

Condensed Consolidated Financial Information

**(Japanese Standard)
For the Six Months
Ended Sept. 30, 2013**

(April 1, 2013 through Sept. 30, 2013)

Note: The English version of these financial results contains key items only. The English version of the financial statements is provided for reference purposes only and is based on the original Japanese version, which takes precedence. In the event that a difference in interpretation arises, please refer to the original Japanese version.

SANYO CHEMICAL INDUSTRIES, LTD.

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

Cautionary Statement with Respect to Forward-Looking Statement

This financial information contains forward-looking statements that are based on Sanyo Chemical Group's current plans, strategies and results. These forward-looking statements were formulated by managers based on currently-available information, however actual results may vary significantly depending on the economic environment where Sanyo Chemical Group conduct its business, competitive conditions, changes in the states of product development, relevant laws and regulations, and fluctuations in the currency exchange rate. Moreover, the factors that can affect these forward-looking statements are not limited to those listed here.

The following summary of the business results that Sanyo Chemical Group submitted Tokyo Stock Exchange is unaudited and for reference only.

Ticker code: 4471

Consolidated Financial Highlights

1-1. Results of Operations

	Six months ended Sept. 30,			
	2013		2012	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	80,236	13.5%	70,681	(0.5%)
Operating income	4,105	37.5%	2,986	(11.5%)
Ordinary income	5,054	46.2%	3,456	(17.5%)
Net income	2,932	53.5%	1,910	(22.6%)
Comprehensive income	6,971	—%	611	(69.6%)

	Six months ended Sept. 30,	
	2013	2012
	Yen	Yen
Net income per share	26.59	17.32
Net income per share, diluted	—	—

1-2. Financial Conditions

	As of Sept. 30,	As of March 31,
	2013	2013
	Millions of Yen	Millions of Yen
Total assets	158,960	155,438
Net assets	100,360	94,279
Shareholders' equity ratio	60.8%	58.7%
Shareholders' equity	96,645	91,290

2. Cash Dividend

	Year ended March 31,		
	2013	2014	2014 (Forecast)
	Yen	Yen	Yen
Cash dividend per share			
1Q (as of June 30)	—	—	
2Q (as of Sept. 30)	7.50	7.50	
3Q (as of Dec. 31)	—		—
4Q (as of March 31)	7.50		7.50
Total	15.00		15.00

3. Earnings Forecasts

	Year ended March 31,	
	2014	
	Millions of Yen	Change
Net sales	161,000	12.9%
Operating income	7,400	19.6%
Ordinary income	8,100	11.5%
Net income	4,900	17.2%

	Year ended March 31,	
	2014	
	Yen	
Net income per share	44.43	

Notes:

1. Amounts are rounded down to the nearest million.
2. The percentage change is year-on-year change compared with the same period of the previous fiscal year.
3. The computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period.
4. Revisions to the earnings forecast made recently during the period: Yes
See financial revisions for our consolidated FY2013 which were announced on Oct. 31, 2013 (Japanese version only).

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

New companies (company name): None, Companies removed (company name): None

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

(Note) See Page 7, “2. Matters related to Summary Information (Notes), (2) Application of special accounting methods for the preparation of consolidated quarterly financial statements” for more information.

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

a. Changes in accounting policies associated with revised accounting standards, etc.: None

b. Changes in accounting policies other than a. above: None

c. Changes in accounting estimates: None

d. Restatements: None

(4) Number of shares issued (common stock)

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

End of six months (Sept. 30, 2013): 117,673,760 shares

End of previous period (March 31, 2013): 117,673,760 shares

b. Treasury shares at the end of the period

End of six months (Sept. 30, 2013): 7,388,408 shares

End of previous period (March 31, 2013): 7,382,003 shares

c. Average number of shares (cumulative for the quarter)

Reporting six months (ended Sept. 30, 2013): 110,288,309 shares

Previous six months (ended Sept. 30, 2012): 110,296,701 shares

*Disclosure of Implementation Status of Quarterly Review Procedures

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

*Explanation of appropriate use of business performance forecasts

The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on Sanyo Chemical's performance in the future. Therefore, Sanyo Chemical cannot guarantee that it will achieve the results. Actual earnings may differ significantly due to various factors. See Quarterly Financial Report (attachments) Page 7, “1. Qualitative Information Concerning Quarterly Business Performance for the Six Months Ended Sept. 30, 2013, (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 Quarterly Business Performance for the Six Months Ended Sept. 30, 2013

(1) Qualitative Information Concerning Consolidated Business Results

During the first six months of the current fiscal year (April 1 through Sept. 30, 2013), the Japanese economy began a moderate recovery because the export situation was improved and the investment in plant and equipment showed signs of recovery. Nevertheless, the outlook for the circumstance surrounding Japan remains unclear amid the slowdown of European economy, stagnation of Chinese economic growth and other factors.

In the chemical industry, the depreciation of the yen continued on foreign exchange markets. However raw material and fuel costs remained high, though volatile. And thus the harsh business environment persisted.

Under these circumstances, net sales in the first half of the fiscal year increased by 13.5% from the same period of the previous fiscal year to ¥80,236 million with a contribution of satisfactory sales of superabsorbent polymers and other factors. In terms of profit, Sanyo Chemical Group recorded massive increases from the same period of the previous fiscal year, due to the increase in net sales, the depreciation of the yen and other factors. As a result, operating income was ¥4,105 million (a 37.5% increase from the same period of the previous fiscal year), and ordinary income was ¥5,054 million (a 46.2% increase). Net income was ¥2,932 million (a 53.5% increase).

Results by product group (segment) were as follows.

Toiletries and Health Care

Sales in the Toiletries segment remained at the same level. Although sales of surfactants for liquid detergents increased substantially due to steady demand and new product launches, sales of surfactants for hair care products, polyethylene glycol and other products were flat as well as demand for surfactants for industrial use decreased.

In Health Care, sales of superabsorbent polymers increased significantly due to successful expansion of production capacity in China to live up to higher demand for disposable diapers as well as sales expansion of superabsorbent polymers enabling disposable diapers to be made thinner and other effects.

As a result, total net sales in this segment increased by 25.2% from the same period of the previous fiscal year, to ¥33,320 million. Operating income was ¥1,974 million (a 67.8% increase).

Petroleum and Automotives

In Petroleum and Automotives, despite flat sales in Japan of raw materials for polyurethane foams used in automobile seats and other applications, sales increased steadily due to expanded sales overseas. In addition, sales of lubricating oil additives increased because of higher demand for fuel-saving engine oils.

As a result, total net sales in this product group increased by 7.1% from the same period of the previous fiscal year, to ¥18,104 million. Operating income was ¥741 million (a 28.5% increase).

Plastics and Textiles

In Plastics, sales of paint, coating and other agents increased drastically. In addition, sales of permanent antistatic agents, which are used in the production of packaging materials for electronic components, dramatically increased due to sales expansion of high-performance permanent antistatic agent that substantially decreases surface resistivity of resin applied.

The Textiles segment recorded considerable increase in sales. Although demand for fiberglass agents was low, demand for carbon fiber agents increased both in Japan and overseas. In addition, sales for polyurethane resin for use in synthetic leather and elastomer fibers as well as agents used in textile manufacturing processes including airbag and tire cord yarns increased substantially.

As a result, total net sales in this product group increased by 10.1% from the same period of the previous fiscal year, to ¥9,635 million. Operating income was ¥1,131 million (a 11.3% increase).

Information and Electrics/Electronics

In Information, demand for pulverized toner resins begins to show some signs of picking up. However, sales of polyester beads used as a core component of polymerization toners was weak because of delay in switching to newly-developed product. As a result, sales in this segment remained at the same level.

Sales in the Electrics/Electronics segment increased. This was because sales of electrolytes for aluminum electrolytic capacitors increased due to a recovery in demand as well as sales of agent for electronic components such as ceramic binder increased.

As a result, total net sales in this product group increased by 2.7% from the same period of the previous fiscal year, to ¥10,377 million. Operating income was ¥331 million (a 20.2% increase).

Environmental Protection, Construction and Others

Sales in the Environmental Protection segment decreased substantially because demand for our mainstay polymer flocculant line was weak by deterioration of market.

In Construction and others, despite flat sales of raw materials for building sealants and cement agents, drastically increased demand for raw materials for polyurethane foams used in furniture and heat insulating materials contributed to the sales increase.

As a result, total net sales in this segment increased by 5.9% from the same period of the previous fiscal year, to ¥8,799 million. We recorded an operating loss of ¥73 million (compared to an operating loss of ¥59 million for the same period of the previous fiscal year), mainly due to the degradation of our product mix.

(2) Qualitative Information Concerning Consolidated Financial Position

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

Total assets increased by ¥3,522 million compared to the previous consolidated fiscal year end, amounting to ¥158,960 million. This increase was mainly due to the increase in investment securities caused by reappraisal of their market valuation.

Net assets increased by ¥6,080 million from the previous consolidated fiscal year end, to ¥100,360 million. Our shareholder's equity ratio increased by 2.1 percentage point from the previous consolidated fiscal year end, to 60.8%.

Cash and cash equivalents ("Cash") as of the end of the six months of the current consolidated fiscal year amounted to ¥11,480 million. This marked an increase of ¥1,315 million compared to the end of the previous consolidated fiscal year (cash increased by ¥1,452 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 ¥7,795 million (¥7,268 million in net cash provided during the same period of the previous fiscal year). This result was mainly due to the cash inflow from income before income taxes and minority interests of ¥4,786 million, depreciation and amortization of ¥4,580 million, and the decrease in notes and accounts receivable-trade of ¥2,267 million, which outweighed the outflow from the decrease in notes and accounts payable-trade of ¥2,261 million and the decrease in income tax payments of ¥1,167 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥4,772 million (¥6,062 million in net cash used during the same period of the previous fiscal year). This result was mainly due to cash outlays of ¥4,688 million for purchases of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥2,017 million, (¥334 million in net cash provided during the same period of the previous fiscal year). This result was mainly due to cash outlays of ¥1,653 million to repay long-term debt, ¥827 million in dividend payments and other factors.

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

We expect to exceed the forecast about net sales released by the preceding Company at the July 31 announcement of business results because the sales of superabsorbent polymers are anticipated to continue increasing briskly. And then we revised forecast about net sales.

In terms of profit, our forecast about operating income, ordinary income and net income released by the preceding announcement has not been revised because the future movements in naphtha prices and the yen's exchange rates are uncertain at this time.

(Full year)	(Millions of yen)				
	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share (Yen)
Previous forecast (A)	155,000	7,400	8,100	4,900	44.43
Current forecast (B)	161,000	7,400	8,100	4,900	44.43
Difference (B – A)	6,000	-	-	-	-
Change (%)	3.9	-	-	-	-
Previous term's figures	142,652	6,186	7,266	4,179	37.89

* These earnings forecasts are based on information available at the announcement date. Actual earnings may differ due to various factors occurring in the future.

2. Matters Related to Summary Information (Notes)

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

None

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

After applying tax effect accounting to income before income taxes and minority interests for the fiscal year, which includes the six 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 restatements

None

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of Yen	
	As of Mar. 31, 2013	As of Sept. 30, 2013
Assets		
Current assets		
Cash and deposits	10,164	11,480
Notes and accounts receivable-trade	43,166	41,674
Merchandise and finished goods	10,456	10,826
Semi-finished goods	3,265	3,588
Work in process	492	414
Raw materials and supplies	4,594	4,335
Deferred tax assets	1,147	1,152
Other	616	1,033
Allowance for doubtful accounts	(33)	(32)
Total current assets	73,870	74,473
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	16,205	16,478
Machinery, equipment and vehicles, net	25,683	27,738
Land	8,618	8,676
Construction in progress	4,302	1,935
Other, net	1,398	1,374
Total property, plant and equipment	56,208	56,204
Intangible assets		
Software	852	802
Goodwill	1,335	1,268
Other	407	450
Total intangible assets	2,595	2,521
Investments and other assets		
Investment securities	21,196	24,256
Long-term loans receivable	2	2
Deferred tax assets	303	226
Other	1,298	1,312
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	22,764	25,760
Total fixed assets	81,567	84,486
Total assets	155,438	158,960

	Millions of Yen	
	As of Mar. 31, 2013	As of Sept. 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,567	26,000
Short-term loans	9,573	10,904
Current portion of long-term debt	3,038	1,623
Accrued expenses	2,900	2,935
Income taxes payable	945	1,104
Provision for bonuses	1,456	1,545
Provision for directors' and corporate auditors' bonuses	65	36
Notes payable-facilities	2,036	1,216
Other	2,908	2,099
Total current liabilities	50,491	47,467
Long-term liabilities		
Long-term debt	6,037	5,952
Provision for retirement benefits	2,392	2,046
Provision for directors' and corporate auditors' retirement benefits	519	564
Deferred tax liabilities	762	1,714
Other	955	855
Total long term liabilities	10,666	11,132
Total liabilities	61,158	58,600
Net assets		
Shareholders' equity		
Common stock	13,051	13,051
Capital surplus	12,194	12,194
Retained earnings	67,148	69,253
Treasury stock	(5,701)	(5,705)
Total shareholders' equity	86,691	88,793
Accumulated other comprehensive income		
Unrealized gains on other securities	5,730	7,481
Foreign currency translation adjustment	(1,131)	369
Total accumulated other comprehensive income	4,598	7,851
Minority interests	2,989	3,714
Total net assets	94,279	100,360
Total liabilities and net assets	155,438	158,960

(2) Consolidated Statements of Income and Comprehensive Income

(2)- (1) Consolidated Statements of Income

(Cumulative six months of the consolidated fiscal year)

	Millions of Yen	
	Six months ended Sept. 30,	
	2012	2013
Net sales	70,681	80,236
Cost of sales	58,451	66,677
Gross profit	12,230	13,558
Selling, general and administrative expenses	9,244	9,453
Operating income	2,986	4,105
Non-operating income		
Interest income	24	27
Dividends income	312	206
Equity in earnings of unconsolidated subsidiaries and affiliates	309	157
Real estate rent	164	155
Foreign exchange gains	—	390
Other	141	347
Total non-operating income	952	1,284
Non-operating expenses		
Interest expenses	170	185
Rent cost of real estate	35	36
Loss on disposal of inventories	179	50
Foreign exchange losses	56	—
Other	40	63
Total non-operating expenses	482	336
Ordinary income	3,456	5,054
Extraordinary income		
Gain on sales of investment securities	66	11
Gain on sales of fixed assets	1	5
Insurance income	42	15
Total extraordinary income	110	32
Extraordinary loss		
Loss on disposal of fixed assets	312	299
Loss on valuation of investment securities	20	—
Loss on valuation of other investments	0	—
Provision of allowance for doubtful accounts	1	—
Total extraordinary losses	334	299
Income before income taxes and minority interests	3,232	4,786
Income taxes	1,112	1,404
Income before minority interests	2,119	3,382
Minority interests	209	449
Net income	1,910	2,932

(2)- (2) Consolidated Statements of Comprehensive Income
(Cumulative three months of the consolidated fiscal year)

	Millions of Yen	
	Six months ended Sept. 30,	
	2012	2013
Income before minority interests	2,119	3,382
Other comprehensive income		
Unrealized gains on other securities	(1,658)	1,751
Foreign currency translation adjustment	150	1,837
Total other comprehensive income	(1,508)	3,588
Comprehensive income	611	6,971
Comprehensive income attributable to:		
Shareholders of the Company	372	6,185
Minority interests	238	785

(3) Consolidated Statements of Cash Flows

	Millions of Yen	
	Six months ended Sept. 30,	
	2012	2013
Operating activities		
Income before income taxes and minority interests	3,232	4,786
Depreciation and amortization	4,319	4,580
Loss on disposal of fixed assets	312	299
Amortization of goodwill	—	66
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for bonuses	241	88
Increase (decrease) in provision for retirement benefits	(330)	(346)
(Decrease) increase in provision for directors' and corporate auditors' retirement benefits	(157)	45
(Decrease) increase in provision for directors' and corporate auditors' bonuses	(20)	(28)
Interest and dividends income	(336)	(234)
Interest expenses	170	185
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(309)	(157)
Loss (gain) on sales of fixed assets	(1)	(5)
Loss (gain) on sales of investment securities	(66)	(11)
Loss (gain) on valuation of investment securities	20	—
Other non-operating expenses (income)	(215)	(588)
Decrease (increase) in notes and accounts receivable-trade	395	2,267
Decrease (increase) in inventories	(1,741)	258
Decrease (increase) in other assets	(648)	(388)
Increase (decrease) in notes and accounts payable-trade	1,219	(2,261)
Increase (decrease) in accrued consumption taxes	146	72
Decrease (increase) in consumption taxes refund receivable	7	5
Increase (decrease) in other liabilities	320	(45)
Subtotal	6,559	8,589
Interest and dividends income received	1,016	419
Interest expenses paid	(170)	(197)
Other, net	35	151
Income taxes paid	(172)	(1,167)
Net cash provided by operating activities	7,268	7,795

	Millions of Yen	
	Six months ended Sept. 30,	
	2012	2013
Investing activities		
Purchase of fixed assets	(5,954)	(4,688)
Proceeds from sale of fixed assets	1	6
Purchase of investment securities	(3)	(3)
Proceeds from sales of investment securities	107	38
Payments of loans receivable	(1)	(1)
Collection of loans receivable	1	17
Other, net	(213)	(140)
Net cash used in investing activities	(6,062)	(4,772)
Financing activities		
Increase (decrease) in short-term loans payable	1,353	403
Proceeds from long-term loans payable	2,000	123
Repayment of long-term debt	(1,779)	(1,653)
Purchase of treasury stock	(1)	(3)
Cash dividends paid	(827)	(827)
Cash dividends paid to minority shareholders	(410)	(60)
Net cash used in financing activities	334	(2,017)
Effect of exchange rate changes on cash and cash equivalents	(88)	310
Net increase (decrease) in cash and cash equivalents	1,452	1,315
Cash and cash equivalents at beginning of period	9,360	10,164
Cash and cash equivalents at end of period	10,813	11,480

(4) Notes to quarterly consolidated financial statements

(Notes to Going Concern Assumptions)

None

(Notes to Significant Changes in Shareholders' Equity)

None

(5) Segment Information

Net Sales and Profit by Reporting Segment

[Cumulative Six Months of the Previous Consolidated Fiscal Year (April 1, 2012 through Sept. 30, 2012)]

(Millions of yen)

	Reporting Segment						Adjust- ment	Total
	Toiletries and Health Care	Petroleum and Automo- tives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Subtotal		
Net Sales								
Sales to Third Parties	26,606	16,910	8,755	10,104	8,305	70,681	-	70,681
Inter- Segment Sales/ Transfers	-	-	14	-	135	150	(150)	-
Subtotal	26,606	16,910	8,769	10,104	8,440	70,831	(150)	70,681
Segment Profits (loss)	1,176	577	1,017	275	(59)	2,986	-	2,986

Notes: The total figure is the same as that of operating income in Consolidated Statements of Income.

[Cumulative Six Months of the Previous Consolidated Fiscal Year (April 1, 2013 through Sept. 30, 2013)]

(Millions of yen)

	Reporting Segment						Adjust- ment	Total
	Toiletries and Health Care	Petroleum and Automo- tives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Subtotal		
Net Sales								
Sales to Third Parties	33,320	18,104	9,635	10,377	8,799	80,236	-	80,236
Inter- Segment Sales/ Transfers	-	-	9	-	249	258	(258)	-
Subtotal	33,320	18,104	9,645	10,377	9,048	80,495	(258)	80,236
Segment Profits (loss)	1,974	741	1,131	331	(73)	4,105	-	4,105

Notes: The total figure is the same as that of operating income in Consolidated Statements of Income.

<Reference>

[Information by Geographic Segment]

[Cumulative Six Months of the Previous Consolidated Fiscal Year (April 1, 2012 through Sept. 30, 2012)]

(Millions of yen)

	Japan	USA	China	Other	Total
Sales					
(1) Sales to third parties	58,738	1,976	8,654	1,312	70,681
(2) Sales from inter-segment transactions and transfers	1,968	1	527	-	2,497
Total	60,707	1,978	9,181	1,312	73,179
Operating income (loss)	2,745	(93)	205	55	2,912

	Elimination or Common Assets	Consolidated Total
Sales		
(1) Sales to third parties	-	70,681
(2) Sales from inter-segment transactions and transfers	(2,497)	-
Total	(2,497)	70,681
Operating income (loss)	74	2,986

[Cumulative Six Months of the Current Consolidated Fiscal Year (April 1, 2013 through Sept. 30, 2013)]

(Millions of yen)

	Japan	USA	China	Other	Total
Sales					
(1) Sales to third parties	62,294	2,547	13,645	1,749	80,236
(2) Sales from inter-segment transactions and transfers	2,267	-	606	-	2,874
Total	64,561	2,547	14,251	1,749	83,110
Operating income (loss)	3,233	(94)	834	82	4,056

	Elimination or Common Assets	Consolidated Total
Sales		
(1) Sales to third parties	-	80,236
(2) Sales from inter-segment transactions and transfers	(2,874)	-
Total	(2,874)	80,236
Operating income (loss)	48	4,105

[Overseas Sales]

[Cumulative Six Months of the Previous Consolidated Fiscal Year (April 1, 2012 through Sept. 30, 2012)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	16,004	(9,773)	5,157	3,612	24,774
II. Consolidated sales	-	(-)	-	-	70,681
III. Percentage of overseas sales to consolidated sales (%)	22.7	(13.8)	7.3	5.1	35.1

[Cumulative Six Months of the Current Consolidated Fiscal Year (April 1, 2013 through Sept. 30, 2013)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	19,130	(10,755)	5,571	6,605	31,306
II. Consolidated sales	-	(-)	-	-	80,236
III. Percentage of overseas sales to consolidated sales (%)	23.9	(13.4)	6.9	8.2	39.0

Notes:

1. The term "overseas sales" refers to sales of the parent company and its consolidated subsidiaries registered in countries and regions outside Japan.
2. Areas included in each country or region are determined based on their degree of proximity.
3. Main countries or regions included in each geographic segment
 - (1) Asia: Korea, China, Indonesia, India, and Thailand
 - (2) Americas: USA, Mexico, and Brazil
 - (3) Other: Australia, Europe, Russia, and the Middle East

(6) Significant Subsequent Events

(Significant Equipment Investment)

At the meeting of our board of directors held on Oct. 24, 2013, Sanyo Chemical decided capital investment to expand factories of our subsidiary San-Dia Polymers (Nantong) Co., Ltd as below.

1. Intention

The company will increase production capacity in order to meet growing global demand for superabsorbent polymers.

2. Overview of equipment investment

- (1) Location: Nantong City, Jiangsu Province, China
- (2) Investment value: more than 5 billion yen
- (3) Expanded production capacity: 80,000 tons per year

3. Scheduled completion date

July 2015

4. Way of raising funds

Own fund and loan payable

Note: San-Dia Polymers, a parent company of San-Dia Polymers (Nantong) Co., Ltd. was a joint venture company invested by Sanyo Chemical and Mitsubishi Chemical Corporation. On Sept. 30, 2013, Toyota Tsusho Corporation completed its acquisition of the 30% San-Dia Polymers' stake held by Mitsubishi Chemical Corporation. To that end Sanyo Chemical concluded a new joint venture agreement with Toyota Tsusho Corporation. According renamed SDP Global Co., Ltd.

4. Supplementary Information

Trend of Each Quarter Results

1. Consolidated

Previous Fiscal Year	(Millions of yen)				
	FY 2012				
	1Q	2Q	3Q	4Q	Total
	April 2012 through June 2012	July 2012 through Sept. 2012	Oct. 2012 through Dec. 2012	Jan. 2013 through March 2013	April 2012 through March 2013
Net sales	35,929	34,751	35,422	36,548	142,652
Operating income	1,635	1,350	1,642	1,557	6,186
Ordinary income	2,245	1,210	1,975	1,833	7,266
Net income	1,171	739	1,363	905	4,179
Comprehensive income	949	(338)	2,307	3,646	6,565

Current Fiscal Year	(Millions of yen)			
	FY 2013		Change	
	1Q	2Q	Same term of previous fiscal year	Previous term
	April 2013 through June 2013	July 2013 through Sept. 2013	July 2012 through Sept. 2012	April 2013 through June 2013
Net sales	38,997	41,238	18.7%	5.7%
Operating income	2,469	1,635	21.1%	(33.8%)
Ordinary income	3,094	1,960	61.9%	(36.6%)
Net income	2,009	923	24.9%	(54.1%)
Comprehensive income	4,395	2,575	—	(41.4%)

2. Unconsolidated

Previous Fiscal Year	(Millions of yen)				
	FY 2012				
	1Q	2Q	3Q	4Q	Total
	April 2012 through June 2012	July 2012 through Sept. 2012	Oct. 2012 through Dec. 2012	Jan. 2013 through March 2013	April 2012 through March 2013
Net sales	24,351	23,195	23,281	23,916	94,744
Operating income	1,092	437	865	462	2,858
Ordinary income	1,877	1,129	1,416	991	5,414
Net income	1,146	1,006	1,220	669	4,043

Current Fiscal Year	(Millions of yen)			
	FY 2013		Change	
	1Q	2Q	Same term of previous fiscal year	Previous term
	April 2013 through June 2013	July 2013 through Sept. 2013	July 2012 through Sept. 2012	April 2013 through June 2013
Net sales	24,475	24,778	6.8%	1.2%
Operating income	1,289	426	(2.5%)	(66.9%)
Ordinary income	1,904	944	(16.4%)	(50.4%)
Net income	1,476	640	(36.3%)	(56.6%)