

A Statement of Accounts
For the Fiscal Year Ended March 31, 2014
Fiscal Year 2013
(FY2013)

SANYO CHEMICAL INDUSTRIES, LTD.
Takao Ando, President

<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 May 12, 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

Major Shareholders as of March 31, 2014:

Toyota Tsusho Corporation (19.4%)

Toray Industries, Inc. (17.4%)

Nippon Shokubai Co., Ltd. (5.0%)

JX Holdings, Inc. (4.8%)

(Treasury stock of 7,401,797 shares are excluded from the above)

Domestic Sales & Marketing Offices:

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka, Toyama

Domestic Factories:

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

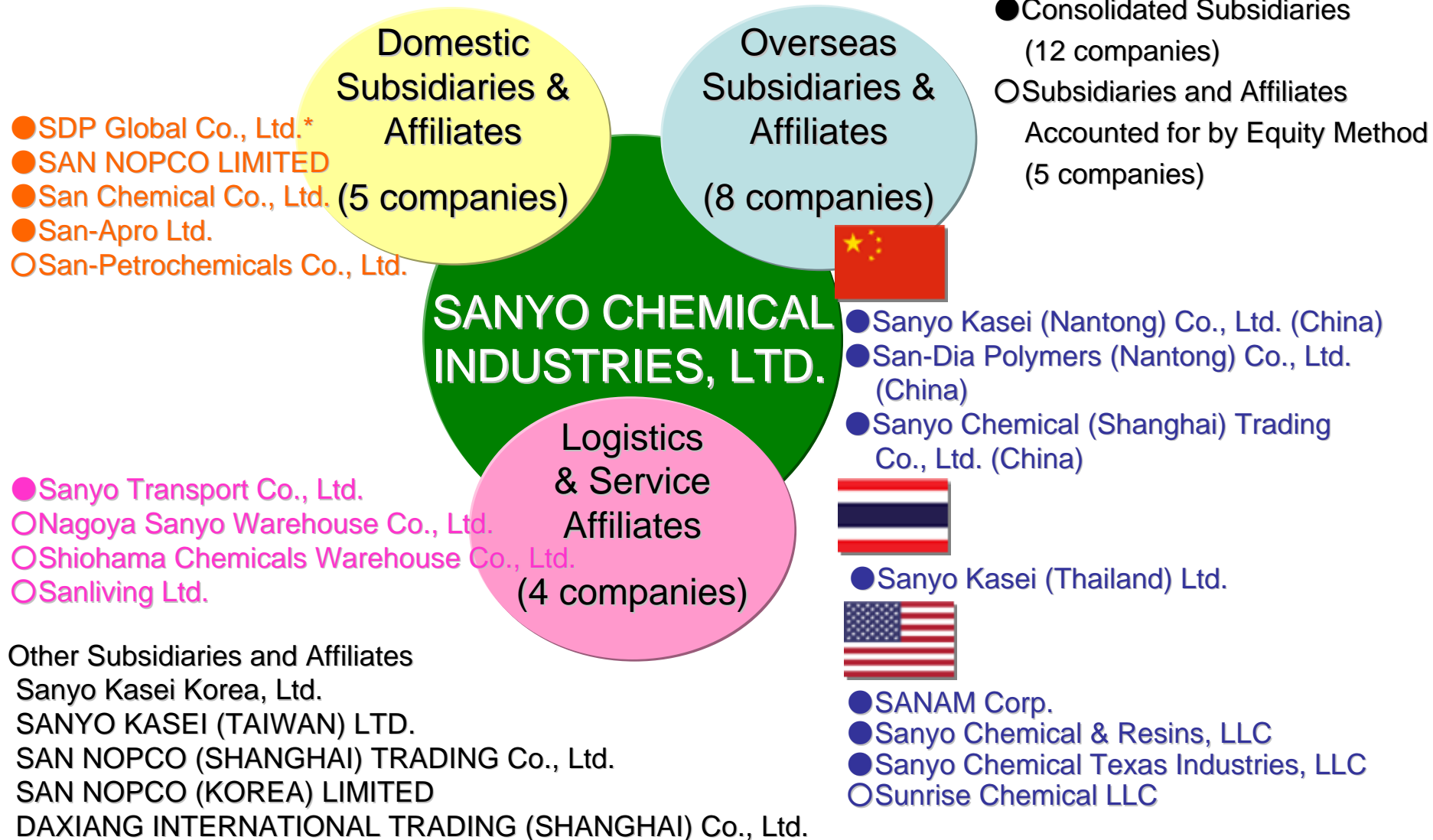
Consolidated Number of Employees:

1,917 (as of March 31, 2014)

Line of Business:

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

Sanyo Chemical Group



*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.

Domestic Production Bases



Kyoto Factory, Head Office and Research Laboratory (Higashiyama-ku, Kyoto)
Area: approx. 26,000 m²



Kashima Factory (Kamisu, Ibaraki)
Area: approx. 130,000 m²



Nagoya Factory (Tokai, Aichi)
Area: approx. 100,000 m²




Kinuura Factory (Handa, Aichi)
Area: approx. 140,000 m²



San Chemical Co., Ltd. Kawasaki Factory (Kawasaki-ku, Kawasaki)
Area: approx. 11,000 m²

Overseas Production Bases

 Sanyo Kasei (Nantong) Co., Ltd.



 San-Dia Polymers (Nantong) Co., Ltd.



 Sanyo Kasei (Thailand) Ltd.



 Sanyo Chemical Texas Industries, LLC



 Sanyo Chemical & Resins, LLC


Overseas Sales Office



 Sanyo Chemical (Shanghai) Trading Co., Ltd.

 SAN NOPCO (SHANGHAI) TRADING Co., Ltd.

 Sanyo Kasei Korea, Ltd.

 SAN NOPCO (KOREA) LIMITED



 SANYO KASEI (TAIWAN) LTD.

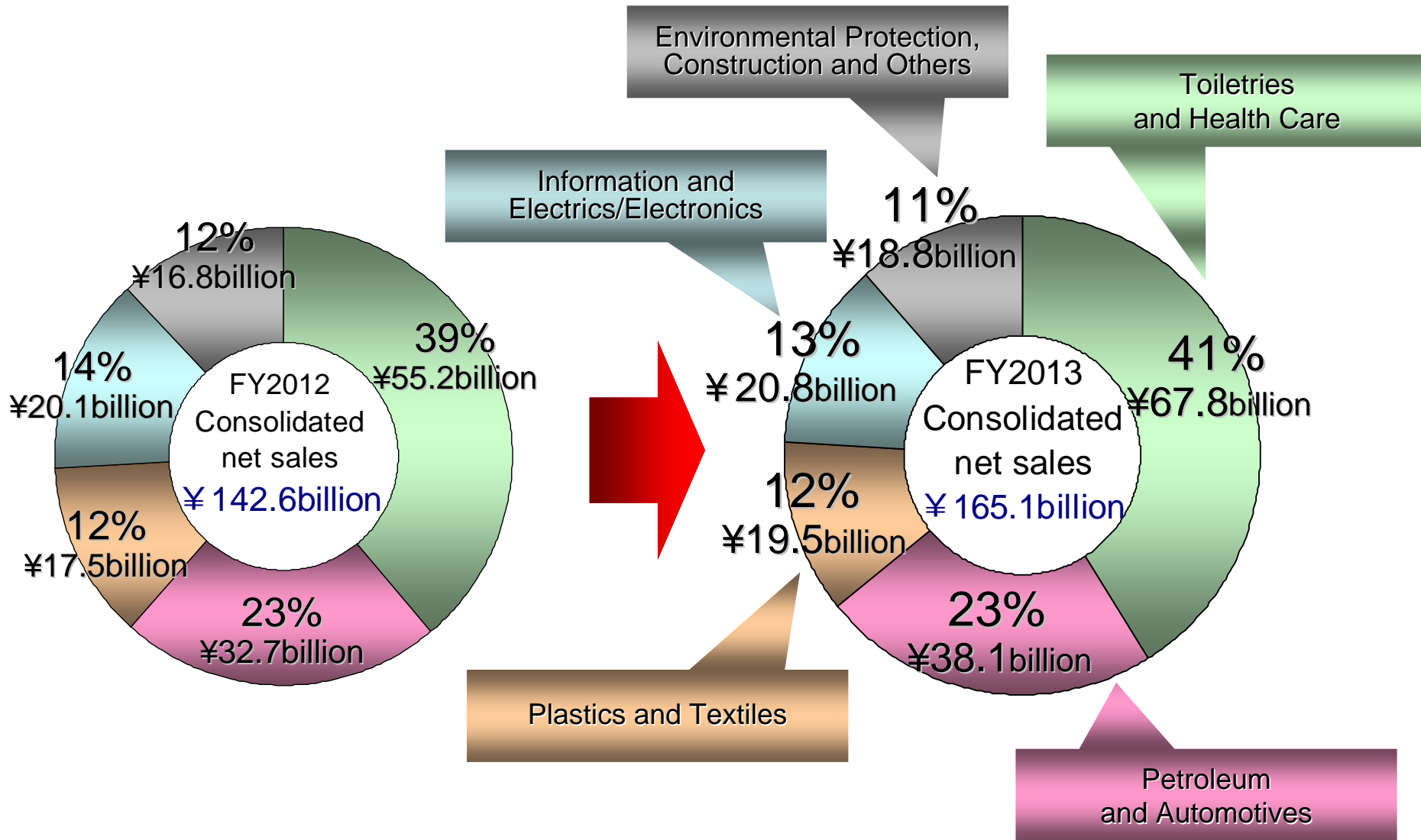


 SANAM Corp.

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 Agent, 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 Electronic Parts Manufacturing, UV/EB Curing Resins |
| Environmental Protection, Construction and Others | | Polymer Flocculants for Wastewater Treatment, PPG for Furniture and Heat Insulating Materials, Slurry Agents, Reactive Hot-Melt Adhesives, Raw materials for Building Sealants, Cement Agents |

Net Sales by Product Group



Results of Operations for FY2013

(Billions of yen)

| Consolidated | FY2012 | FY2013 | Year on Year Change | |
|----------------------|--------|--------|---------------------|-----------|
| | | | Amount | Ratio (%) |
| Net sales | 142.65 | 165.18 | 22.53 | 16 |
| Operating income | 6.18 | 8.11 | 1.92 | 31 |
| Ordinary income | 7.26 | 9.21 | 1.94 | 27 |
| Net income | 4.17 | 4.91 | 0.73 | 18 |
| Comprehensive income | 6.56 | 11.07 | 4.50 | 69 |

(Billions of yen)

| Unconsolidated | FY2012 | FY2013 | Year on Year Change | |
|------------------|--------|--------|---------------------|-----------|
| | | | Amount | Ratio (%) |
| Net sales | 94.74 | 102.14 | 7.39 | 8 |
| Operating income | 2.85 | 3.21 | 0.35 | 12 |
| Ordinary income | 5.41 | 5.36 | (0.04) | (1) |
| Net income | 4.04 | (0.26) | (4.31) | - |

Results of Operations for FY2013

Internal sales among Sanyo Chemical Group are not eliminated.

Consolidated Subsidiaries (12 companies)

(Billions of yen)

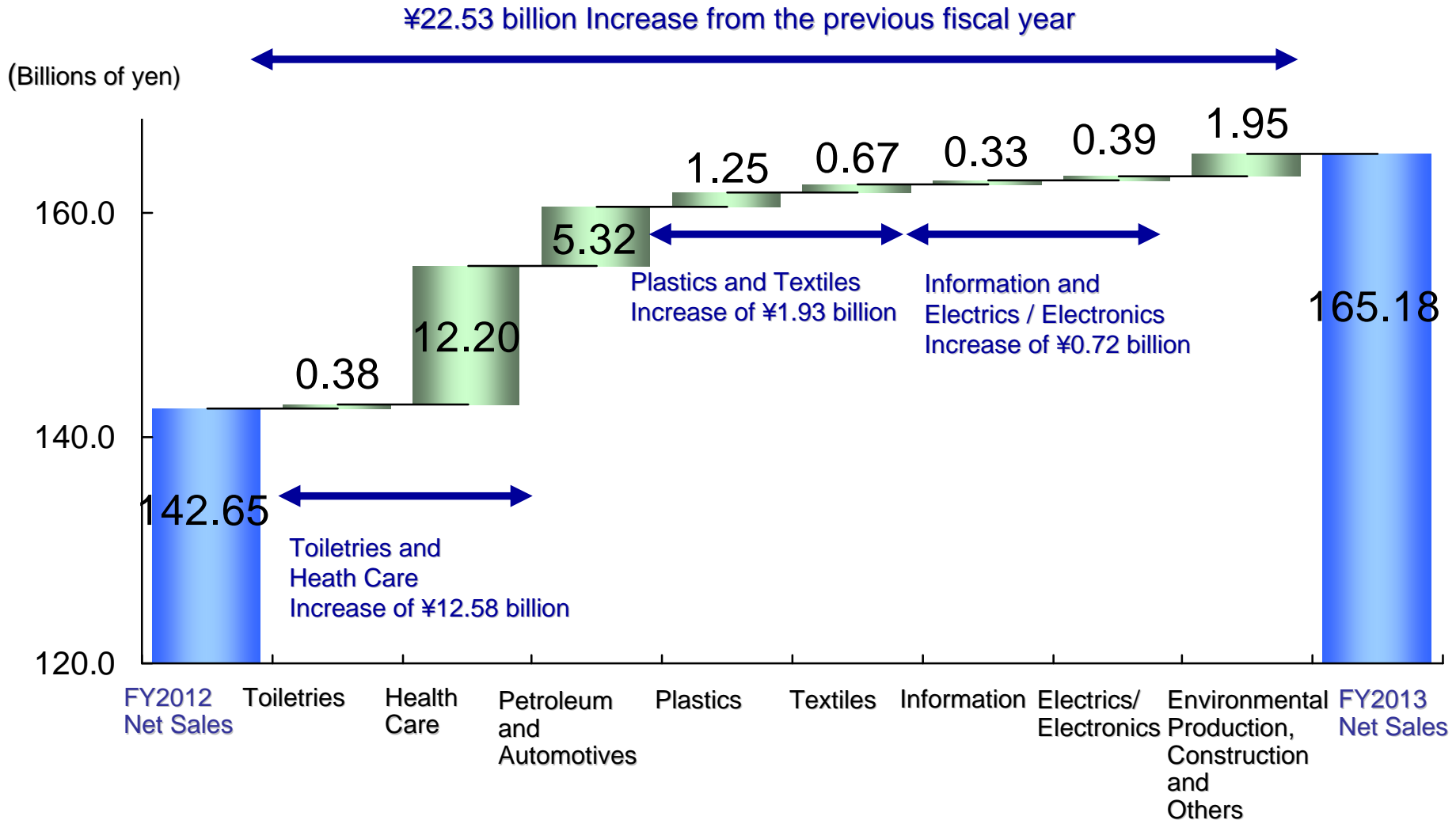
| | FY2012 | FY2013 | Year on Year Change | |
|------------------|--------|--------|---------------------|-----------|
| | | | Amount | Ratio (%) |
| Net sales | 75.40 | 98.93 | 23.53 | 31 |
| Operating income | 2.84 | 4.50 | 1.66 | 59 |
| Ordinary income | 3.35 | 4.62 | 1.27 | 38 |

Of which, SDP Group (SDP and SDN)

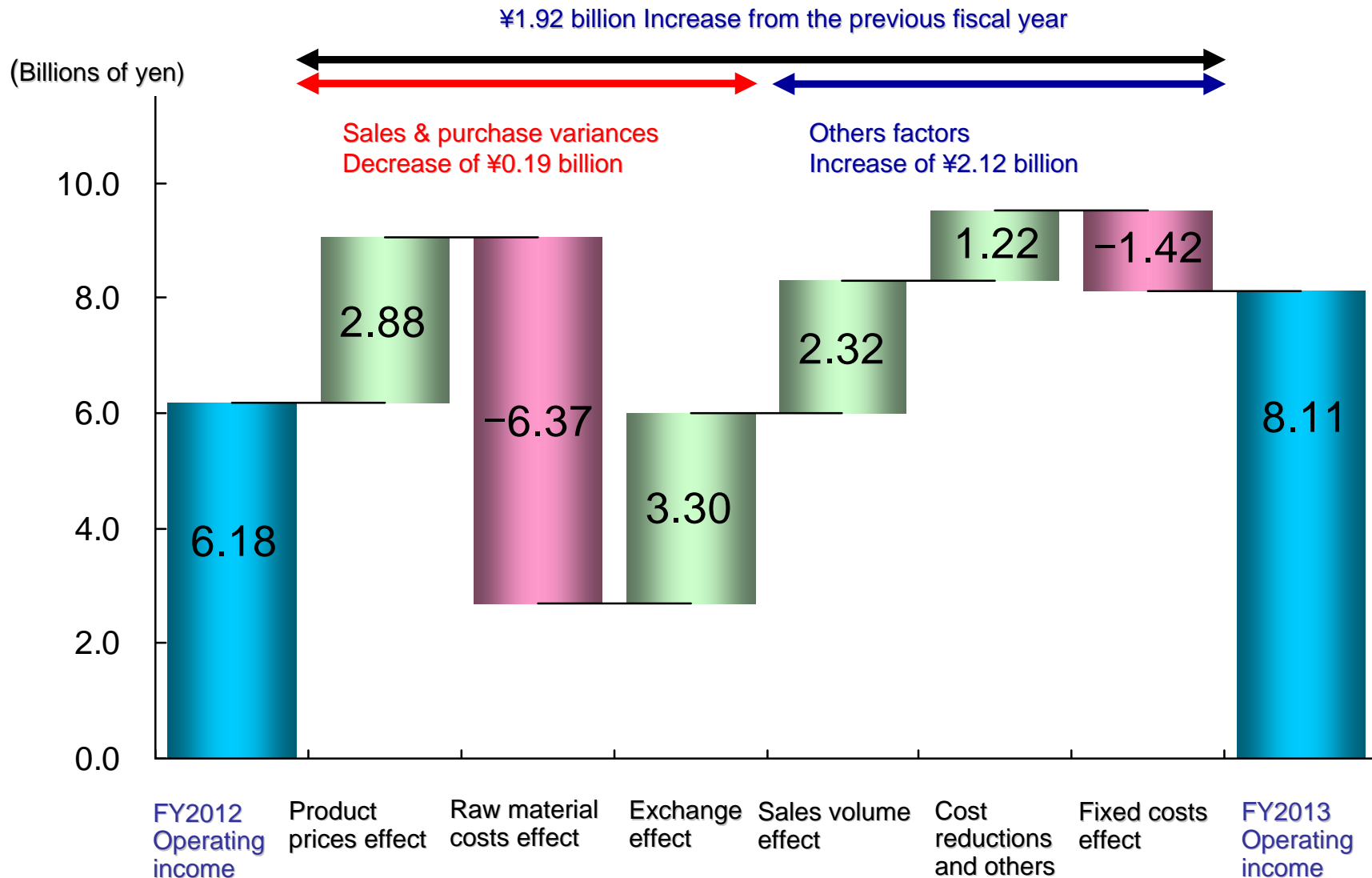
(Billions of yen)

| | FY2012 | FY2013 | Year on Year Change | |
|------------------|--------|--------|---------------------|-----------|
| | | | Amount | Ratio (%) |
| Net sales | 38.74 | 51.43 | 12.68 | 33 |
| Operating income | 1.37 | 2.57 | 1.19 | 87 |
| Ordinary income | 1.64 | 2.75 | 1.10 | 67 |

Change in Consolidated Net Sales by Product Group



Change in Consolidated Operating Income by Factor



Change in Consolidated Net Income

(Billions of yen)

| | FY2012 | FY2013 | Year on Year Change |
|--|--------|--------|---------------------|
| Operating income | 6.18 | 8.11 | 1.92 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 0.38 | 0.01 | (0.36) |
| Gain or loss on foreign exchange | 0.44 | 0.64 | 0.19 |
| Other non-operating profit and loss | 0.24 | 0.44 | 0.19 |
| Ordinary income | 7.26 | 9.21 | 1.94 |
| Gain and Loss on disposal/sales of property, plant and equipment | (0.60) | (0.68) | (0.08) |
| Impairment loss | - | (0.37) | (0.37) |
| Other extraordinary income or loss | 0.10 | 0.02 | (0.08) |
| Income before income taxes and minority interests | 6.77 | 8.17 | 1.40 |
| Income taxes paid, etc. | (2.01) | (2.49) | (0.48) |
| Minority interests | (0.58) | (0.76) | (0.17) |
| Net income | 4.17 | 4.91 | 0.73 |

Consolidated Balance Sheet

(Billions of yen)

| | Mar. 31 2013 | Mar. 31 2014 | Changed amount | Main Change Factor* |
|---|-----------------|-----------------|-------------------|--|
| Current assets | 73.8 | 81.2 | 7.3 | Cash and deposits: 5.3, Notes and accounts receivable-trade: 0.4, Inventories: 1.3 |
| Fixed assets | 81.5 | 85.2 | 3.7 | Investment securities: 3.8 |
| Assets | 155.4 | 166.5 | 11.0 | |
| Current liabilities | 50.4 | 53.8 | 3.3 | Notes and accounts payable-trade: 0.7, Short-term loans: 0.2, Current portion of long-term debt: 2.8 |
| Long-term liabilities | 10.6 | 8.7 | (1.9) | Long-term debt: (3.0), Deferred tax liabilities: 1.3 |
| Liabilities | 61.1 | 62.6 | 1.4 | |
| Shareholder's equity | 86.6 | 89.9 | 3.2 | Net income: 4.9, Cash dividends paid: (1.6) |
| Accumulated Other comprehensive income | 4.5 | 9.2 | 4.6 | Unrealized gains on other securities: 2.3, Foreign currency translation adjustment: 4.6 |
| Minority interests | 2.9 | 4.7 | 1.7 | |
| Net assets | 94.2 | 103.9 | 9.6 | |
| Total Liabilities and net assets | 155.4 | 166.5 | 11.0 | |

* Each figure indicates the changed amount.

(Billions of yen)

Consolidated Cash Flows

| | FY2012 | FY2013 | Changed amount | Main Change Factor* |
|--|--------|--------|----------------|---|
| Operating activities | 13.2 | 15.7 | 2.4 | |
| Income before income taxes and minority interests | 6.7 | 8.1 | 1.4 | |
| Depreciation and amortization | 9.2 | 9.6 | 0.4 | |
| Impairment loss | - | 0.3 | 0.3 | |
| Equity in earning of unconsolidated subsidiaries and affiliates | (0.3) | (0.0) | 0.3 | Notes and accounts receivable-trade: 0.7, Inventories: 0.8, Notes and accounts payable: 0.4 |
| (Increase) decrease in operating capital | (2.0) | 0.0 | 2.0 | |
| Income taxes | (0.8) | (2.1) | (1.2) | |
| Others | 0.5 | (0.2) | (0.8) | Interest and dividends income received: (0.8) |
| Investing activities | (13.4) | (8.6) | 4.7 | |
| Free cash flows | (0.1) | 7.1 | 7.2 | |
| Financing activities | 0.4 | (2.5) | (2.9) | (FY2013) Loans and Repayment: (1.3), Cash dividends paid: (1.6) |
| Effect of exchange rate changes on cash and cash equivalents | 0.2 | 0.7 | 0.5 | |
| Increase (decrease) in cash and cash equivalents | 0.5 | 5.3 | 4.7 | |
| 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 | |
| Cash and cash equivalents at end of period | 10.1 | 15.4 | 5.3 | |

* Each figure indicates the changed amount.

Financial Highlights

| | Unit | FY2012 | FY2013 | Year on Year Change |
|-------------------------------------|-----------------|--------|--------|---------------------|
| Total assets | Billions of yen | 155.4 | 166.5 | +11.0 |
| Return on assets | % | 2.7 | 3.1 | +0.4pt |
| Total assets operating income ratio | % | 4.1 | 5.0 | +0.9pt |
| Shareholder's equity | Billions of yen | 91.2 | 99.1 | +7.8 |
| Shareholder's equity ratio | % | 58.7 | 59.5 | +0.8pt |
| Return on equity | % | 4.7 | 5.2 | +0.5pt |
| Interest-bearing debt | Billions of yen | 18.6 | 18.7 | +0.1 |
| Debt/equity ratio (D/E ratio) | Times | 0.20 | 0.19 | ▲0.01pt |

Forecast for FY2014

(Billions of Yen)

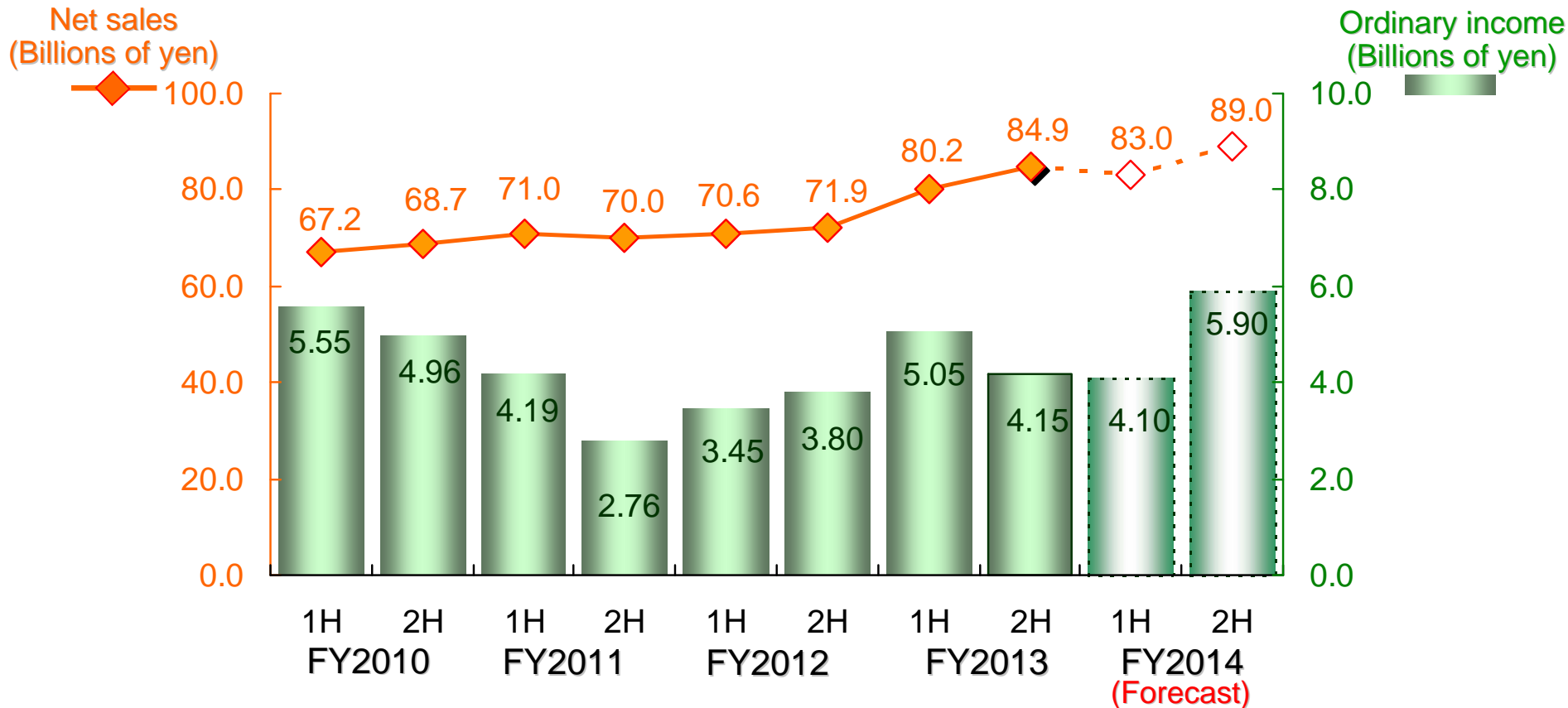
| Consolidated | Annual | | | 1H: April-September | | |
|------------------|-----------------|--------|----------|---------------------|--------|----------|
| | FY2014 Forecast | FY2013 | Ratio(%) | FY2014 Forecast | FY2013 | Ratio(%) |
| Net sales | 172.00 | 165.18 | 4.1 | 83.00 | 80.23 | 3.4 |
| Operating income | 8.80 | 8.11 | 8.5 | 3.70 | 4.10 | (9.9) |
| Ordinary income | 10.00 | 9.21 | 8.5 | 4.10 | 5.05 | (18.9) |
| Net income | 6.00 | 4.91 | 22.0 | 2.50 | 2.93 | (14.8) |

| Unconsolidated | Annual | | | 1H: April-September | | |
|------------------|-----------------|--------|----------|---------------------|--------|----------|
| | FY2014 Forecast | FY2013 | Ratio(%) | FY2014 Forecast | FY2013 | Ratio(%) |
| Net sales | 105.00 | 102.14 | 2.8 | 51.00 | 49.25 | 3.5 |
| Operating income | 3.50 | 3.21 | 8.9 | 1.20 | 1.71 | (30.1) |
| Ordinary income | 5.50 | 5.36 | 2.5 | 2.30 | 2.84 | (19.2) |
| Net income | 4.00 | (0.26) | — | 1.70 | 2.11 | (19.7) |

<Precondition for the forecast>

Domestic naphtha price: 67 thousand of Yen/kl, Exchange rate: 102 Yen/US\$

Consolidated Business Trend (Forecast for FY2014)

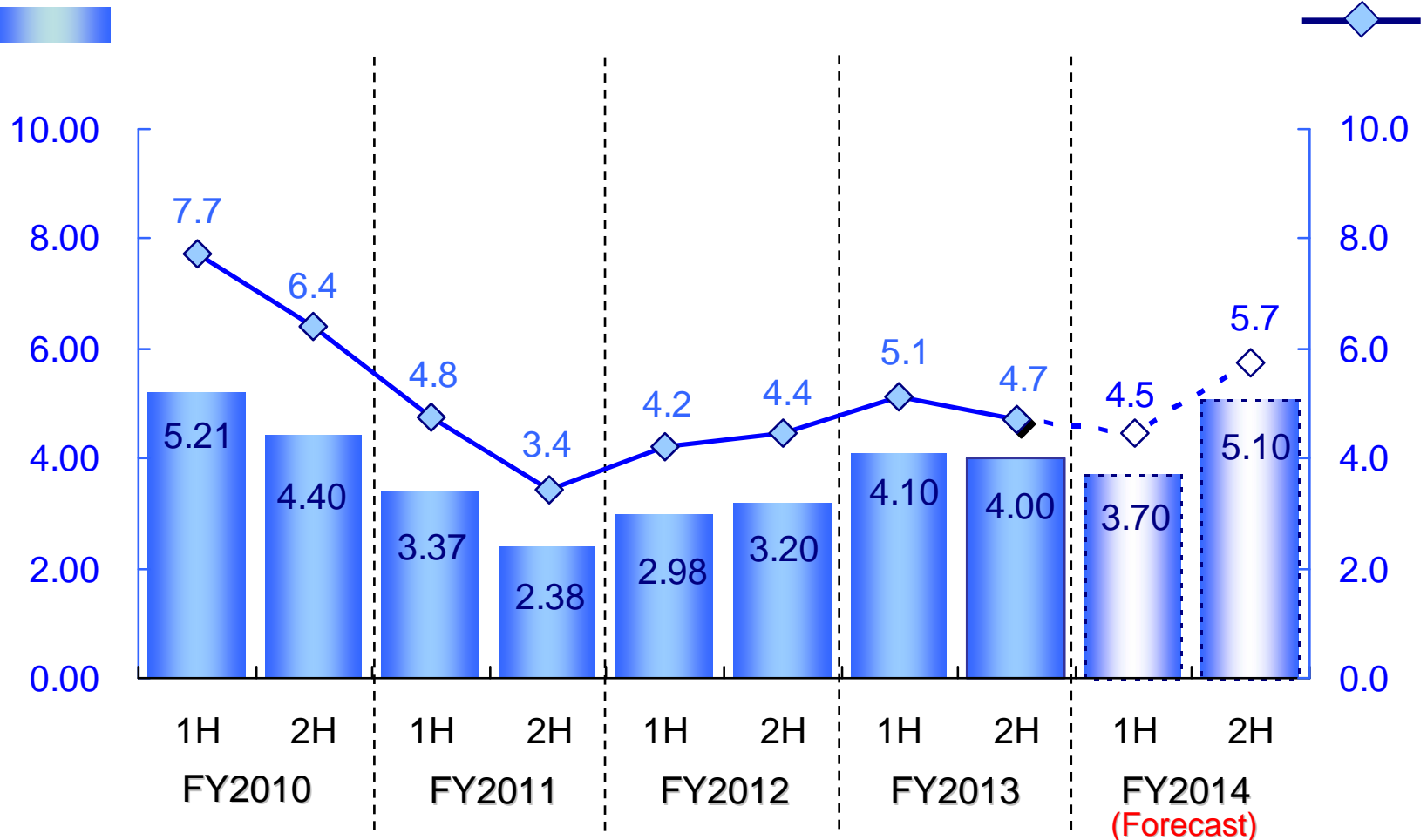


- Fiscal 2013 net sales increased due to the addition of SAP production facilities in China in Fiscal 2011 and rush demand ahead of consumption tax increase.
- Profit in fiscal 2013 increased mainly because of higher revenue from SAP, easing appreciation of the yen and cost-reduction measures despite the worsening of profitability due to a rapid increase in raw material and fuel costs.
- Fiscal 2014 net sales are expected to be weak in reaction to consumption tax hike in the first half year, and to increase mainly due to recovery of SAP production capacity in the second half year.
- In fiscal 2014, profit is forecast to climb owing to shrinking fixed costs and launching new products in the last half year.

Consolidated Operating Income Trend (Forecast for FY2014)

Operating income
(Billions of yen)

Operating income
ratio (%)



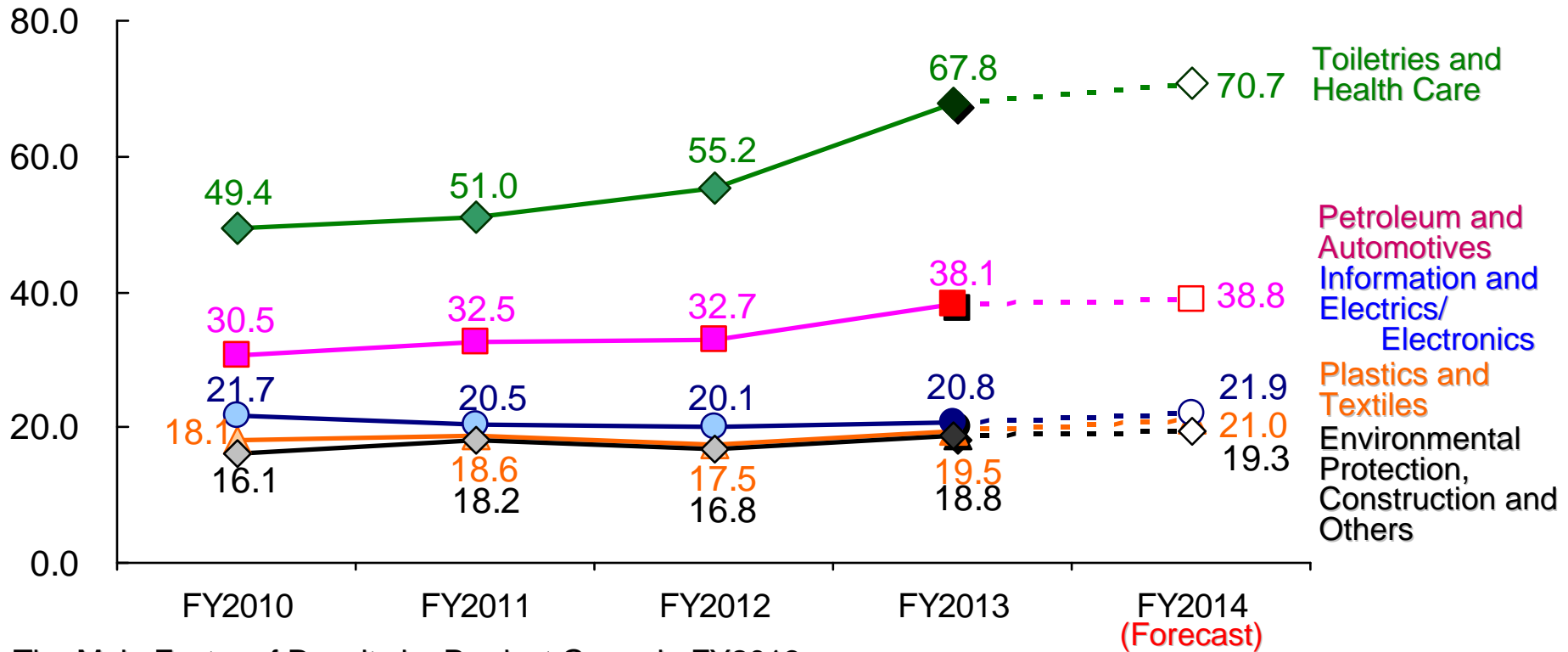
Consolidated Net Sales by Product Group

(Billions of yen)

| Product Group | FY2012 | FY2013 | Year on Year Change | |
|--|---------------|---------------|---------------------|-----------|
| | | | Amount | Ratio (%) |
| Toiletries and Health Care | 55.28 | 67.87 | 12.58 | 23 |
| Toiletries | 13.85 | 14.24 | 0.38 | 3 |
| Health Care | 41.42 | 53.62 | 12.20 | 29 |
| Petroleum and Automotives | 32.79 | 38.11 | 5.32 | 16 |
| Plastics and Textiles | 17.56 | 19.50 | 1.93 | 11 |
| Plastics | 10.96 | 12.21 | 1.25 | 11 |
| Textiles | 6.60 | 7.28 | 0.67 | 10 |
| Information and Electrics/Electronics | 20.11 | 20.84 | 0.72 | 4 |
| Information | 15.20 | 15.53 | 0.33 | 2 |
| Electrics/Electronics | 4.91 | 5.30 | 0.39 | 8 |
| Environmental Protection, Construction and Others | 16.89 | 18.85 | 1.95 | 12 |
| Total | 142.65 | 165.18 | 22.53 | 16 |

Consolidated Net Sales Trend by Product Group

(Billions of yen)



The Main Factor of Results by Product Group in FY2013

- Toiletries and Health Care** : Sales increased significantly because of the positive effects from increased production of SAPs in China and sales expansion of SAPs for thinner disposable diapers.
- Petroleum and Automotives** : Sales increased due to overseas sales expansion of PPG and higher demand for lubricating oil additives.
- Plastics and Textiles** : Sales increased because sales of paint and coating agents, permanent antistatic agents as well as polyurethane resin for use in synthetic leather and elastomer fibers demonstrated a favorable trend.
- Information and Electrics / Electronics** : Sales increased a little bit because of weak sales of polyester beads used as a core component of polymerization toners despite brisk sales of toner resins and recovery in demand for electrolytes for aluminum electrolytic capacitors.
- Environmental Protection, Construction and Others** : Sales increased owing to strong sales of building sealants and PPG, although demand for raw materials for polymer flocculants was stagnant.

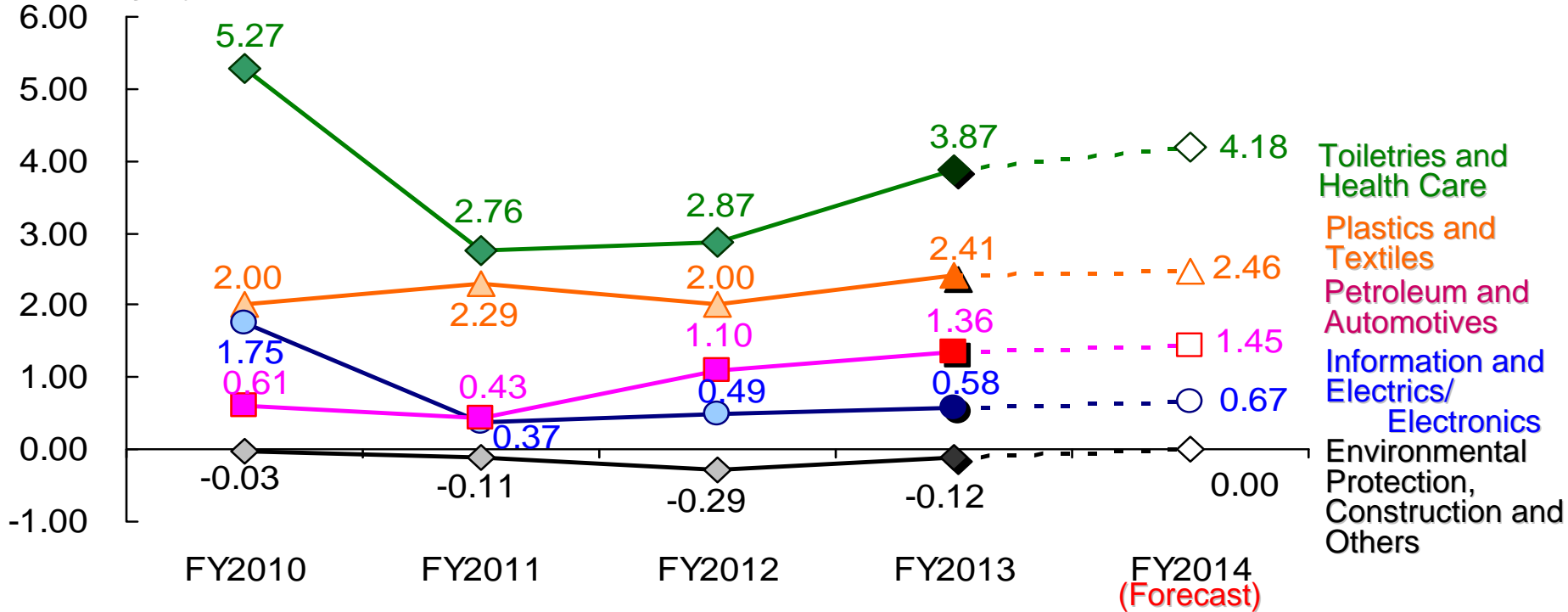
Consolidated Operating Income by Product Group

(Billions of yen)

| Product Group | FY2012 | FY2013 | Year on Year Change | |
|---|--------|--------|---------------------|-----------|
| | | | Amount | Ratio (%) |
| Toiletries and Health Care | 2.87 | 3.87 | 0.99 | 35 |
| Petroleum and Automotives | 1.10 | 1.36 | 0.25 | 24 |
| Plastics and Textiles | 2.00 | 2.41 | 0.40 | 20 |
| Information and Electrics/Electronics | 0.49 | 0.58 | 0.08 | 18 |
| Environmental Protection, Construction and Others | (0.29) | (0.12) | 0.17 | — |
| Total | 6.18 | 8.11 | 1.92 | 31 |

Consolidated Operating Income Trend by Product Group

(Billions of yen)

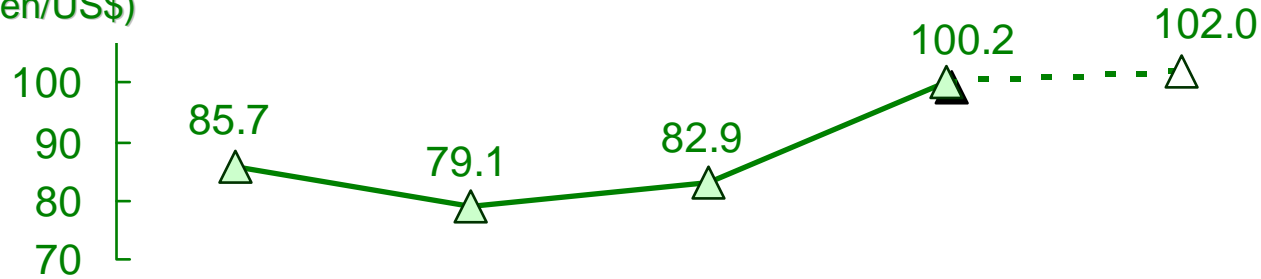


The Main Factor of Results by Product Group in FY2013

- Toiletries and Health Care** : Profit increased significantly because of the positive effects from increased production of SAPs in China and sales expansion of SAPs for thinner disposable diapers.
- Petroleum and Automotives** : Profit increased owing to higher demand for lubricating oil additives for engine oils.
- Plastics and Textiles** : Profit increased because sales of paint and coating agents, permanent antistatic agents as well as polyurethane resin for use in synthetic leather and elastomer fibers demonstrated a favorable trend.
- Information and Electronics / Electronics** : Profit increased a little bit because of weak sales of polyester beads used as a core component of polymerization toners despite brisk sales of toner resins and recovery in demand for electrolytes for aluminum electrolytic capacitors.
- Environmental Protection, Construction and Others** : Deficit declined owing to strong sales of building sealants and PPG, although demand for raw materials for polymer flocculants was stagnant.

Consolidated Overseas Sales Trend

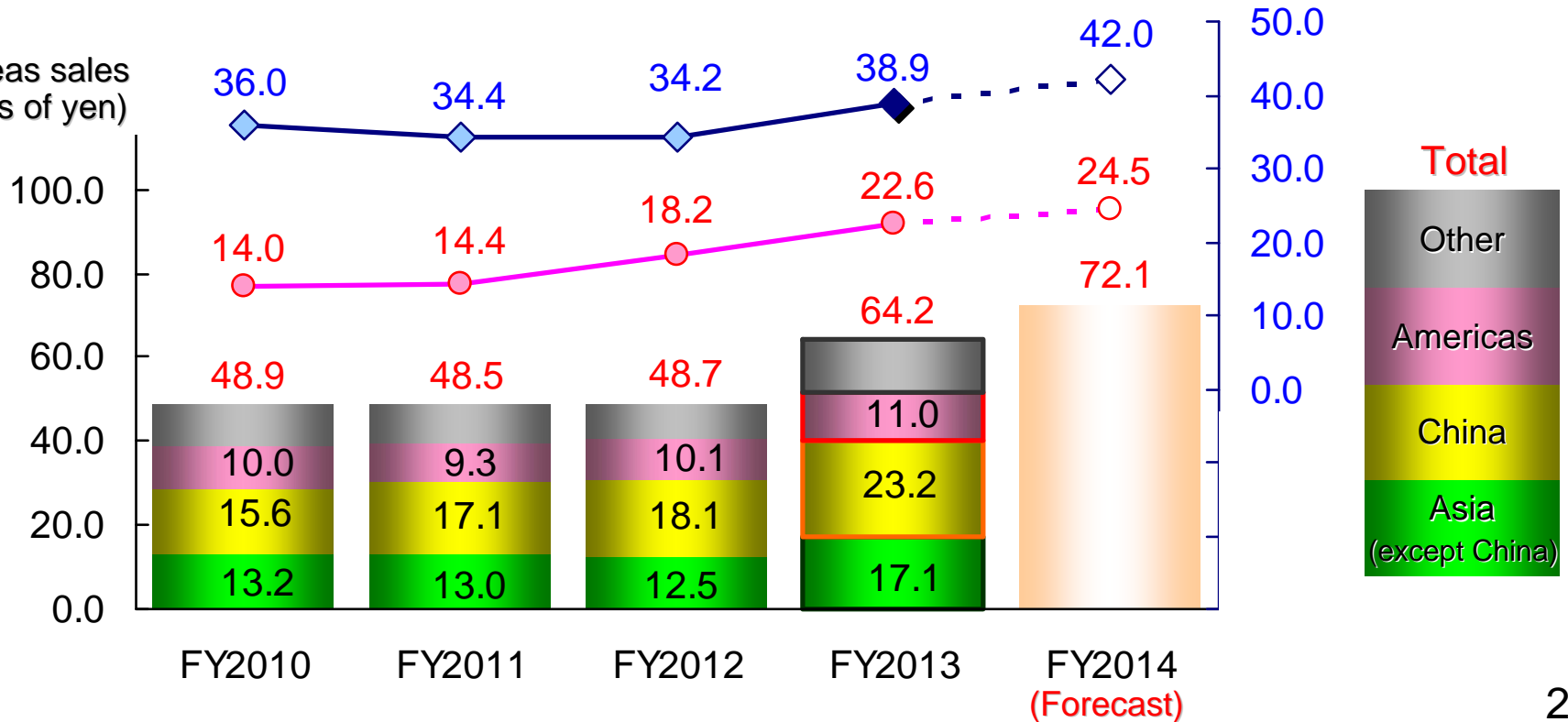
Average exchange rate
(Yen/US\$)



Overseas sales ratio (%)

Overseas production sales ratio (%)

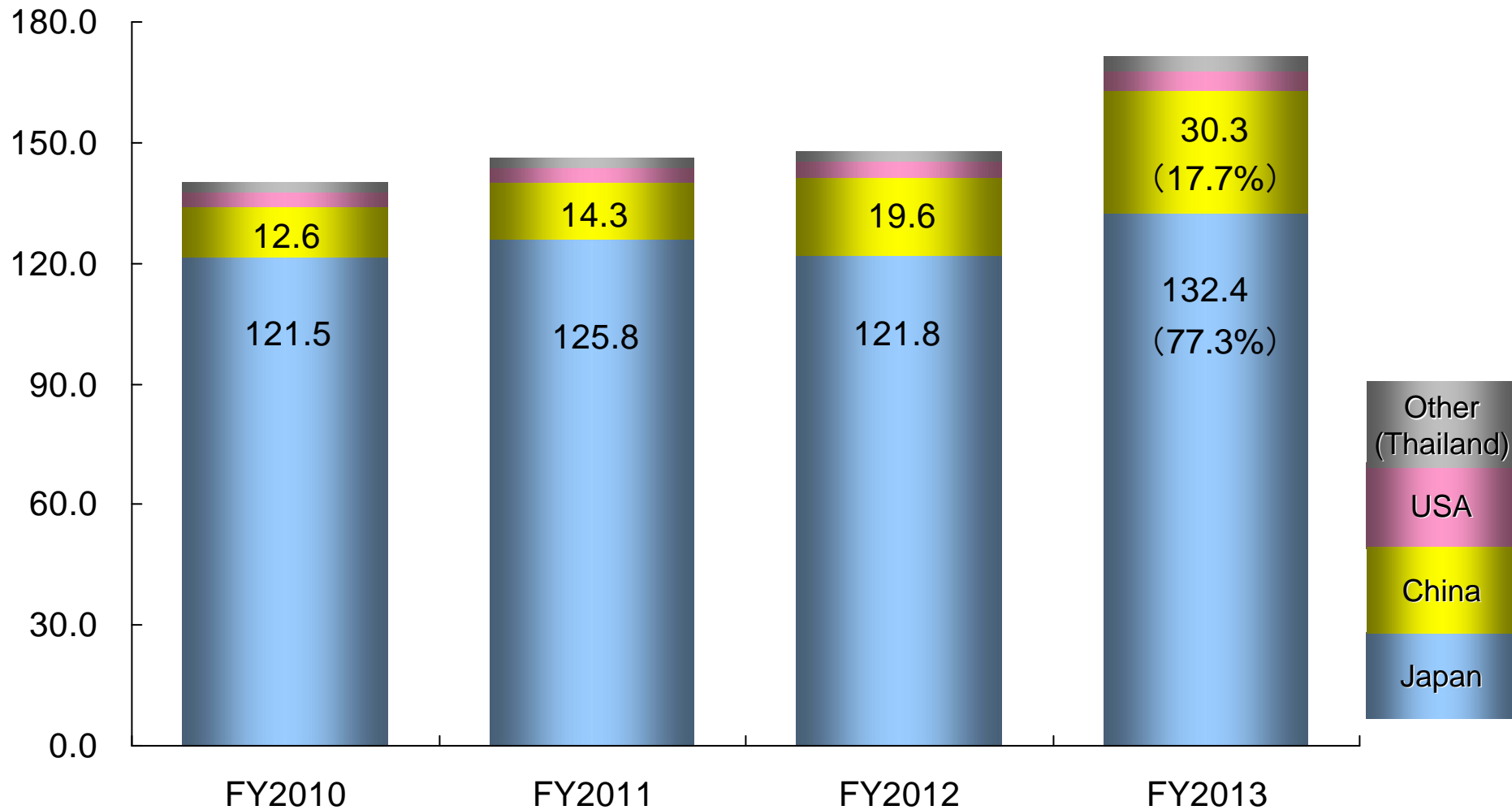
Overseas sales
(Billions of yen)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

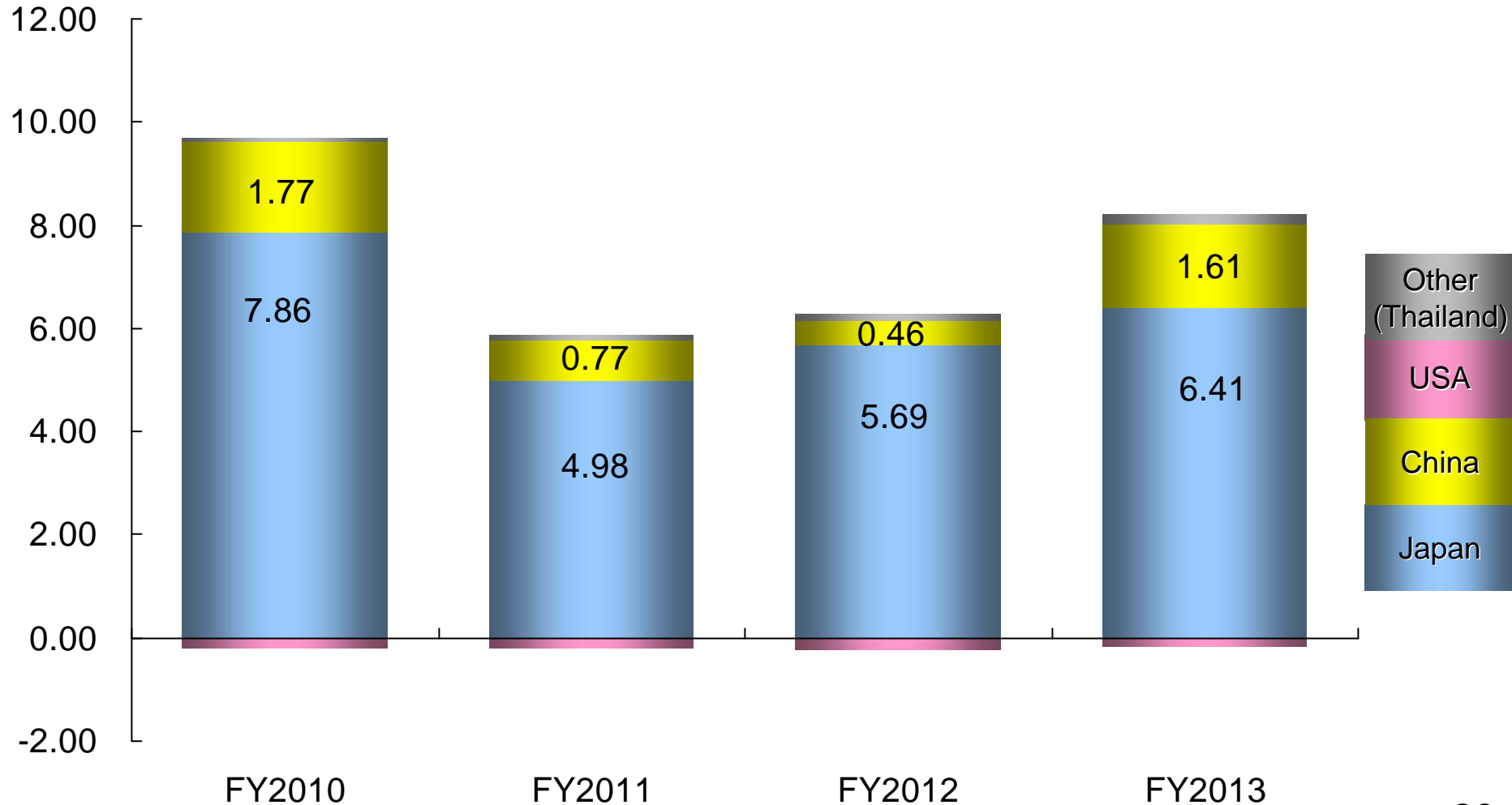
(Billions of yen)



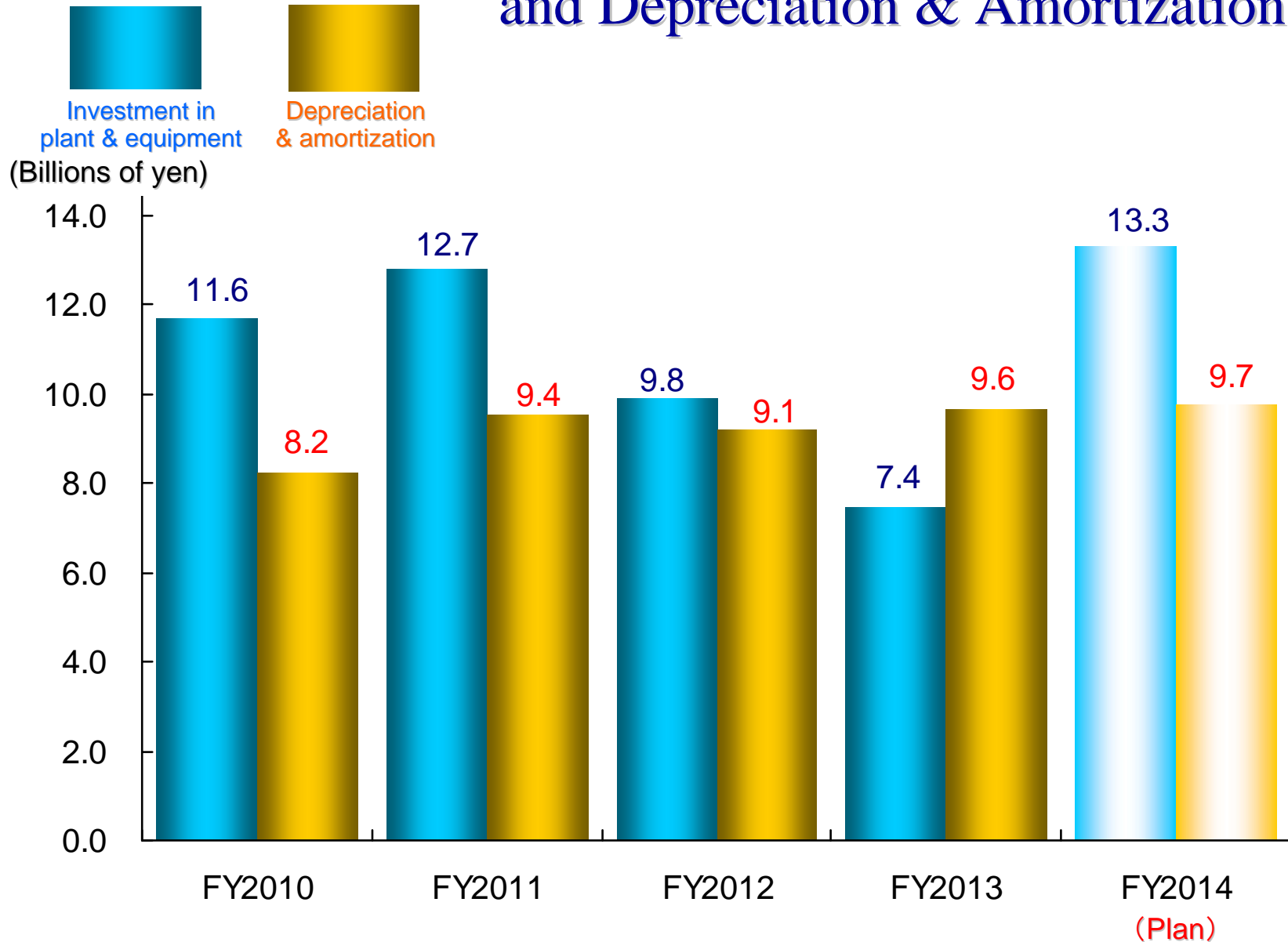
Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



Major Investments in Plant and Equipment

(Billions of yen)

| | FY2013 | FY2014 (Plan) |
|---------------------------------|--------|------------------|
| Investment in plant & equipment | 7.4 | 13.3 |
| Depreciation & amortization | 9.6 | 9.7 |

(Billions of yen)

| | | | Fiscal Year In Operation | Total Investment (Past Fiscal Year) |
|---------------------|-----|--|-----------------------------|--|
| Un- consolidated | | Production facilities for toner resins | 2013 | 2.6 |
| | | Pilot facilities for investigating supercritical processes | 2013 | 0.8 |
| | | Introduction of a SAP system to manage the operations of overseas subsidiaries | 2013-14 | 0.4 |
| Sub- sidiaries* | SDN | Production facilities for SAPs | 2015 | 5.4 |
| | SKN | Organic synthesis production facility | 2013 | 0.4 |
| | SCR | Production facilities for lubricating oil additives | 2013 | 0.7 |
| | SKT | Organic synthesis production facility Technical center | 2014 2014 | 0.1 0.1 |

*Notes:

SDN: San-Dia Polymers (Nantong) Co., Ltd.

SKN: Sanyo Kasei (Nantong) Co., Ltd.

SCR: Sanyo Chemical & Resins, LLC

SKT: Sanyo Kasei (Thailand) Ltd.

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)

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

New growth-driving products (8 items)

Basic products for expansion (10 items)

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

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

(Billions of yen)

| | FY2010 | FY2011 | FY2012 | FY2013 |
|---|--------|--------|--------|--------|
| Strategic Products newly set in the Eighth Medium-Term Management Plan | 2.7 | 4.8 | 9.5 | 14.7 |
| New growth-driving products | 0.9 | 0.7 | 0.7 | 0.7 |
| Basic products for expansion | 1.7 | 4.1 | 8.8 | 14.0 |
| Strategic Products carried over under the Seventh Medium-Term Management Plan | 19.1 | 19.5 | 20.2 | 20.4 |
| Strategic products total | 21.8 | 24.3 | 29.7 | 35.2 |

(Billions of yen)

| | FY2010 | FY2011 | FY2012 | FY2013 |
|---|--------|--------|--------|--------|
| Toiletries and Others | 0.1 | 1.3 | 4.6 | 8.5 |
| Automotives | 9.1 | 11.3 | 13.5 | 15.4 |
| Information and Electrics / Electronics | 12.5 | 11.7 | 11.6 | 11.2 |
| Strategic products total | 21.8 | 24.3 | 29.7 | 35.2 |

Certain figures have been revised

Consolidated Dividends per Share & Payout Ratio Trend

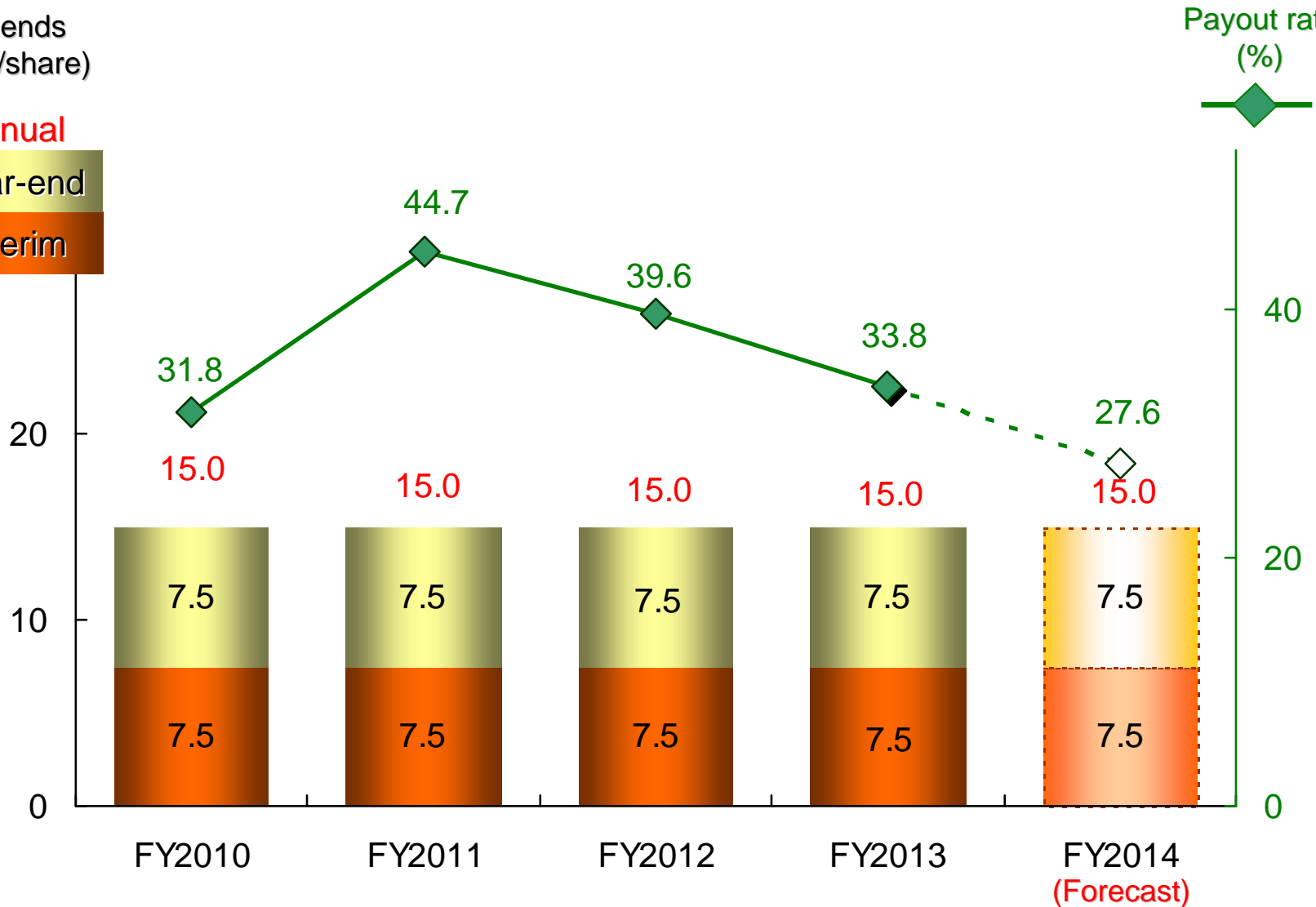
Dividends
(Yen/share)

Payout ratio
(%)

Annual

Year-end

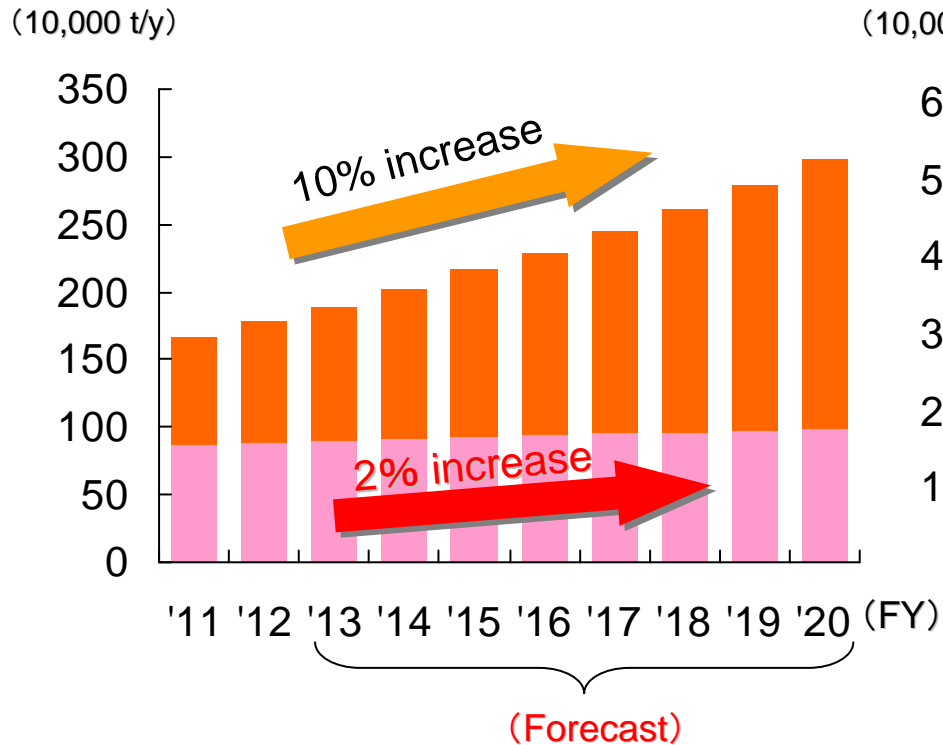
Interim



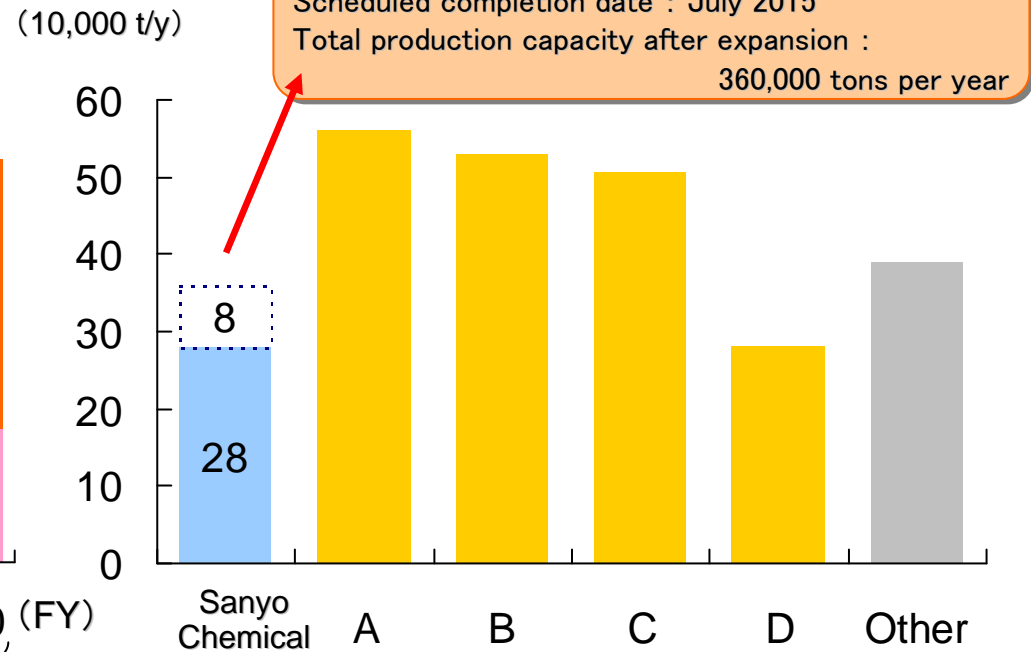
Priority Core Products (SAPs)

Market Trend of SAP (in-house research)

- markets of emerging countries
- markets of advanced countries



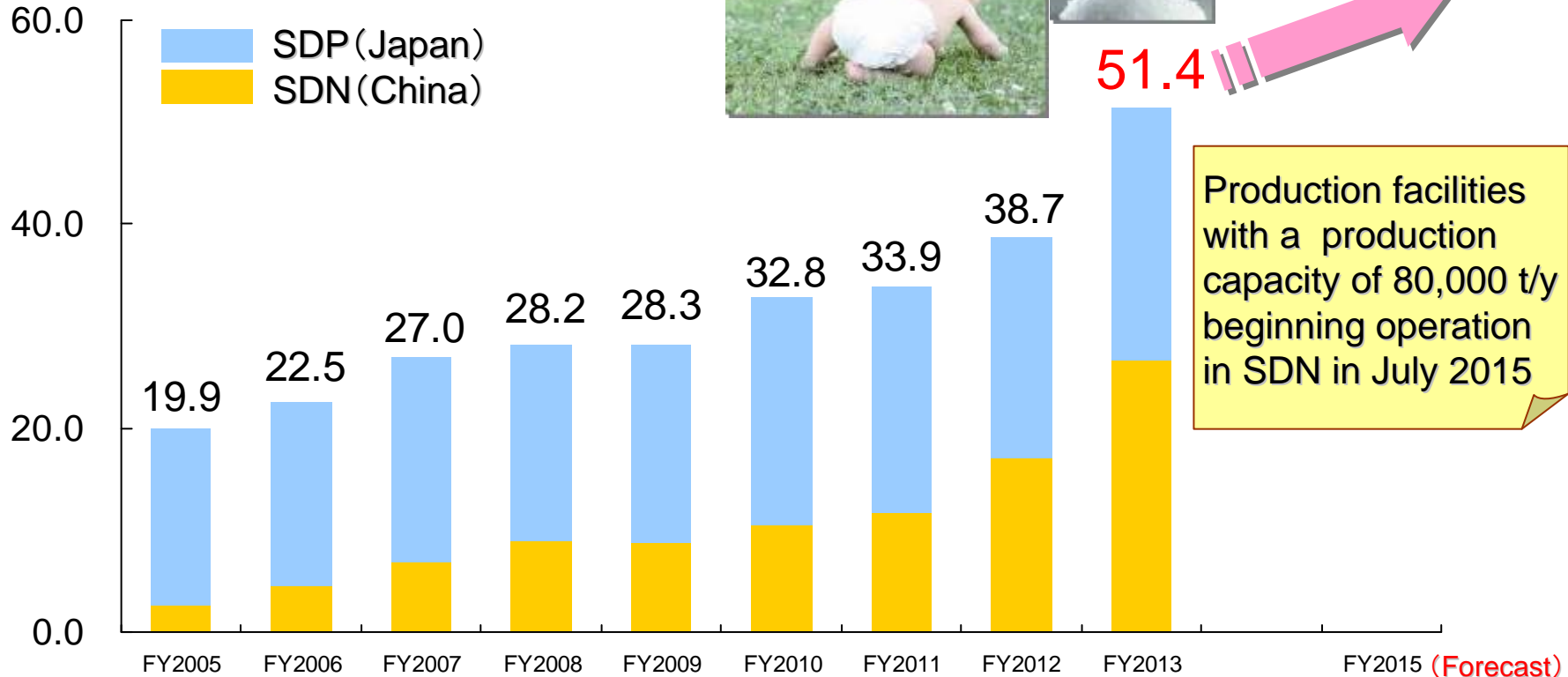
Global Production Capacity by SAP Manufacturer
(in-house research at the end of March, 2014)



Priority Core Products (SAPs)

Sales
(Billions of yen)

Internal sales among Sanyo Chemical Group are not eliminated.



Production facilities with a production capacity of 80,000 t/y beginning operation in SDN in July 2015

Total production capacity
(at the end of fiscal year)

27
+70,000 t/y
in SDN

28

36 (10,000 t/y)
+80,000 t/y
in SDN

Business expands due to prevalence of disposable diaper with economic growth in Asian countries. We aspire that our group's SAP market size grows to 600,000 t/y in 2020.

Priority Core Products (Lubricating Oil Additives)

- ◆ ACLUBE has been on the market for around 50 years since its release in 1963.
- ◆ Main performance of ACLUBE as an additive for lubricating oil additives is used to improve fuel efficiency in automobiles and other vehicles by reducing the viscosity change of the lubricating oil caused by the temperature, which is known as viscosity index improvers.
- ◆ Multiple production system is established in Japan (Kyoto factory, Kashima factory) and the U.S. (Sanyo Chemical & Resins, LLC)
- ◆ Next expansion in China and U.S.A are laid out on the table.

| Production Capacity | | Note |
|---------------------|-------------------|---|
| Kyoto Factory | 20,000 t/y | |
| Kashima Factory | 30,000 t/y | Expanded 10,000 t/y in each year of 2011 and 2012 |
| SCR* | 4,000 t/y | Newly constructed in 2013 |
| Total | 54,000 t/y | |

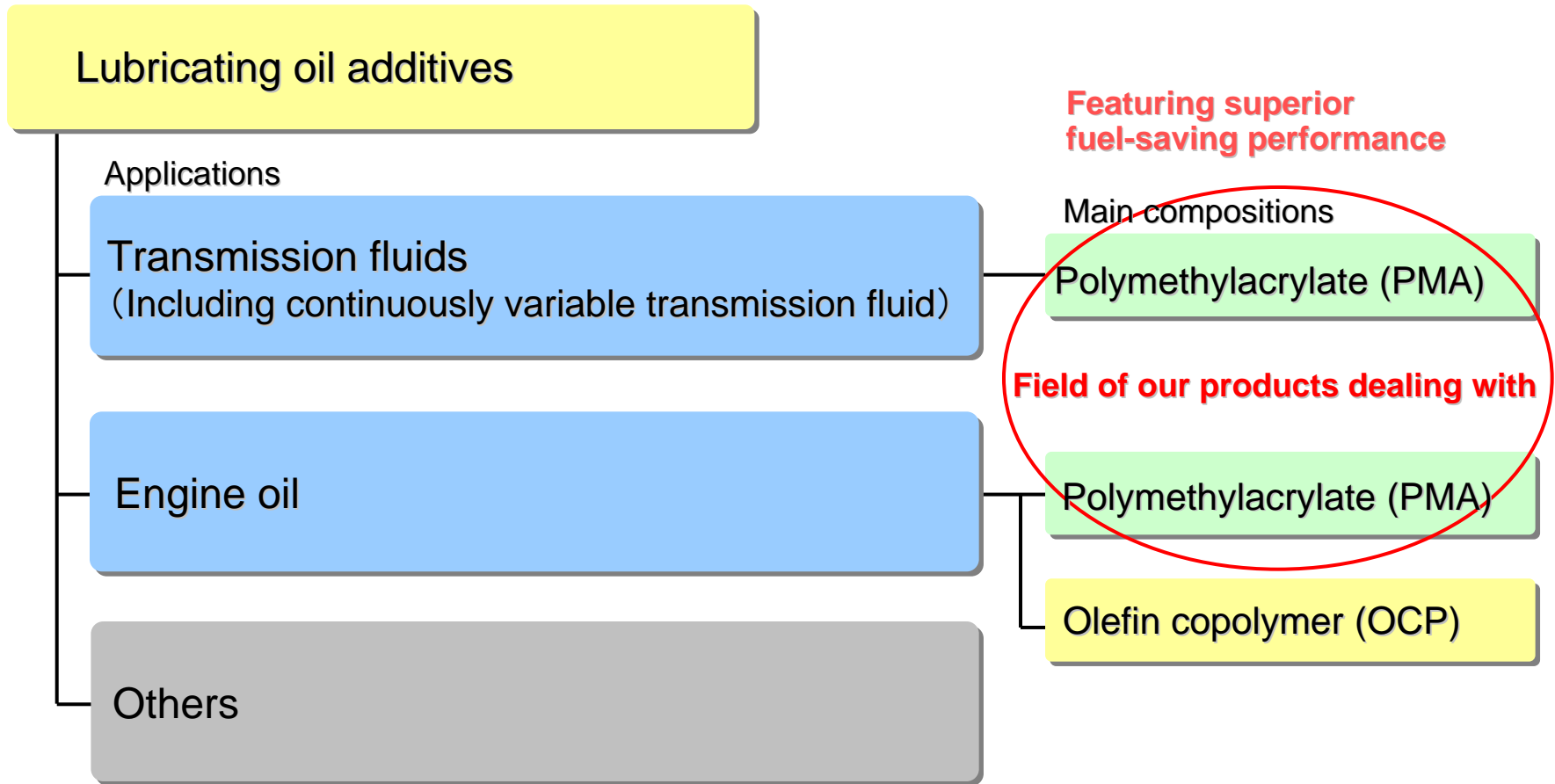


Sanyo Chemical & Resins, LLC

* Sanyo Chemical & Resins, LLC

Priority Core Products (Lubricating Oil Additives)

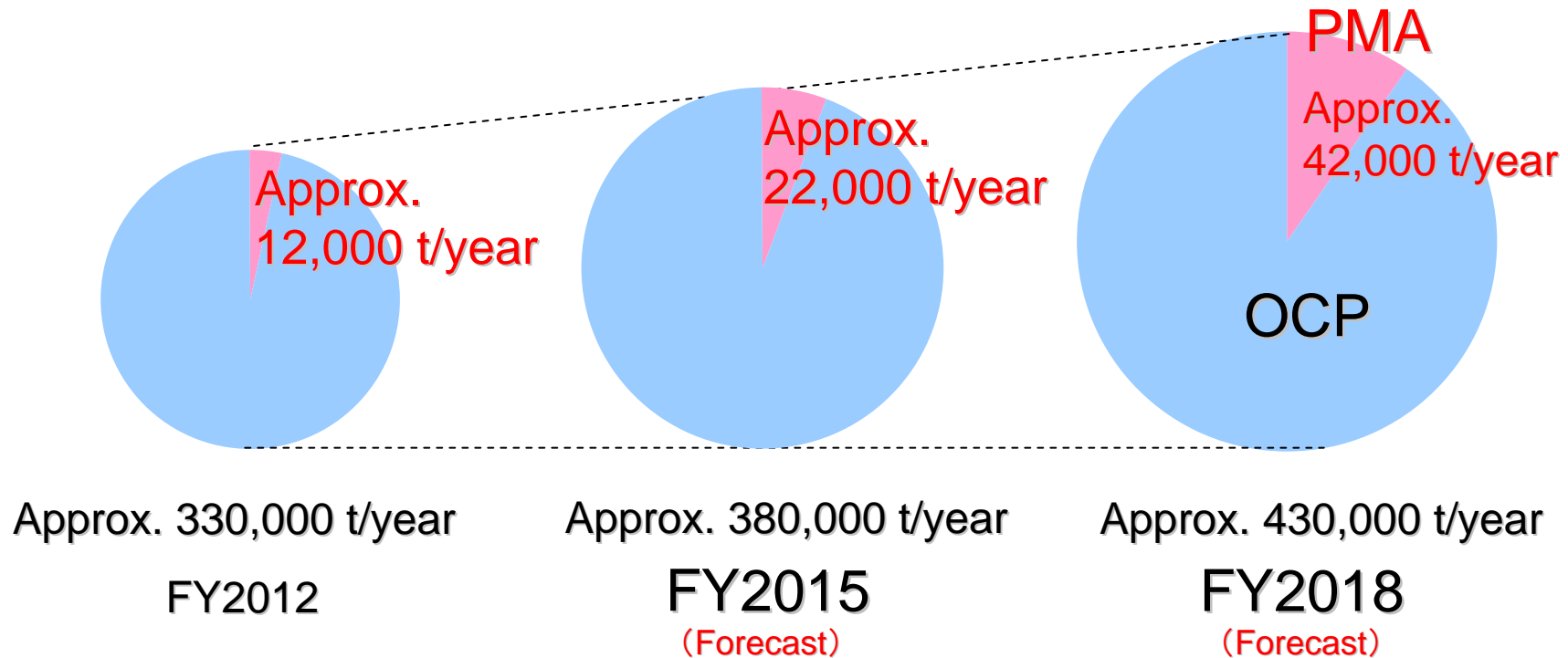
Applications and main compositions of lubricating oil additives (viscosity index improvers)



A partial shift has been completed from engine lubricating oil additives based on OCP to those using polymethylacrylate

Priority Core Products (Lubricating Oil Additives)

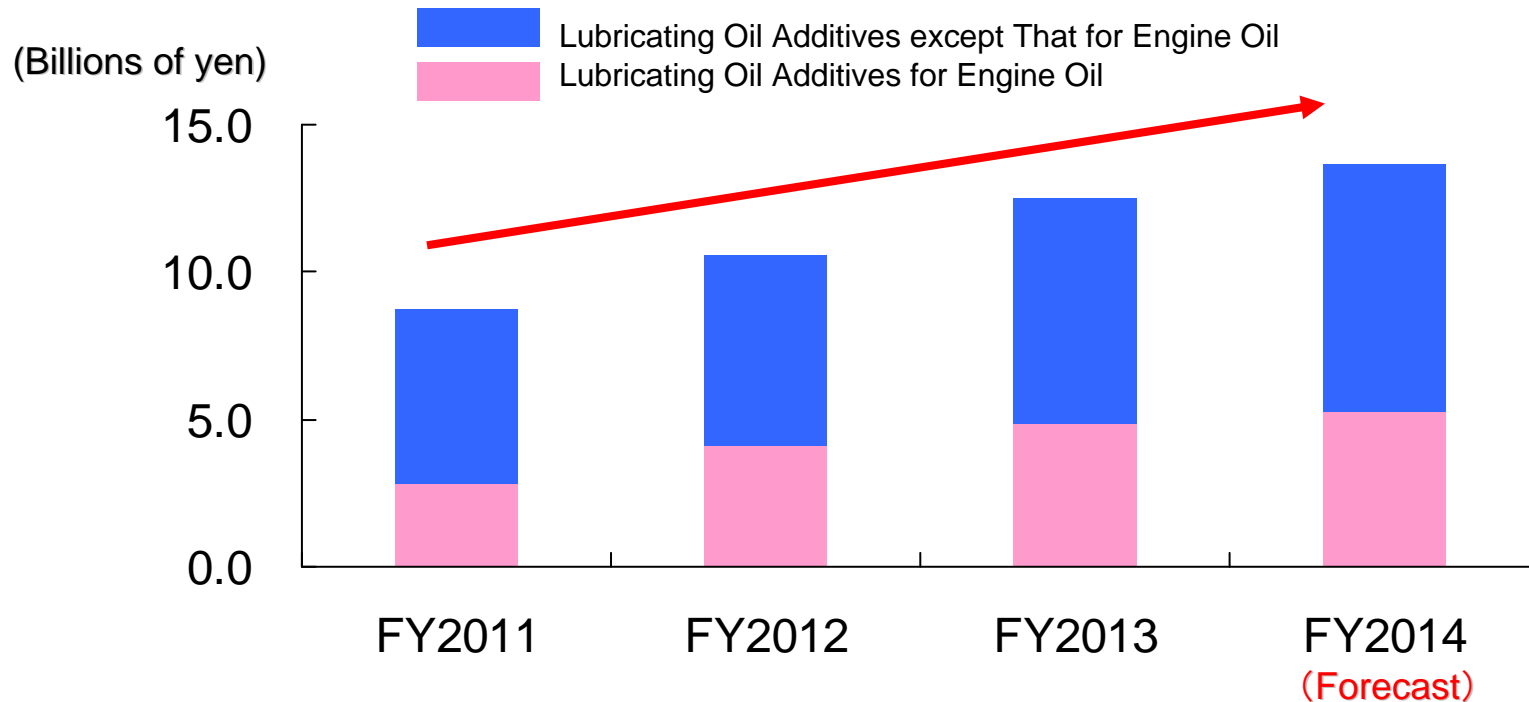
Market size of lubricating oil additives for engine oil (in-house research)



The market size of more fuel-efficient lubricating oil additives based on PMA expands mainly in developed countries due to high demand for fuel efficiency.

Priority Core Products (Lubricating Oil Additives)

Trends in the sales volume of Lubricating Oil Additives for Engine Oil



Though demand for lubricating oil additives for gear oil was weak due to a decrease in automobile production, that for engine oil maintains brisk regardless of automobile production. Next expansion is laid out on the table to meet the large demand.

To be a Globally-Trusted, Unique and Excellent Corporate

To be a Globally-Trusted, Unique and Excellent Corporate Group

GROUP INNOVATION

Research Strategy

Improving research efficiency

- Assigning 30% of all employees to the R&D division
- Technological and process innovation

Production Strategy

Production innovations

- Improving productivity per plant operator
- Utilizing manpower efficiently (Saving manpower)

Sales Strategy

Bolstering globalization

- Training global personnel
- Expanding the overseas sales

Organizational Reforms

- Installing an enterprise resource planning package (SAP system) to overseas subsidiaries
- Disposal of unprofitable businesses

Sanyo Chemical's New Technology and Process

Contribution to produce recombinant proteins in large scale

Extracellular Secretory Technology of the Proteins by Adding the New Agent

The newly efficient production process for the proteins by adding the Sanyo-original agent.



Extracellular expression of a recombinant protein



Disrupted cell of *E.coli*
(conventional method)

- **Our process extremely improves the productivity for the recombinant proteins** compared to the conventional one because it enables the proteins to be continuously secreted to outside the cell and expressed inside.
- **Purification is simple by less contaminants derived from the disrupted cell.**
- **Our process is applicable to many kinds of proteins** because it uses the *E.coli*, the most versatile bacteria for production of the proteins.

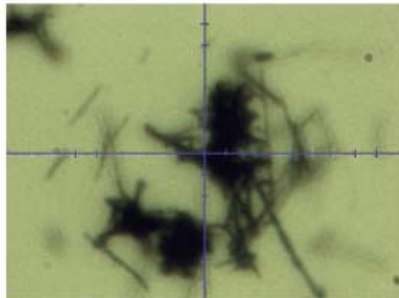
Sanyo Chemical's New Technology and Process

Contribution to the society by a green process

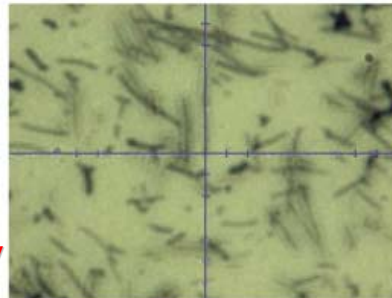
The New Microparticulation Technology using the Supercritical Carbon Dioxide

The pulverizing and particulating the dispersant through the rapid gasification process after infiltrating the high-pressure supercritical carbon dioxide into the hollows of the dispersants.

<Pulverization of carbon nanotubes>

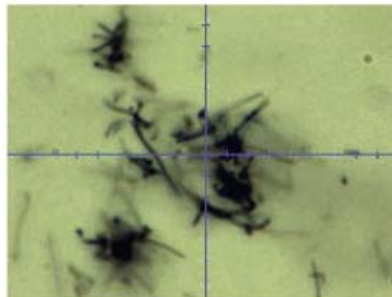


Our new technology



An aggregate before pulverization
(about 10 μ m)

Conventional technology



- Performs the extremely rapid microparticulation compared to a conventional process
- Possible to modify the surface simultaneously at the particulation
- Prevent the contamination of the metal from a pulverizer and contribute to the energy conservation because this process is needless a mechanical pulverization

Sanyo Chemical's New Technology and Process

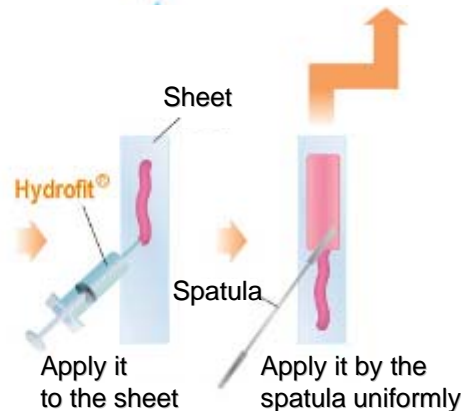
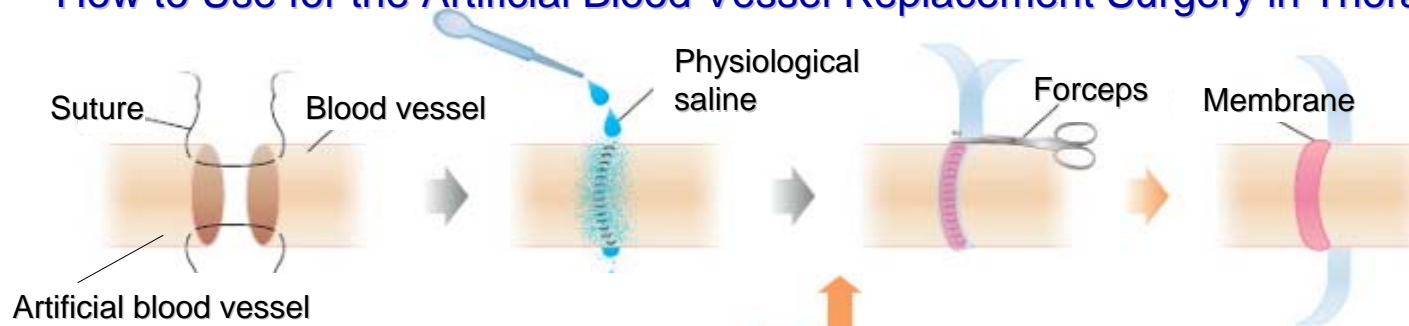
Contribution to the medical field

The surgical hemostatic agent used for anastomosing the arterial blood and artificial blood vessel in the surgical operation

Hydrofit®

When this hemostatic sealant is applied to the anastomosis site by the artificial blood vessel replacement surgery in thoracic aorta, it will form a membrane and stop bleeding in approx. three minutes.

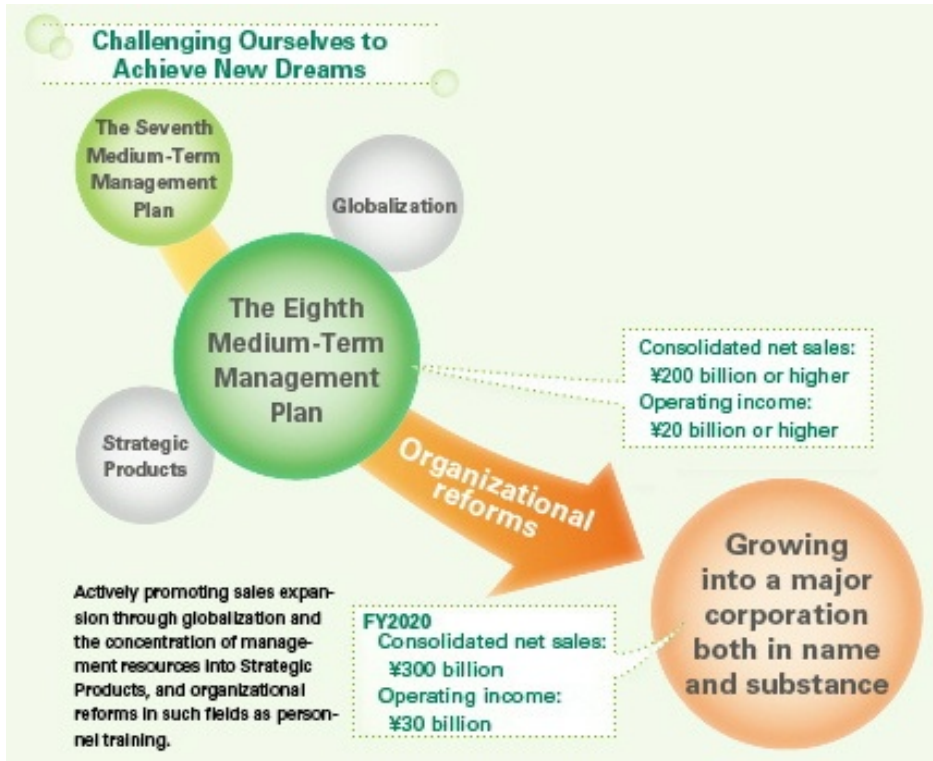
How to Use for the Artificial Blood Vessel Replacement Surgery in Thoracic Aorta



- Curing film having superior tissue adhesiveness exerts its hemostatic property quickly.
- There is no risk of viral infection because this product is derived from nonbiological materials.
- Formed curing film follows the heart stroke due to its flexibility and elasticity.

Reference

The Eighth Medium-Term Management Plan



Basic Strategies

1. Facilitate individual-based management evolution (training and effective utilization of personnel)
2. Promoting Sanyo Chemical Group management
3. Promoting globalization
4. Expanding sales
5. Improving profitability

Numerical targets for FY2014

Consolidated net sales : ¥200 billion or higher
 Operating income : ¥20 billion or higher
 Return on assets (ROA*) : 12% or higher

*In the eighth medium-term management plan, ROA is calculated based on operating income to total asset

Although our medium- to long-term management strategy remains unchanged, in light of major changes in the business environment **we wish to set new numerical targets when we formulate the Ninth Medium-term Management Plan, which starts in fiscal 2015.**

The Eighth Medium-Term Management Plan

The Eighth Medium-Term
Management Plan
(period: FY2011 to FY2014)

The Ninth Medium-Term
Management Plan
(period: from FY2015)

**Growing into a major corporation
both in name and substance**

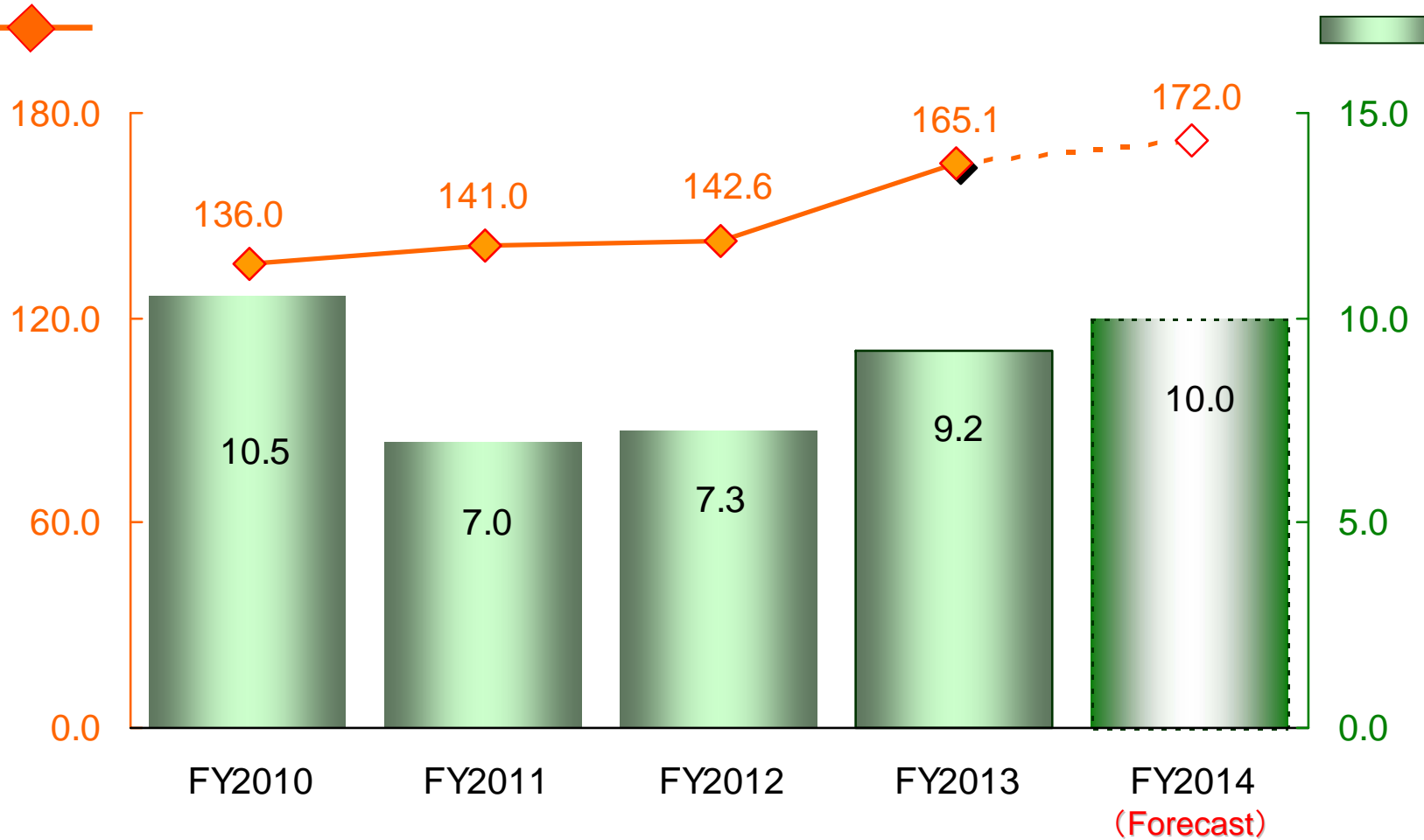
- ◇ Concentration of management resources on Strategically Developed Products
- ◇ Strengthening global growth strategies
 - Expansion of core businesses
 - Superabsorbent polymer, PPG, Toner material, Lubricating oil additives
- ◇ Promoting Sanyo Chemical Group management
 - Installing centralized management system including accounting and ordering system, SAP, at overseas subsidiaries
- ◇ Training global personnel resources

Despite difficulty in achievement of the objectives, strengthening global growth strategies and promoting corporate group management were carried out as planned

Consolidated Business Trend

Net sales
(Billions of yen)

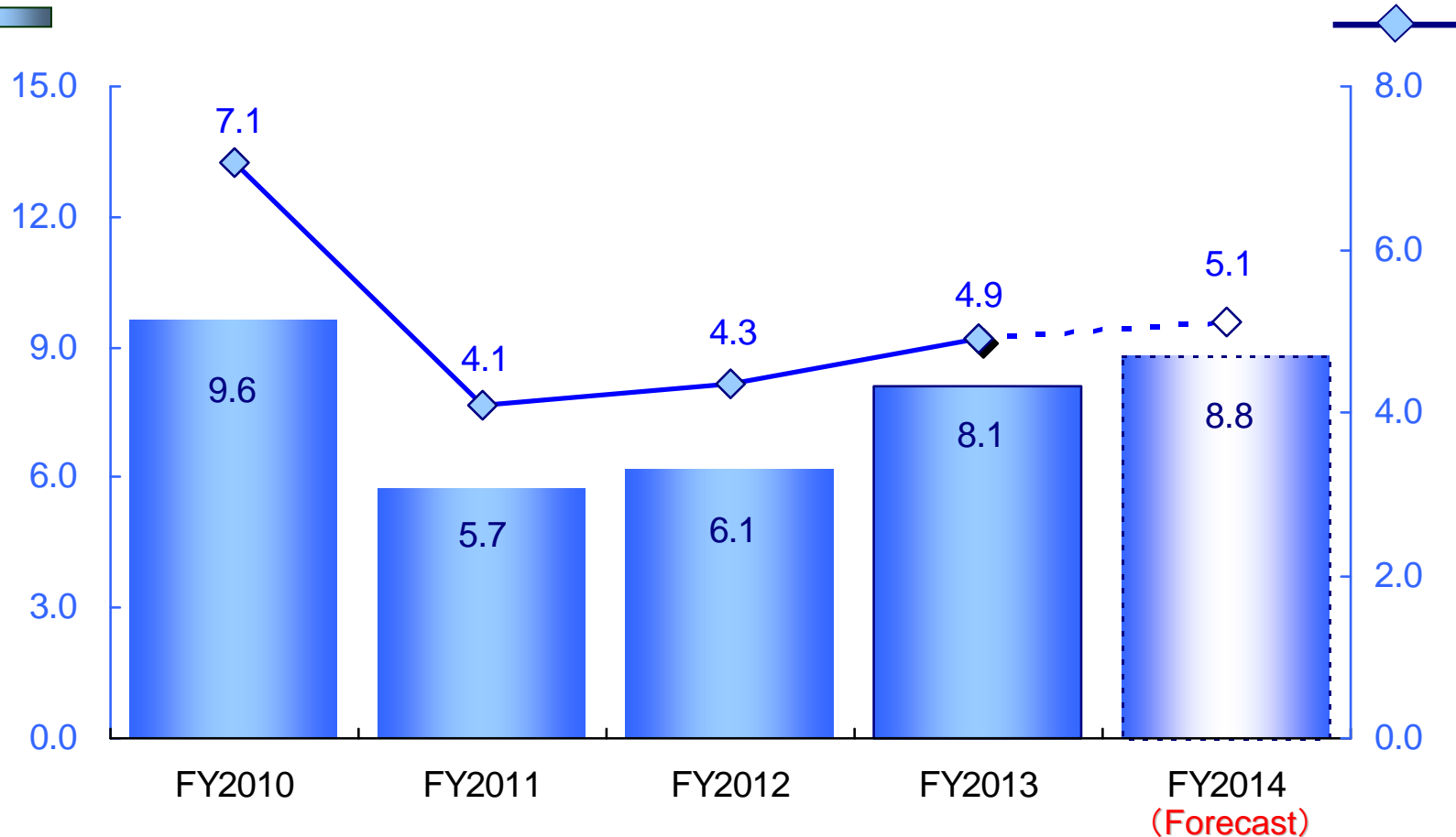
Ordinary income
(Billions of yen)



Consolidated Operating Income Trend

Operating income
(Billions of yen)

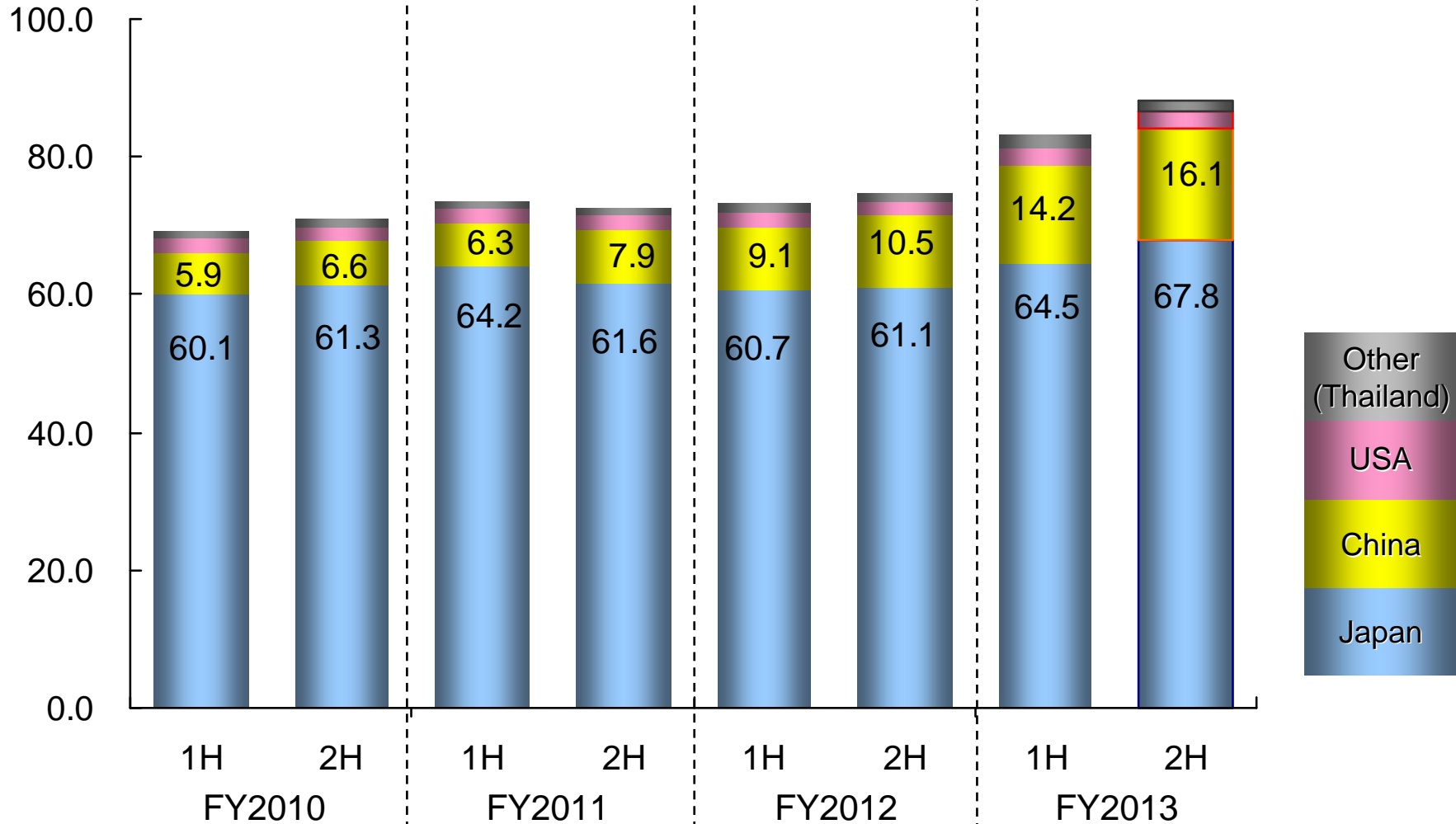
Operating income ratio
(%)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

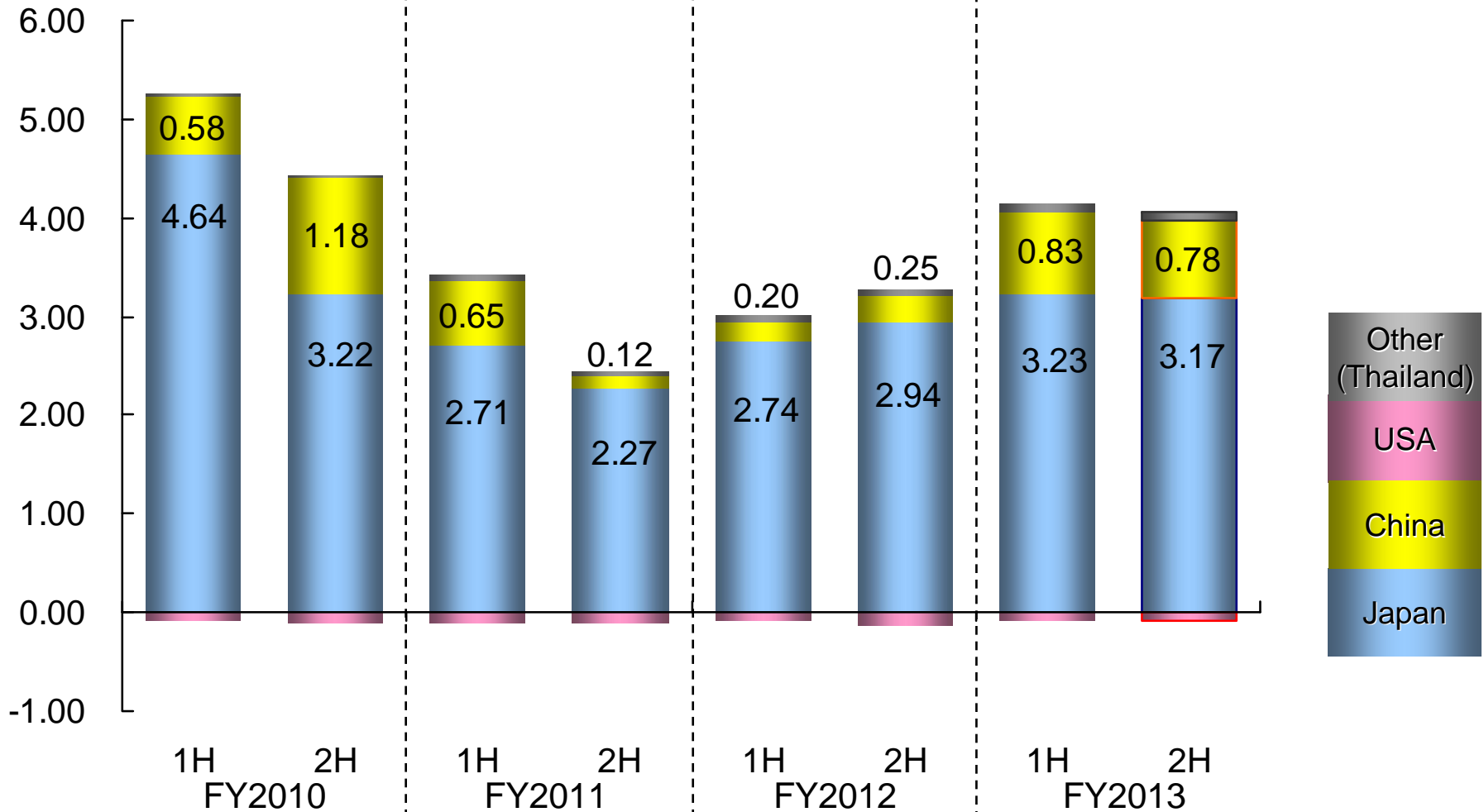
(Billions of yen)



Consolidated Operating Income Trend by Geographic Segments

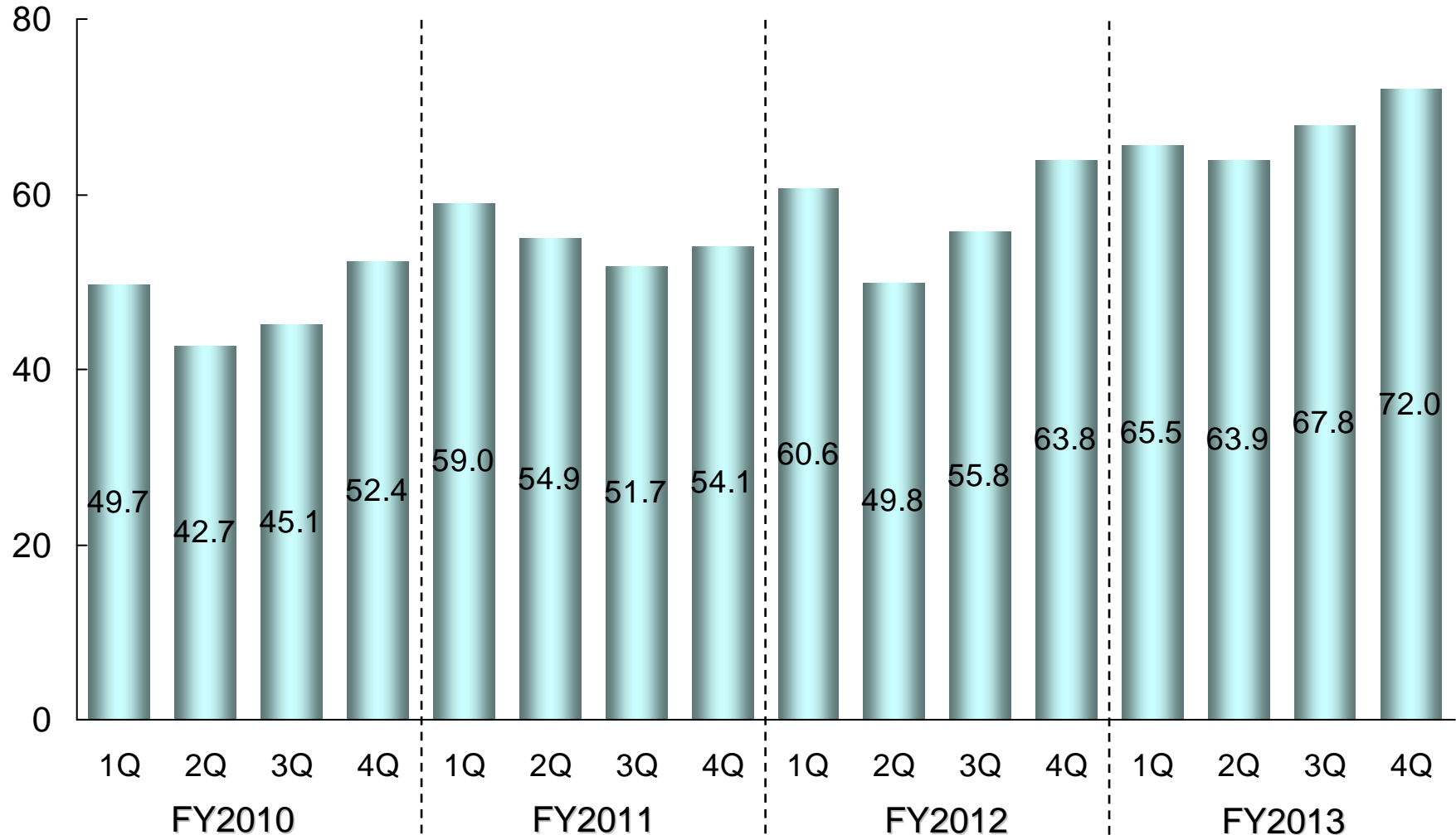
Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



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 lubricating oil additives, etc. |
| 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 |