

Condensed Consolidated Financial Information

**(Japanese Standard)
for the Fiscal Year
Ended March 31, 2014**

(April 1, 2013 through March 31, 2014)

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

1.Consolidated Financial Highlights

(Figures are rounded down to the nearest million yen)

1-1. Results of Operations

(% indicates changes from the previous corresponding term)

	Year ended March 31,			
	2014		2013	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	165,183	15.8%	142,652	1.1%
Operating income	8,110	31.1%	6,186	7.4%
Ordinary income	9,212	26.8%	7,266	4.4%
Net income	4,918	17.7%	4,179	12.8%
Comprehensive income	11,071	68.6%	6,565	50.2%

	Year ended March 31,	
	2014	2013
	Yen	Yen
Net income per share	44.60	37.89
Net income per share, diluted	-	-

	Year ended March 31,	
	2014	2013
	%	%
Return on equity	5.2	4.7
Ordinary income to total assets	5.7	4.8
Operating income to net sales	4.9	4.3

(Reference)Equity in earnings of affiliated companies: Year ended March 31, 2014:¥17 million
Year ended March 31, 2013:¥386 million

1-2. Financial Conditions

	As of March 31,	
	2014	2013
	Millions of Yen	Millions of Yen
Total assets	166,529	155,438
Net assets	103,907	94,279
Equity ratio	59.5%	58.7%
Net assets per share (Yen)	899.24	827.72

(Reference)Equity: Year ended March 31, 2014:¥99,161 million
Year ended March 31, 2013:¥91,290 million

1-3. Cash Flows

	Year ended March 31,	
	2014	2013
	Millions of Yen	Millions of Yen
Net cash provided by (used in) operating activities	15,769	13,293
Net cash provided by (used in) investing activities	(8,659)	(13,413)
Net cash provided by (used in) financing activities	(2,567)	406
Cash and cash equivalents at end of period	15,476	10,164

2. Cash Dividend

	Year ended March 31,		
	2013	2014	2015 (Forecast)
Cash dividend per share	Yen	Yen	Yen
1Q (as of June 30)	-	-	-
2Q (as of Sept. 30)	7.50	7.50	7.50
3Q (as of Dec. 31)	-	-	-
4Q (as of March 31)	7.50	7.50	7.50
Total	15.00	15.00	15.00

	Year ended March 31,		
	2013	2014	2015 (Forecast)
	Millions of yen	Millions of yen	Millions of yen
Total dividends paid (annual)	1,654	1,654	

	Year ended March 31,		
	2013	2014	2015 (Forecast)
	%	%	%
Payout ratio(consolidated)	39.6	33.6	27.6
Dividends to net assets(consolidated)	1.9	1.7	

3. Earnings Forecasts

(% indicates changes from the previous corresponding term)

	Fiscal year ending March 31, 2015			
	First half		Full year	
	Millions of Yen	%	Millions of Yen	%
Net sales	83,000	3.4	172,000	4.1
Operating income	3,700	(9.9)	8,800	8.5
Ordinary income	4,100	(18.9)	10,000	8.5
Net income	2,500	(14.8)	6,000	22.0

	Fiscal year ending March 31, 2015	
	First half	Full year
	Yen	Yen
Net income per share	22.67	54.41

4. Notes

(1) Significant changes in subsidiaries during the fiscal year ended March 31, 2014 (changes in specific subsidiaries causing a change in the scope of consolidation): None

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

- 1) Changes in accounting policies associated with revised accounting standards, etc.: Yes
- 2) Any changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(Note) Paragraph 2 (changes in accounting policies with the enforcement of amendments to accounting standard, etc) of Article 14 of Regulations Concerning the Terminology, Forms and Preparation Method of Consolidated Financial Statements has been applied.

(3) Number of shares issued (common stock)

- 1) Total number of shares issued at the end of the period (including treasury stock)

Year ended March 31, 2014:	117,673,760 shares
Year ended March 31, 2013:	117,673,760 shares
- 2) Total number of treasury stock at the end of the period

Year ended March 31, 2014:	7,401,797 shares
Year ended March 31, 2013:	7,382,003 shares
- 3) Average number of shares during the period

Year ended March 31, 2014:	110,283,047 shares
Year ended March 31, 2013:	110,295,055 shares

***Disclosure of Implementation Status of Review Procedures**

This financial report is not subject to review procedures under Japanese 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 Financial Report (attachments) Page 6 "1. Analysis of Results of Operations and Financial Position (1) Analysis of Results of Operations" 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. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

During the current fiscal year (April 1, 2013 through March 31, 2014), the Japanese economy continued a mild upswing because the export situation was improved and the investment in plant and equipment shifted to increasing trend. On the other hand, the outlook for the circumstance surrounding Japan remains unclear amid stagnation of Chinese economic expansion and other factors despite move towards economic recovery in Europe and the United States.

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 current fiscal year increased by 15.8% from the previous fiscal year, to ¥165,183 million due to the addition of superabsorbent polymer production facilities in China in fiscal 2011 and rush demand ahead of consumption tax increase. In terms of profit, Sanyo Chemical Group recorded increases from the previous fiscal year, due to the increase in net sales, cost-reduction measures, and other factors. As a result, operating income was ¥8,110 million (a 31.1% increase from the previous fiscal year), and ordinary income was ¥9,212 million (a 26.8% increase). Net income was ¥4,918 million (a 17.7% increase).

Results by product group (segment) were as follows.

Toiletries and Health Care

Sales in the Toiletries segment increased slightly. Although sales of surfactants for liquid detergents increased substantially due to steady demand and new product launches as well as sales of polyethylene glycol increased steadily, demand for surfactants for hair care products decreased.

In Health Care, sales increased significantly because sales of superabsorbent polymers expanded 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 for thinner disposable diapers and other effects.

As a result, total net sales in this segment increased by 22.8% from the previous fiscal year, to ¥67,871 million. Operating income was ¥3,874 million (a 34.6% 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 drastically due to expanded sales overseas. In addition, sales of lubricating oil additives increased dramatically because of higher demand for fuel-saving engine oils and thrived operations of new plant equipments in USA.

As a result, total net sales in this product group increased by 16.2% from the previous fiscal year, to ¥38,117 million. Operating income was ¥1,362 million (a 23.5% 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, considerably 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. Despite weakening demand for fiberglass agents, sales efforts to expand the market were made mainly for overseas customers and demand for carbon fiber agents increased both in Japan and overseas. In addition, sales of agents used in textile manufacturing processes including airbag and tire cord yarns demonstrated a favorable trend as well as sales for polyurethane resin for use in synthetic leather and elastomer fibers increased substantially.

As a result, total net sales in this product group increased by 11.0% from the previous fiscal year, to ¥19,503 million. Operating income was ¥2,414 million (a 20.4% increase).

Information and Electrics/Electronics

Sales in the Information segment increased a little bit because sales for pulverized toner resins increased briskly owing to recovery in demand in Europe and the United States. However, sales of polyester beads used as a core component of polymerization toners were weak because of delay in switching to newly-developed product.

Sales in the Electrics/Electronics segment increased strongly. 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 3.6% from the previous fiscal year, to ¥20,840 million. Operating income was ¥580 million (a 17.9% increase).

Environmental Protection, Construction and Others

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

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

As a result, total net sales in this segment increased by 11.6% from the previous fiscal year, to ¥18,851 million. We recorded an operating loss of ¥120 million (compared to an operating loss of ¥292 million for the previous fiscal year).

Fiscal Year 2014 Forecast

Although the Japanese economy continued to rejuvenate because the export situation was improved and the investment in plant and equipment shifted to increasing trend, we do not foresee a significant increase in domestic demand in reaction to rush demand ahead of consumption tax hike as well as by other factors and as the global economic future remains uncertain, Japanese economy is expected to continue facing harsh conditions.

For the fiscal year ending March 31, 2015, we forecast at this time net sales of ¥172,000 million, operating income of ¥8,800 million, ordinary income of ¥10,000 million, and net income of ¥6,000 million.

In addition, the above consolidated earnings forecast assumes the price of domestically produced Naphtha at ¥67,000/KL and an exchange rate of ¥102 to US\$1.

(2) Analysis of Financial Position

Total assets at fiscal year-end (March 31, 2014) increased by ¥11,091 million compared with the previous fiscal year-end to ¥166,529 million. Current assets increased by ¥7,362 million from the previous fiscal year-end to ¥81,232 million. This increase was mainly due to a ¥5,311 million increase in cash and deposits, a ¥460 million increase in notes and accounts receivable-trade, a ¥1,363 million increase in inventories, and other factors. Fixed assets increased by ¥3,729 million from the previous fiscal year-end to ¥85,296 million mainly due to a ¥3,808 million increase in investment securities caused by reappraisal of their market valuation.

Current liabilities increased by ¥3,399 million from the previous fiscal year-end to ¥53,890 million mainly due to a ¥2,832 million increase in current portion of long-term debt. Long-term liabilities decreased by ¥1,934 million from the previous fiscal year-end to ¥8,732 million, due to a ¥3,019 million decrease in long-term debt and other factors.

Net assets at fiscal year-end (March 31, 2014) increased by ¥9,627 million compared with the previous fiscal year-end to ¥103,907 million. This increase was mainly attributable to inflows such as net income of ¥4,918 million, foreign currency translation adjustment of ¥2,441 million and unrealized gains on other securities of ¥2,369 million. The shareholder's equity ratio (net assets after deduction of minority interest to total assets) increased by 0.8 percentage points to 59.5% from 58.7% at the previous fiscal year-end. Net assets per share (after deduction of minority interest) also increased by ¥71.52 to ¥899.24 from ¥827.72 as of the end of the previous fiscal year.

	Millions of Yen		
	As of March 31, 2013	As of March 31, 2014	Change
Net cash provided by (used in) operating activities	13,293	15,769	2,475
Net cash provided by (used in) investing activities	(13,413)	(8,659)	4,753
Net cash provided by (used in) financing activities	406	(2,567)	(2,973)
Effects of exchange rate changes on cash and cash equivalents	252	770	517
Changes in cash and cash equivalents	538	5,311	4,773
Increase in cash and cash equivalents from newly consolidated subsidiary	265	-	(265)
Cash and cash equivalents at end of period	10,164	15,476	5,311

At the end of the current fiscal year, cash and cash equivalents ("Cash") were ¥15,476 million, an increase of ¥5,311 million compared to the previous fiscal year-end.

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 ¥15,769 million (compared to ¥13,293 million in net cash provided during the previous fiscal year). This result was mainly due to the increase in cash from income before income taxes and minority interests of ¥8,179 million, and depreciation and amortization of ¥9,658 million, which outweighed the outflow from the increase in inventories of ¥429 million, the decrease in notes and accounts payable-trade of ¥347 million, and income tax payments of ¥2,169 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥8,659 million (compared to ¥13,413 million in net cash used during the previous fiscal year). This was mainly due to the purchase of fixed assets totaling ¥8,588 million.

Cash Flows from Financing Activities

Net cash used by financing activities amounted to ¥2,567 million (compared to ¥406 million in net cash provided during the previous fiscal year). This result was mainly due to a cash outlay of ¥1,654 million in dividend payments and ¥1,315 million (net) decrease in cash to repay debt.

Trends in Sanyo Chemical Group's cash flow indicators are as follows.

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014
Equity ratio (%)	59.3	60.6	58.5	58.7	59.5
Equity ratio on a market value basis (%)	45.0	55.7	40.8	36.4	43.8
Cash flows/interest-bearing debt ratio (years)	0.8	1.2	1.7	1.4	1.2
Interest coverage ratio (times)	82.1	68.9	33.0	38.1	43.1

Equity ratio: Equity / Total assets

Equity ratio on a market value basis: Market capitalization / Total assets

Cash flows / interest-bearing debt ratio: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payment

* All indicators are calculated based on consolidated financial statements.

* Market capitalization is (Closing price at period end) × (Number of outstanding shares at period end [less own shares]).

* Net cash provided by operating activities is as reported on the consolidated statements of cash flows.
Interest payments are reported under interest expenses paid on the consolidated statements of cash flow.

(3) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next

We regard increasing returns to shareholders while attempting to reinforce the corporate base for the future through an improvement in Sanyo Chemical Group's profitability as an important management responsibility. Our fundamental policy is to maintain stable dividends, targeting a consolidated payout ratio of 30% or higher. Moreover, we intend to use internal reserves for investments that lead to future growth. We plan to pay an annual dividend of ¥15.00 per share in fiscal 2013, which includes an interim dividend of ¥7.50.

In addition, we forecast an interim and year-end dividend in fiscal 2014 of ¥7.50 each, for an annual dividend of ¥15.00 per share.

2. Management Policy

(1) Basic Management Policy of the Company

Guided by our Company Motto of ***Let us contribute to building a better society through our corporate activities***, our management policy is to strive to achieve dynamic growth by constantly taking on challenges through the pursuit of individual-based management so that we remain a valuable company to our shareholders, customers, business partners, employees, and society.

Based on this policy, Sanyo Chemical Group believes that it must turn itself into a company that is attractive to all of its stakeholders including shareholders and investors. Therefore, it has focused on the research and development of original, high-value-added products and the aggressive pursuit of business activities through perfection in safety and harmony with the environment.

(2) Key Performance Indicators and the Company's Medium- to Long-Term Management Strategy

To become a truly unique and excellent corporate group that operates on a global scale, Sanyo Chemical Group has established the long-term goal of growing into a major corporation both in name and substance and is aiming to achieve consolidated net sales of ¥300 billion and operating income of ¥30 billion by FY2020. The Eighth Medium-Term Management Plan (period: FY2011 to FY2014) is positioned as an important stepping stone toward these goals, and under the slogan "Challenge 2000 & 200" we will endeavor to secure consolidated net sales of ¥200 billion or higher, operating income of ¥20 billion or higher, and return on assets (ROA*) of 12% or higher by FY2014, the final fiscal year of the plan. In order to achieve these targets, all Group companies work together to promote globalization, develop and expand sales of Strategically Developed Products**, and train personnel. 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.

* In the Eighth Medium-Term Management Plan, return on assets (ROA) is calculated based on operating income to total asset.

** Refers to the products developed and those that are being developed on a priority basis so as to improve profitability and expand business.

(3) Issues to be Addressed

Although the Japanese economy continued to be on a recovery path because the export situation was improved and the investment in plant and equipment shifted to increasing trend, we do not foresee a significant increase in domestic demand in reaction to rush demand ahead of consumption tax hike as well as by other factors and as the global economic future remains uncertain, Japanese economy is expected to continue facing harsh conditions.

Sanyo Chemical Group will take this situation fully into account, and will steadily implement the following main policies and measures based on our basic management policy conducting business operation using the strengths of new-product development and technology, drastically reform our business structure, and reinforce our foundation in order to recover profitability and achieve earnings growth.

1. Select product and technical development items and concentrate our strengths
2. Enhance production innovation continuously
3. Promote globalization
4. Strengthen Group management

We will enhance management's governance functions, which we view as one of our top-priority management issues, and focus on achieving strict compliance and improving the internal control system.

(4) Other Material Matters

SDP Global Co.,Ltd. (ex San-Dia Polymers, Ltd.) was a joint-venture comprised by Sanyo Chemical and Mitsubishi Chemical Corporation. On March 29, 2013, Sanyo Chemical and Toyota Tsusho Corporation agreed with Mitsubishi Chemical Corporation to acquire its entire 40% stake in SDP Global Co.,Ltd (ex San-Dia Polymers, Ltd.). On the same day, Sanyo Chemical concluded a stock transfer agreement with Mitsubishi Chemical to complete acquisition of 10% of the 40% stake. On Sept. 30, 2013, Toyota Tsusho Corporation completed its acquisition of its remaining 30% of the stock transfer after taking the needed steps to address competition laws in Japan and abroad. To that end Sanyo Chemical concluded a new joint venture agreement of even date with Toyota Tsusho Corporation. San-Dia Polymers was renamed SDP Global Co., Ltd..

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31, 2014(FY2013) and 2013 (FY2012)

	Millions of Yen	
	FY2012	FY2013
Assets		
Current assets		
Cash and deposits	10,164	15,476
Notes and accounts receivable - trade	43,166	43,626
Merchandise and finished goods	10,456	12,101
Semi-finished goods	3,265	3,464
Work in process	492	495
Raw materials and supplies	4,594	4,110
Deferred tax assets	1,147	1,281
Other	616	711
Allowance for doubtful accounts	(33)	(34)
Total current assets	73,870	81,232
Fixed assets		
Property, plant and equipment		
Buildings and structures	37,925	39,734
Accumulated depreciation	(21,720)	(23,028)
Buildings and structures, net	16,205	16,705
Machinery and vehicles	122,028	131,441
Accumulated depreciation	(96,345)	(103,907)
Machinery, equipment and vehicles, net	25,683	27,533
Land	8,618	8,748
Construction in progress	4,302	1,468
Other	11,359	11,797
Accumulated depreciation	(9,960)	(10,178)
Other, net	1,398	1,619
Total property, plant and equipment	56,208	56,076
Intangible assets		
Software	852	924
Goodwill	1,335	1,201
Other	407	477
Total intangible assets	2,595	2,603
Investments and other assets		
Investment securities	21,196	25,005
Long-term loans receivable	2	1
Deferred tax assets	303	365
Other	1,298	1,280
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	22,764	26,617
Total fixed assets	81,567	85,296
Total assets	155,438	166,529

	Millions of Yen	
	FY2012	FY2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,567	28,322
Short-term loans	9,573	9,868
Current portion of long-term debt	3,038	5,871
Accrued expenses	2,900	3,065
Income taxes payable	945	1,202
Provision for bonuses	1,456	1,723
Provision for directors' and corporate auditors' bonuses	65	81
Notes payable-facilities	2,036	710
Other	2,908	3,045
Total current liabilities	50,491	53,890
Long-term liabilities		
Long-term debt	6,037	3,017
Deferred tax liabilities	762	2,154
Provision for retirement benefits	2,392	-
Provision for directors' and corporate auditors' retirement benefits	519	606
Net defined benefit liability	-	1,999
Other	955	953
Total long term liabilities	10,666	8,732
Total liabilities	61,158	62,622
Net assets		
Shareholders' equity		
Common stock	13,051	13,051
Capital surplus	12,194	12,194
Retained earnings	67,148	70,412
Treasury stock	(5,701)	(5,714)
Total shareholders' equity	86,691	89,943
Accumulated other comprehensive income		
Unrealized gains on other securities	5,730	8,099
Foreign currency translation adjustment	(1,131)	1,310
Remeasurements of defined benefit plans	-	(191)
Total accumulated other comprehensive income	4,598	9,217
Minority interests	2,989	4,746
Total net assets	94,279	103,907
Total liabilities and net assets	155,438	166,529

(2) Consolidated Statements of Income and Comprehensive Income

(2)- (1) Consolidated Statements of Income

Years ended March 31, 2014(FY2013) and 2013 (FY2012)

	Millions of Yen	
	FY2012	FY2013
Net sales	142,652	165,183
Cost of sales	118,358	137,758
Gross profit	24,294	27,425
Selling, general and administrative expenses		
Freight and storage charges	5,224	5,526
Salaries and compensations	2,982	3,162
Employees' bonuses	877	1,021
Retirement benefit expenses	319	311
Welfare expenses	878	950
Depreciation	296	341
Research and development expenses	4,511	4,659
Other	3,016	3,340
Total selling, general and administrative expenses	18,107	19,314
Operating income	6,186	8,110
Non-operating income		
Interest income	47	62
Dividends income	529	369
Real estate rent	325	309
Equity in earnings of affiliated companies	386	17
Foreign exchange gains	442	640
Other	225	388
Total non-operating income	1,957	1,787
Non-operating expenses		
Interest expenses	354	349
Rent cost of real estate	82	79
Loss on disposal of inventories	358	120
Other	82	135
Total non-operating expenses	877	685
Ordinary income	7,266	9,212

	Millions of Yen	
	FY2012	FY2013
Extraordinary income		
Gain on sales of investment securities	76	129
Gain on sales of fixed assets	11	6
Insurance income	63	24
Total extraordinary income	151	160
Extraordinary loss		
Loss on sales of fixed assets	1	-
Loss on disposal of fixed assets	611	688
Impairment loss	-	376
Loss on valuation of investment securities	20	0
Loss on valuation of other investments	10	-
Compensation expenses	-	127
Total extraordinary losses	643	1,193
Income before income taxes and minority interests	6,773	8,179
Income taxes-current	1,799	2,386
Income taxes-deferred	210	113
Total income taxes	2,010	2,499
Income before minority interests	4,763	5,680
Minority interests	583	761
Net income	4,179	4,918

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

Years ended March 31, 2014(FY2013) and 2013 (FY2012)

	Millions of Yen	
	FY2012	FY2013
Income before minority interests	4,763	5,680
Other comprehensive income		
Unrealized gains on other securities	400	2,369
Foreign currency translation adjustment	1,401	3,022
Total other comprehensive income	1,802	5,391
Comprehensive income	6,565	11,071
Comprehensive income attributable to:		
Shareholders of the Company	5,651	9,729
Minority interests	913	1,342

(3) Consolidated Statements of Changes in Net Assets

Years ended March 31, 2014(FY2013) and 2013 (FY2012)

[Previous Consolidated Fiscal Year (April 1, 2012 through March 31, 2013)]

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of current period	13,051	12,194	64,623	(5,698)	84,170
Changes of items during the period					
Dividends from surplus			(1,654)		(1,654)
Net income			4,179		4,179
Purchase of treasury stock				(3)	(3)
Disposition of treasury stock					
Others			-		-
Net changes in items other than shareholders' equity					
Total changes of items during the period	-	-	2,524	(3)	2,521
Balance at the end of current period	13,051	12,194	67,148	(5,701)	86,691

	Accumulated other comprehensive income				Minority interests	Total net assets
	Unrealized gains on other securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,329	(2,203)		3,126	3,229	90,526
Changes of items during the period						
Dividends from surplus						(1,654)
Net income						4,179
Purchase of treasury stock						(3)
Disposition of treasury stock						
Others						-
Net changes in items other than shareholders' equity	400	1,072		1,472	(240)	1,232
Total changes of items during the period	400	1,072		1,472	(240)	3,753
Balance at the end of current period	5,730	(1,131)	-	4,598	2,989	94,279

[Current Consolidated Fiscal Year (April 1, 2013 through March 31, 2014)]

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of current period	13,051	12,194	67,148	(5,701)	86,691
Changes of items during the period					
Dividends from surplus			(1,654)		(1,654)
Net income			4,918		4,918
Purchase of treasury stock				(13)	(13)
Disposition of treasury stock		(0)		0	0
Others					
Net changes in items other than shareholders' equity					
Total changes of items during the period	-	(0)	3,264	(12)	3,251
Balance at the end of current period	13,051	12,194	70,412	(5,714)	89,943

	Accumulated other comprehensive income				Minority interests	Total net assets
	Unrealized gains on other securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,730	(1,131)	-	4,598	2,989	94,279
Changes of items during the period						
Dividends from surplus						(1,654)
Net income						4,918
Purchase of treasury stock						(13)
Disposition of treasury stock						0
Others						
Net changes in items other than shareholders' equity	2,369	2,441	(191)	4,618	1,757	6,376
Total changes of items during the period	2,369	2,441	(191)	4,618	1,757	9,627
Balance at the end of current period	8,099	1,310	(191)	9,217	4,746	103,907

(4) Consolidated Statements of Cash Flows

Years ended March 31, 2014(FY2013) and 2013 (FY2012)

	Millions of Yen	
	FY2012	FY2013
Operating activities		
Income before income taxes and minority interests	6,773	8,179
Depreciation and amortization	9,205	9,658
Loss on disposal of fixed assets	611	688
Impairment loss	-	376
Increase (decrease) in allowance for doubtful accounts	(11)	0
Amortization of goodwill	-	133
Increase (decrease) in provision for bonuses	258	262
Increase (decrease) in provision for retirement benefits	(640)	-
Increase (decrease) in net defined benefit liability	-	(690)
(Decrease) increase in provision for directors' and corporate auditors' retirement benefits	(111)	87
(Decrease) increase in provision for directors' and corporate auditors' bonuses	5	16
Interest and dividends income	(577)	(431)
Interest expenses	354	349
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(386)	(17)
Loss (gain) on valuation of investment securities	20	0
Other operating income	(762)	(1,206)
Other operating expenses	176	215
Loss (gain) on sales of property, plant and equipment	(10)	(6)
Loss (gain) on sales of investment securities	(76)	(129)
Decrease (increase) in notes and accounts receivable-trade	11	803
Decrease (increase) in inventories	(1,241)	(429)
Decrease (increase) in other assets	3	(66)
Increase (decrease) in notes and accounts payable-trade	(786)	(347)
Increase (decrease) in accrued consumption taxes	154	118
Decrease (increase) in consumption taxes refund receivable	14	5
Increase (decrease) in other liabilities	49	97
Subtotal	13,032	17,670
Interest and dividends income received	1,538	732
Interest expenses paid	(348)	(365)
Proceeds from other non-operating activities	602	721
Payment for other non-operating activities	(656)	(821)
Income taxes paid	(874)	(2,169)
Net cash provided by operating activities	13,293	15,769

	Millions of Yen	
	FY2012	FY2013
Investing activities		
Proceeds from redemption of securities	50	-
Purchase of fixed assets	(11,072)	(8,588)
Proceeds from sale of fixed assets	55	8
Purchase of investment securities	(7)	(13)
Proceeds from sales of investment securities	134	255
Purchase of additional investments in subsidiaries and others	(2,105)	-
Increase in long-term loans receivable	(66)	(2)
Collection of loans receivable	3	82
Payment for other investment activities	(456)	(434)
Proceeds from other investment activities	50	31
Net cash used in investing activities	(13,413)	(8,659)
Financing activities		
Net increase (decrease) in short-term loans payable	3,950	(1,032)
Proceeds from long-term loans payable	2,098	2,768
Repayment of long-term debt	(3,397)	(3,051)
Proceeds from share issuance to minority shareholders	-	540
Purchase of treasury stock	(3)	(13)
Proceeds from sales of treasury stock	-	0
Cash dividends paid by parent company	(1,653)	(1,654)
Cash dividends paid to minority shareholders	(589)	(125)
Net cash used in financing activities	406	(2,567)
Effect of exchange rate changes on cash and cash equivalents	252	770
Net increase (decrease) in cash and cash equivalents	538	5,311
Cash and cash equivalents at beginning of period	9,360	10,164
Increase in cash and cash equivalents from newly consolidated subsidiary	265	-
Cash and cash equivalents at end of period	10,164	15,476

(5) Notes to Consolidated Financial Statements**(Notes to Going Concern Assumptions)**

None

(6) Segment Information

Information regarding sales, operating income or loss, assets, liabilities and other items by Reporting Segment

[Previous Consolidated Fiscal Year (April 1, 2012 through March 31, 2013)]

(Millions of yen)

	Reporting Segment						Adjust- ment	Total
	Toiletries and Health Care	Petroleum and Auto- motives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	55,283	32,790	17,569	20,113	16,896	142,652	-	142,652
Intersegment sales/ transfers	-	-	26	-	379	406	(406)	-
Subtotal	55,283	32,790	17,595	20,113	17,275	143,059	(406)	142,652
Segment income (loss)	2,879	1,102	2,004	492	(292)	6,186	-	6,186
Segment assets	37,936	26,421	19,658	24,453	15,115	123,585	31,852	155,438
Other items								
Depreciation	2,441	2,420	1,365	1,882	1,071	9,182	-	9,182
Amortization of goodwill	-	-	-	-	-	-	-	-
Investments in unconsolidated subsidiaries and affiliates accounted for by the equity method	-	-	3,261	-	515	3,776	-	3,776
Increase in Tangible and Intangible Fixed assets	1,622	2,818	1,445	3,161	851	9,899	-	9,899

[Current Consolidated Fiscal Year (April 1, 2013 through March 31, 2014)]

(Millions of yen)

	Reporting Segment						Adjust- ment	Total
	Toiletries and Health Care	Petroleum and Auto- motives	Plastics and Textiles	Information and Electrics/ Electronics	Environmental Protection, Construction and Others	Subtotal		
Net sales								
Sales to third parties	67,871	38,117	19,503	20,840	18,851	165,183	-	165,183
Intersegment sales/ transfers	-	-	24	-	469	493	(493)	-
Subtotal	67,871	38,117	19,527	20,840	19,320	165,676	(493)	165,183
Segment income (loss)	3,874	1,362	2,414	580	(120)	8,110	-	8,110
Segment assets	39,370	27,489	20,582	22,960	15,319	125,722	40,807	166,529
Other items								
Depreciation	2,641	2,225	1,428	2,175	1,171	9,642	-	9,642
Amortization of goodwill	133	-	-	-	-	133	-	133
Investments in unconsolidated subsidiaries and affiliates accounted for by the equity method	-	-	3,597	-	520	4,117	-	4,117
Increase in Tangible and Intangible Fixed assets	2,306	1,439	1,095	1,974	681	7,497	-	7,497

<Reference>

[Information by Geographic Segment]

[Previous Consolidated Fiscal Year (April 1, 2012 through March 31, 2013)]

(Millions of yen)

	Japan	USA	China	Other	Total
I. Net sales and operating profit and loss					
Net sales					
(1) Sales to third parties	117,622	3,718	18,572	2,739	142,652
(2) Inter-segment sales/transfers	4,274	12	1,113	1	5,402
Subtotal	121,897	3,731	19,685	2,741	148,055
Operating expense	116,202	3,964	19,222	2,611	142,001
Operating income (loss)	5,694	(232)	462	129	6,053
II. Assets	147,081	4,367	18,018	2,407	171,873

	Elimination or Common Assets	Consolidated Total
I. Net sales and operating profit and loss		
Net sales		
(1) Sales to third parties	-	142,652
(2) Inter-segment sales/transfers	(5,402)	-
Subtotal	(5,402)	142,652
Operating expense	(5,535)	136,466
Operating income (loss)	132	6,186
II. Assets	(16,435)	155,438

[Current Consolidated Fiscal Year (April 1, 2013 through March 31, 2014)]

(Millions of yen)

	Japan	USA	China	Other	Total
I. Net sales and operating profit and loss					
Net sales					
(1) Sales to third parties	127,769	5,134	28,884	3,394	165,183
(2) Inter-segment sales/transfers	4,656	-	1,486	13	6,156
Subtotal	132,426	5,134	30,371	3,408	171,339
Operating expense	126,014	5,316	28,752	3,232	163,316
Operating income (loss)	6,411	(182)	1,619	175	8,023
II. Assets	148,417	8,784	22,786	2,828	182,817

	Elimination or Common Assets	Consolidated Total
I. Net sales and operating profit and loss		
Net sales		
(1) Sales to third parties	-	165,183
(2) Inter-segment sales/transfers	(6,156)	-
Subtotal	(6,156)	165,183
Operating expense	(6,243)	157,072
Operating income (loss)	87	8,110
II. Assets	(16,287)	166,529

[Overseas Sales]

[Previous Consolidated Fiscal Year (April 1, 2012 through March 31, 2013)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	30,715	(18,124)	10,127	7,956	48,799
II. Consolidated net sales	-	-	-	-	142,652
III. Percentage of overseas sales to consolidated sales (%)	21.5	(12.7)	7.1	5.6	34.2

[Current Consolidated Fiscal Year (April 1, 2013 through March 31, 2014)]

(Millions of yen)

	Asia	(of which, China)	Americas	Other	Total
I. Overseas sales	40,385	(23,215)	11,097	12,745	64,228
II. Consolidated net sales	-	-	-	-	165,183
III. Percentage of overseas sales to consolidated sales (%)	24.5	(14.1)	6.7	7.7	38.9

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

4. Supplementary Information

1. Trend of Each Quarter Consolidated Results

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				
	1Q	2Q	3Q	4Q	Total
	April 2013 through June 2013	July 2013 through Sept. 2013	Oct. 2013 through Dec. 2013	Jan. 2014 through March 2014	April 2013 through March 2014
Net sales	38,997	41,238	42,529	42,417	165,183
Operating income	2,469	1,635	2,438	1,567	8,110
Ordinary income	3,094	1,960	2,586	1,571	9,212
Net income	2,009	923	1,627	358	4,918
Comprehensive income	4,395	2,575	2,512	1,588	11,071

2. Investment in plant and equipment

(Millions of yen)

	Consolidated	Unconsolidated
FY2013	7,497	4,846
FY2012	9,899	7,469

3. Depreciation and amortization

(Millions of yen)

	Consolidated	Unconsolidated
FY2013	9,642	6,897
FY2012	9,182	6,913

4. Research and development cost

(Millions of yen)

	Consolidated	Unconsolidated
FY2013	4,659	4,006
FY2012	4,511	3,874

5. Number of Employees

(Millions of yen)

	Consolidated	Unconsolidated
FY2013	1,917	1,270
FY2012	1,865	1,246