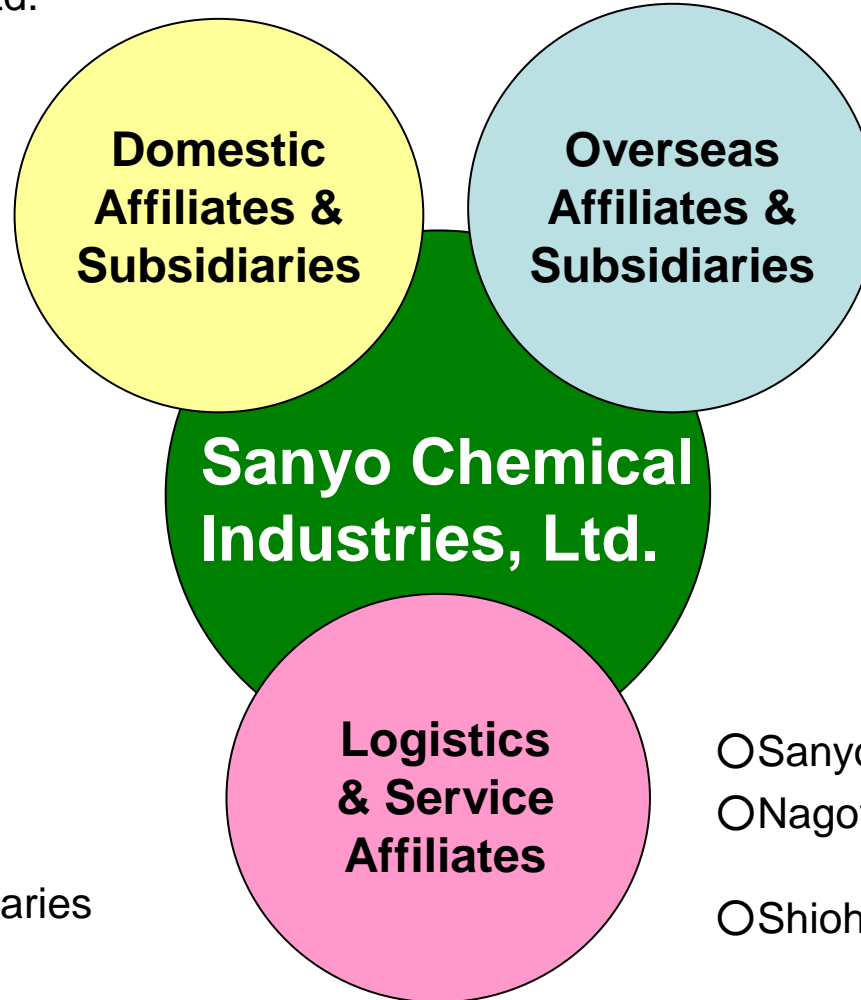


Class.	Sub-category	Products
Surfactants	Surfactant for Textiles	Agents for Textile Manufacturing, Dyeing Auxiliaries
	Industrial Surfactants	Agents for Hair Care Products and Detergents
Polyurethane Chemicals	Raw Materials for Polyurethane	Raw Materials for Polyurethane Foam, Polypropylene Glycols (PPG)
	Polyurethane Resins	Thermoplastic Polyurethane Beads (TUB) for the Interior Parts of Automobiles, Resins for Inks
Lipophilic High-Molecular Agents	Lubricating Oil & Machine-related Products	Base Materials for Synthetic Lubricating Oils, Viscosity Index Improvers, Machinery Processing Agent
	Coating & Adhesive-related Products	Potting Resins for Artificial Kidneys, UV and EB Curing Resins
	Office Machine-related Products	Polyester Beads (PEB) as a Core Component of Polymerization Toners, Toner Resins
Hydrophilic High-Molecular Agents	Water Treatment-related Products	Polymeric Flocculants for Wastewater Treatment
	Superabsorbent Polymers	Superabsorbent Polymers (SAP)
Specialty Products	Resin & Polymer Modifiers	Permanent Antistatic Agents, Pigment Dispersants
	Electric/Electronic-related Products	Electrolyte for Capacitors, Agents for Silicon Wafer Manufacturing
	Others	Polymers for Enhanced Oil Recovery, Civil Engineering and Construction-related Products
Others	–	Diagnostic Reagents, Synthetic Woods

Sanyo Chemical Group



- San-Dia Polymers, Ltd.
- San Nopco, Ltd.
- San-Apro, Ltd.
- San Chemical Co., Ltd.
- San-Petrochemicals Co., Ltd.



- Sanyo Kasei (Thailand) Ltd.
- SANAM Corporation
- Sanyo Chemical & Resins Inc. (USA)
- Sanyo Kasei (Nantong) Co., Ltd. (China)
- San-Dia Polymers (Nantong) Co., Ltd. (China)
- **Sanyo Chemical Texas, Inc. (USA)**
- Sunrise Chemical LLC (USA)

- Sanyo Transport Co., Ltd.
- Nagoya Sanyo Warehouse Co., Ltd.
- Shiohama Chemical Warehouse Co., Ltd.
- Sanliving Ltd.

- Consolidated Subsidiaries
- Affiliates

Domestic Consolidated Subsidiaries



Company Name	Abbr.	Equity Ownership	Line of Business
San-Dia Polymers, Ltd.	SDP	Sanyo Chemical 60% Mitsubishi Chemical 40%	Manufacture & Sales of Superabsorbent Polymers
San Nopco, Ltd.	SNL	Sanyo Chemical 100%	Manufacture & Sales of Specialty Chemicals
San Chemical Co., Ltd.	SCC	Sanyo Chemical 50% Nippon Oil Corp. 50%	Manufacture & Sales of Polyether Polyols & Polyethylene Glycols
San-Apro, Ltd.	SA	Sanyo Chemical 50% APCI * 50%	Manufacture & Sales of Curing Accelerators for Epoxy Resins, and Catalysts for Polyurethane Foam

* Air Products and Chemicals, Inc.

Overseas Consolidated Subsidiaries



Company Name	Abbr.	Equity Ownership	Line of Business
Sanyo Kasei (Thailand) Ltd.	SKT	Sanyo Chemical Toyota Tsusho Corp. and others	89% 11% Manufacture & Sales of Surfactants, Polyurethane Resins
SANAM Corporation	SANAM	Sanyo Chemical	100% Import & Sales of Sanyo Chemical Products in USA
Sanyo Chemical & Resins Inc.	SCR	Sanyo Chemical SANAM Corp.	50% 50% Manufacture & Sales of Toner Resins, Polyurethane Resins
Sanyo Kasei (Nantong) Co., Ltd.	SKN	Sanyo Chemical	100% Manufacture & Sales of Surfactants, Polyurethane Resins
San-Dia Polymers (Nantong) Co., Ltd.	SDN	San-Dia Polymers, Ltd.	100% Manufacture & Sales of Superabsorbent Polymers
Sanyo Chemical Texas, Inc.	SCTI	SANAM Corp.	100% Manufacture & Sales of Polyurethane Beads

Affiliates



Company Name	Abbr.	Equity Ownership	Line of Business
San-Petrochemicals Co., Ltd.	SPCC	Sanyo Chemical 50% Nippon Oil Corp. 50%	Manufacture & Sales of Raw Materials for Synthetic Rubbers
Sunrise Chemical LLC	SRC	SANAM Corp. 50% Nisseki Chemical Texas 50%	Manufacture & Sales of Raw Materials for Synthetic Rubbers
Sanyo Transport Co., Ltd.	—	Sanyo Chemical 100%	General Trucking
Nagoya Sanyo Warehouse Co., Ltd.	—	Sanyo Chemical 100%	Warehousing
Shiohama Chemical Warehouse Co., Ltd.	—	Sanyo Chemical 50% Nippon Oil Corp. 50%	Warehousing
Sanliving Ltd.	SL	Sanyo Chemical 100%	Real Estate, Insurance, and Travel Agency

Results of Operations



(Millions of Yen)

	Fiscal Year Ended Mar. 31, 2007 : FY 2006	The Previous Fiscal Year : FY 2005	From the Previous Fiscal Year	
			Increase	The Ratio of Increase
Net Sales	122,397	108,413	13,984	13%
Operating Income	6,553	7,197	(644)	(9%)
% of Net Sales	5.4%	6.6%	—	—
Ordinary Income	8,024	7,946	78	1%
% of Net Sales	6.6%	7.3%	—	—
Net Income	3,051	3,155	(104)	(3%)
% of Net Sales	2.5%	2.9%	—	—
Net Income Per Share (Yen)	27.65	27.95	(0.30)	(1%)

Analysis of Changed Operating Income from the Previous Fiscal Year		Change (Billions of Yen)	
Increase in Volume		2.9	
Cost Reduction		0.5	
Fixed Costs		(1.7)	
Itemized	Raised Raw Material Costs	(5.1)	(2.3)
Buying & Selling	Revised Product Prices	2.8	
計		(0.6)	

Results of Operations (Non-consolidated)



(Millions of Yen)

	Fiscal Year Ended Mar. 31, 2007 : FY 2006	The Previous Fiscal Year : FY 2005	From the Previous Fiscal Year	
			Increase	The Ratio of Increase
Net Sales	92, 554	82, 107	10, 447	13%
Operating Income	3, 458	4, 040	(582)	(14%)
% of Net Sales	3. 7%	4. 9%	—	—
Ordinary Income	5, 750	5, 818	(68)	(1%)
% of Net Sales	6. 2%	7. 1%	—	—
Net Income	2, 136	2, 477	(341)	(14%)
% of Net Sales	2. 3%	3. 0%	—	—
Net Income Per Share (Yen)	19. 35	21. 86	(2. 51)	(11%)

Results of Operations

(Consolidated Subsidiaries)



(Millions of Yen)

	Fiscal Year Ended Mar. 31, 2007 : FY 2006	The Previous Fiscal Year : FY 2005	From the Previous Fiscal Year	
			Increase	The Ratio of Increase
Net Sales	53, 627	46, 458	7, 169	15%
Operating Income	2, 842	2, 915	(73)	(3%)
% of Net Sales	5. 3%	6. 3%	—	—
Ordinary Income	3, 371	3, 247	124	4%
% of Net Sales	6. 3%	7. 0%	—	—
Net Income	1, 217	816	401	49%
% of Net Sales	2. 3%	1. 8%	—	—

(Internal sales among Sanyo Chemical Groups are included)

Results of Operations (SDP & SDN)



(Millions of Yen)

	Fiscal Year Ended Mar. 31, 2007 : FY 2006	The Previous Fiscal Year : FY 2005	From the Previous Fiscal Year	
			Increase	The Ratio of Increase
Net Sales	22, 524	19, 872	2, 652	13%
Operating Income	1, 937	2, 056	(119)	(6%)
% of Net Sales	8. 6%	10. 3%	—	—
Ordinary Income	2, 053	2, 259	(206)	(9%)
% of Net Sales	9. 1%	11. 4%	—	—
Net Income	1, 325	1, 021	304	30%
% of Net Sales	5. 9%	5. 1%	—	—

(Internal sales among Sanyo Chemical Groups are included)

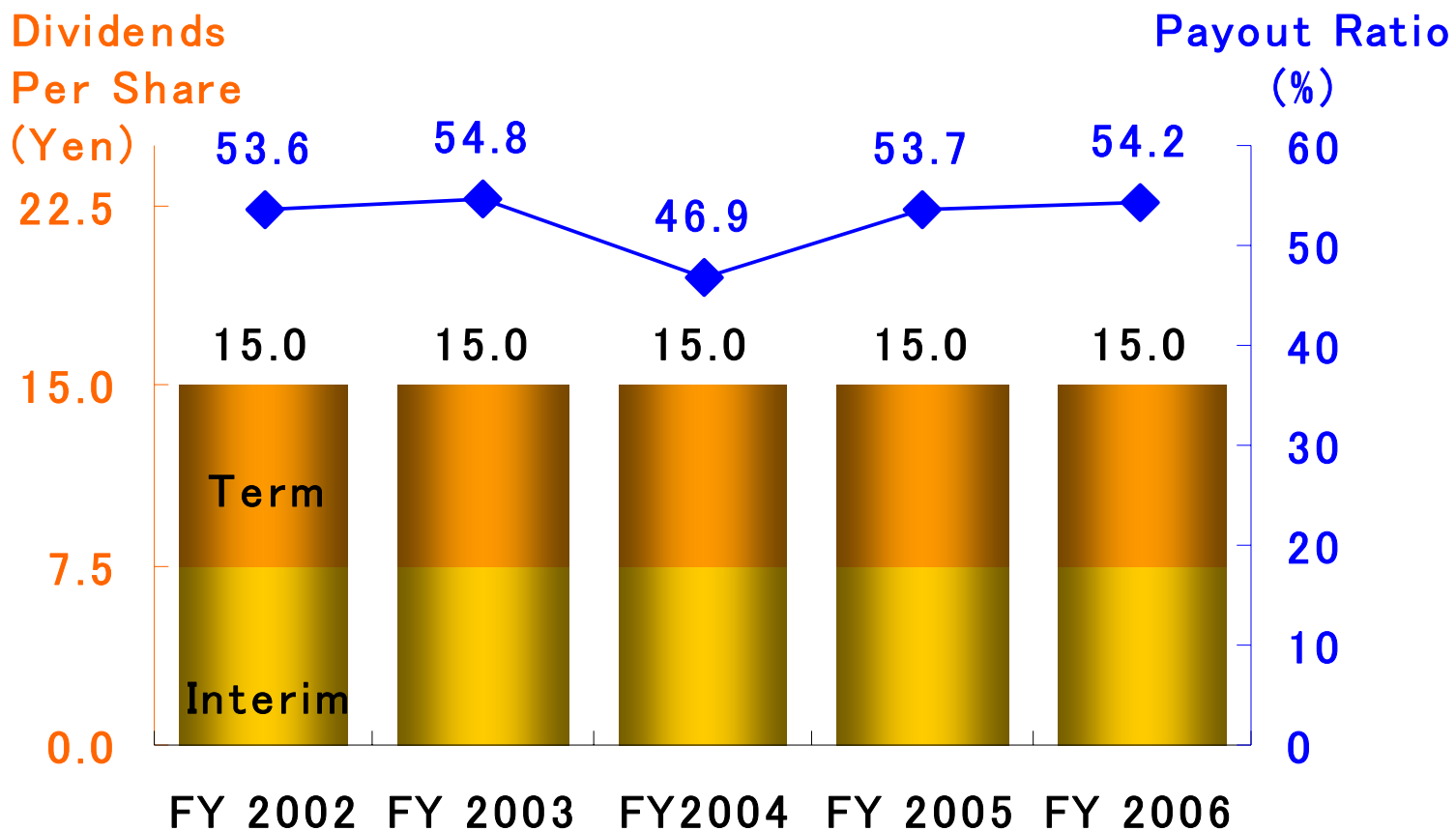
Cash Flows



(Billions of Yen)

	FY 2006	FY 2005	Year on Year Change
Net Cash Provided by Operating Activities	9.29	9.07	0.22
Income Before Income Taxes and Minority Interests	6.47	6.57	(0.10)
Depreciation and Amortization	8.17	7.00	1.17
Impairment Loss of Fixed Assets	0.67	1.22	(0.55)
Other, net	(6.02)	(5.72)	(0.30)
Net Cash Used in Investing Activities	(10.64)	(16.84)	6.20
Time Deposit	5.00	(5.00)	10.00
Payments for Purchase of Fixed Assets	(12.97)	(8.84)	(4.13)
Payments for Purchase of Investments in Securities	(2.88)	(2.38)	(0.50)
Other, net	0.21	(0.62)	0.83
Free Cash Flow	(1.35)	(7.77)	6.42
Net Cash Used in Financing Activities	17.6	8.15	(6.39)
Short-term Debt & Long-term Loans	3.83	(0.06)	3.89
Issuance of Corporate Bonds	—	10.00	(10.00)
Other, net	(2.07)	(1.79)	(0.28)
Cash and Cash Equivalents at end of the Year	15.29	14.41	0.88

Dividends Per Share & Payout Ratio



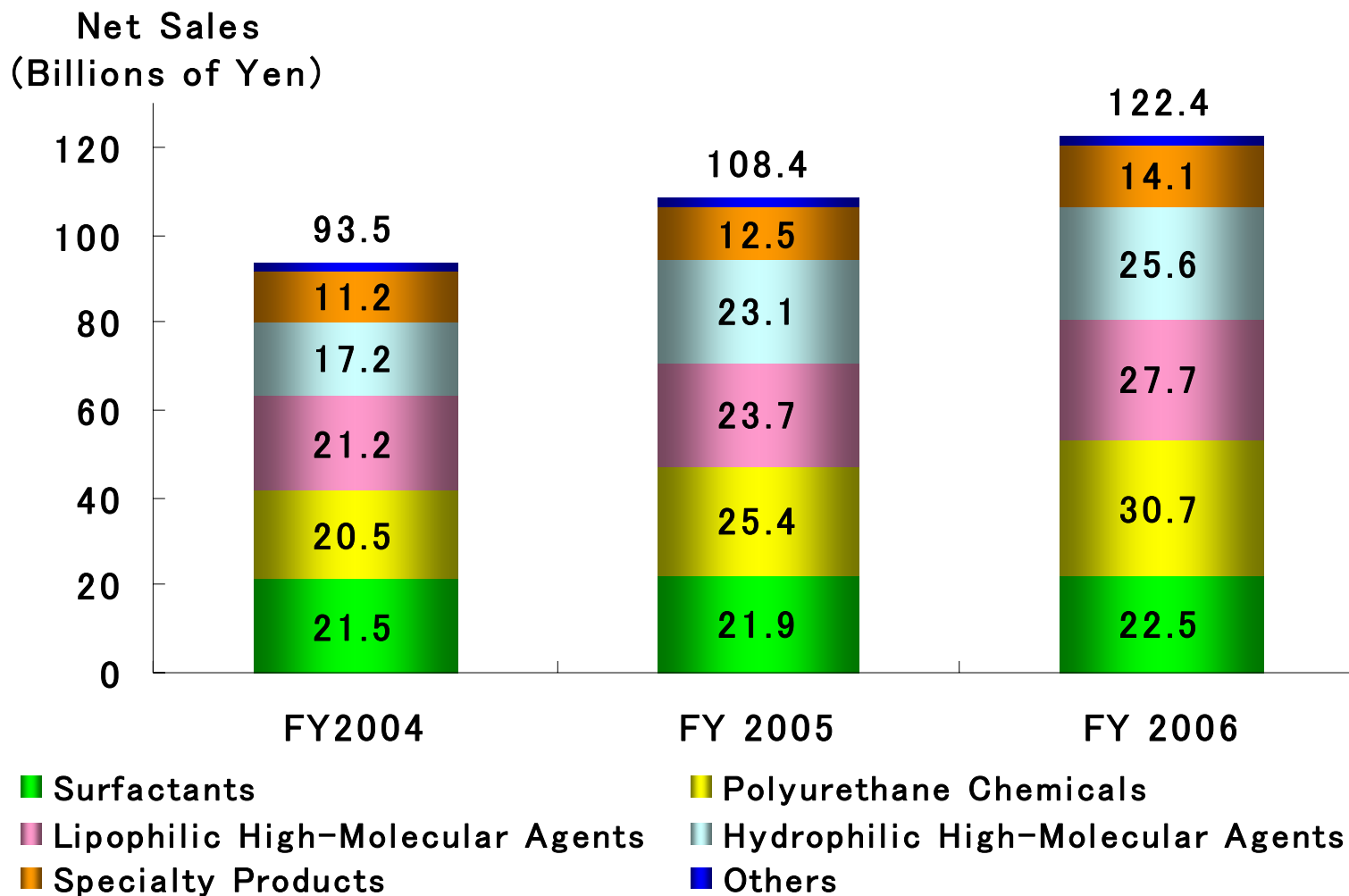
Net Sales by Product Group



(Millions of Yen)

Group	FY 2006	FY 2005	From the Previous FY	
			Increase	The Ratio of Increase
Surfactants	22,480	21,943	537	2%
Industrial Surfactants	18,363	17,728	635	4%
Surfactant for Textile	4,117	4,215	▲98	▲2%
Polyurethane Chemicals	30,669	25,358	5,311	21%
Raw Materials for Polyurethane Foam	21,654	18,151	3,503	19%
Polyurethane Resins	9,015	7,207	1,808	25%
Lipophilic High-Molecular Agents	27,714	23,663	4,051	17%
Office Machine-related Products	14,218	11,218	3,000	27%
Lubricating Oil & Machine-related Products	9,431	8,692	739	9%
Coating & Adhesive-related Products	4,065	3,753	312	8%
Hydrophilic High-Molecular Agents	25,596	23,145	2,451	11%
Superabsorbent Polymers	22,924	20,229	2,695	13%
Water Treatment Products	2,672	2,916	▲244	▲8%
Specialty Products	14,137	12,468	1,669	13%
Resin & Polymer Modifiers	5,575	4,847	728	15%
Electric/Electronic-related Products	4,706	4,000	706	18%
Others	3,856	3,621	235	6%
Others	1,801	1,835	▲34	▲2%
Total	122,397	108,413	13,984	13%

Net Sales Trend by Product Group

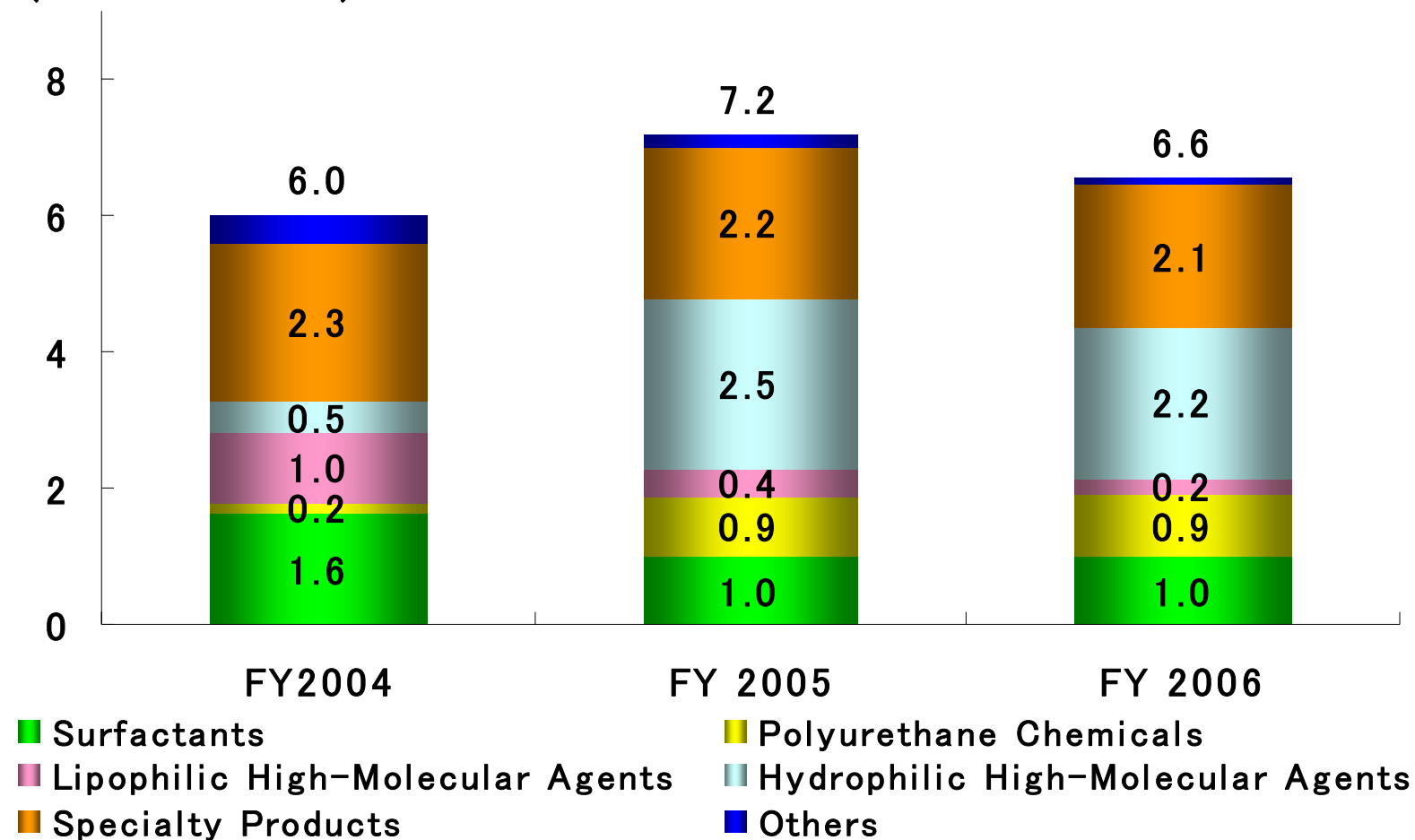


Operating Income Trend



by Product Group

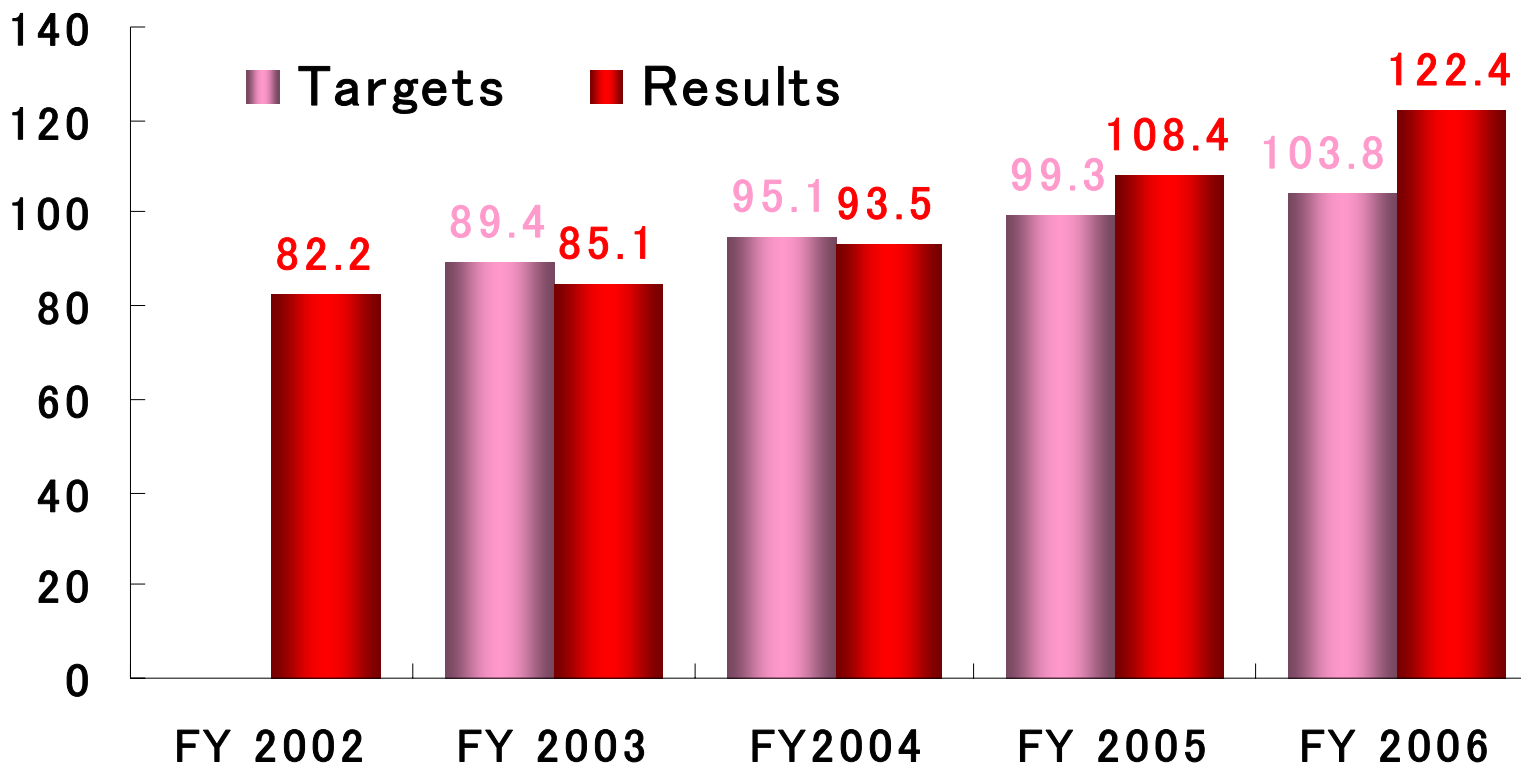
Operating Income
(Billions of Yen)



Result of The Sixth Medium-Term Management Strategy (Net Sales)

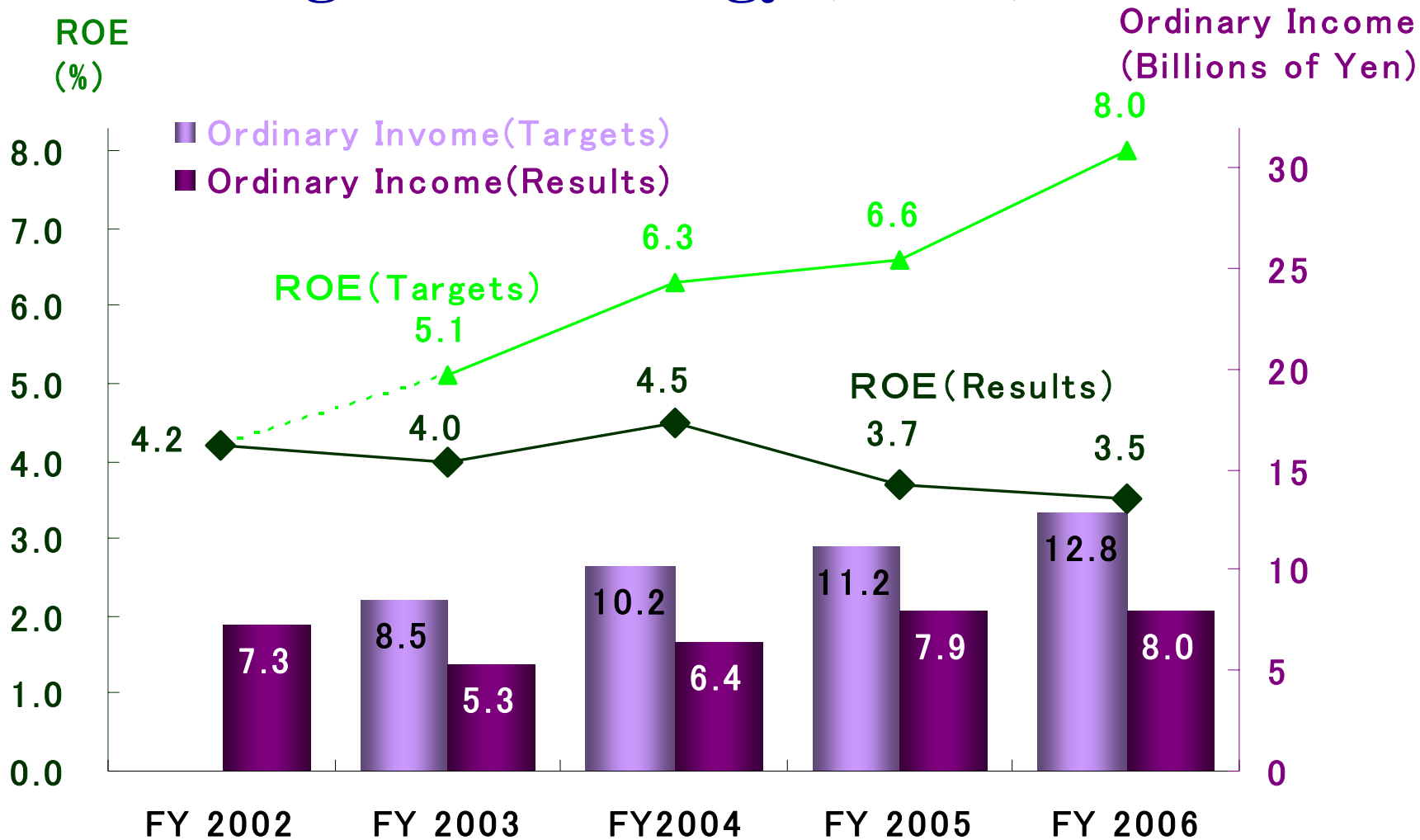


Net Sales
(Billions of



← The Sixth Medium-Term Management Strategy →

Result of the Sixth Medium-Term Management Strategy (Profit)

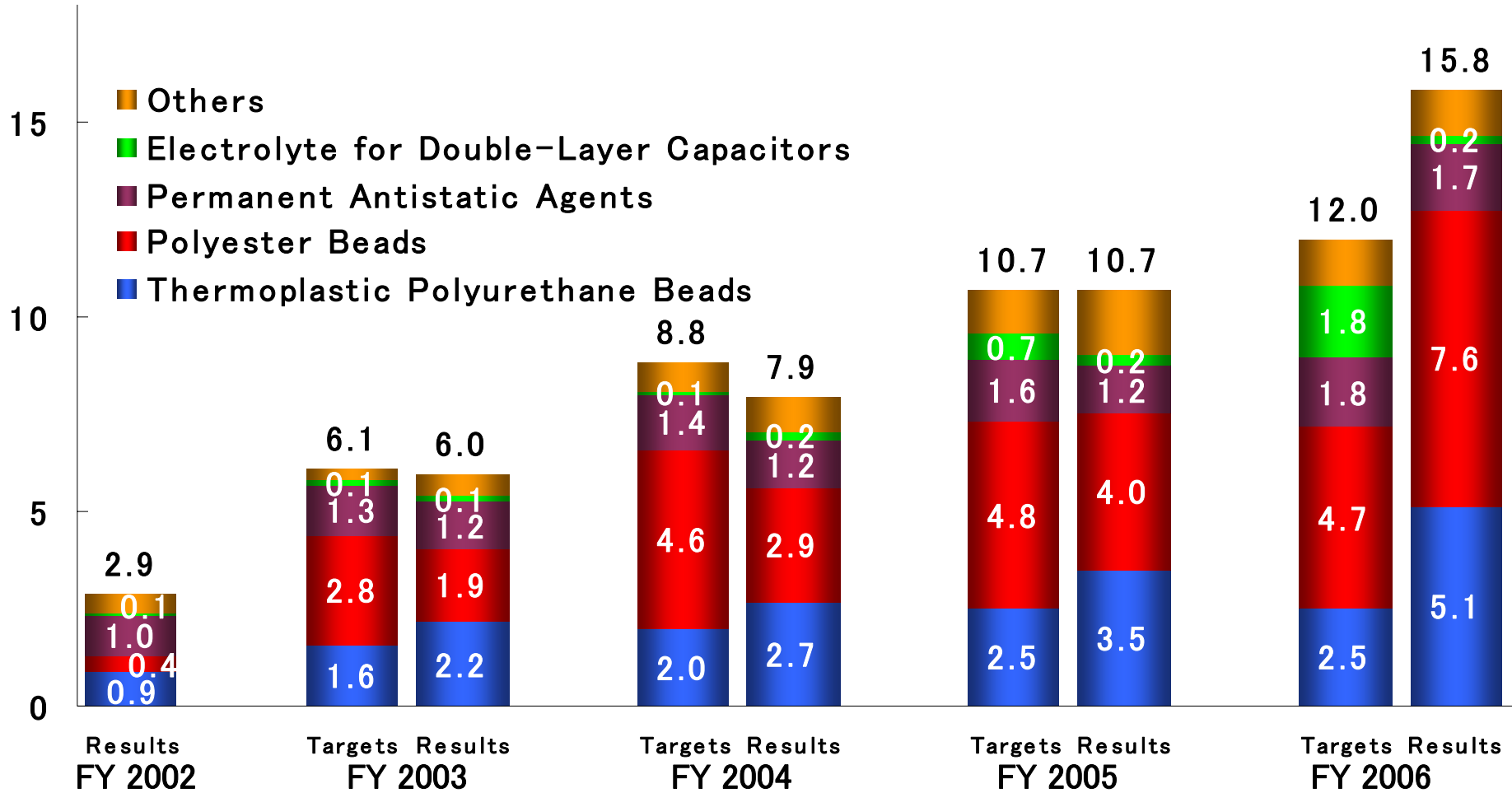


← The Sixth Medium-Term Management Strategy →

Result of Strategic Products



Net Sales
(Billions of Yen)

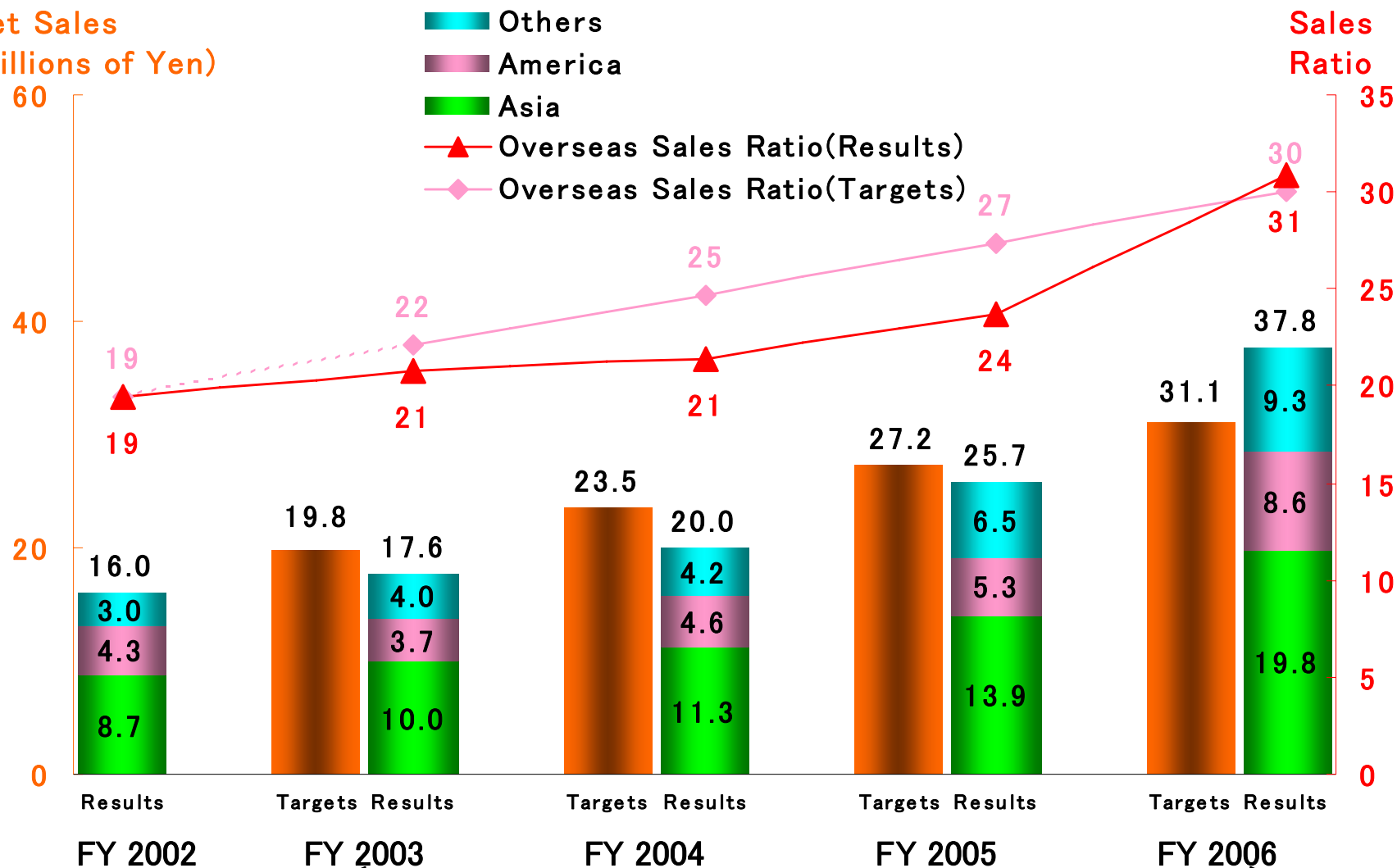


← The Sixth Medium-Term Management Strategy →

Result of Overseas Sales



Net Sales
(Billions of Yen)



← The Sixth Medium-Term Management Strategy →

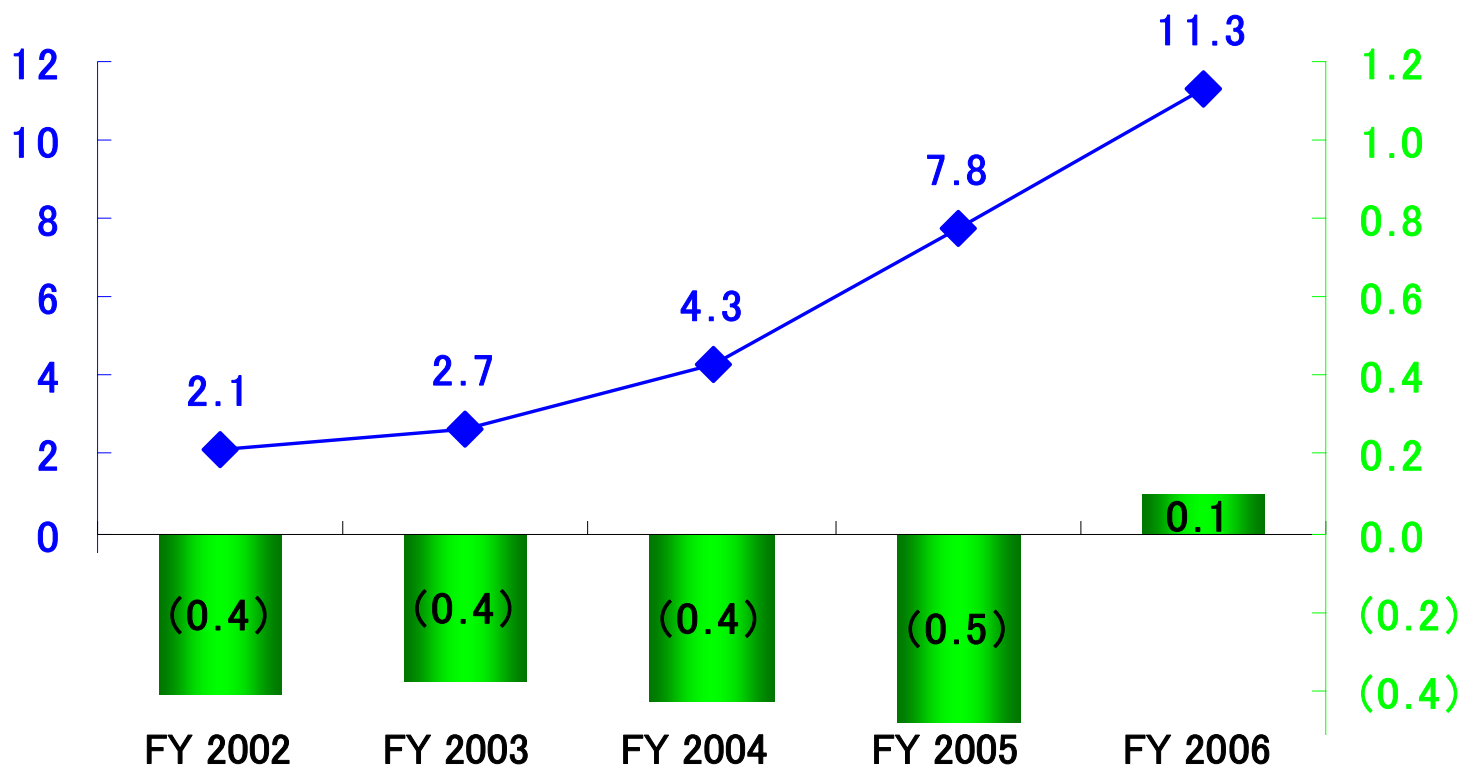
We operated reclassification of overseas sales for count more accurately from FY 2006. Plus 4 percentage points are reflected in the figures.

Result of Overseas Consolidated Subsidiaries



Net Sales
(Billions of Yen)

Ordinary Income
(Billions of Yen)



← The Sixth Medium-term Management Strategy →

Internal sales among Sanyo Chemical Groups are included.

Results of Cash Flows



(Billions of Yen)

Cash Flows	FY 2002	Results of The Sixth Medium-Term Management Strategy				
		FY 2003	FY 2004	FY 2005	FY 2006	Total
Operating Activities	10. 1	8. 8	10. 5	9. 1	9. 3	37. 7
Investing Activities	(8. 7)	(13. 3)	(10. 8)	(16. 8)	(10. 6)	(51. 5)
<i>Free Cash Flow</i>	1. 4	(4. 5)	(0. 3)	(7. 7)	(1. 3)	(13. 8)
Financing Activities	(2. 9)	(2. 9)	(1. 7)	8. 1	1. 8	5. 3
Cash and Cash Equivalents at end of the Year	23. 3	15. 7	13. 8	14. 4	15. 3	15. 3

Summary of the Sixth Medium-Term Management Strategy



- ① **Achieved the target sales (achievement ratio:118%)**
¥122.4 billion of net sales against the target of ¥103.8 billion
(a ¥18.6 billion increase from the target)
- ② **Not achieved the target profits (achievement ratio:63%)**
¥8.0 billion of ordinary income against the target of ¥12.8 billion
(a ¥4.8 billion decrease of the target)

Main factors in not achieving the target of our Management Strategy in terms of profits

- **Delay in a revision of product prices corresponding to surging raw material costs.**
- **Delay in a contribution of Strategic Products to the profit.**
- **Slackened growth of overseas subsidiaries.**

The Seventh Medium-Term Management Plan



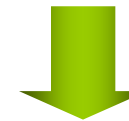
**Period: FY 2007~FY 2010 (Four years)
(April 1, 2007 to March 31, 2011)**

Slogan: “ Challenge 10 ”
(ordinary income ratio of **10%** or higher
and an ROE of **10%** or higher to be achieved by FY 20**10**)

Through our sights are set on achieving ¥200 billion,

high profitability

global expansion of operations



**be a truly unique and excellent corporate group
that operates on a global scale.**

Sales target of the Seventh Medium-Term Management Plan



Net sales of ¥170 billion or higher

We aim to realize this goal to increase our profits, setting on achieving ¥200 billion in the near future.

Principal engine of growth

Expand sales of Strategic Products * → an increase of ¥20 billion or higher

Expand sales of other products → an increase of ¥30 billion or higher

*Strategic Products:

Strategic Products are products given priority in development, and which are expected to contribute to an improvement in the Company's profitability as well as an expansion in the Company's scope of business. Five products have been carried on from the preceding Sixth Medium-Term Management Strategy, and 10 items are new. Thus, there are a total of 15 items designated as Strategic Products in our Seventh Medium-Term Management Plan.

Profitability target of the Seventh Medium-Term Management Plan



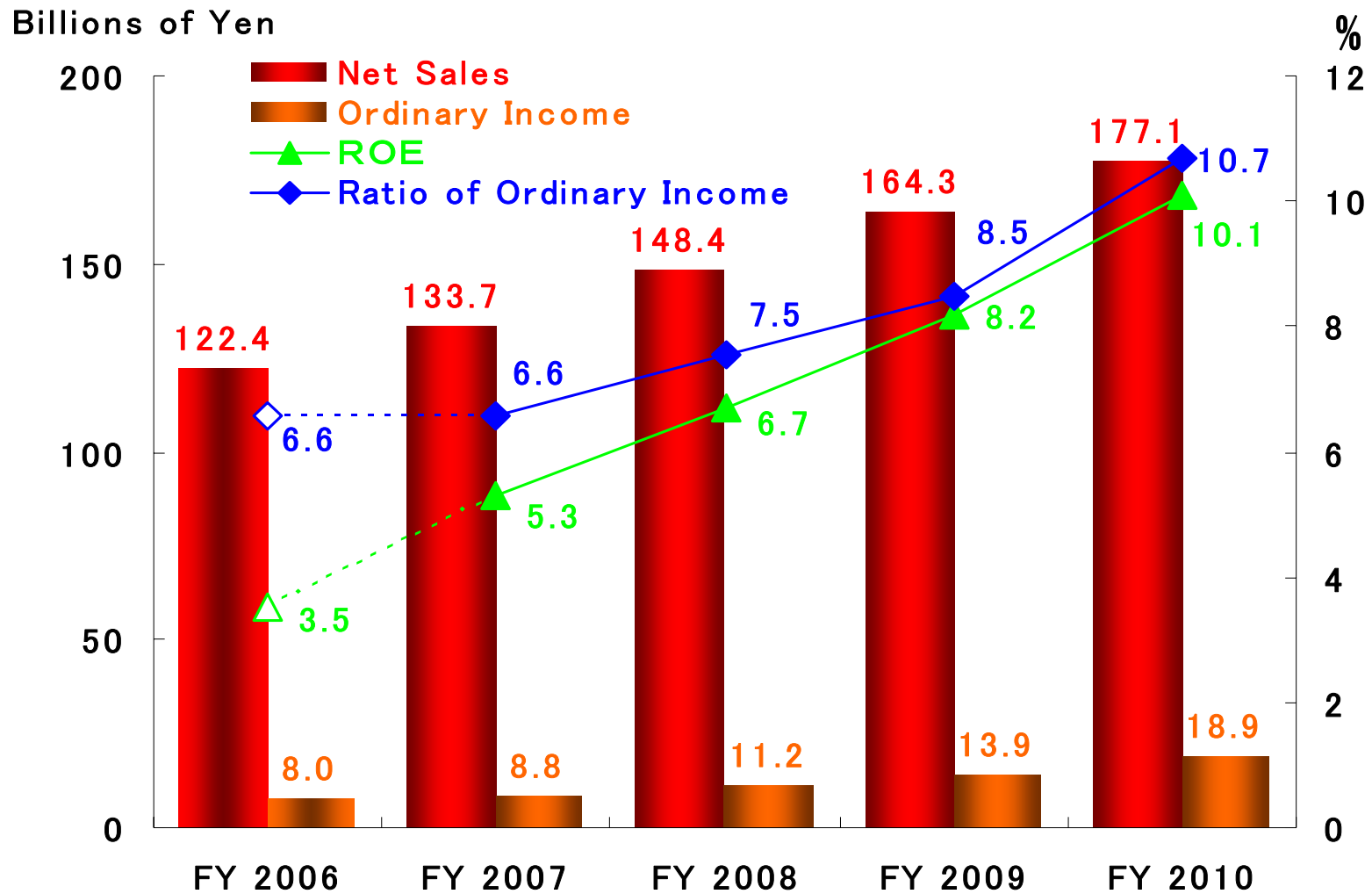
**Ordinary income of ¥180 billion or higher
and an ROE of 10% or higher
(ordinary income ratio of 10% or higher)**

**We aim to realize this goal,
pursuing surge in profit.**

Breakdown

- | | |
|---|---------------------------------------|
| Strategic Products | → an increase of ¥4 billion or higher |
| Other products
on non-consolidated basis | → an increase of ¥3 billion or higher |
| Overseas subsidiaries | → an increase of ¥2 billion or higher |
| Domestic subsidiaries | → an increase of ¥1 billion or higher |

Plans in each year



← the Seventh Medium-Term Management Plan →

Ordinary income was calculated in the previous depreciation method.

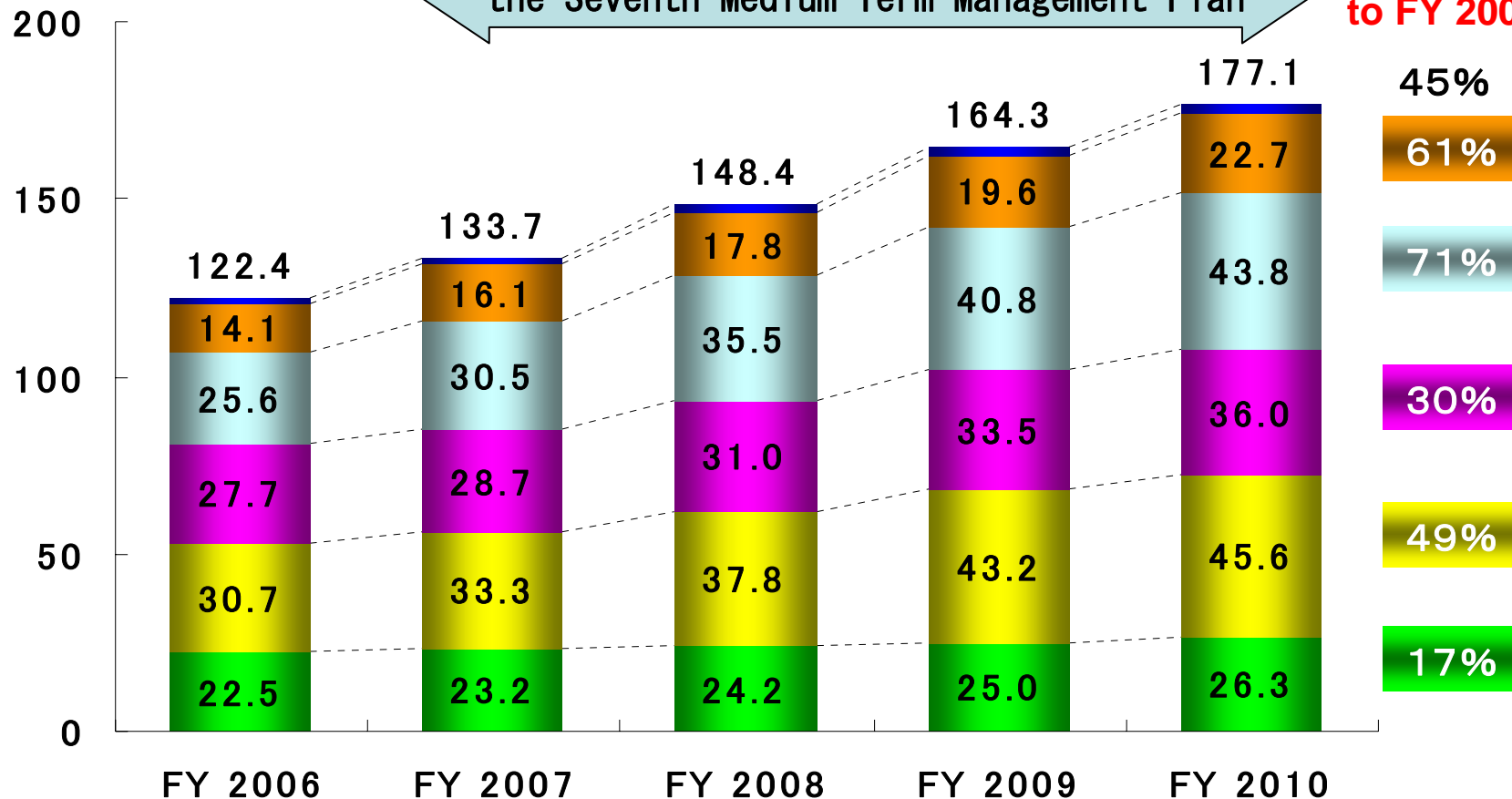
Plans of Net Sales by Product Group



Net Sales
(Billions of Yen)

← the Seventh Medium-Term Management Plan →

Increase Ratio Compared to FY 2006



- Surfactants
- Polyurethane Chemicals
- Lipophilic High-Molecular Agents
- Hydrophilic High-Molecular Agents
- Specialty Products
- Others

Main Strategic Products in focus fields



Business fields targeted for their potential to improve our profitability and net sales

Copiers and electronics

Core components of polymerization toners*, energy-saving toner resins, permanent antistatic agents*, materials related to flat panel displays (FPDs), electrolytes for electric double-layer capacitors*, etc.

Automobile products

Thermoplastic polyurethane beads for the interior parts of automobiles*, lightweight seat cushion materials, lubricating oil additives for continuously variable transmission fluid

Business development fields targeting next-generation advances

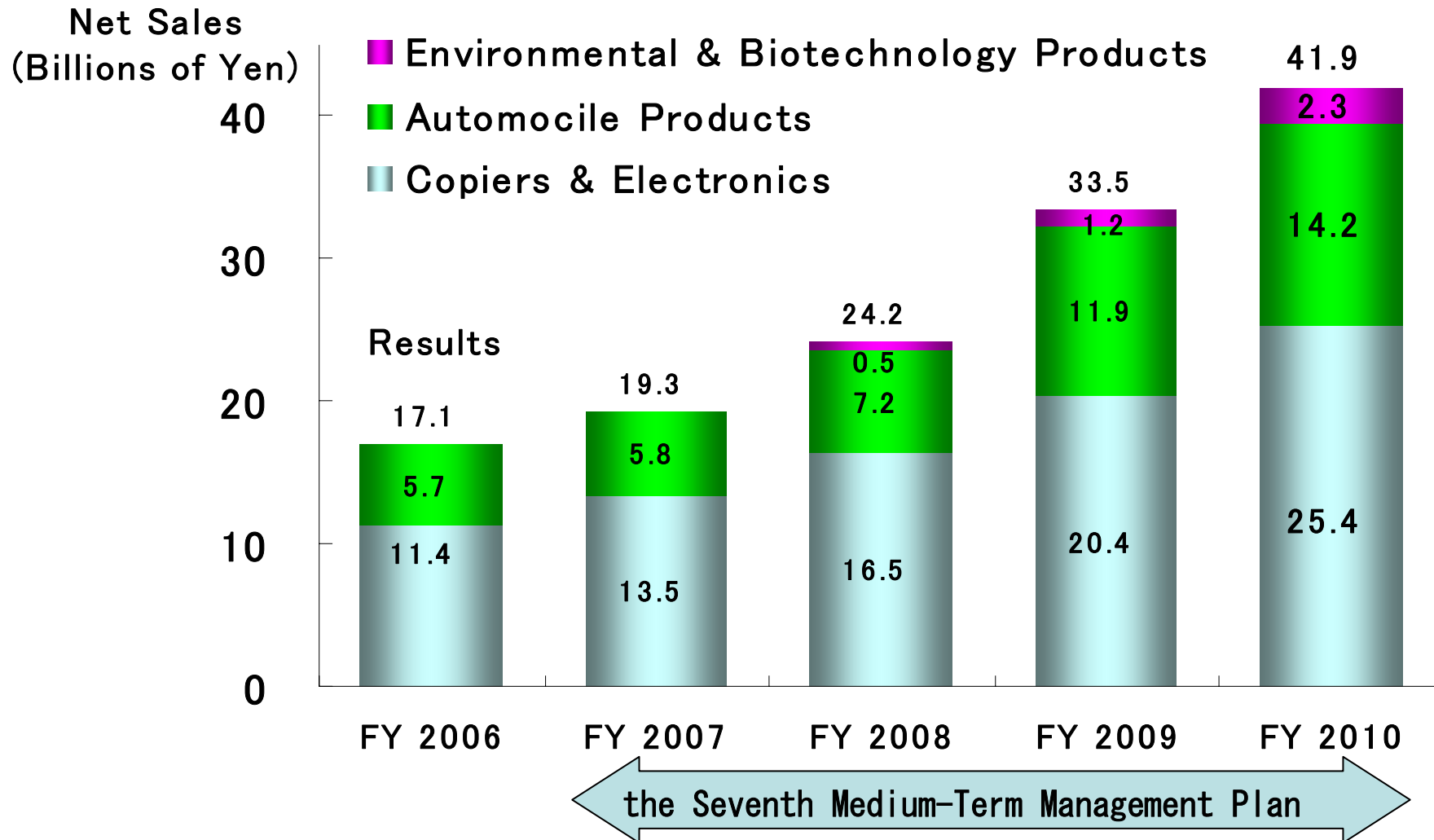
Environmental and biotechnology products

High-performance polymer flocculants, plasticizers used for biodegradable plastics, materials to stop bleeding during surgery, surfactants for biotechnology applications

Note: Items with an asterisk indicate Strategic Products carried over from the Sixth Medium-Term Management Strategy.

Plans of Net Sales of Strategic Products

Product Group

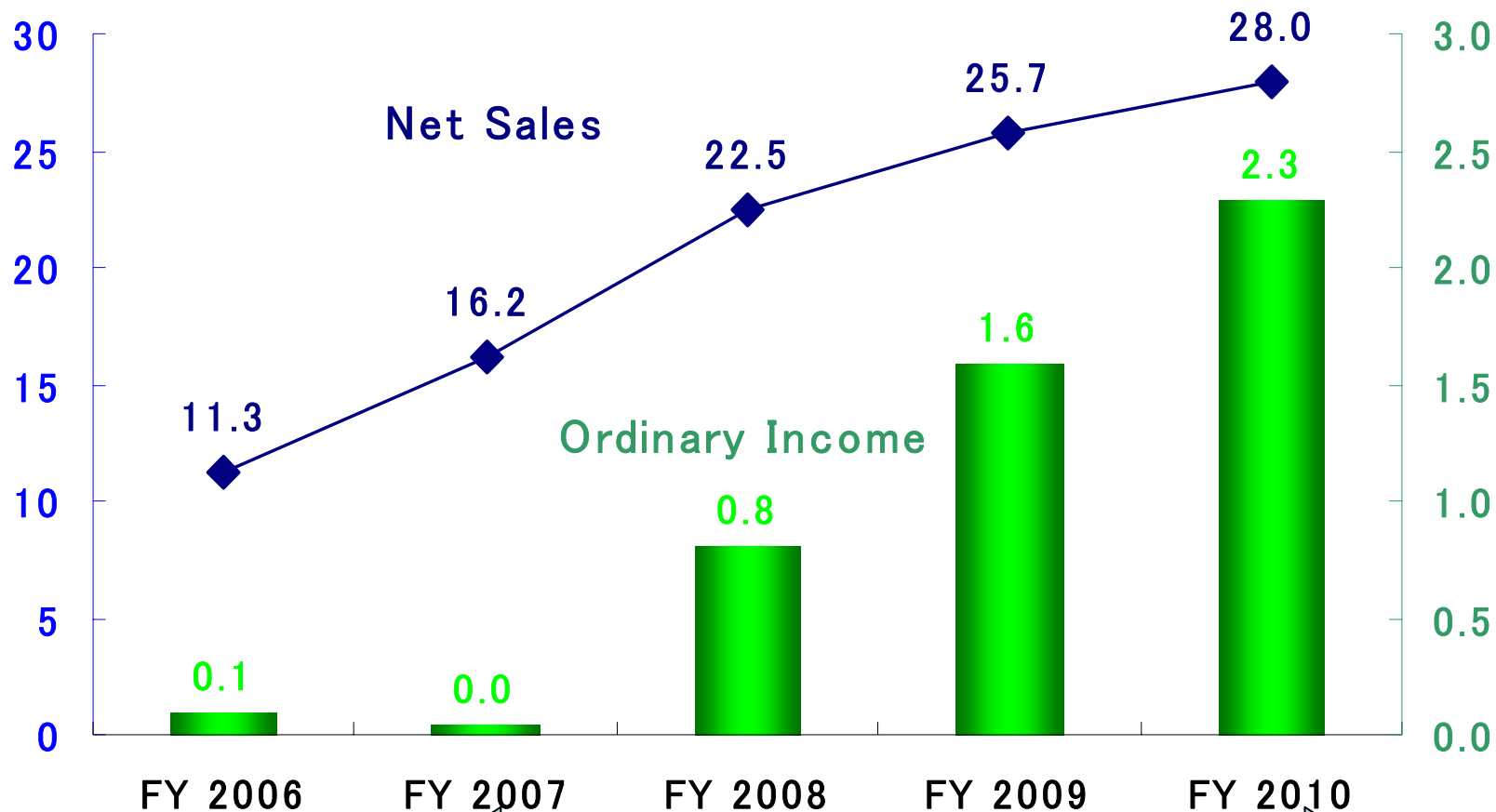


Plans of Overseas Consolidated Subsidiaries



Net Sales
(Billions of Yen)

Ordinary Income
(Billions of Yen)



← the Seventh Medium-Term Management Plan →

Internal sales among Sanyo Chemical Groups are included.

Capital investment, Depreciation & Amortization Expenses, and R&D Expenses



(Billions of Yen)

	FY 2006 (Results)	the Seventh Medium-Term Management Plan				
		FY 2007	FY 2008	FY 2009	FY 2010	Total
Capital investment	10.5	12.4	16.7	15.5	9.5	54.1
Depreciation & Amortization Expenses	8.1	8.2	9.4	11.0	11.7	40.3
R&D Expenses	4.5	5.2	5.8	6.4	7.3	24.7

Forecast for FY 2007



(Millions of yen)

	FY 2007 (Estimated)	FY 2006 (Results)	The Ratio of Increase	the Seventh Medium-Term Management Plan	
				FY 2007	Achievement Ratio
Net Sales	130, 000	122, 397	6%	133, 700	97%
Operating Income (% of Net Sales)	7, 500 (5. 8%)	6, 553 (5. 4%)	14%	7, 800 (5. 8%)	96%
Ordinary Income (% of Net Sales)	8, 500 (6. 5%)	8, 024 (6. 6%)	6%	8, 800 (6. 6%)	97%
Net Income (% of Net Sales)	4, 500 (3. 5%)	3, 051 (2. 5%)	47%	4, 800 (3. 6%)	94%

A revised depreciation method is applied to estimated figures, whereas the method is not applied to figures in the Seventh Medium-Term Management Plan.

Forecast for FY 2007 (Non-consolidated)

(Millions of yen)

	FY 2007 (Estimated)	FY 2006 (Results)	The Ratio of Increase
Net Sales	98, 000	92, 554	6%
Operating Income (% of Net Sales)	4, 200 (4. 3%)	3, 458 (3. 7%)	21%
Ordinary Income (% of Net Sales)	6, 600 (6. 7%)	5, 750 (6. 2%)	15%
Net Income (% of Net Sales)	4, 600 (4. 7%)	2, 136 (2. 3%)	115%

Net Sales Plan by Product Groups



(Millions of Yen)

Group	FY 2007 (Plan)	FY 2006 (Results)	From the Previous FY	
			Increase	The Ratio of Increase
Surfactants	22,602	22,480	122	1%
Industrial Surfactants	18,406	18,363	43	0%
Surfactant for Textile	4,196	4,117	79	2%
Polyurethane Chemicals	32,767	30,669	2,098	7%
Raw Materials for Polyurethane Foam	23,211	21,654	1,557	7%
Polyurethane Resins	9,556	9,015	541	6%
Lipophilic High-Molecular Agents	28,490	27,714	776	3%
Office Machine-related Products	14,296	14,218	78	1%
Lubricating Oil & Machine-related Products	9,579	9,431	148	2%
Coating & Adhesive-related Products	4,615	4,065	550	14%
Hydrophilic High-Molecular Agents	28,291	25,596	2,695	11%
Superabsorbent Polymers	25,292	22,924	2,368	10%
Water Treatment Products	2,999	2,672	327	12%
Specialty Products	15,868	14,137	1,731	12%
Resin & Polymer Modifiers	5,880	5,575	305	5%
Electric/Electronic-related Products	6,085	4,706	1,379	29%
Others	3,903	3,856	47	1%
Others	1,982	1,801	181	10%
Total	130,000	122,397	7,603	6%