

A Statement of Accounts
For the Nine Months Ended December 31, 2013
3rd Quarter in Fiscal Year 2013
(3Q-FY2013)

SANYO CHEMICAL INDUSTRIES, LTD.

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

Code: 4471



<Notice>

Yen amounts described in this presentation material are rounded down.
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 January 31, 2014. 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.

Please Contact

Public Relations Dept.

SANYO CHEMICAL INDUSTRIES, LTD.

TEL +81-75-541-4312

FAX +81-75-551-2557

E-mail pr-group@sanyo-chemical.com

Corporate Data

Date of Establishment: November 1, 1949

Head Office: Higashiyama-ku, Kyoto

Capital: ¥13,051 million

Domestic Sales & Marketing Offices:

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka, Toyama

Domestic Factories:

Nagoya, Kinuura, Kashima, Kyoto, Kawasaki (San Chemical)

Consolidated Number of Employees:

1,928 (as of Dec. 31, 2013)

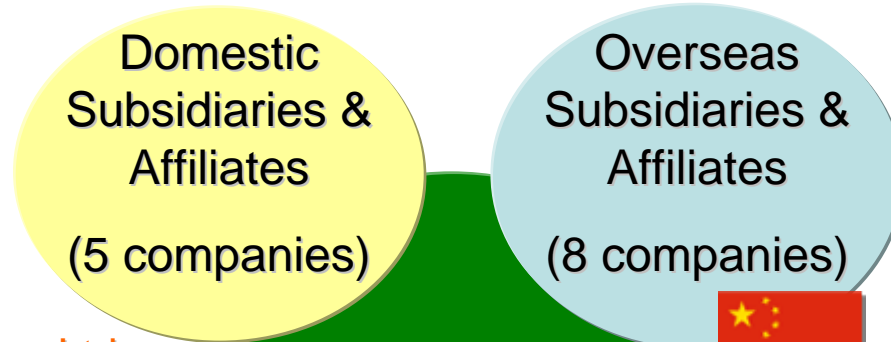
Line of Business:

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

Sanyo Chemical Group

● Consolidated Subsidiaries (12 companies)

○ Subsidiaries and Affiliates Accounted for by Equity Method (5 companies)



SANYO CHEMICAL INDUSTRIES, LTD.

- SDP Global Co., Ltd.
- SAN NOPCO LIMITED
- San Chemical Co., Ltd.
- San-Apro Ltd.

○ San-Petrochemicals Co., Ltd.

Logistics & Service Affiliates

(4 companies)

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



- Sanyo Kasei (Nantong) Co., Ltd. (China)
- San-Dia Polymers (Nantong) Co., Ltd. (China)
- Sanyo Chemical (Shanghai) Trading Co., Ltd. (China)



- Sanyo Kasei (Thailand) Ltd.

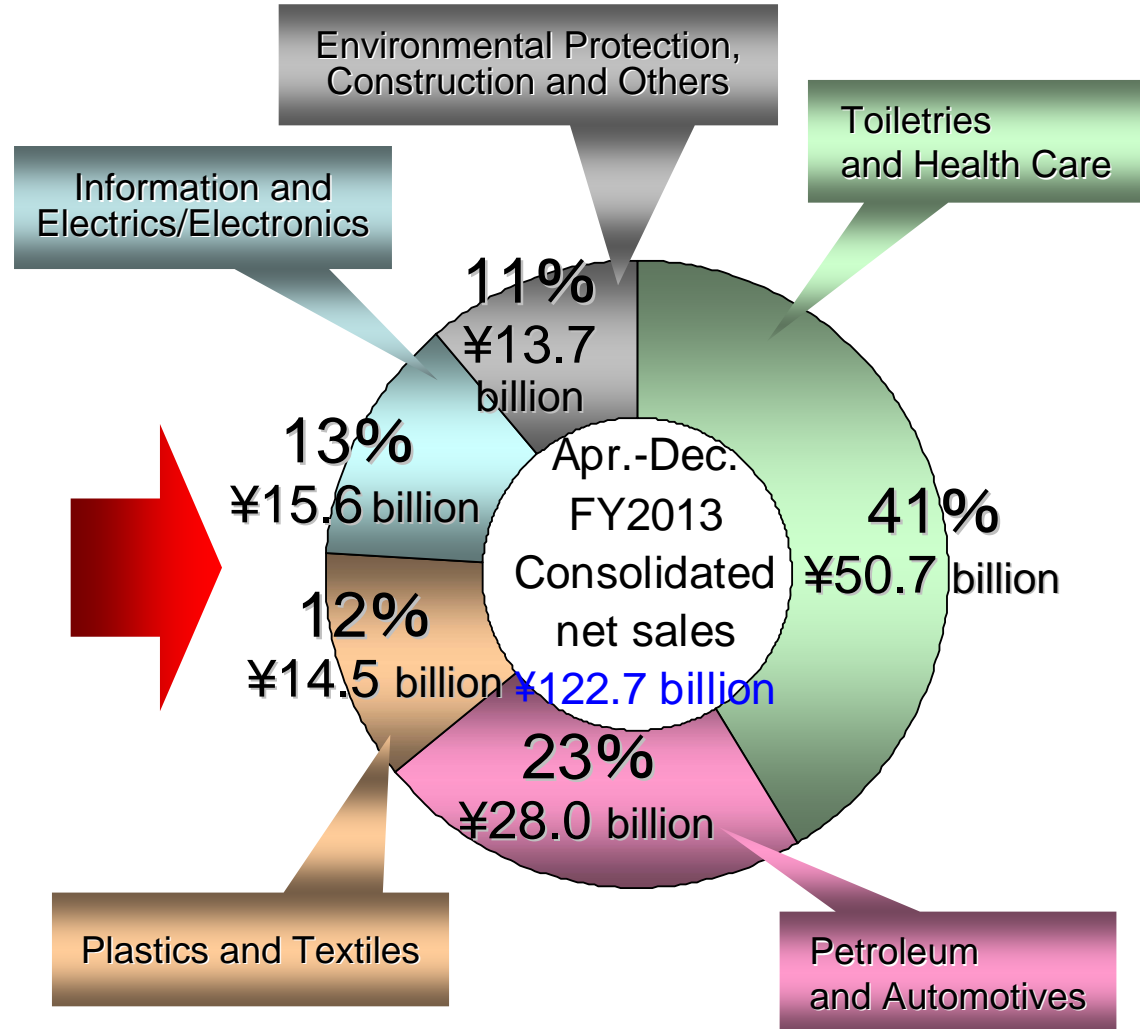
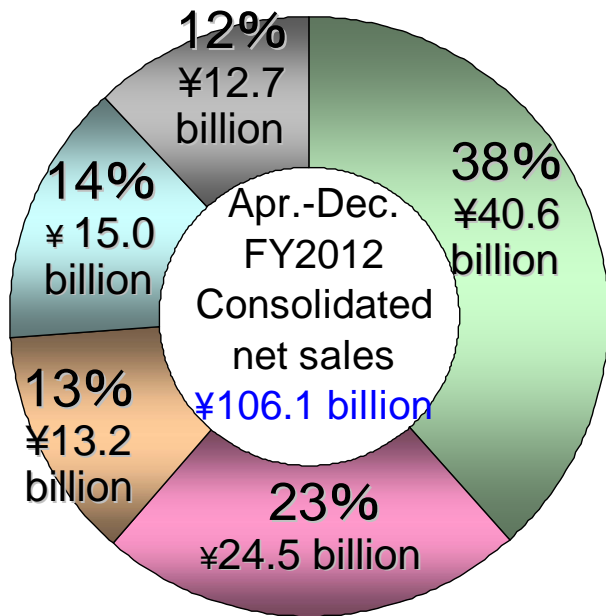


- SANAM Corp.
- Sanyo Chemical & Resins, LLC
- Sanyo Chemical Texas Industries, LLC
- Sunrise Chemical LLC

Principal products by Product Group

| Class. | Sub-Category | Principal Products |
|---|------------------------|--|
| Toiletries and Health Care | Toiletries | Surfactants for Detergents, Surfactants for Hair Care Products, Agents for Papermaking |
| | Health Care | Superabsorbent Polymers (SAPs), Base Materials for Pharmaceuticals, Germicides/Disinfectants, Surgical Hemostatic Sealants, EIA Diagnostic Reagents, Potting Resins for Artificial Kidneys |
| Petroleum and Automotives | | Thermoplastic Polyurethane Beads for the Interior Parts of Automobiles (TUBs), Raw Materials for Polyurethane Foams (PPG), Lubricating Oil Additives, Additives for Fuel Oils, Water-Soluble Cutting Fluids, Halogen-Free Cleaning Agents, Base Materials for Synthetic Lubricants, Paste Resins for Design Models, Resins for Automobile Paints |
| Plastics and Textiles | Plastics | Permanent Antistatic Agents, Pigment Dispersants, Resin Modifiers, Base Materials for Polyurethane Elastomers, Paint Resins, Chemical Boards for Models |
| | Textiles | Agents for Textile Manufacturing, Chemicals for Carbon Fibers, Agents for Fiberglass, Polyurethane Resins for Synthetic Leather |
| Information and Electrics /Electronics | Information | Polyester Beads (PEBs) Used as a Core Component of Polymerization Toners, Toner Resins |
| | Electrics /Electronics | Electrolytes for Aluminum Electrolytic Capacitors, Electrolytes for Electric Double-Layer Capacitors, Agents for Use in Hard Disk Manufacturing, UV/EB Curing Resins |
| Environmental Protection, Construction and Others | | Polymer Flocculants for Wastewater Treatment, Polyurethane for Heat Insulating Materials (PPG), Slurry Agents, Reactive Hot-Melt Adhesives, Raw Materials for Building Sealants, Cement Agents |

Net Sales by Product Group



Results of Operations for 3Q in FY2013

(Billions of yen)

| Consolidated | Apr.-Dec. | | Year on Year Change | |
|----------------------|-----------|--------|---------------------|-----------|
| | FY2012 | FY2013 | Amount | Ratio (%) |
| Net sales | 106.10 | 122.76 | 16.66 | 16 |
| Operating income | 4.62 | 6.54 | 1.91 | 41 |
| Ordinary income | 5.43 | 7.64 | 2.20 | 41 |
| Net income | 3.27 | 4.56 | 1.28 | 39 |
| Comprehensive income | 2.91 | 9.48 | 6.56 | 3.2 times |

(Billions of yen)

| Unconsolidated | Apr.-Dec. | | Year on Year Change | |
|------------------|-----------|--------|---------------------|-----------|
| | FY2012 | FY2013 | Amount | Ratio (%) |
| Net sales | 70.82 | 75.61 | 4.78 | 7 |
| Operating income | 2.39 | 2.67 | 0.27 | 11 |
| Ordinary income | 4.42 | 4.38 | (0.03) | (1) |
| Net income | 3.37 | 3.41 | 0.04 | 1 |

Results of Operations for 3Q in FY2013

Internal sales among Sanyo Chemical Group are not eliminated.

Consolidated Subsidiaries (12 companies)

(Billions of yen)

| | Apr.-Dec. | | Year on Year Change | |
|------------------|-----------|--------|---------------------|-----------|
| | FY2012 | FY2013 | Amount | Ratio (%) |
| Net sales | 55.01 | 73.54 | 18.53 | 34 |
| Operating income | 1.91 | 3.65 | 1.73 | 91 |
| Ordinary income | 2.24 | 3.77 | 1.52 | 68 |

Of which, SDP Group (SDP and SDN)

(Billions of yen)

| | Apr.-Dec. | | Year on Year Change | |
|------------------|-----------|--------|---------------------|-----------|
| | FY2012 | FY2013 | Amount | Ratio (%) |
| Net sales | 28.15 | 38.42 | 10.26 | 36 |
| Operating income | 0.79 | 2.17 | 1.37 | 2.7 times |
| Ordinary income | 0.92 | 2.29 | 1.37 | 2.5 times |

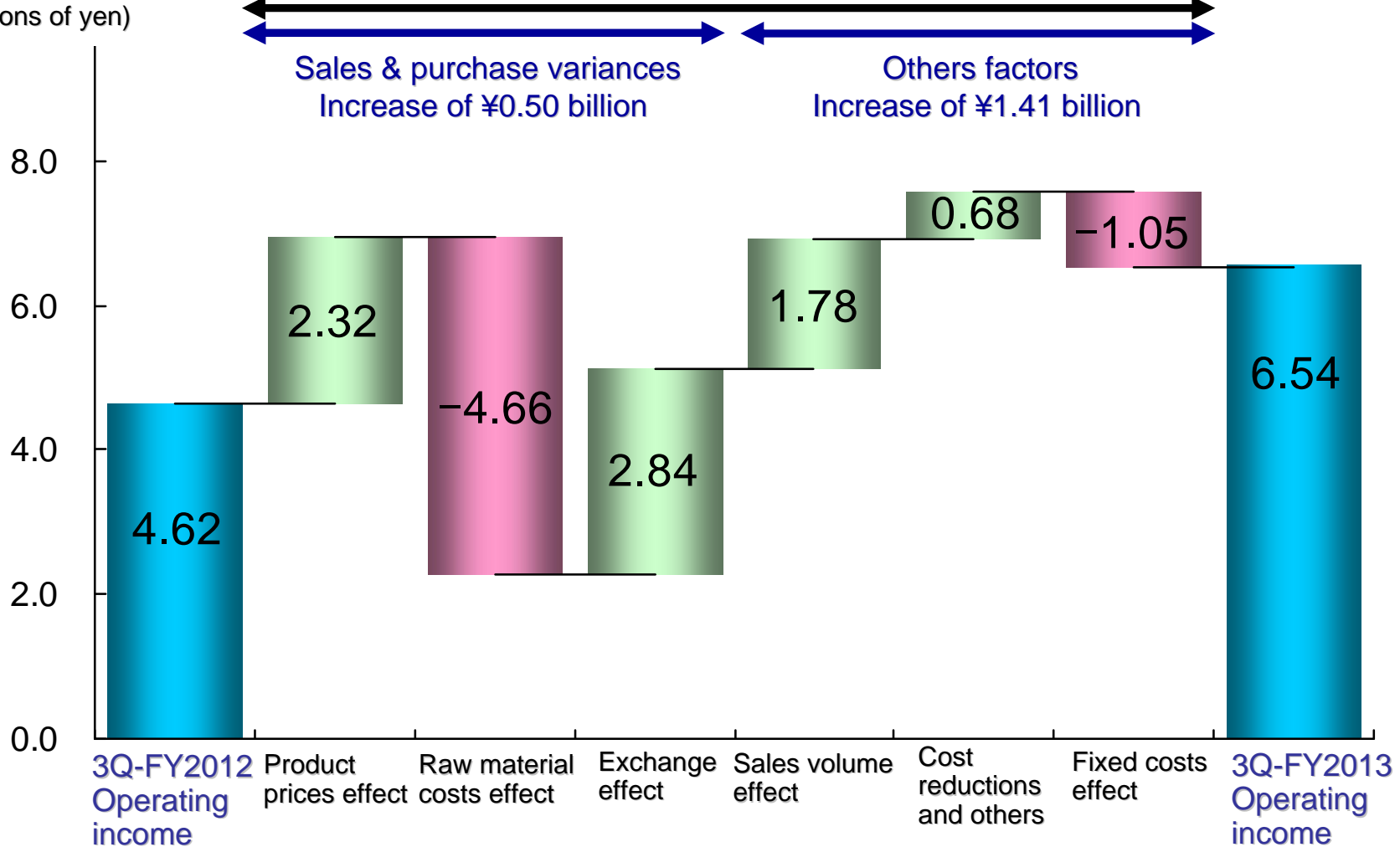
Change in Consolidated Operating Income

¥1.91 billion increase from the same periods of previous fiscal year



Sales & purchase variances
Increase of ¥0.50 billion

Others factors
Increase of ¥1.41 billion



Change in Consolidated Net Income

(Billions of yen)

| | Apr.-Dec. | | Year on Year Change |
|--|-----------|--------|---------------------|
| | FY2012 | FY2013 | |
| Operating income | 4.62 | 6.54 | 1.91 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 0.39 | 0.02 | (0.37) |
| Gain or loss on foreign exchange | 0.04 | 0.55 | 0.50 |
| Other non-operating profit and loss | 0.35 | 0.51 | 0.15 |
| Ordinary income | 5.43 | 7.64 | 2.20 |
| Gain and Loss on disposal/sales of property, plant and equipment | (0.45) | (0.49) | (0.03) |
| Other extraordinary income or loss | 0.08 | 0.14 | 0.06 |
| Income before income taxes and minority interests | 5.05 | 7.29 | 2.23 |
| Income taxes, etc. | (1.44) | (2.05) | (0.60) |
| Minority interests | (0.33) | (0.67) | (0.34) |
| Net income | 3.27 | 4.56 | 1.28 |

Consolidated Balance Sheet

(Billions of yen)

| | Mar. 31 2013 | Dec. 31 2013 | Changed amount | Main Change Factor* |
|---|-----------------|-----------------|-------------------|---|
| Current assets | 73.8 | 83.9 | 10.1 | Cash and deposits: 5.6, Notes and accounts receivable-trade: 3.6, Inventories: 0.4 |
| Fixed assets | 81.5 | 84.7 | 3.2 | Investment securities: 3.7 |
| Assets | 155.4 | 168.7 | 13.3 | |
| Current liabilities | 50.4 | 53.5 | 3.0 | Notes and accounts payable-trade: 4.3, Short-term debt: 0.9, Current portion of long-term debt: (1.0) |
| Long-term liabilities | 10.6 | 13.2 | 2.6 | Long-term debt: 1.9, Provision for retirement benefits: (0.5), Deferred tax liabilities: 1.2 |
| Liabilities | 61.1 | 66.8 | 5.6 | |
| Shareholder's equity | 86.6 | 89.5 | 2.8 | Net income: 4.5, Cash dividends paid: (1.6) |
| Other comprehensive income | 4.5 | 8.5 | 3.9 | Unrealized gains on other securities: 2.5, Foreign currency translation adjustment: 1.3 |
| Minority interests | 2.9 | 3.8 | 0.8 | |
| Net assets | 94.2 | 101.9 | 7.6 | |
| Total Liabilities and net assets | 155.4 | 168.7 | 13.3 | |

* Each figure indicates the changed amount.

(Billions of yen)

Consolidated Cash Flows

| | April-Dec. | | Changed amount | Main Change Factor* |
|--|------------|--------|----------------|--|
| | FY2012 | FY2013 | | |
| Operating activities | 9.5 | 12.2 | 2.7 | |
| Income before income taxes and minority interests | 5.0 | 7.2 | 2.2 | |
| Depreciation and amortization | 6.6 | 7.0 | 0.3 | |
| Equity in earning of unconsolidated subsidiaries and affiliates | (0.3) | (0.0) | 0.3 | |
| (Increase) decrease in operating capital | (0.8) | 0.9 | 1.7 | Notes and accounts receivable-trade: (3.8), Inventories: 1.0, Notes and accounts payable: 4.5 |
| Income taxes | (0.8) | (2.0) | (1.2) | |
| Others | (0.1) | (0.8) | (0.7) | |
| Investing activities | (9.0) | (6.1) | 2.8 | |
| Free cash flows | 0.4 | 6.1 | 5.6 | |
| Financing activities | (0.4) | (0.8) | (0.3) | (3Q in FY2013) Loans, Repayment: 0.9, Cash dividends paid: (1.6) |
| Effect of exchange rate changes on cash and cash equivalents | 0.0 | 0.3 | 0.3 | |
| Increase (decrease) in cash and cash equivalents | 0.0 | 5.6 | 5.5 | |
| Cash and cash equivalents at beginning of period | 9.3 | 10.1 | 0.8 | |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 0.2 | — | (0.2) | Sanyo Transport Co., Ltd. |
| Cash and cash equivalents at end of period | 9.7 | 15.7 | 6.0 | |

* Each figure indicates the changed amount.

Revised Forecast for FY2013

(Billions of yen)

| Consolidated | Forecast for FY2013 | Forecast for FY2013 | Changed amount | Changed ratio (%) | FY2012 |
|------------------|----------------------------|----------------------------|----------------|-------------------|---------|
| | Announced on Jan. 27, 2014 | Announced on Oct. 30, 2013 | | | Results |
| Net sales | 163.0 | 161.0 | 2.0 | 1 | 142.6 |
| Operating income | 7.8 | 7.4 | 0.4 | 5 | 6.1 |
| Ordinary income | 9.0 | 8.1 | 0.9 | 11 | 7.2 |
| Net income | 5.0 | 4.9 | 0.1 | 2 | 4.1 |

(Billions of yen)

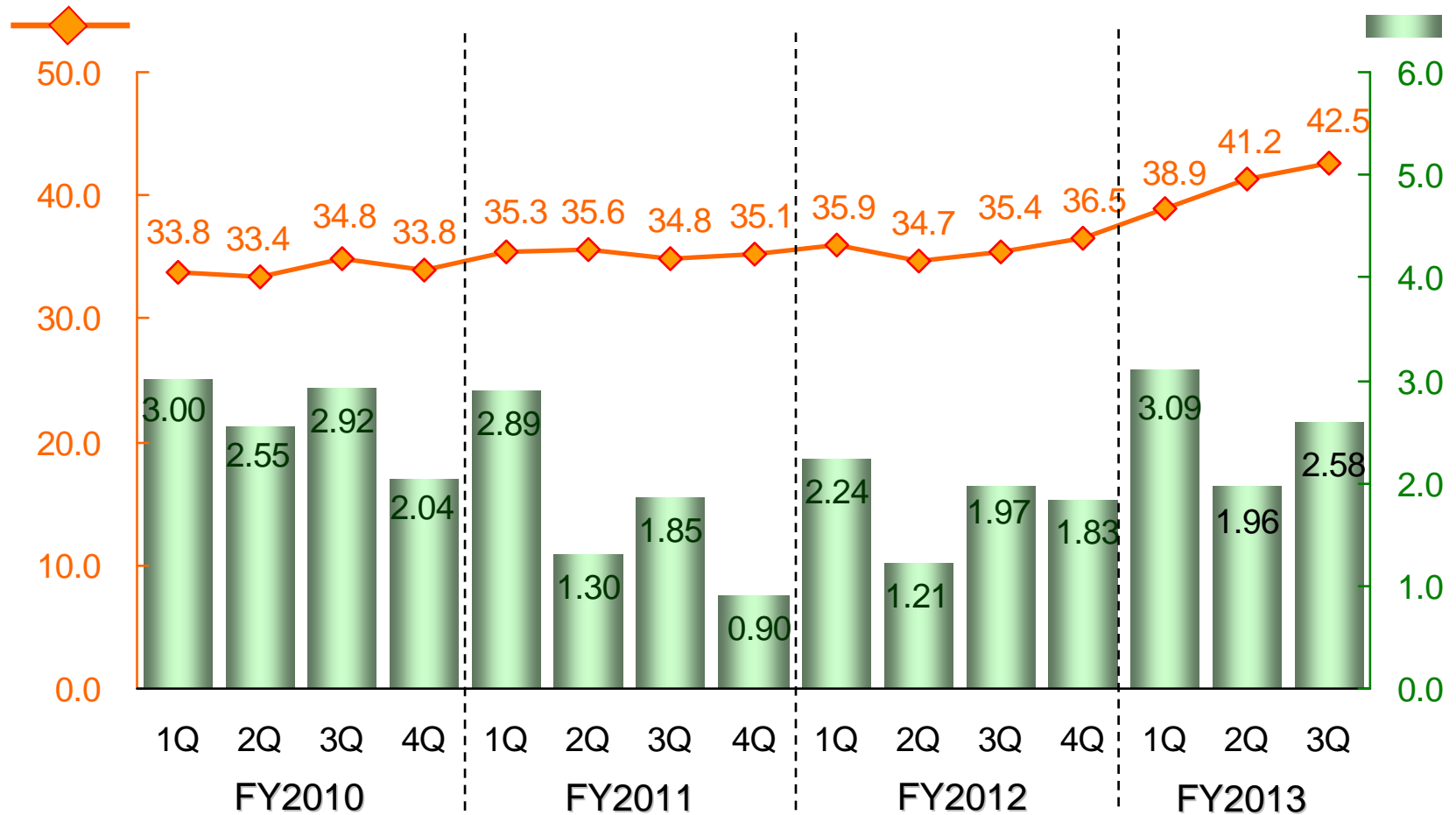
| Unconsolidated | Forecast for FY2013 | Forecast for FY2013 | Changed amount | Changed ratio (%) | FY2012 |
|------------------|----------------------------|----------------------------|----------------|-------------------|---------|
| | Announced on Jan. 27, 2014 | Announced on Oct. 30, 2013 | | | Results |
| Net sales | 100.0 | 99.0 | 1.0 | 1 | 94.7 |
| Operating income | 3.0 | 3.0 | 0.0 | 0 | 2.8 |
| Ordinary income | 5.0 | 5.0 | 0.0 | 0 | 5.4 |
| Net income | 0.0 | 3.6 | (3.6) | (100) | 4.0 |

The table above is described based on financial revisions for our consolidated FY2013 and reporting of an extraordinary loss in non-consolidated accounting, which were announced on Jan. 27, 2014 (Japanese version only).

Consolidated Business Result Trend

Net sales
(Billions of yen)

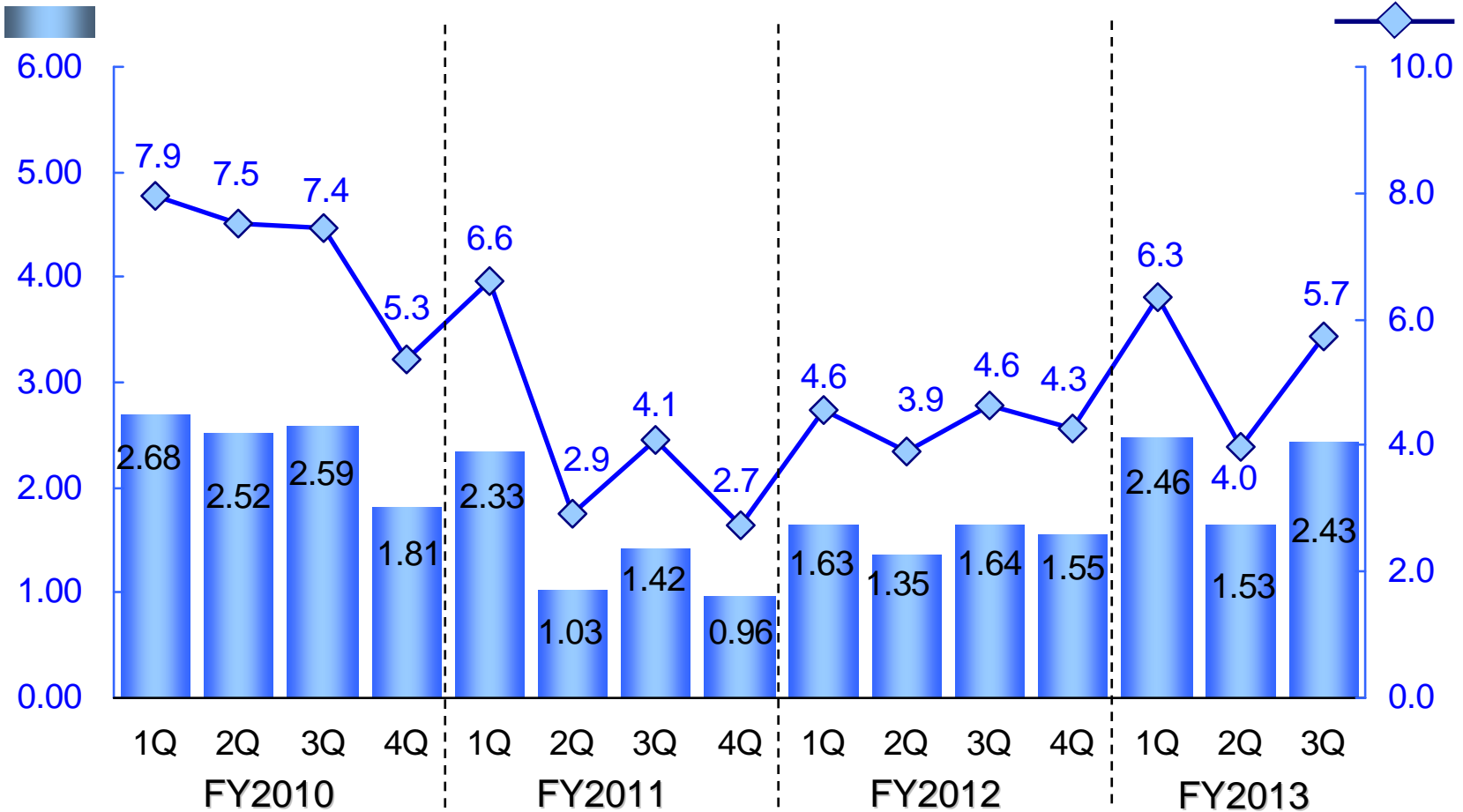
Ordinary income
(Billions of yen)



Consolidated Operating Income Trend

Operating income
(Billions of yen)

Operating income
ratio (%)



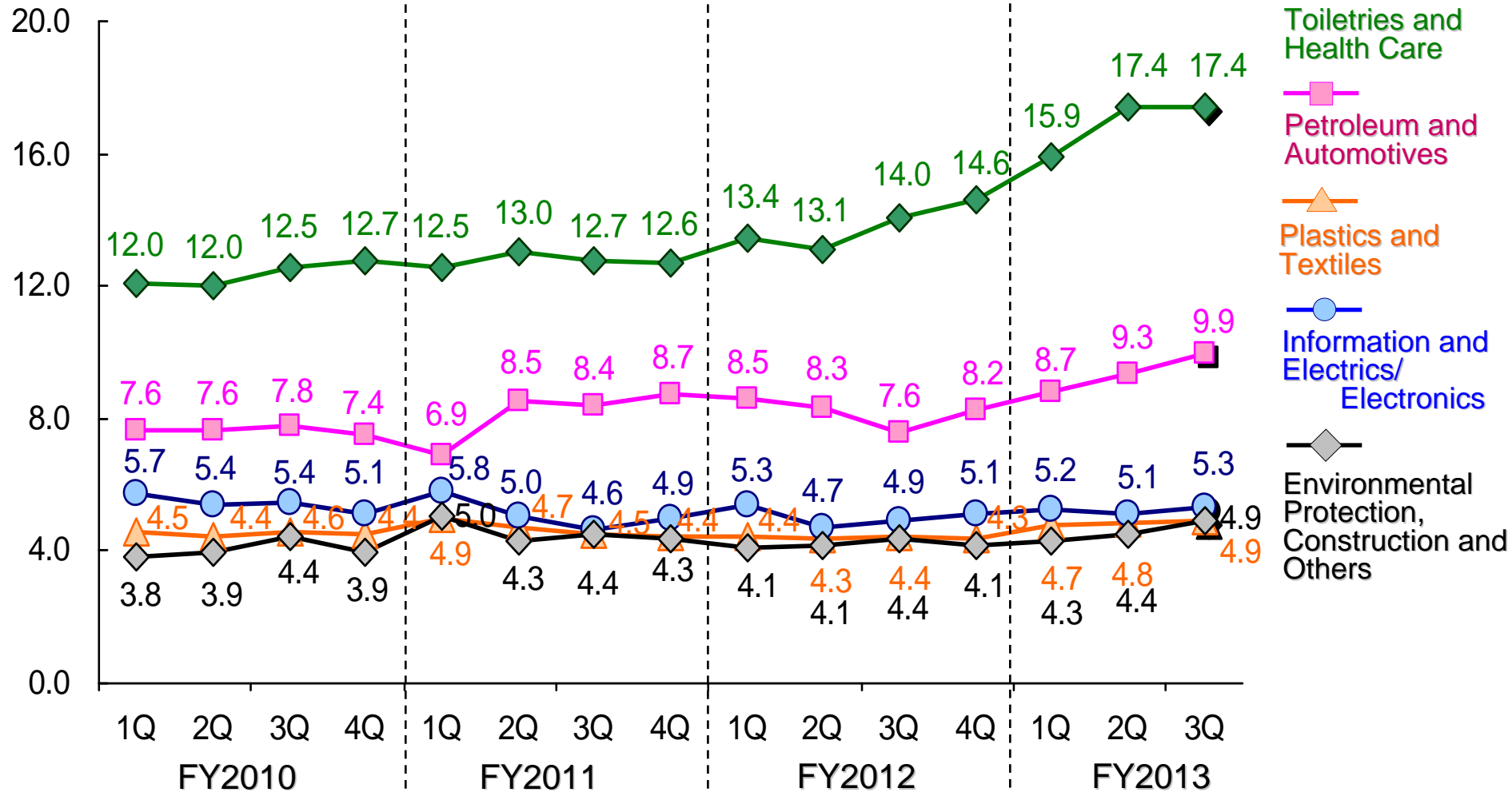
Consolidated Net Sales by Product Group

(Billions of yen)

| Product Group | April-Dec. | | Year on Year Change | |
|--|---------------|---------------|---------------------|-----------|
| | FY2012 | FY2013 | Amount | Ratio (%) |
| Toiletries and Health Care | 40.66 | 50.72 | 10.05 | 25 |
| Toiletries | 10.42 | 10.61 | 0.19 | 2 |
| Health Care | 30.24 | 40.10 | 9.86 | 33 |
| Petroleum and Automotives | 24.51 | 28.05 | 3.54 | 14 |
| Plastics and Textiles | 13.20 | 14.55 | 1.34 | 10 |
| Plastics | 8.27 | 9.02 | 0.74 | 9 |
| Textiles | 4.93 | 5.52 | 0.59 | 12 |
| Information and Electrics/Electronics | 15.01 | 15.69 | 0.68 | 5 |
| Information | 11.28 | 11.67 | 0.39 | 3 |
| Electrics/Electronics | 3.72 | 4.01 | 0.28 | 8 |
| Environmental Protection, Construction and Others | 12.70 | 13.74 | 1.03 | 8 |
| Total | 106.10 | 122.76 | 16.66 | 16 |

Consolidated Net Sales Trend by Product Group

(Billions of yen)



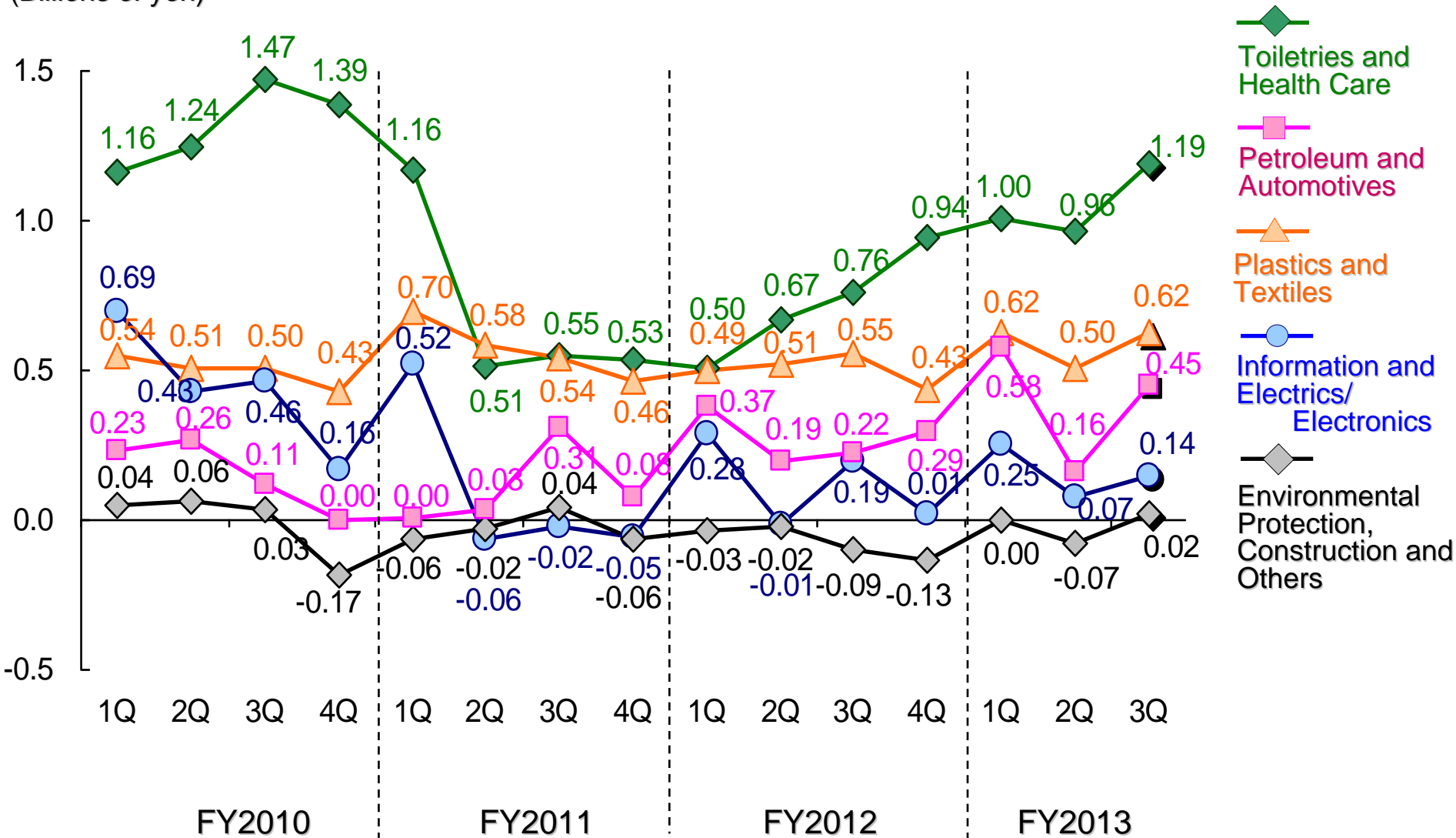
Consolidated Operating Income by Product Group

(Billions of yen)

| Product Group | Apr.-Dec. | | Year on Year Change | |
|---|-----------|--------|---------------------|-----------|
| | FY2012 | FY2013 | Amount | Ratio (%) |
| Toiletries and Health Care | 1.93 | 3.16 | 1.22 | 63 |
| Petroleum and Automotives | 0.80 | 1.19 | 0.38 | 48 |
| Plastics and Textiles | 1.57 | 1.75 | 0.18 | 12 |
| Information and Electrics/Electronics | 0.47 | 0.47 | 0.00 | 1 |
| Environmental Protection, Construction and Others | (0.15) | (0.05) | 0.10 | — |
| Total | 4.62 | 6.54 | 1.91 | 41 |

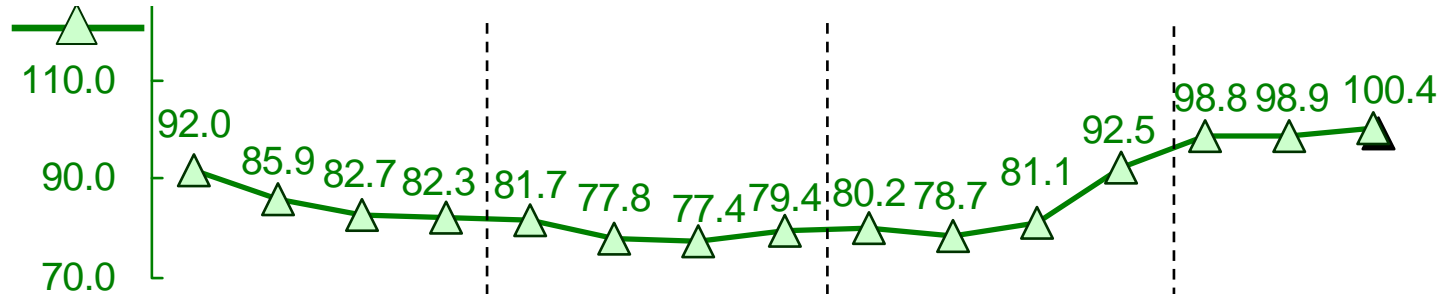
Consolidated Operating Income Trend by Product Group

(Billions of yen)



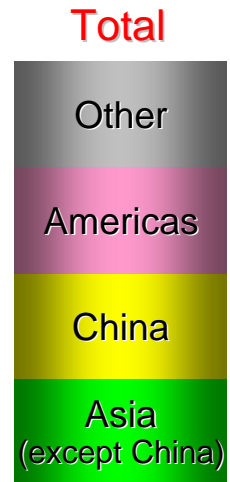
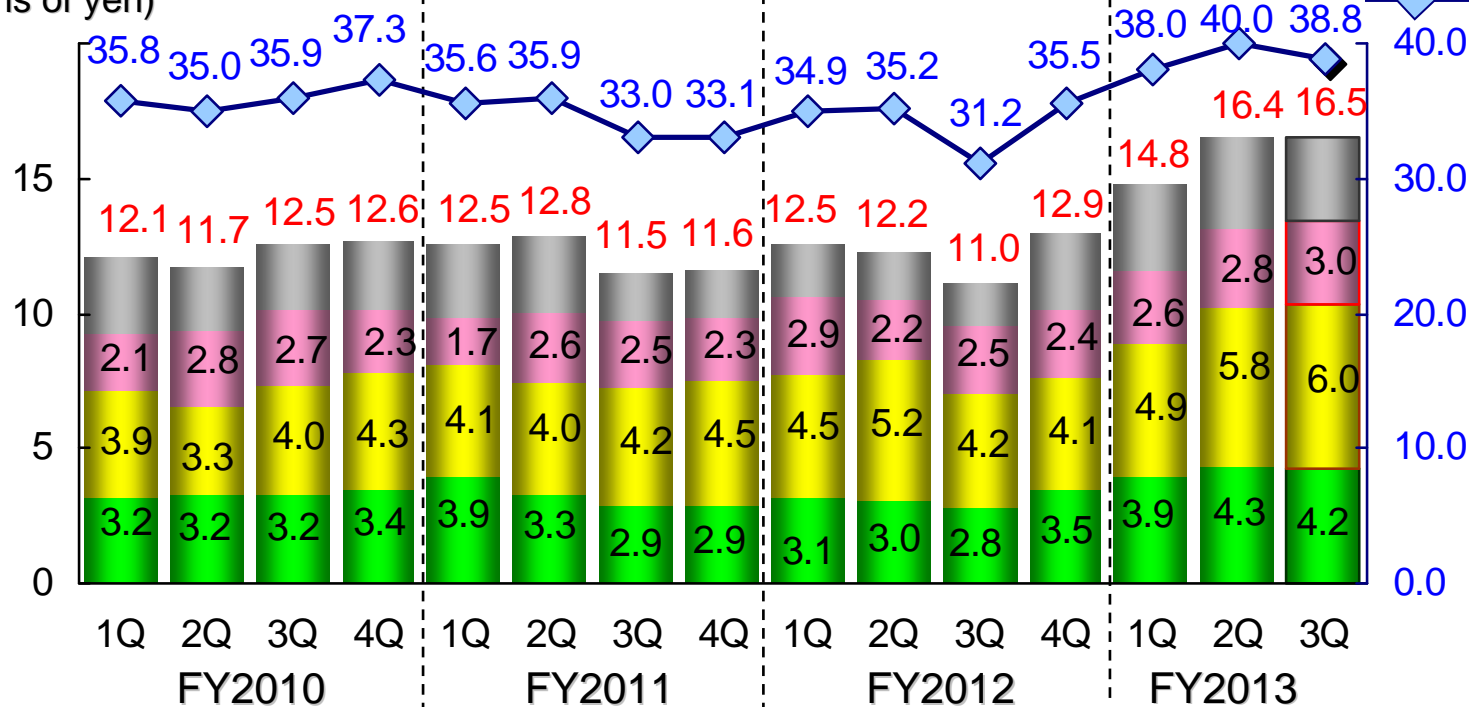
Consolidated Overseas Sales Trend

Average exchange rate
(Yen/US\$)



Overseas sales ratio
(%)

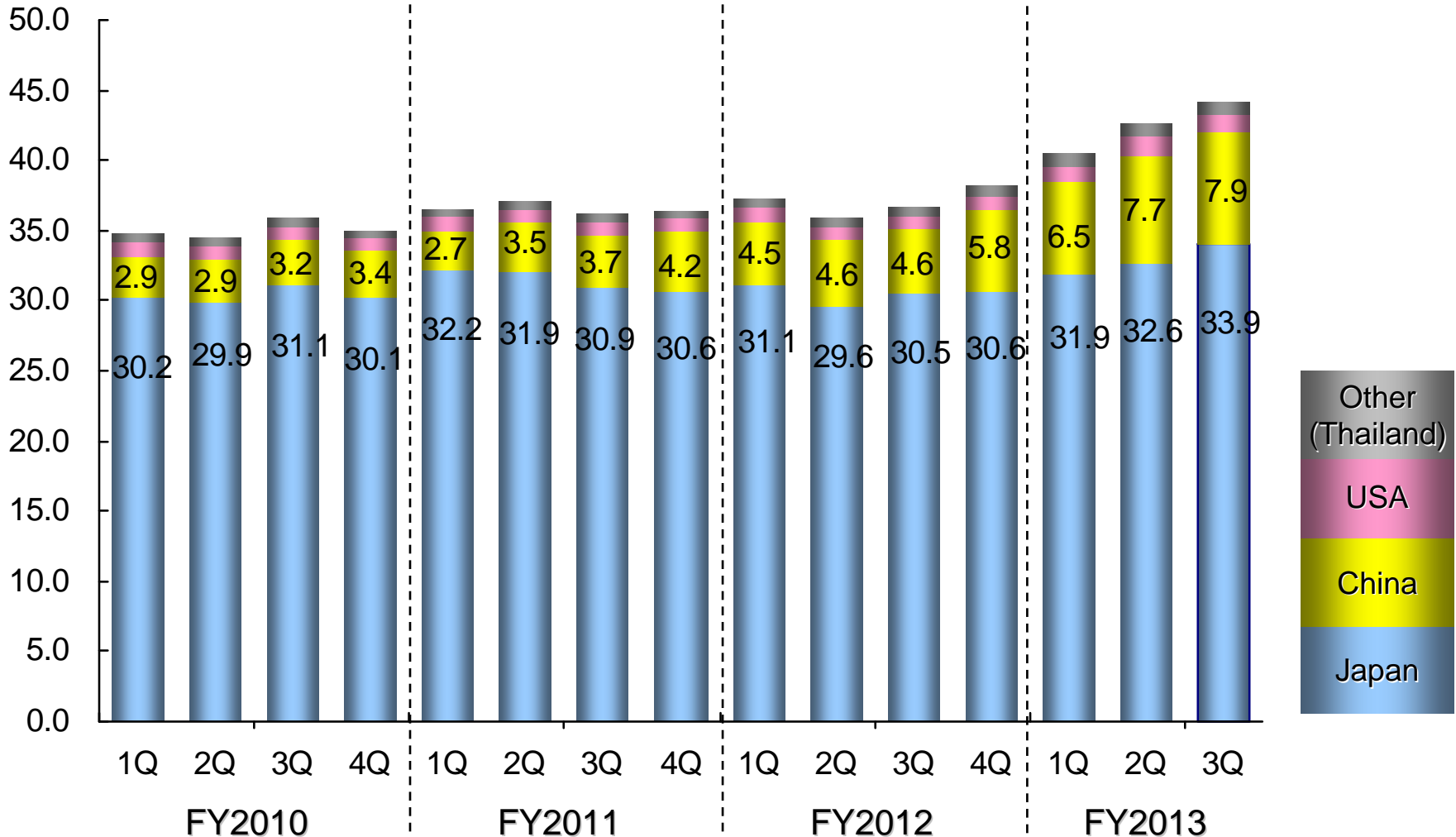
Overseas sales
(Billions of yen)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

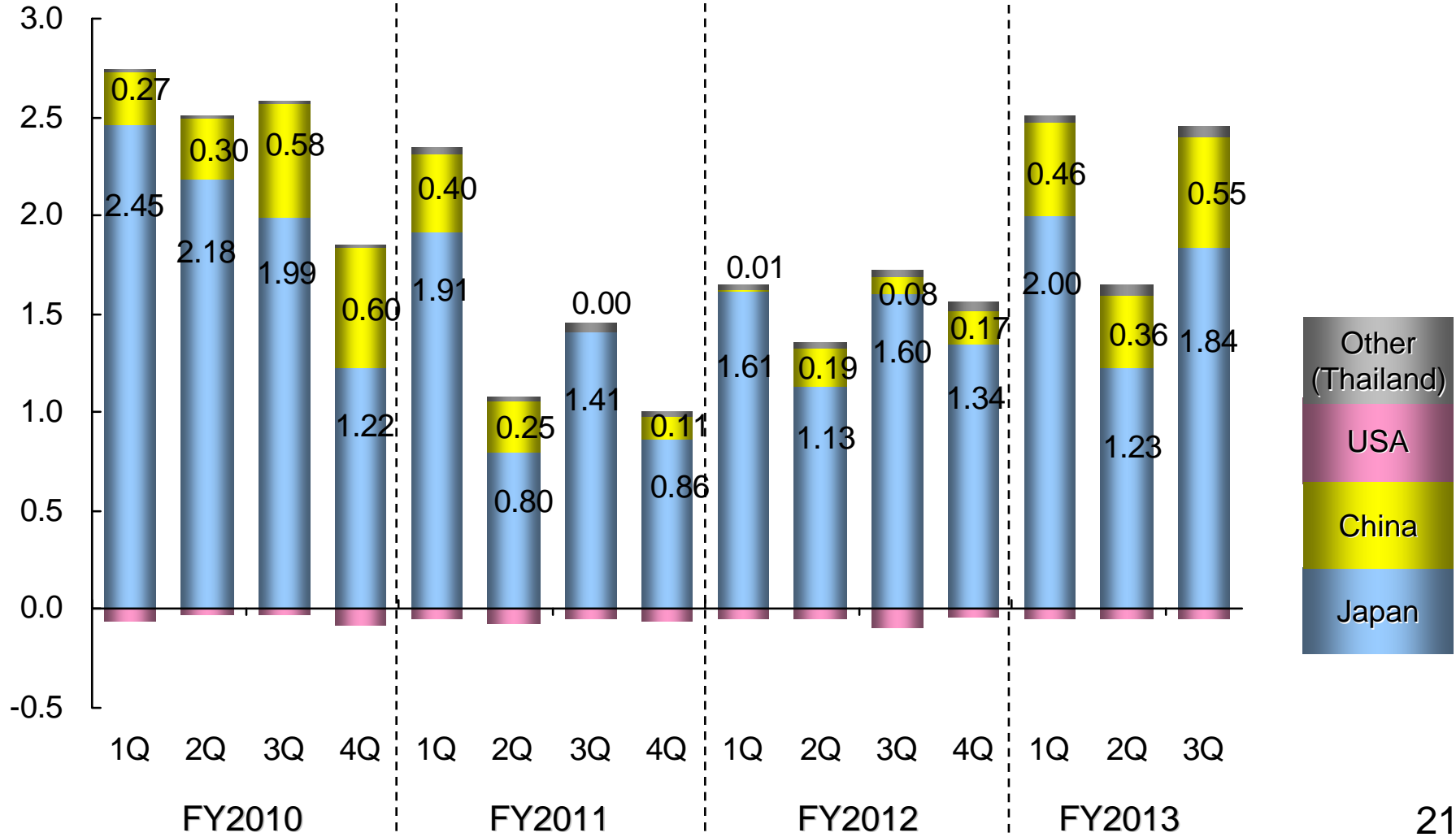
(Billions of yen)



Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Strategic Products

Strategic Products

The driving force supporting higher profitability and business expansion

Strategic Products newly set in the Eighth Medium-Term Management Plan (18 items)

New growth-driving products (8 items)

Products related to energy, Electronic parts, Biotechnology, etc.

Strategic Products carried forward under the Seventh Medium-Term Management Plan (11 items)

Basic products for expansion (10 items)

SAP, Toner Materials, Raw Materials for Polyurethane Foams, etc.

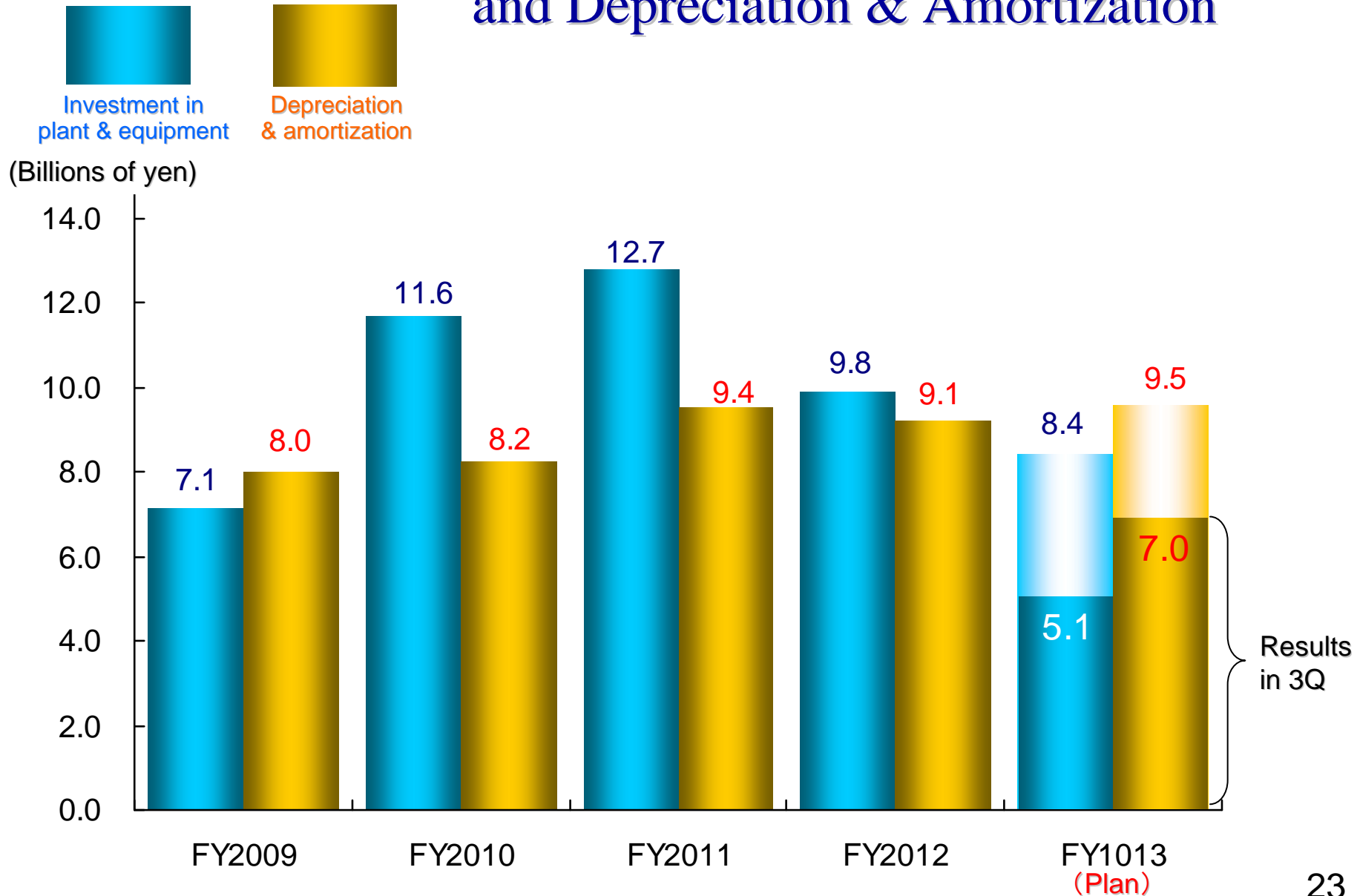
(Billions of yen)

| | FY2010 | FY2012 | Apr.-Dec. FY2013 | FY2014 (Target) |
|---|--------|--------|------------------|-----------------|
| Strategic Products newly set in the Eighth Medium-Term Management Plan | 2.7 | 9.5 | 10.6 | 39.0 |
| New growth-driving products | 0.9 | 0.7 | 0.5 | 9.0 |
| Basic products for expansion | 1.7 | 8.8 | 10.1 | 30.0 |
| Strategic Products carried over under the Seventh Medium-Term Management Plan | 19.1 | 20.2 | 15.3 | 27.0 |
| Strategic products total | 21.8 | 29.7 | 26.0 | 66.0 |

(Billions of yen)

| | FY2010 | FY2012 | Apr.-Dec. FY2013 | FY2014 (Target) |
|---|--------|--------|------------------|-----------------|
| Toiletries and Others | 0.1 | 4.6 | 6.0 | 14.0 |
| Automotives | 9.1 | 13.5 | 11.4 | 19.4 |
| Information and Electrics / Electronics | 12.5 | 11.6 | 8.4 | 32.4 |
| Strategic products total | 21.8 | 29.7 | 26.0 | 66.0 |

Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



Topics (Press Release)

(1) 2013-11-27

Increase production of a new grade of superabsorbent polymers that contribute to greater disposable diaper thinness, improve convenience, and meet resource conservation needs

(2) 2013-12-17

Development of new urethane catalyst that enables premixing with new foaming agent HFO enables the manufacture of heat insulating materials using foaming agents with low global warming potential

(3) 2014-01-27

**Development of new medical material using functional silk elastin was adopted to competitive funding programs of JST, A-STEP (Adaptable & seamless technology transfer program through target-driven R&D)
-Develop the effective silk elastin for healing wound to the medical materials**

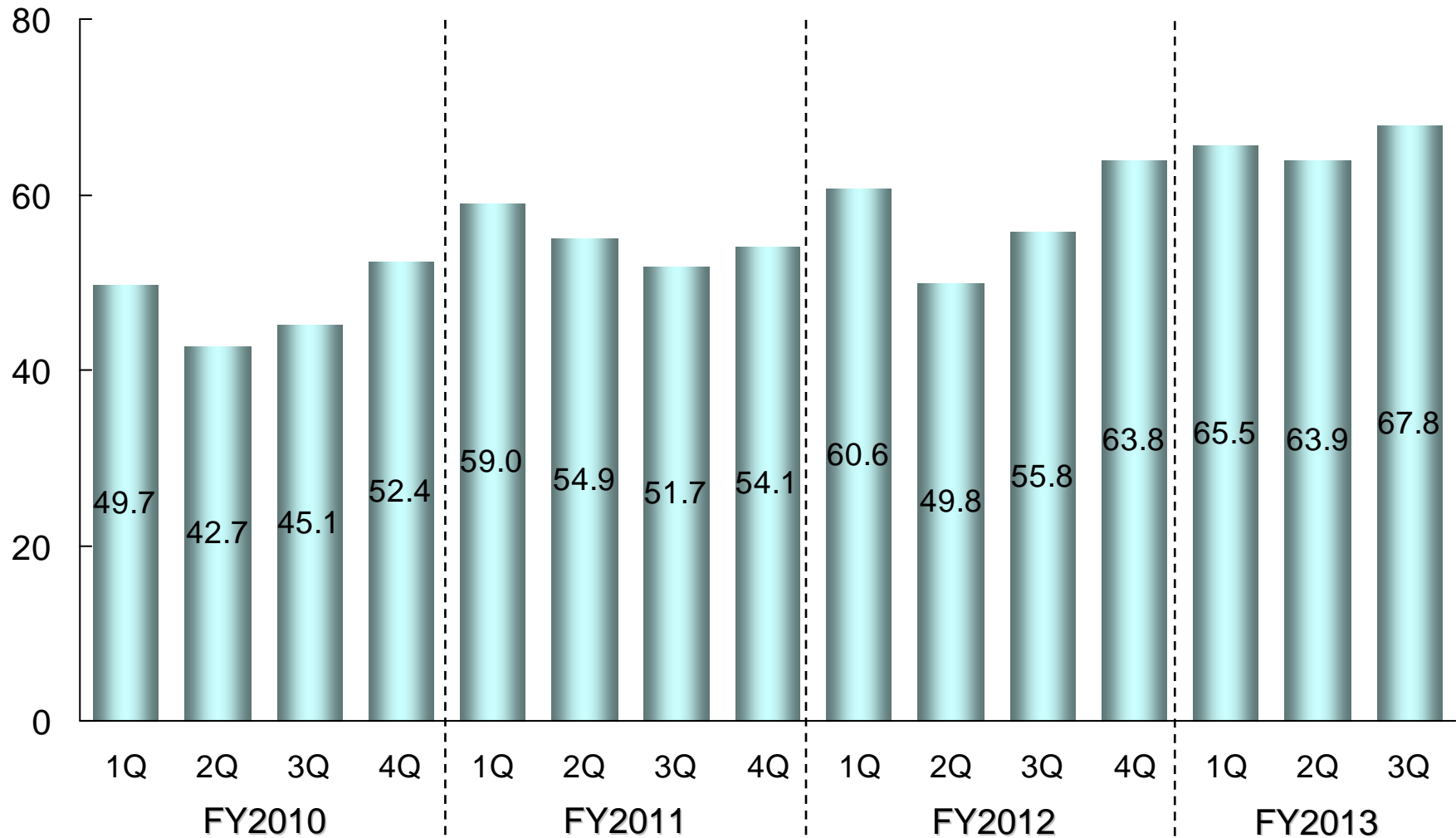
(4) 2014-01-30

Launch the new type surgical hemostatic agent made by non biological materials independent on the patients blood coagulation ability.

Reference

Transition of Price of Domestically Produced Naphtha

Domestic naphtha price
(Thousands of yen/kl)



Domestic Consolidated Subsidiaries (5 companies)

| Company Name | Abbr. | Equity Ownership | Line of Business | |
|---------------------------|-------|--|------------------|---|
| SDP Global Co., Ltd.* | SDP | Sanyo Chemical Toyota Tsusho | 70% 30% | Manufacture and sales of superabsorbent polymers |
| SAN NOPCO LIMITED | SNL | Sanyo Chemical | 100% | Manufacture and sales of industrial agents for pulp & paper, coatings, etc. |
| San Chemical Co., Ltd. | SCC | Sanyo Chemical JX Nippon Oil & Energy | 50% 50% | Manufacture of raw materials for polyurethane foams, etc. |
| San-Apro Ltd. | SA | Sanyo Chemical Air-Products | 50% 50% | Manufacture and sales of curing accelerators for epoxy resins, urethane catalysts, etc. |
| Sanyo Transport Co., Ltd. | — | Sanyo Chemical | 100% | General trucking |

*On Sept. 30, 2013, Sanyo Chemical and Toyota Tsusho concluded a new joint venture agreement about San-Dia Polymers, Ltd.. According renamed SDP Global Co., Ltd.

Overseas Consolidated Subsidiaries (7 companies)

| Company Name | Abbr. | Equity Ownership | | Line of Business |
|--|-------|---|------------|---|
| Sanyo Kasei (Nantong) Co., Ltd. [China] | SKN | Sanyo Chemical | 100% | Manufacture and sales of surfactants, polyurethane resins, etc. |
| San-Dia Polymers (Nantong) Co., Ltd. [China] | SDN | SDP Global | 100% | Manufacture and sales of superabsorbent polymers |
| Sanyo Chemical (Shanghai) Trading Co., Ltd. [China] | SCST | Sanyo Chemical | 100% | Sales of surfactants, polyurethane resins, etc. |
| Sanyo Kasei (Thailand) Ltd. [Thailand] | SKT | Sanyo Chemical Toyota Tsusho and others | 89% 11% | Manufacture and sales of surfactants, polyurethane resins, etc. |
| SANAM Corporation [USA] | SANAM | Sanyo Chemical | 100% | Holding company of U.S. consolidated subsidiaries. Sales of toner resins, etc. |
| Sanyo Chemical & Resins, LLC [USA] | SCR | SANAM | 100% | Manufacture of toner resins and lubricating oil additives |
| Sanyo Chemical Texas Industries, LLC [USA] | SCTI | SANAM | 100% | Manufacture of polyurethane beads |

Subsidiaries and Affiliates Accounted for by Equity Method (5 companies)

| Company Name | Abbr. | Equity Ownership | | Line of Business |
|--|-------|--|------------|--|
| San-Petrochemicals Co., Ltd. | SPCC | Sanyo Chemical JX Nippon Oil & Energy | 50% 50% | Manufacture of raw materials for synthetic rubbers |
| Sunrise Chemical LLC [USA] | SRC | SANAM JX Nippon Chemical Texas | 50% 50% | Manufacture of raw materials for synthetic rubbers |
| Nagoya Sanyo Warehouse Co., Ltd. | — | Sanyo Chemical | 100% | Warehousing |
| Shiohama Chemicals Warehouse Co., Ltd. | — | Sanyo Chemical JX Nippon Oil & Energy | 50% 50% | Warehousing |
| Sanliving Ltd. | SL | Sanyo Chemical | 100% | Real estate, insurance and agency |