

A Statement of Accounts

**For the Six Months Ended September 30, 2010
1st Half Fiscal Year 2010
(1H-FY2010)**

**Sanyo Chemical Industries, Ltd.
Masaaki Honjo, Executive Vice 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 November 11, 2010. 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

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| | |
|--------|--|
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Corporate Data

Date of Establishment: November 1, 1949

Head Office: Higashiyama-ku, Kyoto

Capital: ¥13,051 million

Major Shareholders as of September 30, 2010:

**Toyota Tsusho Corporation (19.4%),
Toray Industries, Inc. (17.3%)
Nippon Shokubai Co., Ltd. (5.0%)
JX Holdings, Inc. (4.8%)**

Domestic Sales & Marketing Offices:

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

**Domestic Factories: Nagoya, Kinuura, Kashima, Kyoto,
Kawasaki (San Chemical)**

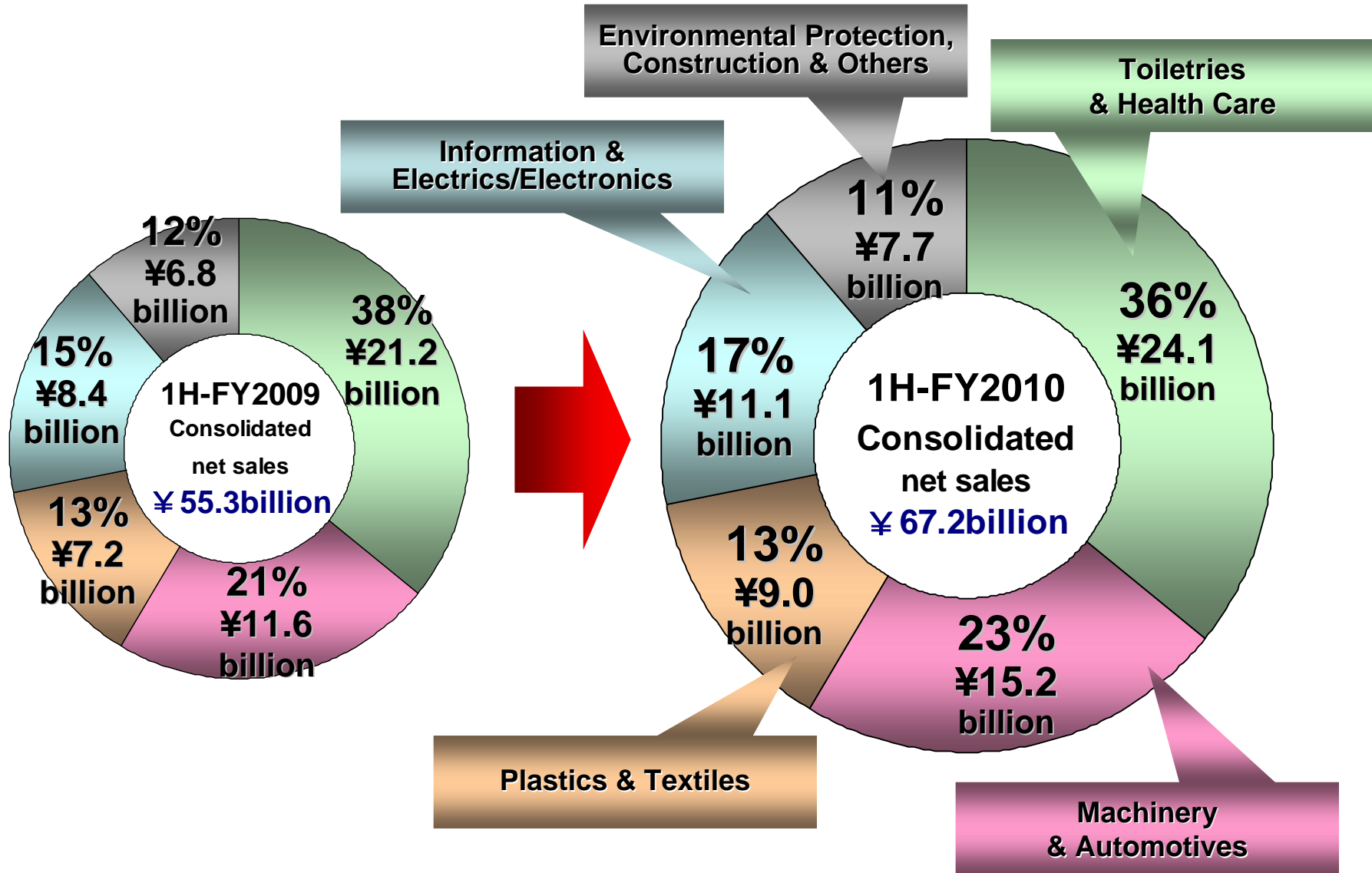
Consolidated Number of Employees: 1,782 as of September 30, 2010

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

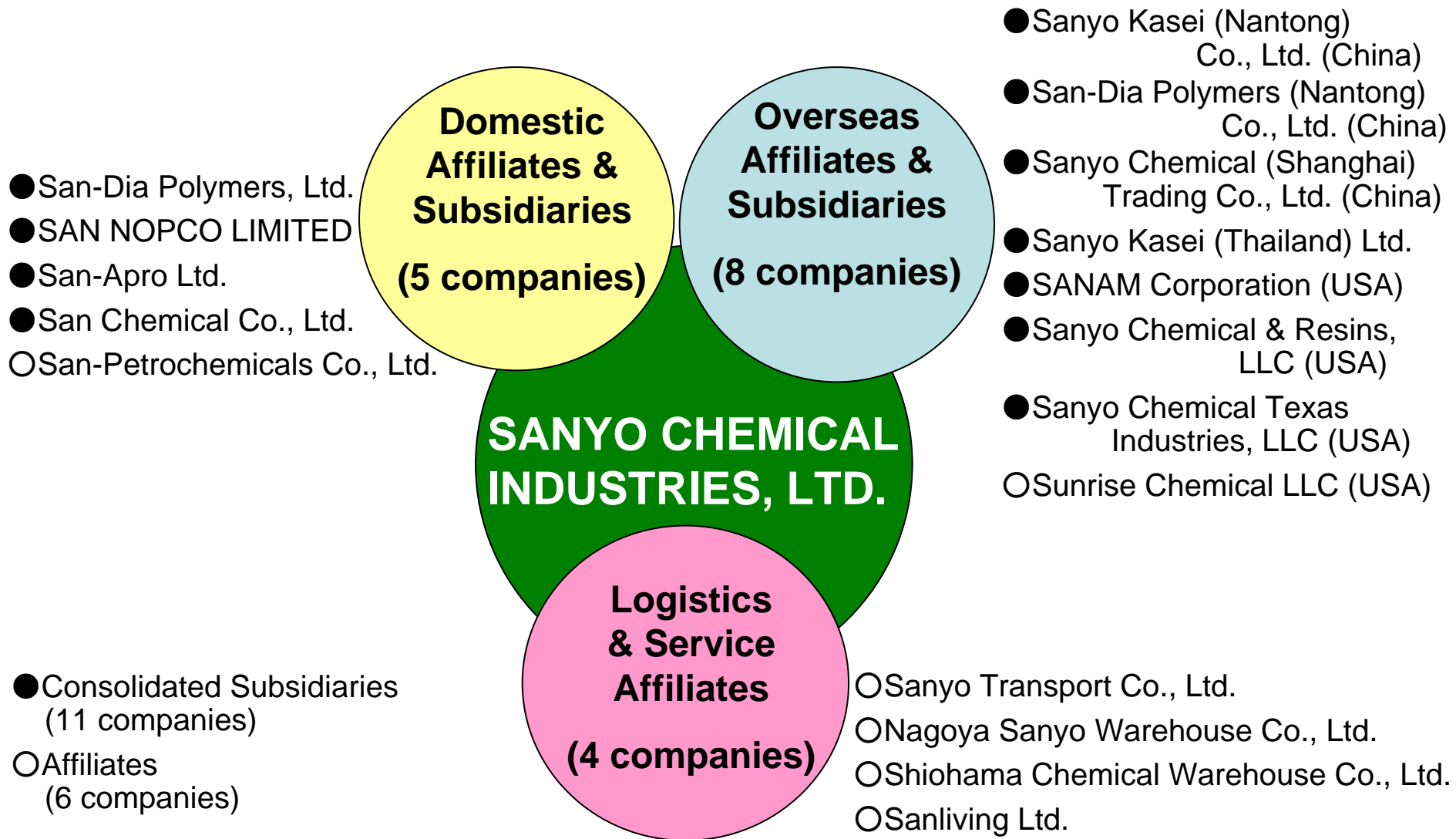
Principal Products by Product Group

| Class. | Sub-category | Principal products |
|---|------------------------|--|
| Toiletries & Health Care | Toiletries | Surfactants for Detergents, Surfactants for Hair Care Products, Antibacterial Agents |
| | Health Care | Superabsorbent Polymers (SAP), Base Materials for Pharmaceuticals, EIA Diagnostic Reagents, Potting Resins for Artificial Kidneys |
| Machinery & Automotives | | Polyurethane Beads for Interior Parts of Automobiles , Raw Materials for Polyurethane Foams (PPG), Lubricating Oil Additives, Additives for Fuel Oils, Water-Soluble Cutting Fluids, CFC-Free Cleaning Agents, Base Materials for Synthetic Lubricants, Paste resin for design model |
| Plastics & 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, Agents for Fiberglass, Polyurethane Resins for Synthetic Leather |
| Information & Electrics /Electronics | Information | Polyester Beads 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 (PPG), Water-Swellable Sealants, Slurry Agents, Reactive Hot-Melt Adhesives |

Proportion of Net Sales by Product Group (1H-FY2010)



Sanyo Chemical Group



Domestic Consolidated Subsidiaries (4 companies)

| Company name | Abbr. | Equity ownership | | Line of business |
|------------------------|-------|--|------------|---|
| San-Dia Polymers, Ltd. | SDP | Sanyo Chemical Mitsubishi Chemical | 60% 40% | Manufacture & sales of superabsorbent polymers |
| SAN NOPCO LIMITED | SNL | Sanyo Chemical | 100% | Manufacture & sales of surfactants |
| San Chemical Co., Ltd. | SCC | Sanyo Chemical JX Nippon Oil & Energy Corporation | 50% 50% | Manufacture of raw materials for polyurethane foam |
| San-Apro Ltd. | SA | Sanyo Chemical Air-Products | 50% 50% | Manufacture & sales of curing accelerators for epoxy resins, and urethane catalysts |

Overseas Consolidated Subsidiaries (7 companies)

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

Affiliates (6 companies)

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

Consolidated Results of Operations for 1H-FY2010

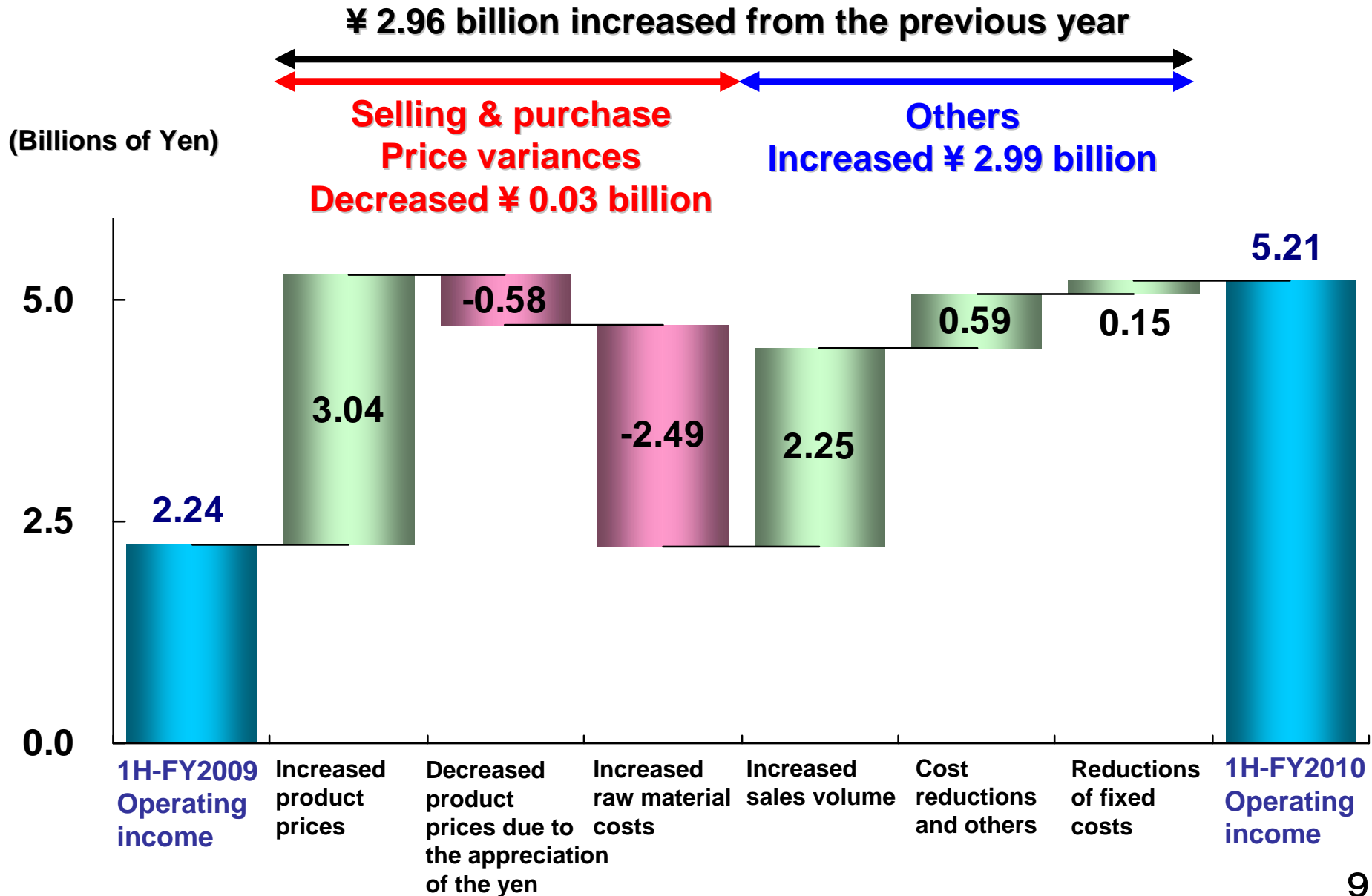
Yen amounts are rounded down. Ratios are rounded off.

(Billions of Yen)

| | 1H: April-September | | Year on year change | |
|------------------|---------------------|--------------|---------------------|------------------|
| | FY2010 | FY2009 | Amount | Ratio (%) |
| Net sales | 67.28 | 55.37 | 11.91 | 22 |
| Operating income | 5.21 | 2.24 | 2.96 | 2.3 times |
| Ordinary income | 5.55 | 2.16 | 3.39 | 2.6 times |
| Net income | 3.20 | 0.87 | 2.33 | 3.7 times |

| | FY2010 | | FY2009 | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | April-Jun. | July-Sept. | April-Jun. | July-Sept. |
| Exchange rate (Yen/US\$) | 88.90 | | 95.54 | |
| Domestic naphtha price (Yen/kl) | 49,500 | 42,700 | 33,300 | 41,200 |

Analysis of Changed Consolidated Operating Income



Analysis of Changed Consolidated Net Income

(Billions of Yen)

| | 1H: April-September | | Year on year change |
|---|---------------------|--------|---------------------|
| | FY2010 | FY2009 | |
| Operating income | 5.21 | 2.24 | 2.96 |
| Equity in earnings of unconsolidated affiliates | 0.24 | (0.24) | 0.49 |
| Exchange gain and loss | (0.19) | 0.01 | (0.20) |
| Other non-operating expenses | 0.29 | 0.14 | 0.15 |
| Ordinary income | 5.55 | 2.16 | 3.39 |
| Loss on disposal of property, plant and equipment | (0.13) | (0.09) | (0.03) |
| Gain (loss) on investment securities | 0 | 0.01 | (0.01) |
| Other extraordinary income (expenses) | 0.16 | (0.04) | 0.21 |
| Income before income taxes & minority interests | 5.59 | 2.02 | 3.56 |
| Income taxes, etc. | (1.88) | (0.73) | (1.14) |
| Minority interests | (0.49) | (0.41) | (0.07) |
| Net income | 3.20 | 0.87 | 2.33 |

Non-Consolidated Results of Operations for 1H-FY2010

Yen amounts are rounded down. Ratios are rounded off.

(Billions of Yen)

| | 1H: April-September | | Year on year change | |
|------------------|---------------------|--------------|---------------------|------------------|
| | FY2010 | FY2009 | Amount | Ratio (%) |
| Net sales | 46.53 | 38.53 | 8.00 | 21 |
| Operating income | 2.72 | 0.93 | 1.78 | 2.9 times |
| Ordinary income | 3.74 | 1.66 | 2.08 | 2.3 times |
| Net income | 2.69 | 1.19 | 1.50 | 2.3 times |

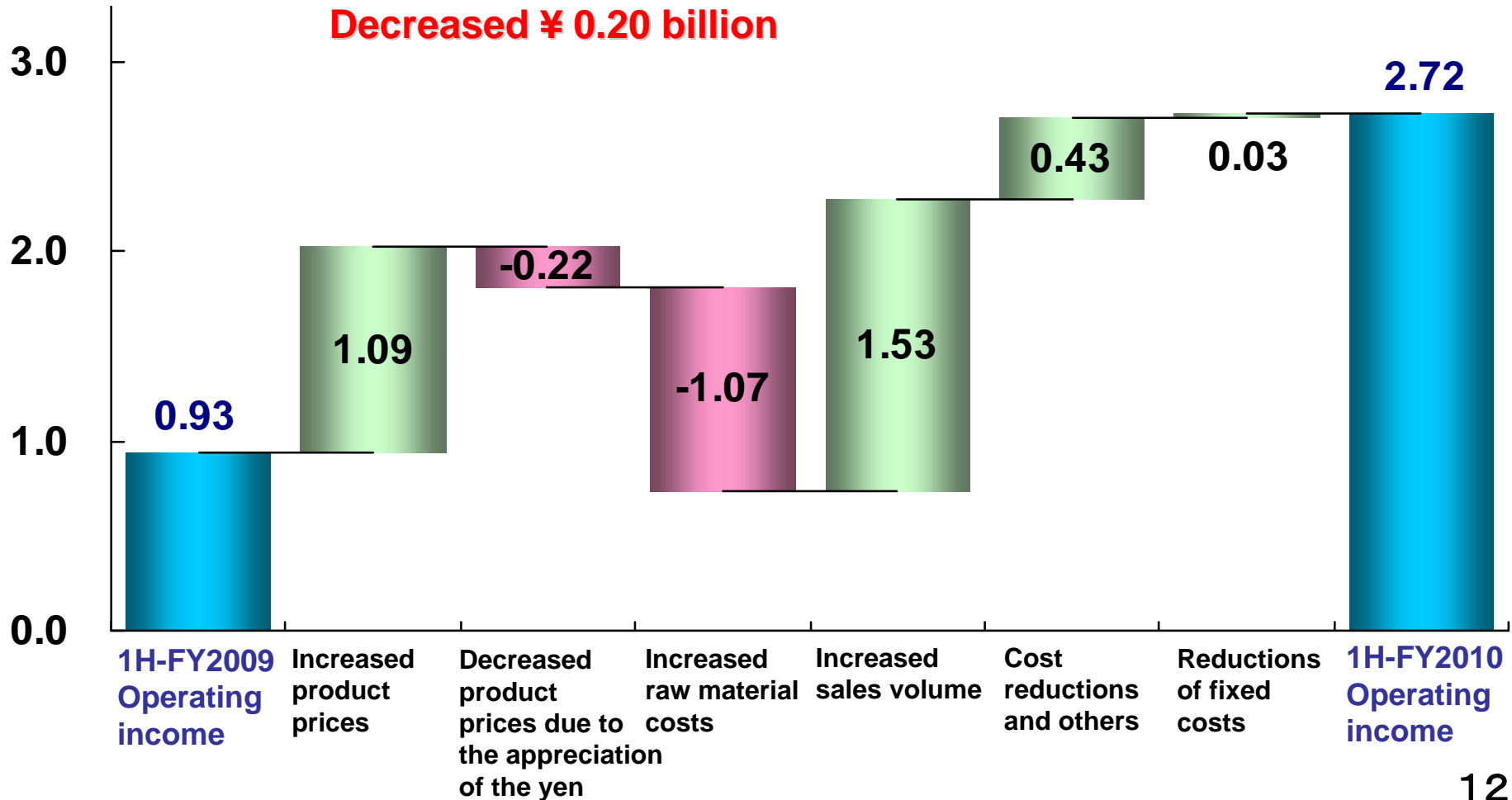
Analysis of Changed Non-Consolidated Operating Income

¥ 1.78 billion increased from the previous year

(Billions of Yen)

**Selling & purchase
Price variances
Decreased ¥ 0.20 billion**

**Others
Increased ¥ 1.98 billion**



Analysis of Changed Non-Consolidated Net Income

(Billions of Yen)

| | 1H: April-September | | Year on year change |
|--|---------------------|-------------|---------------------|
| | FY2010 | FY2009 | |
| Operating income | 2.72 | 0.93 | 1.78 |
| Dividends income | 0.78 | 0.58 | 0.20 |
| Exchange gain and loss | (0.11) | (0.15) | 0.03 |
| Other non-operating expenses | 0.34 | 0.29 | 0.05 |
| Ordinary income | 3.74 | 1.66 | 2.08 |
| Loss on disposal of property, plant and equipment | (0.11) | (0.08) | (0.03) |
| Gain (loss) on investment securities | 0 | 0.01 | (0.01) |
| Other extraordinary income (expenses) | 0.10 | (0.04) | 0.15 |
| Income before income taxes & minority interests | 3.73 | 1.54 | 2.19 |
| Income taxes, etc. | (1.03) | (0.34) | (0.69) |
| Net income | 2.69 | 1.19 | 1.50 |

Consolidated Balance Sheet as of September 30, 2010

(Billions of Yen)

| | Sept. 30 2010 | Mar. 30 2010 | Changed amount | Notes: Changed amount |
|-------------------------------------|------------------|-----------------|-------------------|---|
| Current assets | 66.6 | 64.8 | 1.7 | Decrease of cash & deposits: (1.4), Increase of accounts receivable: 2.3, Increase of inventories: 0.4 |
| Fixed assets | 71.0 | 72.1 | (1.1) | Loss on valuation of investment securities: (1.5), Expansion of SDN: 0.6, Earthquake damping works at Head Office: 0.3 |
| Assets | 137.6 | 136.9 | 0.6 | |
| Current liabilities | 45.6 | 45.2 | 0.3 | Increase of notes payable-facilities: 0.2 |
| Long-term liabilities | 6.8 | 8.0 | (1.1) | Decrease of long-term debt: (0.5) Provision for retirement benefits: (0.4) |
| Liabilities | 52.5 | 53.2 | (0.7) | Internal funds and borrowings will be assigned to redemption of 10 billion yen of convertible bonds at the end of March 2011. |
| Shareholder's equity | 80.9 | 78.5 | 2.3 | Increase of retained earnings: 2.3 |
| Valuation & translation adjustments | 1.3 | 2.5 | (1.2) | Decrease of valuation of investment securities due to decreased stock prices: (1.0) |
| Minority interests | 2.8 | 2.5 | 0.2 | |
| Net assets | 85.1 | 83.7 | 1.4 | |
| Liabilities & net assets | 137.6 | 136.9 | 0.6 | |

Consolidated Cash Flows for 1H-FY2010

(Billions of Yen)

| | 1H: April-September | | Changed amount | Notes: Changed amount |
|--|---------------------|--------------|----------------|---|
| | FY2010 | FY2009 | | |
| Operating activities | 3.6 | 12.1 | (8.5) | |
| Income before income taxes and minority interests | 5.5 | 2.0 | 3.5 | Improved profit |
| Depreciation and amortization | 3.5 | 3.8 | (0.3) | |
| Equity in (earnings) losses of unconsolidated affiliates | (0.2) | 0.2 | (0.4) | |
| (Increase) decrease in operating capital | (2.7) | 5.0 | (7.8) | Operating capital generated by a company growth |
| Income taxes paid | (1.8) | 0.4 | (2.2) | |
| Others | (0.6) | 0.4 | (1.1) | |
| Investing activities | (3.4) | (4.8) | 1.3 | Decrease of purchases of property, plant & equipment: 1.3 |
| Free cash flows | 0.1 | 7.3 | (7.1) | |
| Financing activities | (1.4) | 0.8 | (2.2) | Decrease of borrowings: (1.9) Increase of dividends: (0.2) |
| Net increase in cash & cash equivalents | (1.4) | 8.0 | (9.4) | |
| Cash & cash equivalents at end of period | 14.1 | 15.1 | (0.9) | |

Subsidiary Results of Operating for 1H-FY2010

Internal sales among Sanyo Chemical Group are not eliminated.

11 Consolidated Subsidiaries

(Billions of Yen)

| | 1H: April-September | | Year on year change | |
|------------------|---------------------|--------------|---------------------|------------------|
| | FY2010 | FY2009 | Amount | Ratio (%) |
| Net sales | 33.77 | 26.92 | 6.84 | 25 |
| Operating income | 2.34 | 1.29 | 1.05 | 81 |
| Ordinary income | 2.41 | 1.14 | 1.26 | 2.1 times |

SDP Group (SDP & SDN)

(Billions of Yen)

| | 1H: April-September | | Year on year change | |
|------------------|---------------------|--------------|---------------------|-----------|
| | FY2010 | FY2009 | Amount | Ratio (%) |
| Net sales | 15.83 | 13.49 | 2.34 | 17 |
| Operating income | 1.52 | 1.02 | 0.49 | 48 |
| Ordinary income | 1.46 | 1.10 | 0.35 | 32 |

Progress to Forecast of FY2010

(Billions of Yen)

| Consolidated | FY2010 Annual | | 1H-FY2010 | | FY2009 Annual |
|---------------------|----------------------|--------------------------------|------------------|---------------------------------|----------------------|
| | Forecast* | Year on year change (%) | Result | Progress to forecast (%) | Result |
| Net sales | 135.00 | 13 | 67.28 | 50 | 119.19 |
| Operating income | 9.40 | 53 | 5.21 | 55 | 6.14 |
| Ordinary income | 10.00 | 66 | 5.55 | 56 | 6.01 |
| Net income | 5.70 | 2.2 times | 3.20 | 56 | 2.54 |

| Non-Consolidated | FY2010 Annual | | 1H-FY2010 | | FY2009 Annual |
|-------------------------|----------------------|--------------------------------|------------------|---------------------------------|----------------------|
| | Forecast* | Year on year change (%) | Result | Progress to forecast (%) | Result |
| Net sales | 93.00 | 11 | 46.53 | 50 | 83.52 |
| Operating income | 4.70 | 50 | 2.72 | 58 | 3.13 |
| Ordinary income | 6.70 | 46 | 3.74 | 56 | 4.58 |
| Net income | 4.60 | 64 | 2.69 | 59 | 2.80 |

<Precondition for the forecast> Domestic naphtha price:45 thousand of Yen/kl, Exchange rate: 85 Yen/US\$

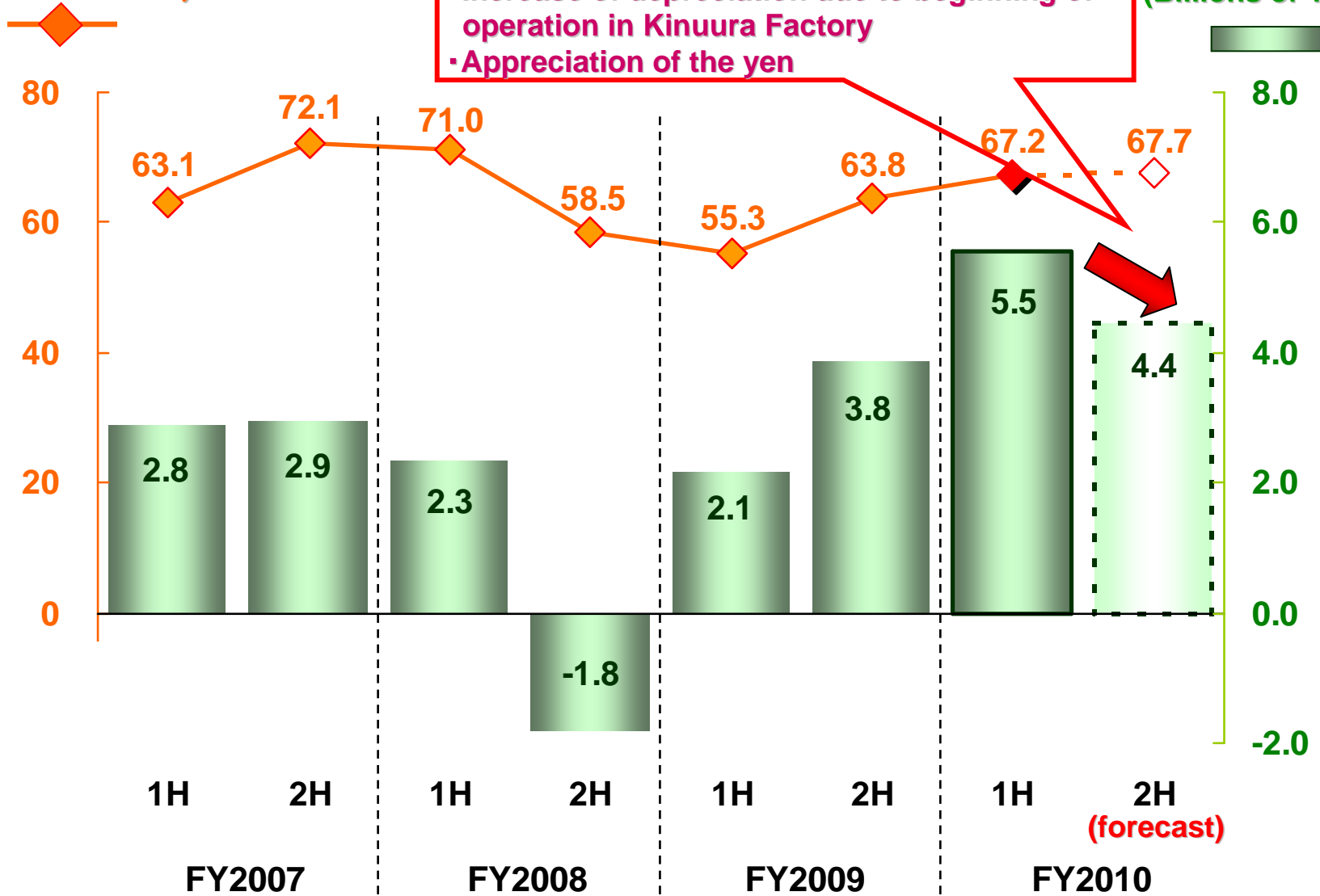
* We disclosed the amount on October 29, 2010.

Consolidated Business Result Trend

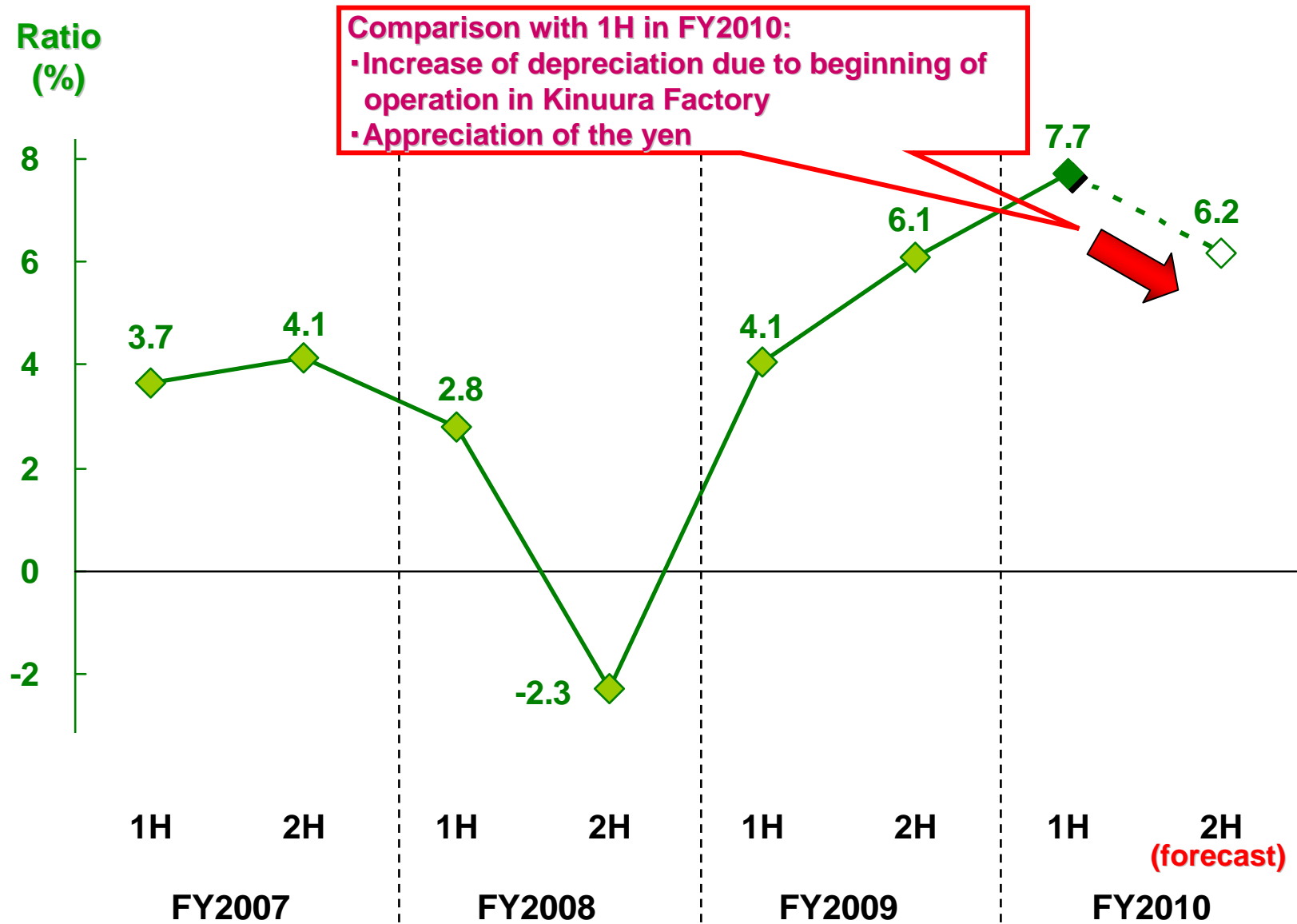
Net sales
(Billions of Yen)

Ordinary income
(Billions of Yen)

Comparison with 1H in FY2010:
 • Increase of depreciation due to beginning of operation in Kinuura Factory
 • Appreciation of the yen



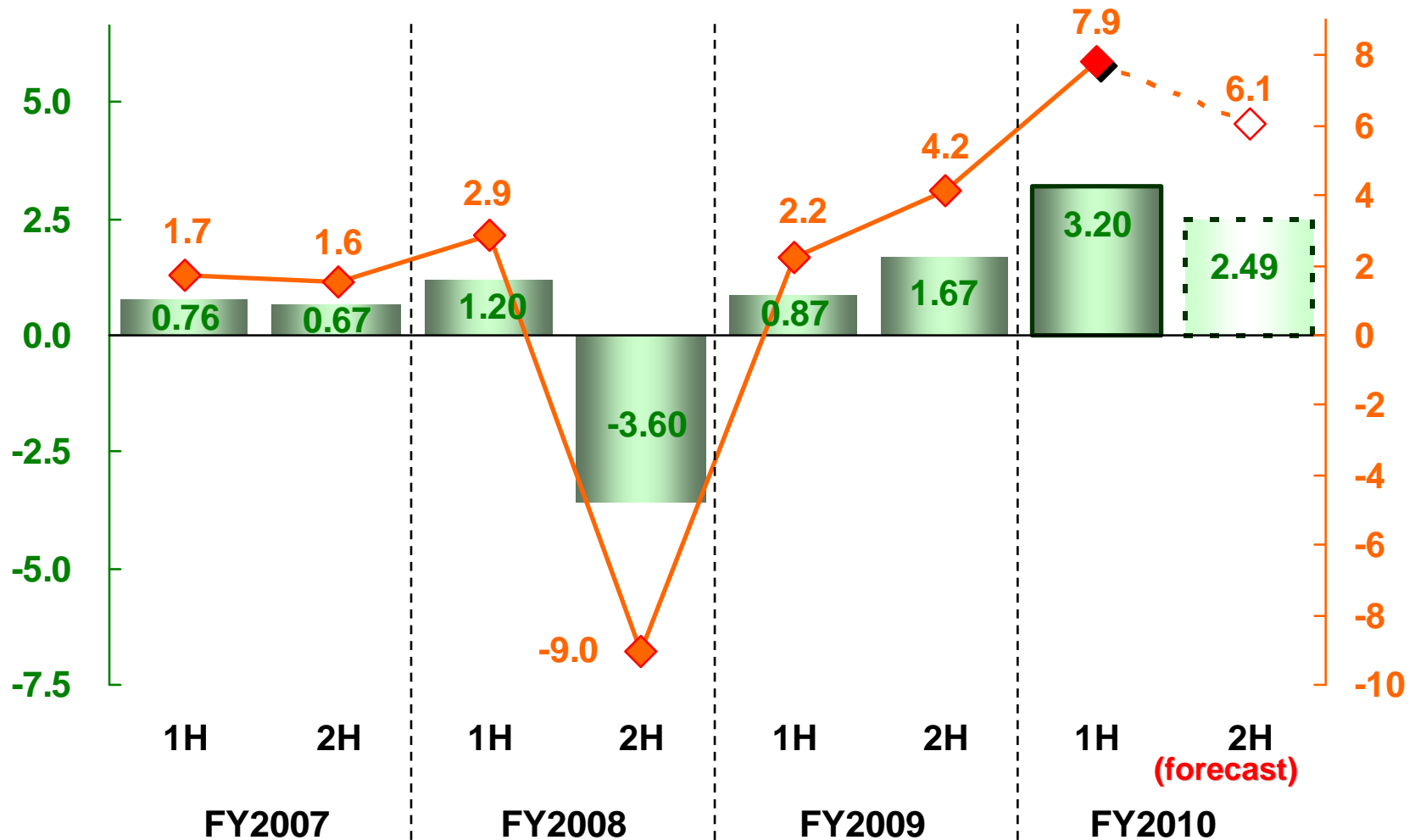
Trend of Consolidated Operating Income Ratio



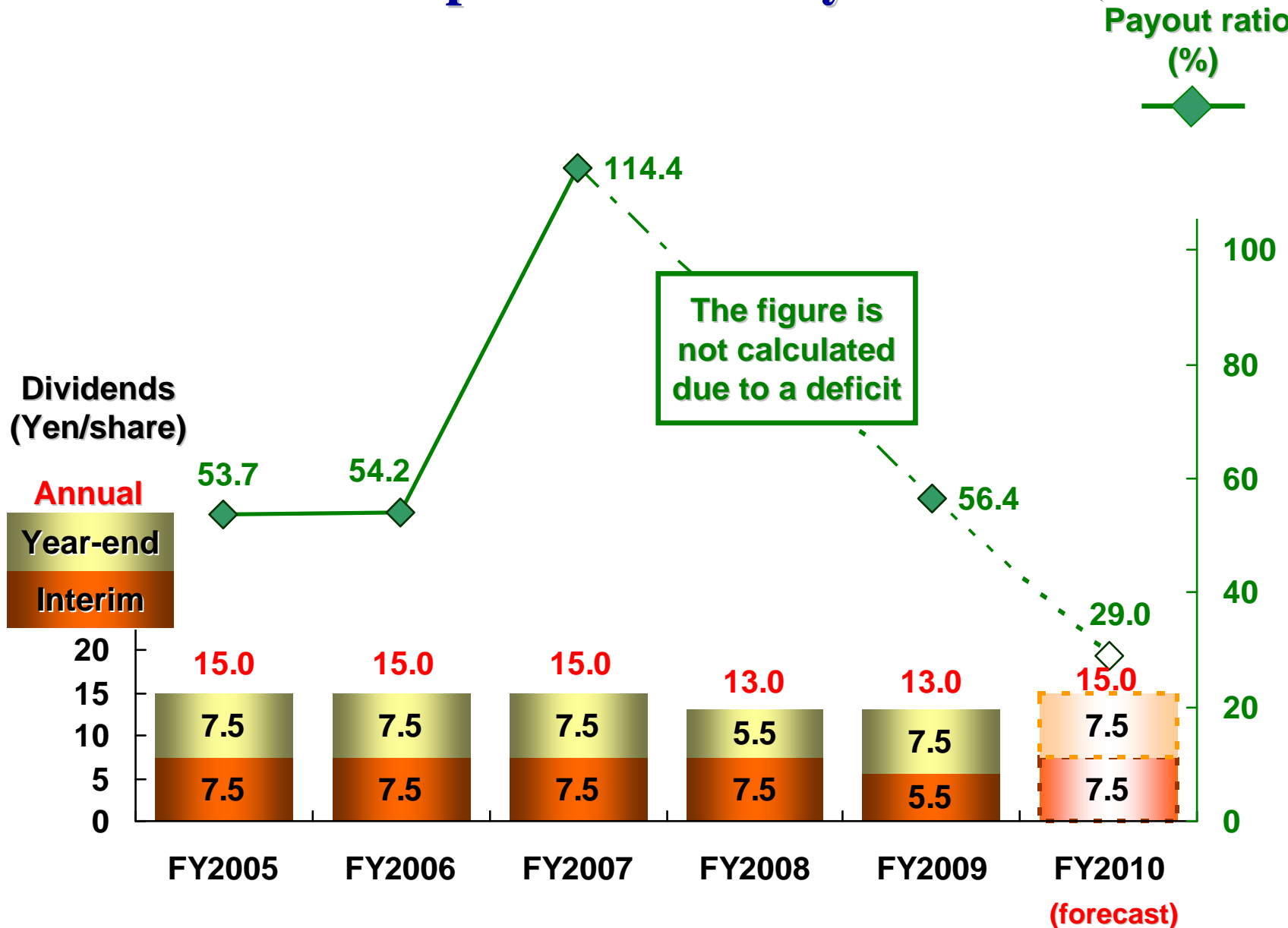
Trend of Consolidated Net Income & ROE

Net income
(Billions of Yen)

ROE
(%)



Trend of Dividends per Share & Payout Ratio (consolidated)



Consolidated Net Sales by Product Group

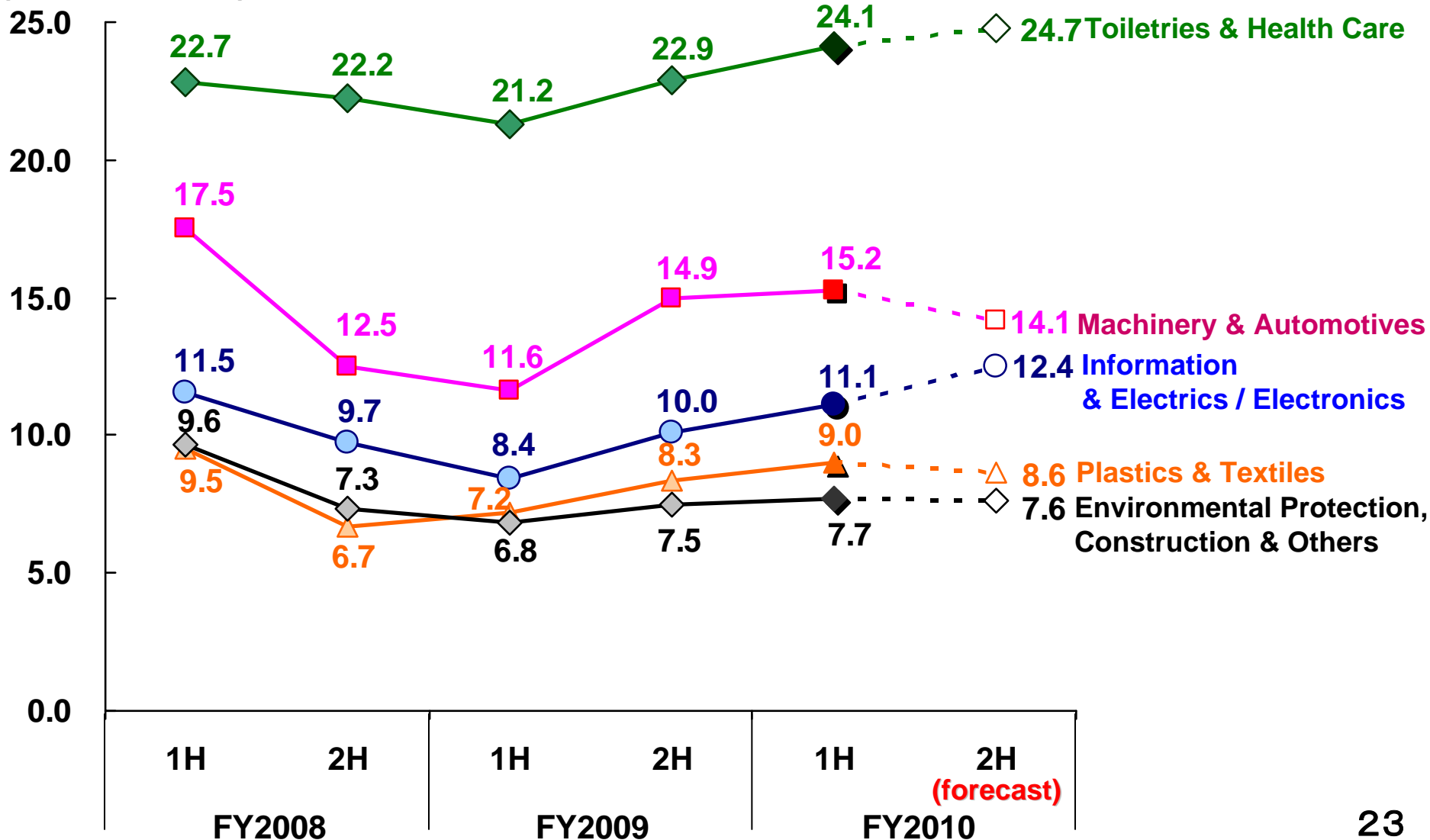
(Billions of Yen)

| Product group | 1H: April-September | | Year on year change | |
|--|---------------------|--------------|---------------------|-----------|
| | FY2010 | FY2009 | Amount | Ratio (%) |
| Toiletries & Health Care | 24.13 | 21.27 | 2.86 | 13 |
| Toiletries | 6.69 | 6.39 | 0.29 | 5 |
| Health Care | 17.44 | 14.87 | 2.56 | 17 |
| Machinery & Automotives | 15.24 | 11.63 | 3.60 | 31 |
| Plastics & Textiles | 9.01 | 7.22 | 1.79 | 25 |
| Plastics | 5.37 | 4.49 | 0.87 | 19 |
| Textiles | 3.64 | 2.72 | 0.91 | 34 |
| Information & Electrics / Electronics | 11.14 | 8.41 | 2.73 | 33 |
| Information | 7.57 | 5.83 | 1.74 | 30 |
| Electrics / Electronics | 3.57 | 2.58 | 0.99 | 39 |
| Environmental Protection, Construction & Others | 7.73 | 6.82 | 0.91 | 13 |
| Total | 67.28 | 55.37 | 11.91 | 22 |

Consolidated Net Sales Trend by Product Group

(Forecast for 2H in FY2010)

Net sales
(Billions of Yen)



Consolidated Operating Income by Product Group

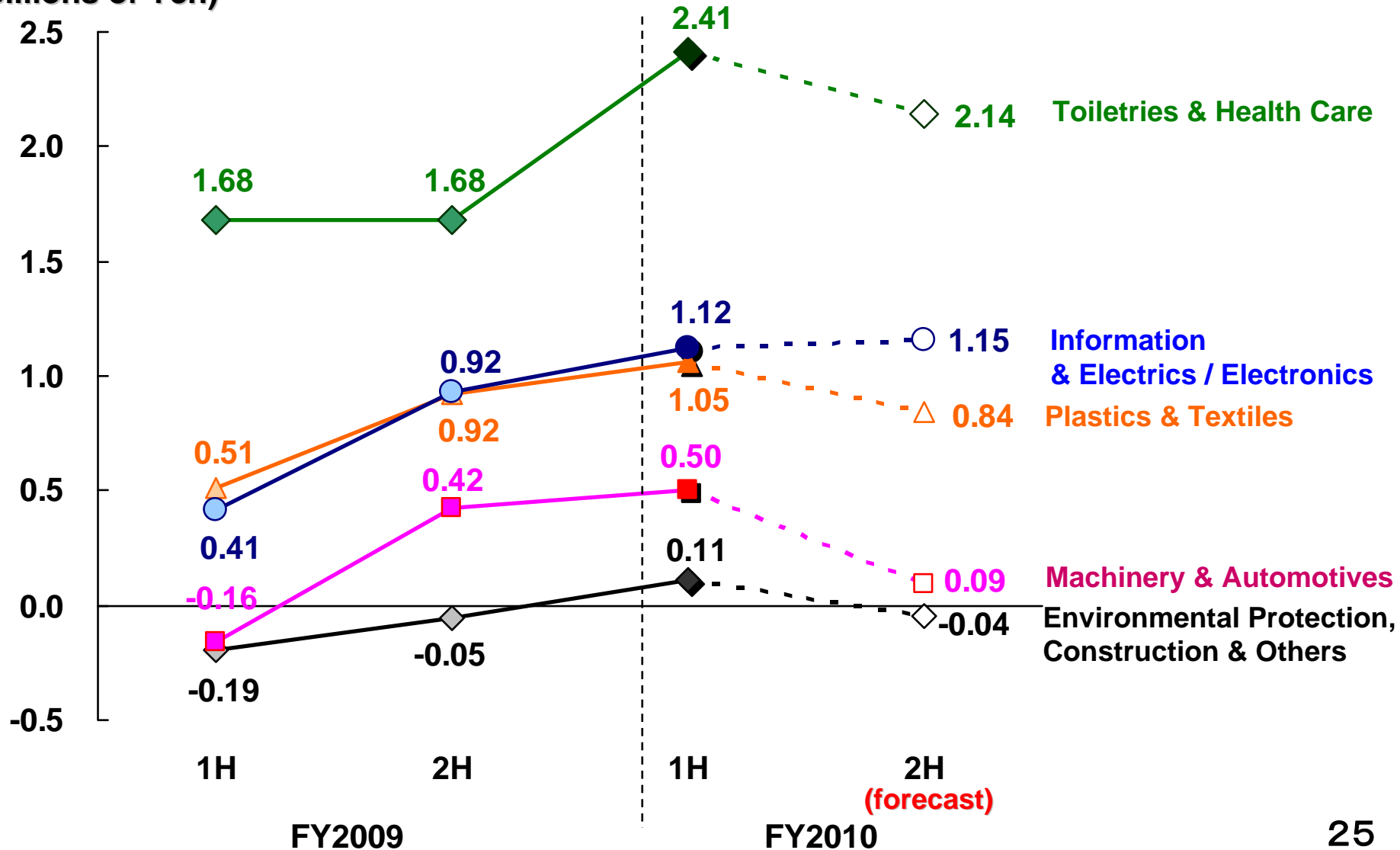
(Billions of Yen)

| Product group | 1H: April-September | | Year on year change | |
|---|---------------------|--------|---------------------|--------------------|
| | FY2010 | FY2009 | Amount | Ratio (%) |
| Toiletries & Health Care | 2.41 | 1.68 | 0.72 | 43 |
| Machinery & Automotives | 0.50 | (0.16) | 0.66 | Got into the black |
| Plastics & Textiles | 1.05 | 0.51 | 0.54 | 2.0 times |
| Information & Electrics / Electronics | 1.12 | 0.41 | 0.71 | 2.7 times |
| Environmental Protection, Construction & Others | 0.11 | (0.19) | 0.31 | Got into the black |
| Total | 5.21 | 2.24 | 2.96 | 2.3 times |

Consolidated Operating Income Trend by Product Group

Operating income
(Billions of Yen)

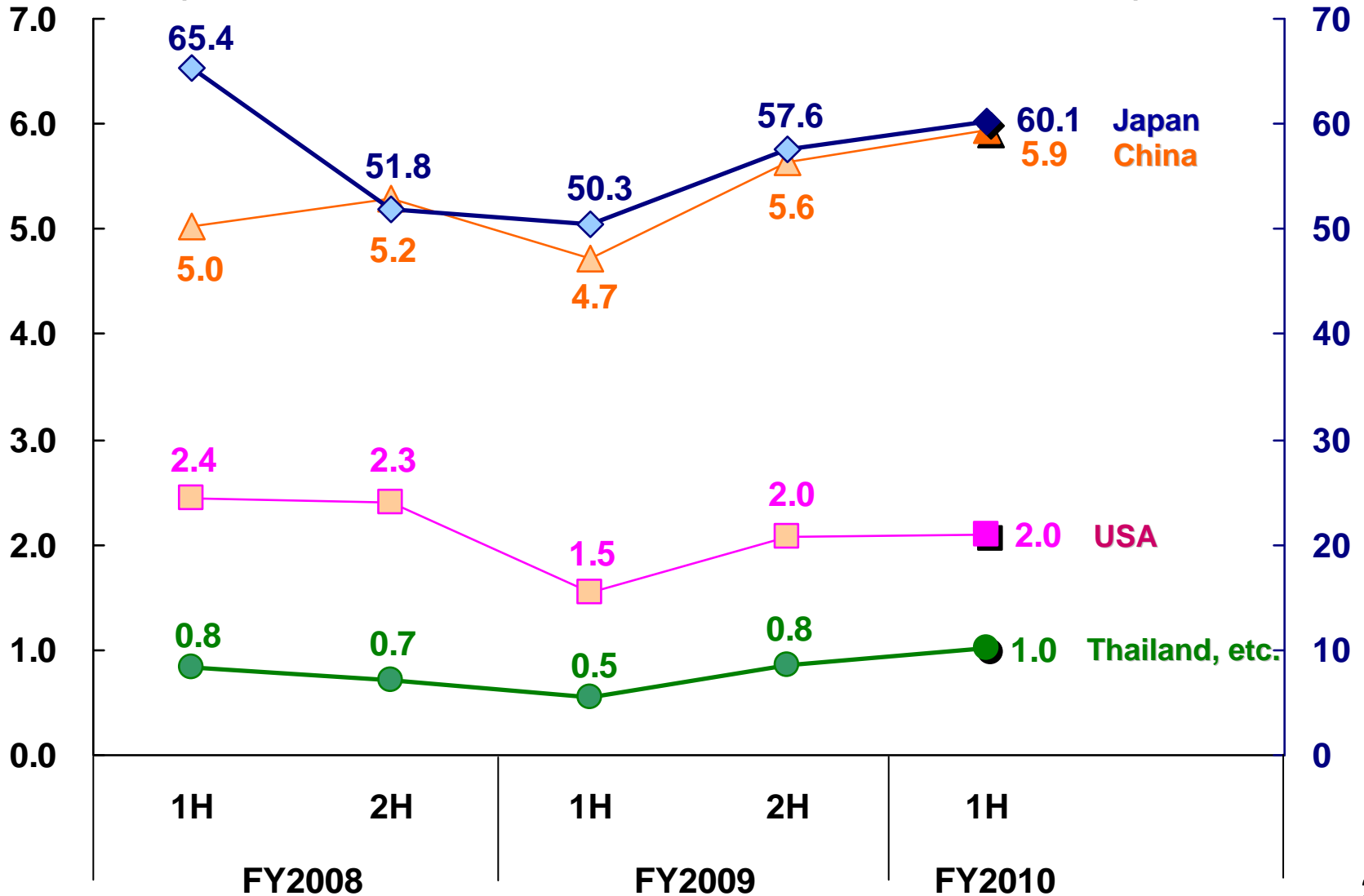
(Forecast for 2H in FY2010)



Geographic Segments (Net Sales)

Net sales in overseas
(Billions of Yen)

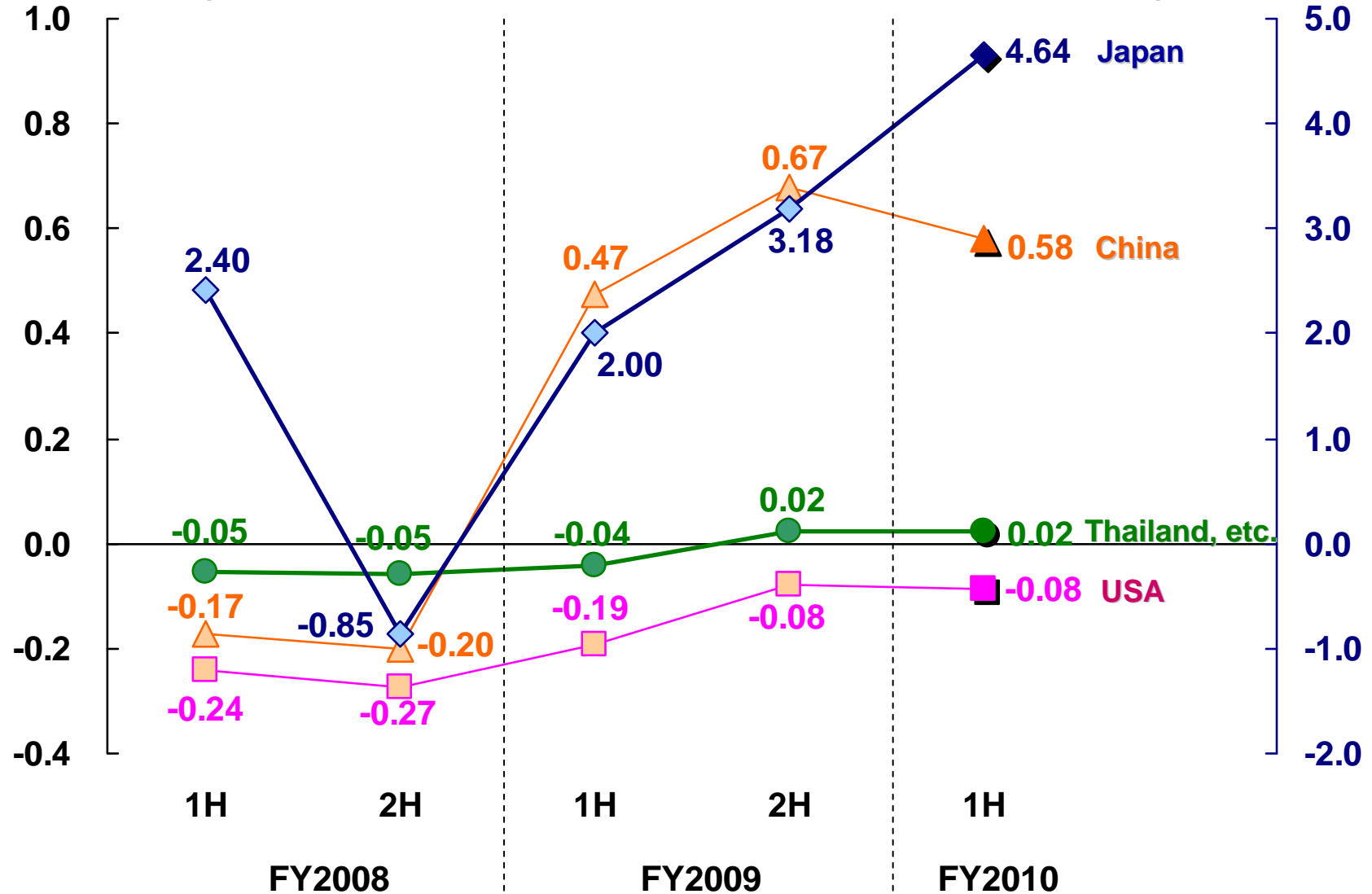
Net sales in Japan
(Billions of Yen)



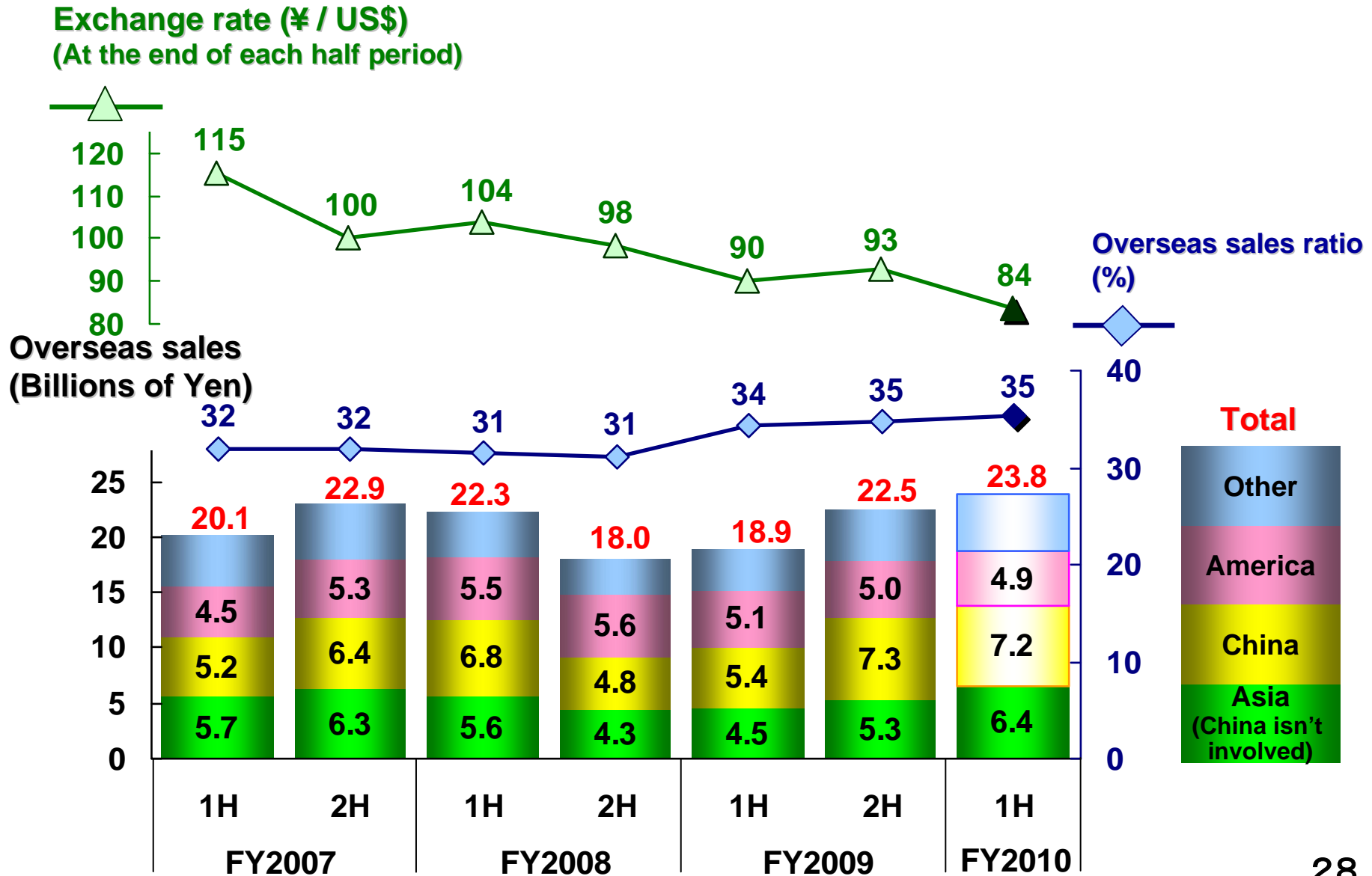
Geographic Segments (Operating Income)

Net sales in overseas
(Billions of Yen)

Net sales in Japan
(Billions of Yen)



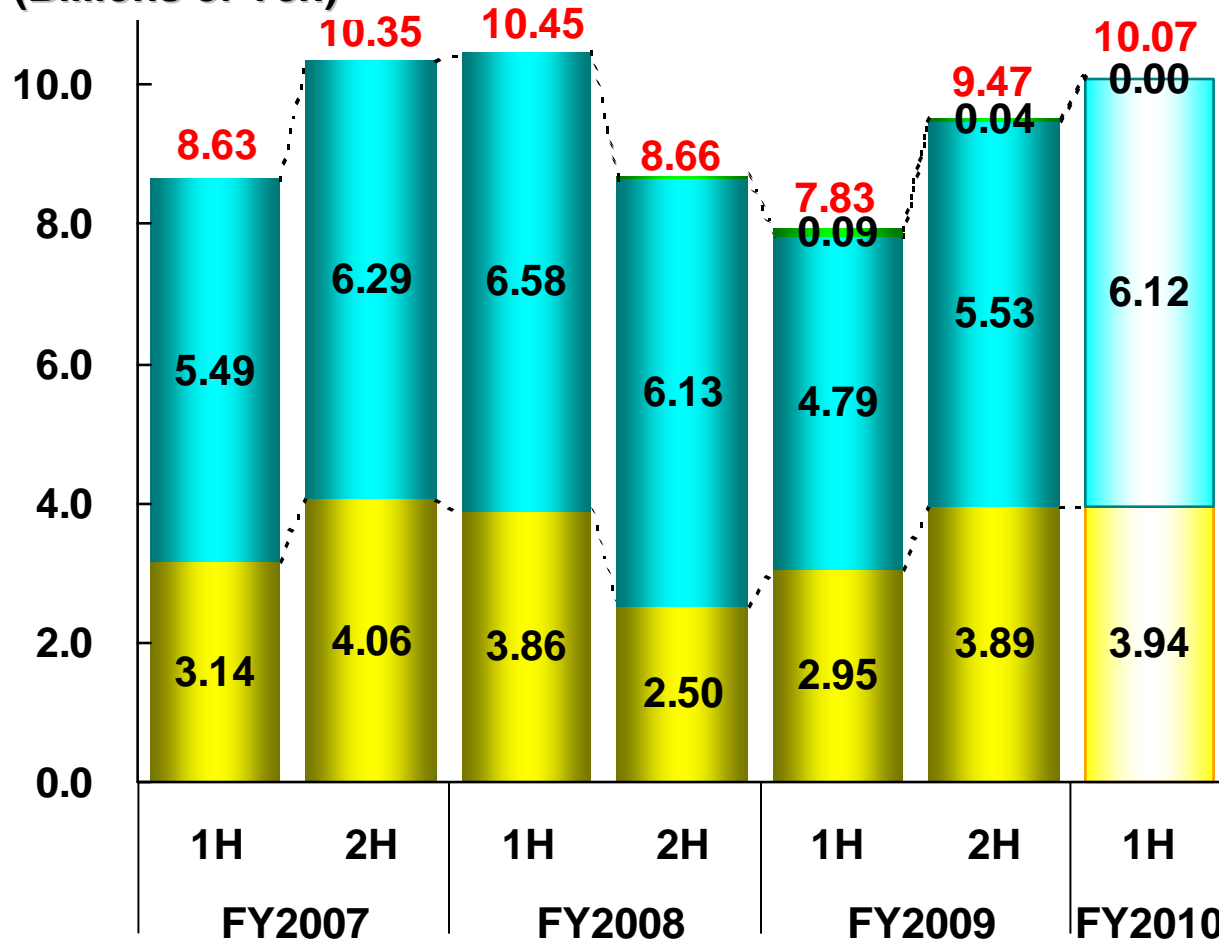
Consolidated Overseas Sales Trend



Strategic Product Trend (Consolidated)

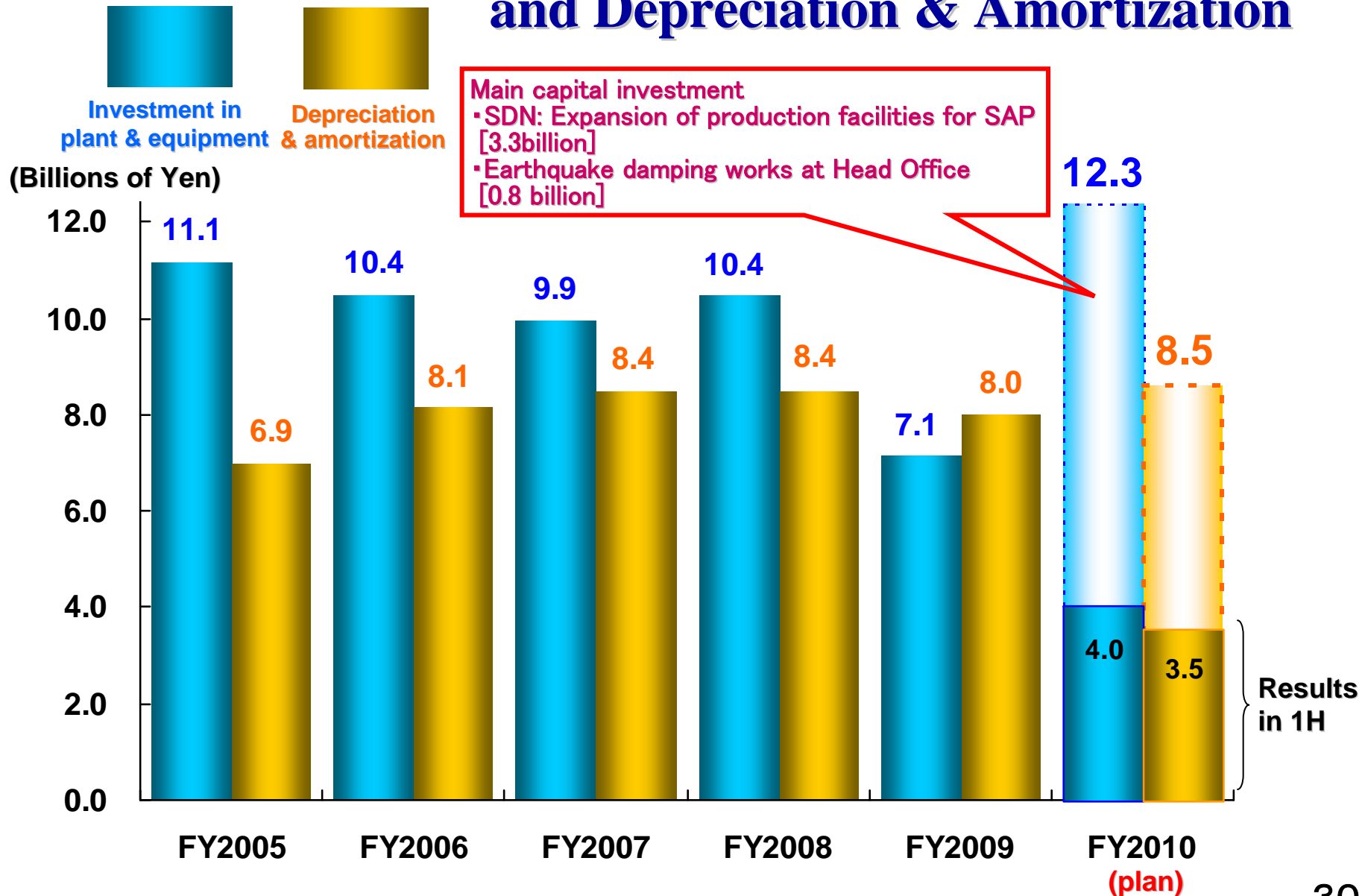
Strategic products, which are set in FY2003 refers to the products developed as a priority to improve profitability and expand business areas. There are 15 items.

Net sales
(Billions of Yen)



- | Total | Main items |
|-------------------------------|---|
| Environmental & biotechnology | <ul style="list-style-type: none"> High performance polymer flocculants |
| Copiers & electronics | <ul style="list-style-type: none"> Polyester beads used as a core component of polymerization toners Permanent antistatic agents Cleaners for electronic materials |
| Automobiles | <ul style="list-style-type: none"> Thermoplastic polyurethane beads for the interior parts of automobiles |

Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



Topics

Beginning of Operation in Kinuura Factory (Operation began in October 2010)



- Main items produced: Alkylene oxide adducts (AOA)*
- Production capacity: 36,000 ton/year
- Total investment: ¥4.6 billion [FY2010: ¥0.15 billion]
- Depreciation & amortization for FY2010: ¥0.6 billion

* AOA: Chemical compounds obtained by polymerization reaction of ethylene oxide (EO) and propylene oxide (PO).

<e.g.>

- Polypropylene glycols (PPG) which are used for raw materials for polyurethane foams are made from only PO.
- Polyethylene glycols (PEG) which are used for raw materials for pharmaceuticals and lubricants are made from only EO.
- Surfactants are obtained as below when EO react with higher alcohols.

