

A Statement of Accounts

**For the Six Months Ended September 30, 2009
1st Half Fiscal Year 2009
(1H-FY2009)**

**Sanyo Chemical Industries, Ltd.
Masaaki Ienaga, 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 .

We have changed accounting standard since this fiscal year,
therefore described year on year change are reference data.

<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 November 16, 2009. Actual performance results may vary significantly due to a variety of factors affecting the sphere of business that include but are not limited to: the world economy, competitive position, and fluctuations in the exchange rate, raw material costs, and others.

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Sanyo Chemical Industries, Ltd.

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Corporate Data

Date of Establishment : November 1, 1949

Head Office : Higashiyama-ku, Kyoto

Domestic Sales & Marketing Offices

**: Tokyo, Osaka, Nagoya,
Hiroshima, Fukuoka, Toyama**

Domestic Factories : Nagoya, Kashima, Kyoto, Kawasaki

Consolidated Number of Employees : 1,793

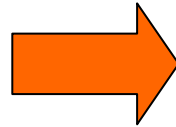
at September 30, 2009

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

Changed Our Product Classification System

Based on
chemical compositions




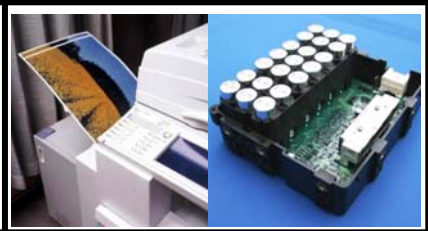

- Surfactants
- Polyurethane Chemicals
- Lipophilic High-Molecular Agents
- Hydrophilic High-Molecular Agents
- Specialty Products
- Others



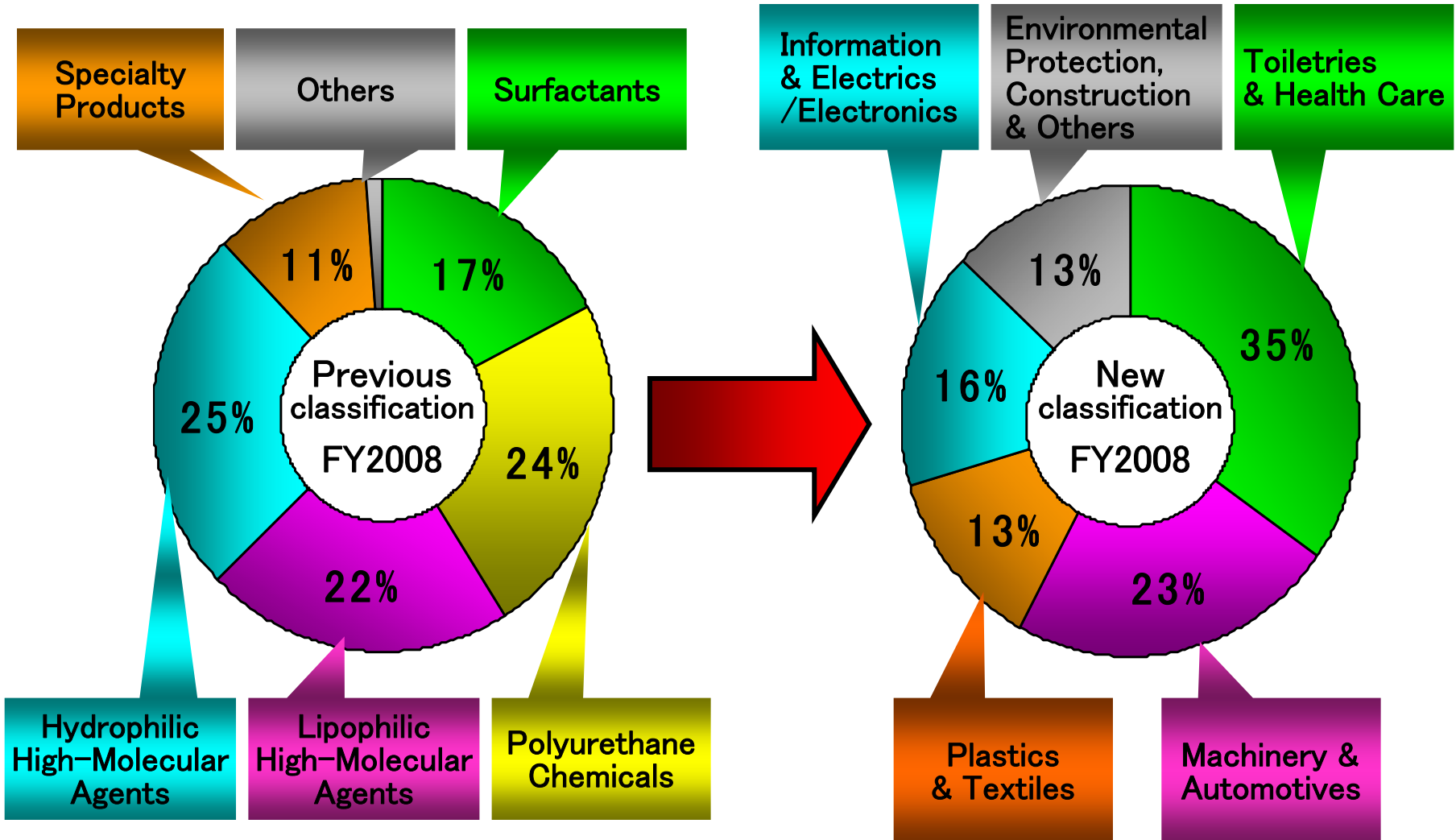
Based on product applications

- Toiletries & Health Care
- Machinery & Automotives
- Plastics & Textiles
- Information & Electrics/Electronics
- Environmental Protection, Construction and Others

Principal Products by New Product Group

Class.	Principal products	
Toiletries & Health Care	Surfactants for Detergents, Surfactants for Hair Care Products, Superabsorbent Polymers, Potting Resins for Artificial Kidneys, Base Material for Pharmaceuticals,	
Machinery & Automotives	Polyurethane Beads for Interior Parts of Automobiles (TUB), Raw Material for Polyurethane Foam, Lubricating Oil Additives, Additives for Fuel Oils,	
Plastics & Textiles	Permanent Antistatic Agents, Pigment Dispersants, Resin Modifiers, Paint Resins, Agents for Fiberglass, Polyurethane Resins for Synthetic Leather, Agent for Textile Manufacturing	
Information & Electrics /Electronics	Polyester Beads (PEB) Used as a Core Component of Polymerization Toners, Toner Resins, UV/EB Curing Resins Electrolytes for Aluminum Electrolytic Capacitors, Electrolytes for Electric Double-Layer Capacitors, Processing Agents for Semiconductors	
Environmental Protection, Construction & Others	Polymer Flocculants, Polyurethane for Heat-Insulating Materials, Slurry Agents, Reactive Hot-Melt Adhesives Technical Income	

Proportion of Net Sales by Product Group

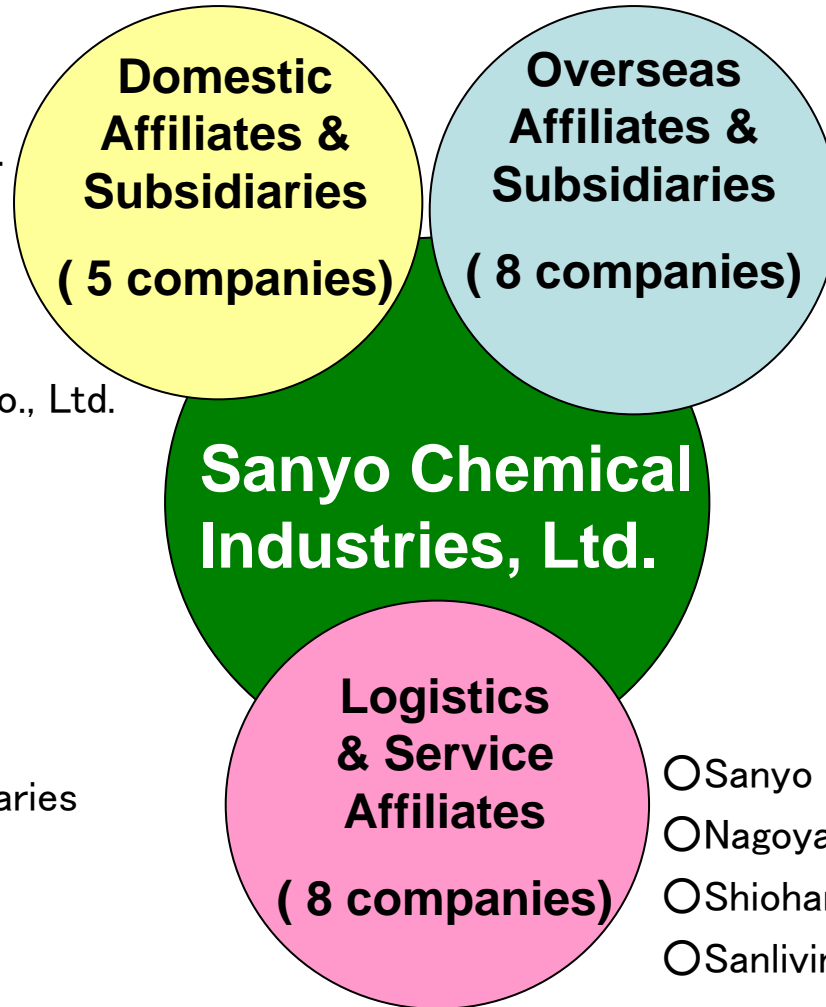


Principal Products (New Classification)

Class.	Sub-category	Principal products
Toiletries & Health Care	Toiletries	Surfactants for Detergents, Surfactants for Hair Care Products, Antibacterial Agents
	Health Care	Superabsorbent Polymers, Base Material for Pharmaceuticals, EIA Diagnostic Reagents, Potting Resins for Artificial Kidneys
Machinery & Automotives		Polyurethane Beads for Interior Parts of Automobiles (TUB), Raw Material for Polyurethane Foam, Lubricating Oil Additives, Additives for Fuel Oils, Water-Soluble Cutting Fluids, CFC-Free Cleaning Agents, Base material for Synthetic Lubricants
Plastics & Textiles	Plastics	Permanent Antistatic Agents, Pigment Dispersants, Resin Modifiers, Base Material for Polyurethane Elastomer, Paint Resins, Chemical Boards for Design Models
	Textiles	Agents for Textile Manufacturing, Agents for Fiberglass, Polyurethane Resins for Synthetic Leather
Information & Electrics /Electronics	Information	Polyester Beads (PEB) Used as a Core Component of Polymerization Toners, Toner Resins
	Electrics /Electronics	UV/EB Curing Resins, Electrolytes for Aluminum Electrolytic Capacitors, Electrolytes for Electric Double-Layer Capacitors, Processing Agents for Semiconductors
Environmental Protection, Construction & Others		Polymer Flocculants, Polyurethane for Heat-Insulating Materials, Water-Swellable Sealants, Slurry Agents, Reactive Hot-Melt Adhesives

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

Sanyo Chemical Group



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

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

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

- Consolidated Subsidiaries
- Affiliates

Domestic Consolidated Subsidiaries (4 companies)

Company name	Abbr.	Equity ownership	Line of business
San-Dia Polymers, Ltd.	SDP	Sanyo Chemical 60% Mitsubishi Chemical 40%	Manufacture & sales of superabsorbent polymers
San Nopco, Ltd.	SNL	Sanyo Chemical 100%	Manufacture & sales of specialty chemicals
San Chemical Co., Ltd.	SCC	Sanyo Chemical 50% Nippon Oil Corp. 50%	Manufacture of polyether polyols & polyethylene glycols
San-Apro, Ltd.	SA	Sanyo Chemical 50% Air-Products 50%	Manufacture & sales of curing accelerators for epoxy resins, and catalysts for polyurethane foam

Overseas Consolidated Subsidiaries (7 companies)

Company name	Abbr.	Equity ownership	Line of business
Sanyo Kasei (Thailand) Ltd. [Thailand]	SKT	Sanyo Chemical 89% Toyota Tsusho Corp. & others 11%	Manufacture & sales of surfactants, polyurethane resins
SANAM Corporation [USA]	SANAM	Sanyo Chemical 100%	Supervising of subsidiaries and an affiliate in USA
Sanyo Chemical & Resins, LLC [USA]	SCR	SANAM Corp. 100%	Manufacture of toner resins, polyurethane resins
Sanyo Chemical Texas Industries, LLC [USA]	SCTI	SANAM Corp. 100%	Manufacture of polyurethane beads
Sanyo Kasei (Nantong) Co., Ltd. [China]	SKN	Sanyo Chemical 100%	Manufacture & sales of surfactants, polyurethane resins
San-Dia Polymers (Nantong) Co., Ltd. [China]	SDN	San-Dia Polymers, Ltd. 100%	Manufacture & sales of superabsorbent polymers
Sanyo Chemical (Shanghai) Trading Co., Ltd. [China]	SCST	Sanyo Chemical 100%	Trading of chemicals, Sales & Marketing in China

Affiliates (6 companies)

Company name	Abbr.	Equity ownership	Line of business
San-Petrochemicals Co., Ltd.	SPCC	Sanyo Chemical 50% Nippon Oil Corp. 50%	Manufacture & sales of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	SANAM Corp. 50% Nisseki Chemical Texas 50%	Manufacture & sales of raw materials for synthetic rubbers
Sanyo Transport Co., Ltd.	—	Sanyo Chemical 100%	General trucking
Nagoya Sanyo Warehouse Co., Ltd.	—	Sanyo Chemical 100%	Warehousing
Shiohama Chemical Warehouse Co., Ltd.	—	Sanyo Chemical 50% Nippon Oil Corp. 50%	Warehousing
Sanliving Ltd.	SL	Sanyo Chemical 100%	Real estate, insurance, and travel agency

Consolidated Results of Operations for 1H-FY2009

Yen amounts are rounded down. Ratios are rounded off .

(Billions of Yen)

	FY2009 Apr-Sep	FY2008 Apr-Sep	Year on year change		
			Amount	Ratio(%)	Analysis
Net sales	55.37	71.04	(15.67)	(22)	Decreased demand
Operating income	2.24	1.98	0.25	13	Variance between product prices & raw material costs, countermeasures against global recessions
Ordinary income	2.16	2.31	(0.15)	(7)	Decreased equity in earnings of unconsolidated affiliates
Net income	0.87	1.20	(0.33)	(28)	Increased minority interests

Analysis of Changed Consolidated Operating Income

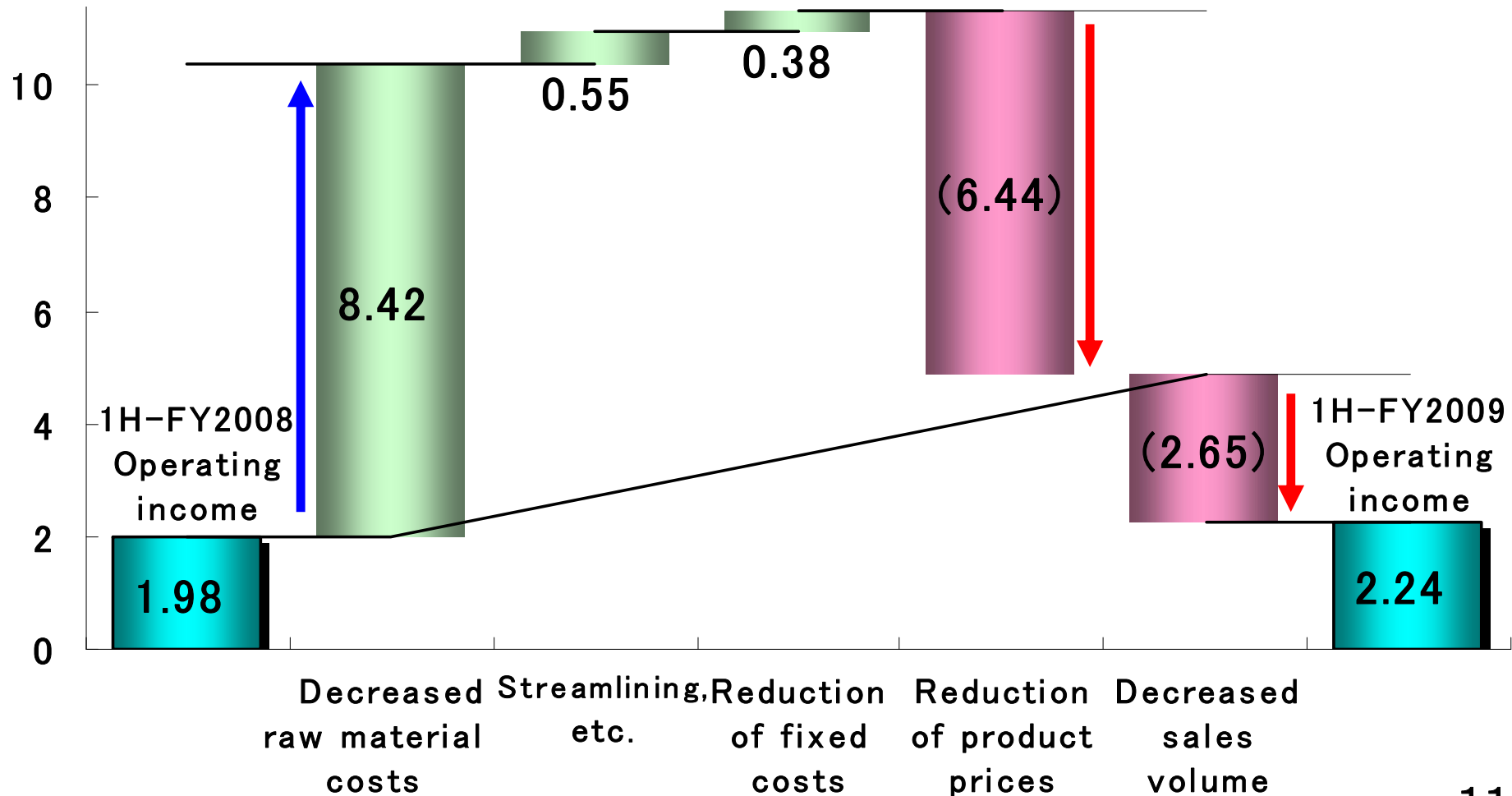
¥0.25 billion increased from the same period of the previous fiscal year



(Billions of Yen)

Increase: ¥9.35 billion

Decrease: ¥(9.09) billion



Analysis of Changed Consolidated Income

(Billions of Yen)

	Apr. – Sep.		Year on year change
	FY2009	FY2008	
Operating income	2.24	1.98	0.25
Equity in earnings of unconsolidated affiliates	(0.24)	0.08	(0.33)
Exchange gain and loss	0.01	0.07	(0.06)
Other non-operating expenses	0.14	0.16	(0.02)
Ordinary income	2.16	2.31	(0.15)
Loss on impairment	—	—	—
Loss on disposal of fixed assets	(0.09)	(0.07)	(0.02)
Gain (loss) on investments in securities	0.01	(0.13)	0.15
Other extraordinary income (expenses)	(0.04)	0.00	(0.04)
Income before income taxes & minority interests	2.02	2.10	(0.07)
Income taxes, etc.	(0.73)	(0.86)	0.12
Minority interests	(0.41)	(0.02)	(0.38)
Net income	0.87	1.20	(0.33)

Non-Consolidated Results of Operations for 1H-FY2009

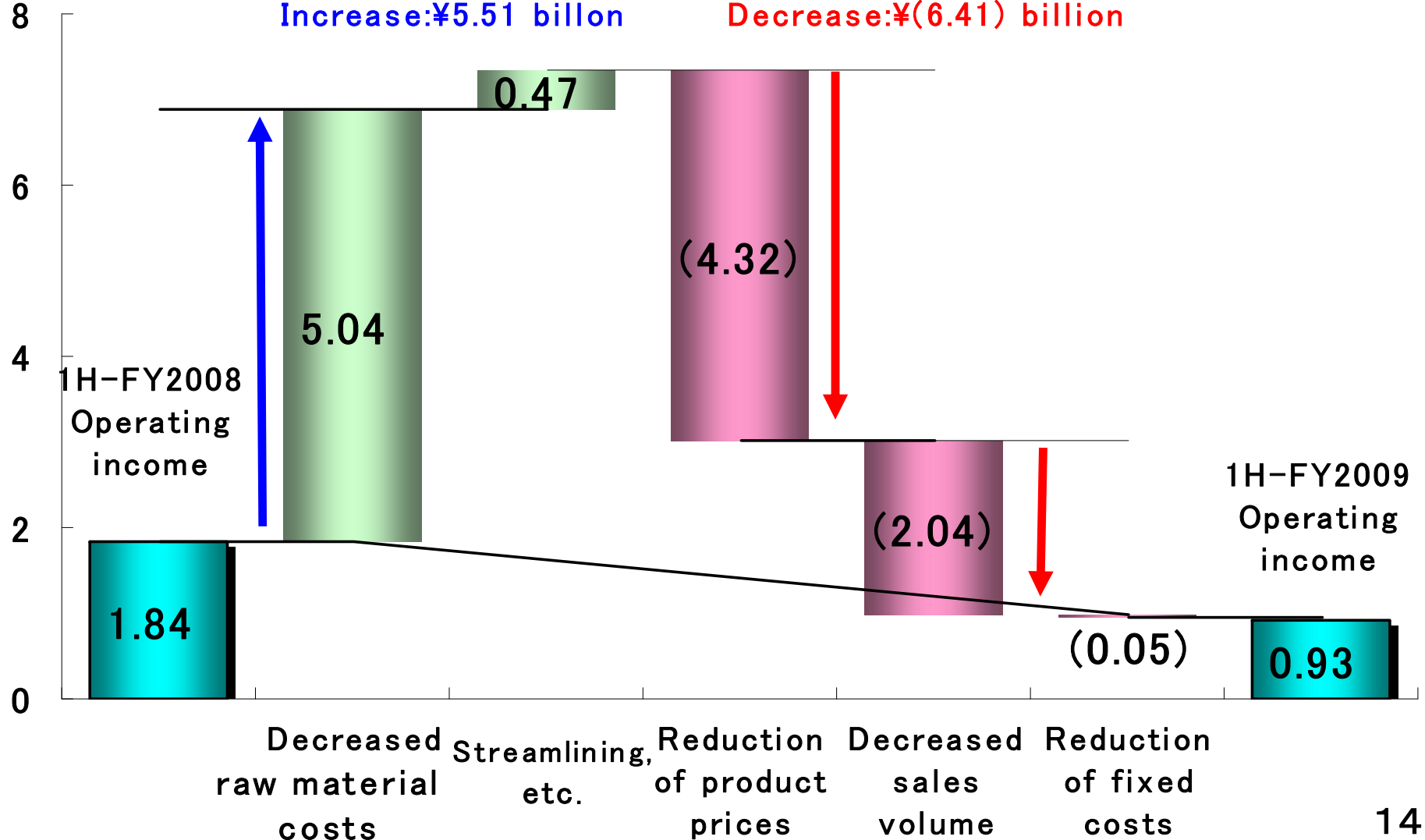
(Billions of Yen)

	FY2009 Apr-Sep	FY2008 Apr-Sep	Year on year change		
			Amount	Ratio(%)	Analysis
Net sales	38.53	53.03	(14.50)	(27)	Decreased demand
Operating income	0.93	1.84	(0.90)	(49)	Decreased demand
Ordinary income	1.66	2.85	(1.19)	(42)	Exchange loss, Decreased dividend income
Net income	1.19	1.89	(0.69)	(37)	Decreased income taxes

Analysis of Changed Non-Consolidated Operating Income

¥0.90 billion decreased from the same period of the previous fiscal year

(Billions of Yen)



Analysis of Changed Non-Consolidated Income

(Billions of Yen)

	Apr. - Sep.		Year on year change
	FY2009	FY2008	
Operating income	0.93	1.84	(0.90)
Dividend income	0.58	0.68	(0.10)
Exchange gain and loss	(0.15)	0.09	(0.24)
Other non-operating expenses	0.29	0.23	0.05
Ordinary income	1.66	2.85	(1.19)
Loss on disposal of fixed assets	(0.08)	(0.06)	(0.01)
Gain (loss) on investments in securities	0.01	(0.13)	0.15
Other extraordinary income (expenses)	(0.04)	0.00	(0.04)
Income before income taxes & minority interests	1.54	2.65	(1.11)
Income taxes, etc.	(0.34)	(0.75)	0.41
Net income	1.19	1.89	(0.69)

Consolidated Balance Sheet

(Billions of Yen)

	Sep.30 2009	Mar.31 2009	Changed amount	Notes: Change amount
Current assets	61.0	52.8	8.2	Increase of cash & equivalents: 8.0
Fixed assets	72.9	71.0	1.9	Gains on valuation of investment securities: 3.7
Assets	134.0	123.9	10.1	
Current liabilities	33.2	26.0	7.2	Increase of purchasing: 5.4, Increase of short-term loans: 2.3
Long-term liabilities	18.5	19.3	(0.7)	Decrease of long-term debt (0.5), Decrease of accrued retirements benefits for employees: (0.2)
Liabilities	51.8	45.3	6.4	
Shareholder's equity	77.5	77.2	0.2	Increase of retained earnings: 0.2
Valuation & translation adjustments	2.2	(0.7)	3.0	Increase of unrealized gain from stock price: 2.6
Minority interests	2.4	2.0	0.3	Improvement in result of SDP group: 0.3
Net assets	82.2	78.5	3.6	
Liabilities & net assets	134.0	123.9	10.1	

Consolidated Cash Flows

(Billions of Yen)

	FY2009 Apr.–Sep.	FY2008 Apr.–Sep.	Changed amount	Notes: Change amount
Operating activities	12.1	3.9	8.1	Operating capital: 6.1 Income taxes: 0.7
Income before income taxes and minority interests	2.0	2.1	(0.0)	
Depreciation and amortization	3.8	3.9	(0.0)	
Decrease in notes and accounts receivable	(0.6)	(1.4)	0.7	
Decrease in inventories	0.4	(2.8)	3.2	
Increase in notes and accounts payable	5.2	3.1	2.0	
Others	1.1	(0.9)	2.0	
Investing activities	(4.8)	(4.6)	(0.1)	Property, plant & equipment (0.4), Investments in securities: 0.1, Loans: 0.1
Free cash flows	7.3	(0.7)	8.0	
Financing activities	0.8	(0.9)	1.7	Short-term loans: 1.7, Long-term debt: (0.2), Cut in dividends: 0.2
Net increase in cash & cash equivalents	8.0	(1.6)	9.7	
Cash & cash equivalents at end of period	15.1	9.9	5.1	

Subsidiaries Results of Operations for 1H-FY2009

Internal sales among Sanyo Chemical Group are not eliminated.

11 Consolidated Subsidiaries

(Billions of Yen)

	FY2009 Apr-Sep	FY2008 Apr-Sep	Year on year change		
			Amount	Ratio(%)	Analysis
Net sales	26.92	33.61	(6.68)	(20)	Decreased product prices
Operating income	1.29	0.08	1.20	—	Decreased raw material costs
Ordinary income	1.14	0.00	1.14	—	Decreased equity in earnings of unconsolidated affiliates

SDP Group

	FY2009 Apr-Sep	FY2008 Apr-Sep	Year on year change		
			Amount	Ratio(%)	Analysis
Net sales	13.49	13.97	(0.47)	(3)	Decreased product prices
Operating income	1.02	(0.23)	1.26	—	Increased demand, Decreased raw material costs
Ordinary income	1.10	(0.27)	1.37	—	Exchange gain

Progress of Forecast for FY 2009

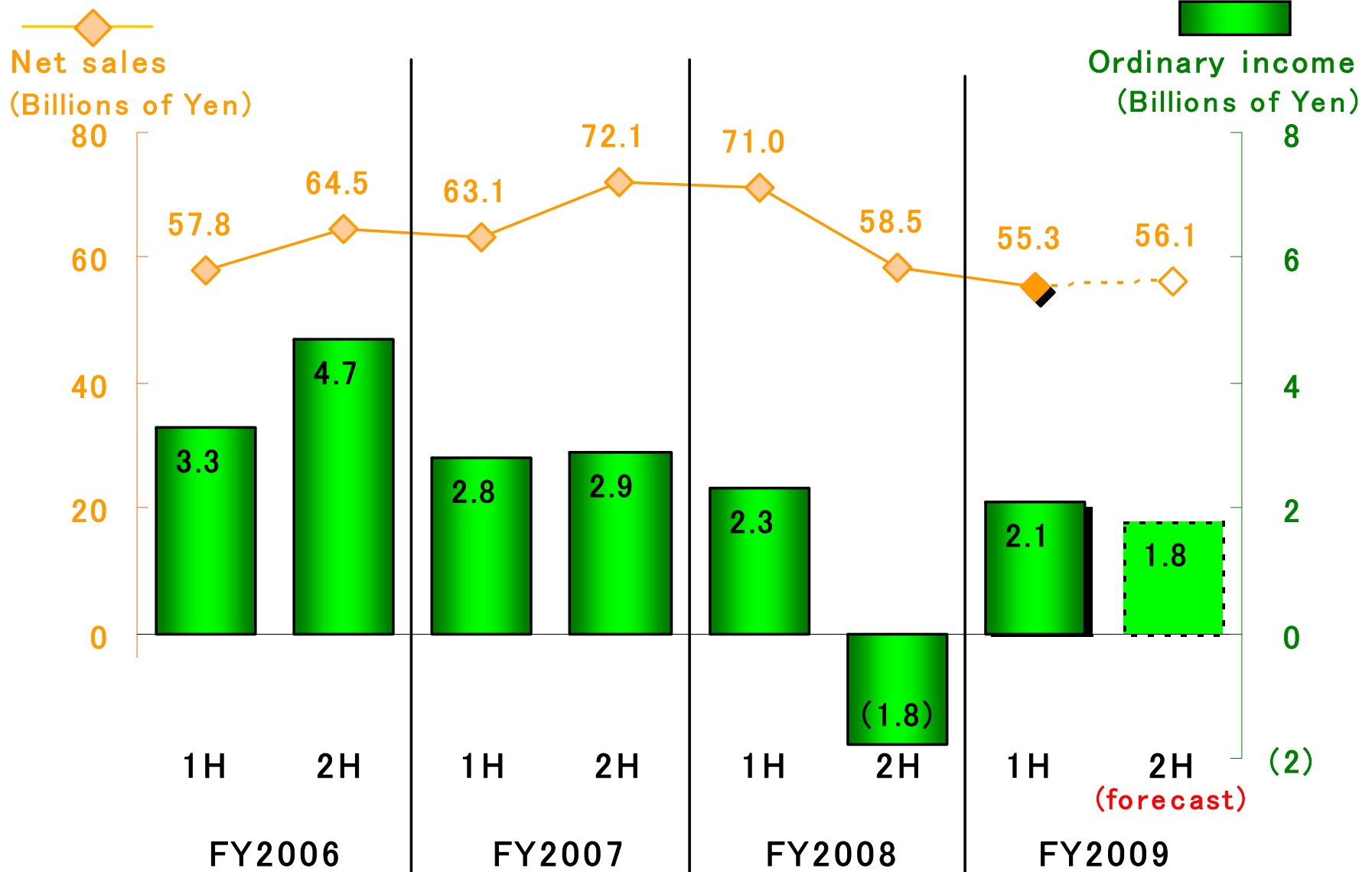
(Billions of Yen)

Consolidated	FY2009 Annual forecast*	Apr-Sep	FY2009	FY2008 Annual result
		1st Half result	Progress (%)	
Net sales	111.50	55.37	50	129.55
Operating income	4.20	2.24	54	0.64
Ordinary income	4.00	2.16	54	0.49
Net income	1.70	0.87	51	(2.40)

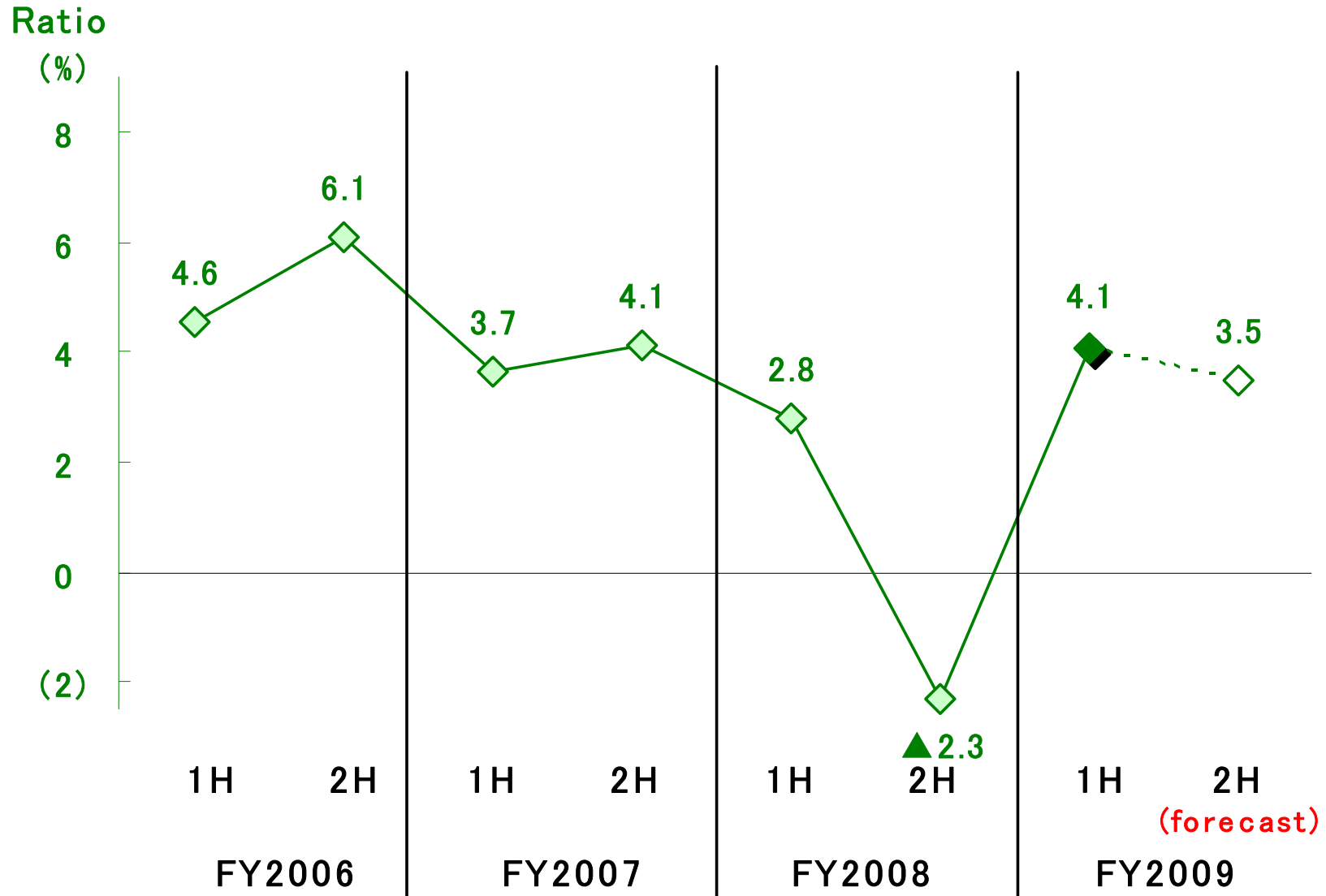
Non-Consolidated	FY2009 Annual forecast*	Apr-Sep	FY2009	FY2008 Annual result
		1st Half result	Progress (%)	
Net sales	77.50	38.53	50	93.02
Operating income	1.70	0.93	55	0.06
Ordinary income	3.00	1.66	55	1.60
Net income	2.00	1.19	60	0.19

* : We disclosed the amount on October 26, 2009.

Consolidated Business Result Trend



Trend of Consolidated Operating Income Ratio



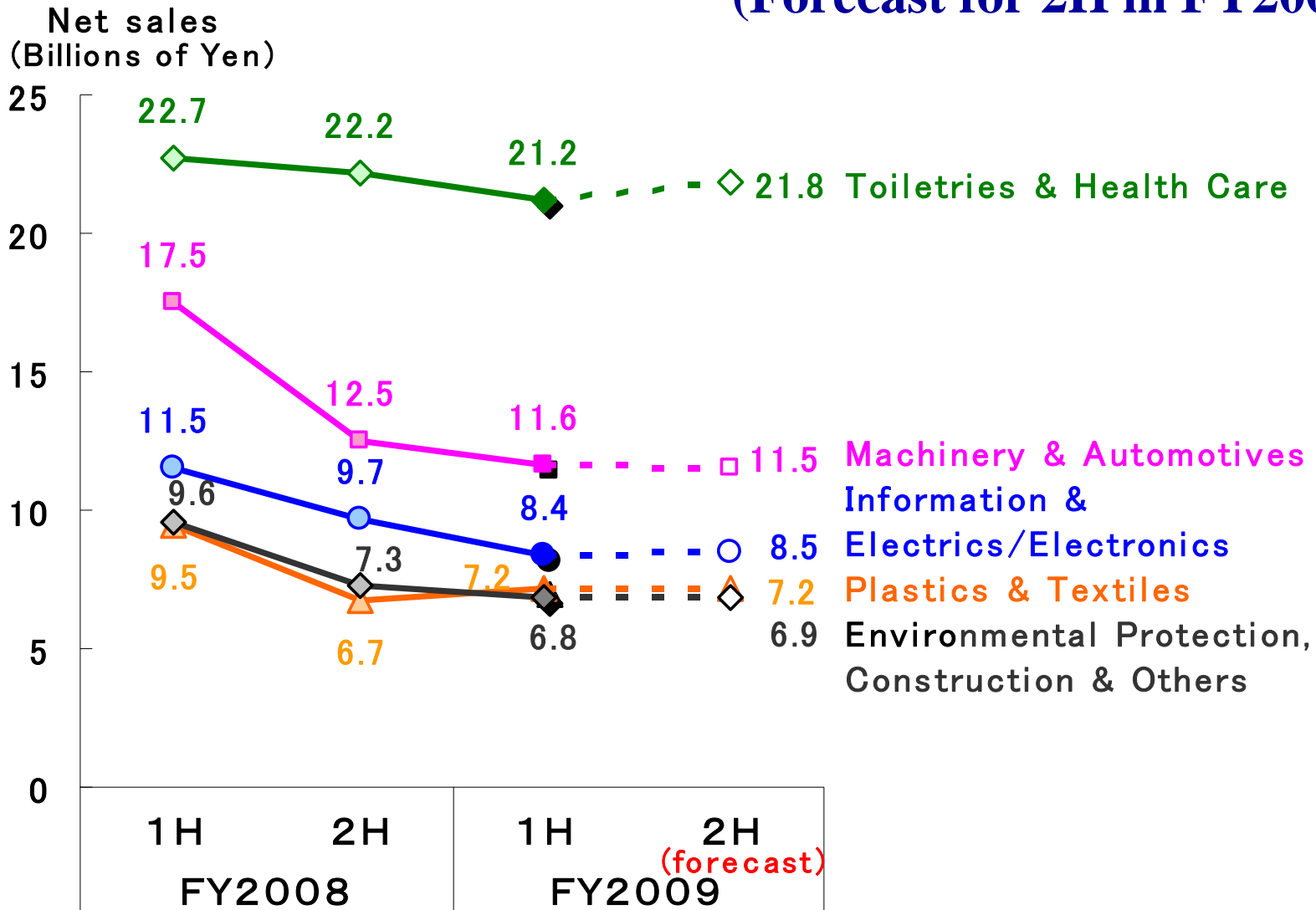
Consolidated Net Sales by Product Group

(Billions of Yen)

Product group	FY2009 Apr-Sep	FY2008 Apr-Sep	Year on year Ratio(%)
Toiletries & Health Care	21.27	22.79	(7)
Toiletries	6.39	7.68	(17)
Health Care	14.87	15.10	(1)
Machinery & Automotives	11.63	17.54	(34)
Plastics & Textiles	7.22	9.51	(24)
Plastics	4.49	5.74	(22)
Textiles	2.72	3.76	(28)
Information & Electrics /Electronics	8.41	11.52	(27)
Information	5.83	7.39	(21)
Electrics/Electronics	2.58	4.12	(37)
Environmental Protection, Construction & Others	6.82	9.67	(29)
Total	55.37	71.04	(22)

Consolidated Net Sales Trend by Product Group

(Forecast for 2H in FY2009)



Consolidated Operating Income by Product Group

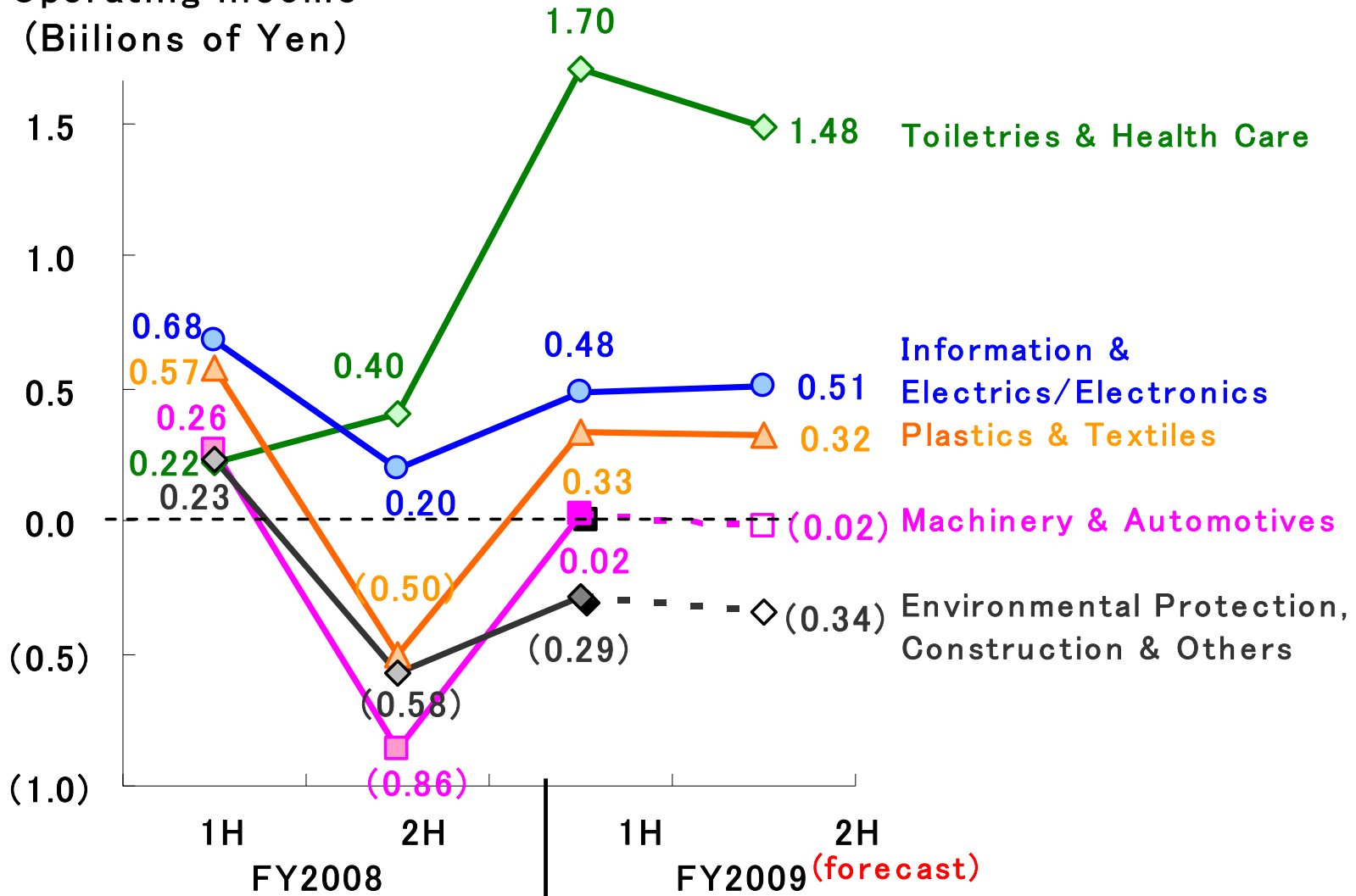
(Billions of Yen)

Product group	FY2009 Apr-Sep	FY2008 Apr-Sep	Year on year change	
			Amount	Ratio(%)
Toiletries & Health Care	1.70	0.22	1.47	652
Machinery & Automotives	0.02	0.26	(0.24)	(91)
Plastics & Textiles	0.33	0.57	(0.24)	(43)
Information & Electrics /Electronics	0.48	0.68	(0.20)	(29)
Environmental Protection, Construction & Others	(0.29)	0.23	(0.52)	—
Total	2.24	1.98	0.25	13

Consolidated Operating Income Trend by Product Group

(Forecast for 2H in FY2009)

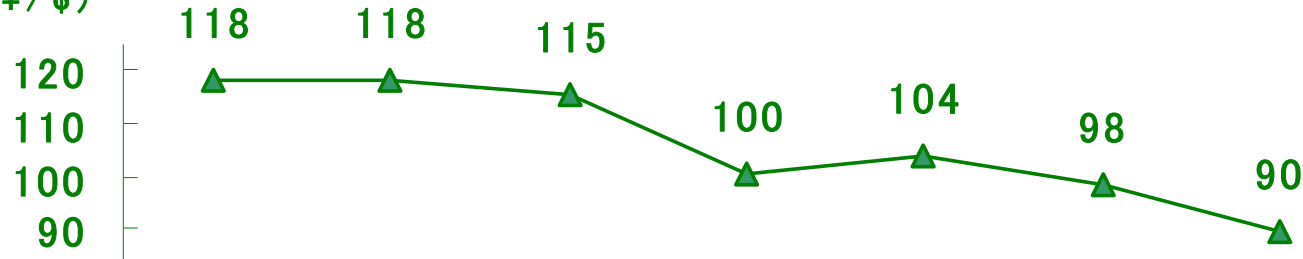
Operating income
(Billions of Yen)



Consolidated Overseas Sales Trend

Exchange Rate

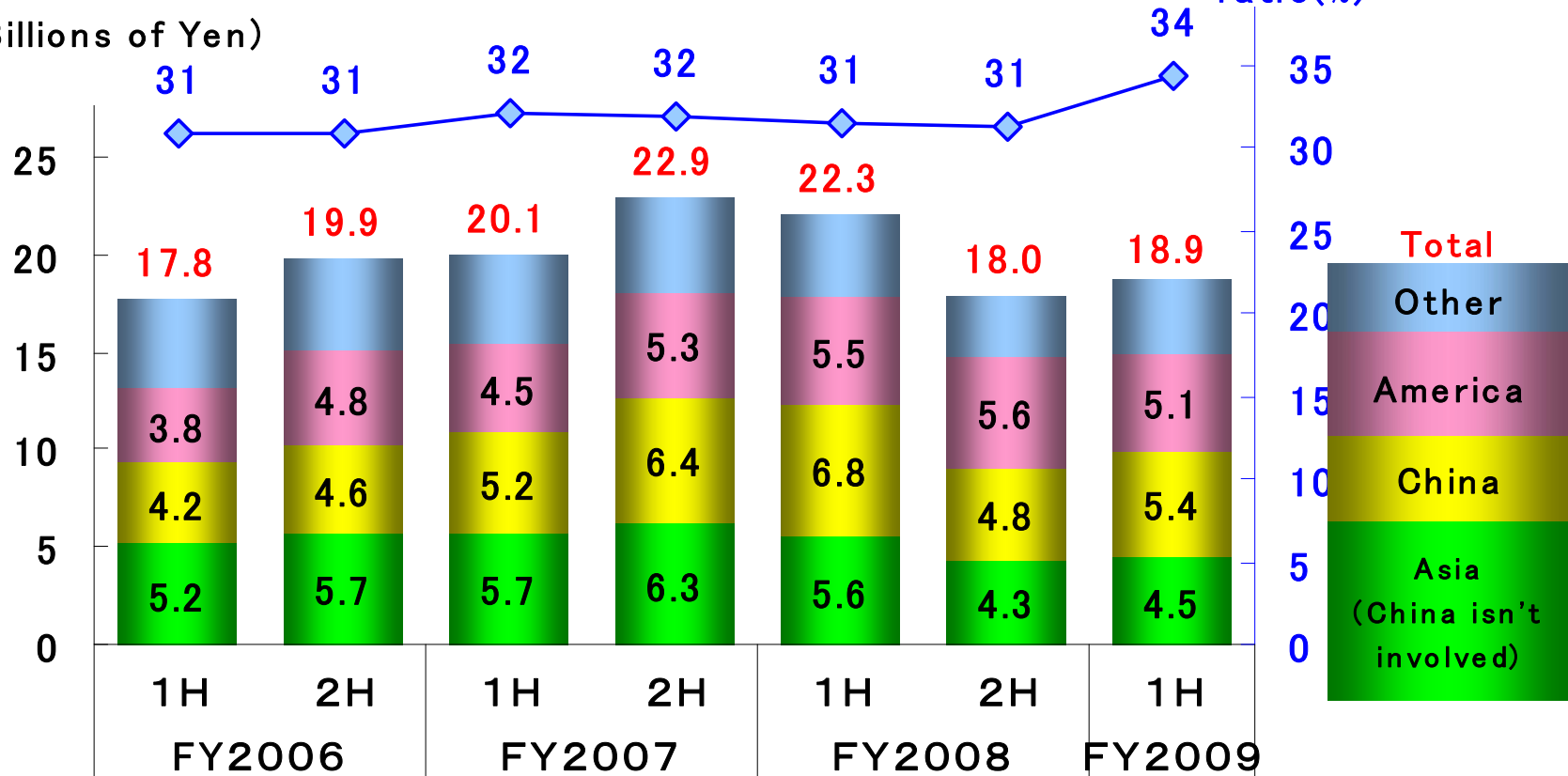
(¥/\$)



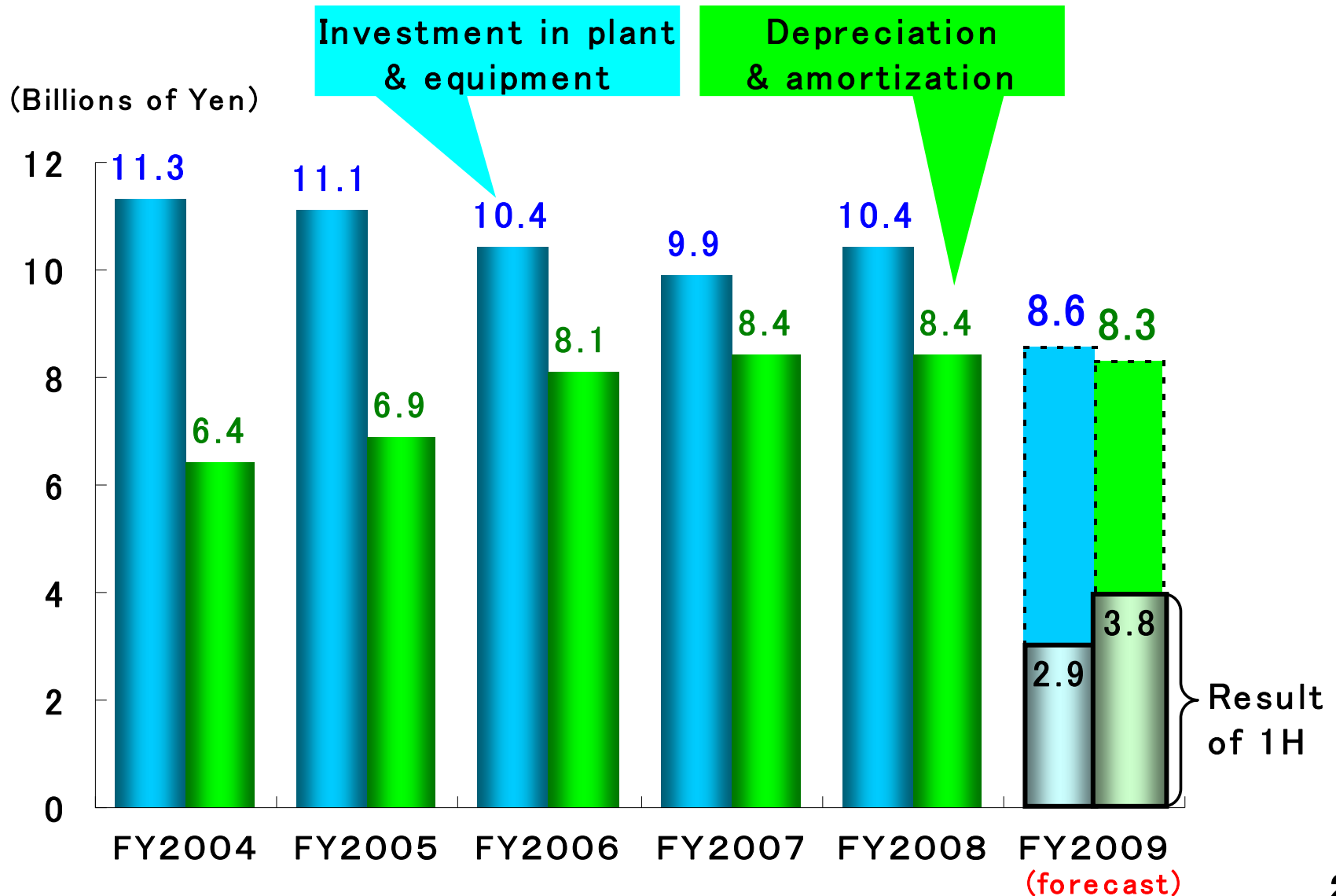
Overseas sales

(Billions of Yen)

Overseas sales ratio(%)



Consolidated Investment in Plant & Equipment, And Depreciation & Amortization



Reforming Our Corporate Structure

Actions taken in each capability to fundamentally improve company quality

<Research & Development>

Careful selection of product and technology development items and concentration of personnel

→We selected 17 items as "priority development items".

Target sales of these items in FY2014 is ¥65 billion.

<Sales & Marketing>

Reinforcement of sales and marketing capabilities

→Strengthening the cooperation with trading companies

Developing human resources in Sales & Marketing Division

<Production>

Production innovation

→Aiming to double our productivity in volume per operator and reduce our production costs by 20% by the end of FY2013

<General Affairs>

→Promotion of streamlining and efficiency by reviewing organizational and management structures such as company rules and regulations

End