

A Statement of Accounts
For the Six Months Ended September 30, 2011
1st Half Fiscal Year 2011
(1H-FY2011)

SANYO CHEMICAL INDUSTRIES, LTD.

Takao Ando, President

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

Code: 4471



<Notice>

Yen amounts described in this presentation material are rounded down.
Ratios described in this presentation material are rounded off.

<Cautionary Statement with Respect to Forward-Looking Statement>

This presentation material contains projections based on the assumptions, forward-looking statements and plans about the future of SANYO CHEMICAL INDUSTRIES, LTD. as of November 9, 2011. 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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SANYO CHEMICAL INDUSTRIES, LTD.

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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, 2011:

Toyota Tsusho Corporation (19.4%)

Toray Industries, Inc. (17.3%)

Nippon Shokubai Co., Ltd. (5.0%)

JX Holdings, Inc. (4.8%)

(Treasury stock of 7,372,605 shares are excluded from the above)

Domestic Sales & Marketing Offices:

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka, Toyama

Domestic Factories:

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

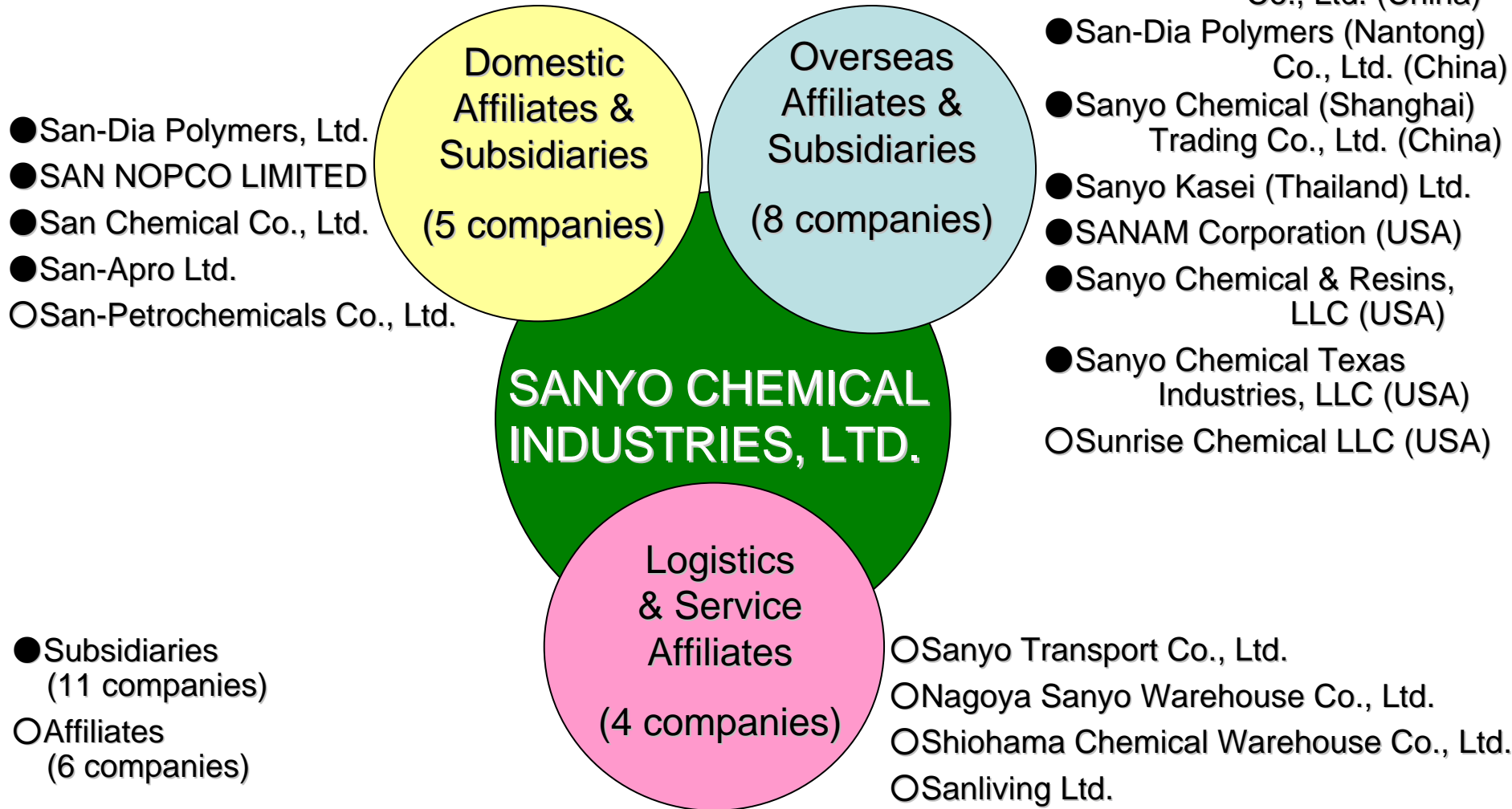
Consolidated Number of Employees:

1,769 (as of September 30, 2011)

Line of Business:

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

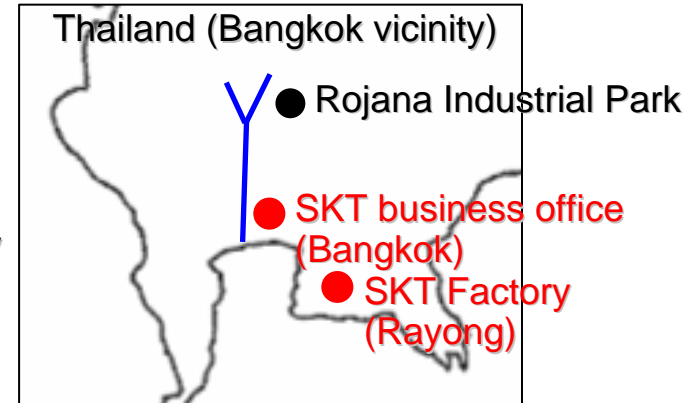
Sanyo Chemical Group



Heavy Floods in Thailand

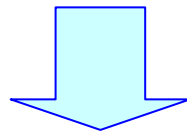
Direct Damage

The business office (in Bangkok) and factory (in Rayong) of SKT, our consolidated subsidiary in Thailand, incurred no human or material damage.



Indirect Damage

Suspension of production not only affected customers in Thailand, but worldwide

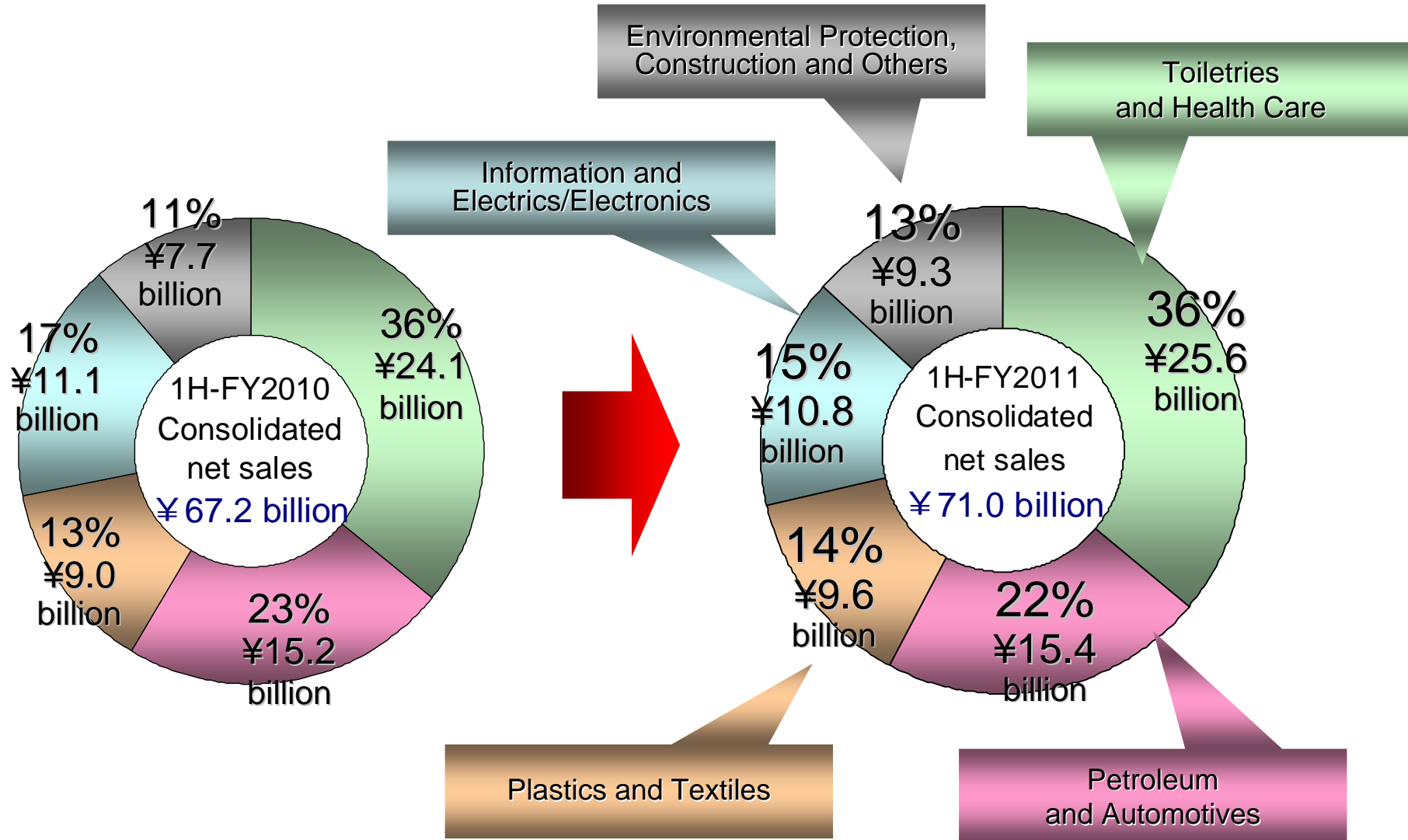


Affects automotive-related products (paint resins and polyurethane foams) and textile-related products

Principal Products by Product Group

Class.	Sub-Category	Principal Products
Toiletries and Health Care	Toiletries	Surfactants for Detergents, Surfactants for Hair Care Products, Agents for Papermaking
	Health Care	Superabsorbent Polymers (SAPs), Base Materials for Pharmaceuticals, Germicides/Disinfectants, EIA Diagnostic Reagents, Potting Resins for Artificial Kidneys
Petroleum and Automotives		Thermoplastic Polyurethane Beads for the Interior Parts of Automobiles (TUBs), Raw Materials for Polyurethane Foams (PPG), Lubricating Oil Additives, Additives for Fuel Oils, Water-Soluble Cutting Fluids, Halogen-Free Cleaning Agents, Base Materials for Synthetic Lubricants, Paste Resins for Design Models, Resins for Automobile Paints
Plastics and Textiles	Plastics	Permanent Antistatic Agents, Pigment Dispersants, Resin Modifiers, Base Materials for Polyurethane Elastomers, Paint Resins, Chemical Boards for Models
	Textiles	Agents for Textile Manufacturing, Chemicals for Carbon Fibers, Agents for Fiberglass, Polyurethane Resins for Synthetic Leather
Information and Electrics /Electronics	Information	Polyester Beads (PEBs) Used as a Core Component of Polymerization Toners, Toner Resins
	Electrics /Electronics	Electrolytes for Aluminum Electrolytic Capacitors, Electrolytes for Electric Double-Layer Capacitors, Processing Agents for Semiconductors, Agents for Use in Hard Disk Manufacturing, UV/EB Curing Resins
Environmental Protection, Construction and Others		Polymer Flocculants for Wastewater Treatment, Polyurethane for Heat Insulating Materials (PPG), Slurry Agents, Reactive Hot-Melt Adhesives

Net Sales by Product Group (1H-FY2011)



Priority Focus in 1H-FY2011

Responding to Great East Japan Earthquake

- Increased inventory at Kashima Factory

- Electricity-saving initiatives

- Consignment production on behalf of quake-hit manufacturers

Move to multiple production base system and strengthen overseas production system

- Superabsorbent polymers (factories in Nagoya/Ogaki, Japan and in China)

- Paper/paint additives (factories in Nagoya/Kashima, Japan and in China)

- Resin materials for electrodeposition paint used for automobiles

 - (factories in Kashima, Japan and in Nantong [under construction], China)

- High-performance agents for hard disk manufacturing process

 - (factories in Kyoto, Japan and in Rayong [under construction], Thailand)

- Lubricating oil additives

 - (factories in Kyoto/Kashima, Japan and in Pittsburgh [under construction], USA)

Concentrate management resources on priority core businesses and Strategic Products

- Pilot plant construction

 - Raw materials for lightweight polyurethane foams

 - (Kinuura Factory [under construction])

 - New manufacturing process for polyester beads

 - used as a core component of polymerization toners

 - (Kashima Factory [under construction])

Results of Operations for 1H-FY2011

(Billions of yen)

Consolidated	1H: April-September		Year on Year Change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	71.03	67.28	3.74	6
Operating income	3.37	5.21	(1.83)	(35)
Ordinary income	4.19	5.55	(1.36)	(25)
Net income	2.46	3.20	(0.74)	(23)
Comprehensive income	2.01	2.40	(0.38)	(16)

(Billions of yen)

Non-Consolidated	1H: April-September		Year on Year Change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	49.66	46.53	3.12	7
Operating income	1.19	2.72	(1.52)	(56)
Ordinary income	2.50	3.74	(1.24)	(33)
Net income	1.77	2.69	(0.92)	(34)

Subsidiary Results of Operations for 1H-FY2011

Internal sales among Sanyo Chemical Group are not eliminated.

Subsidiaries (11 companies)

(Billions of yen)

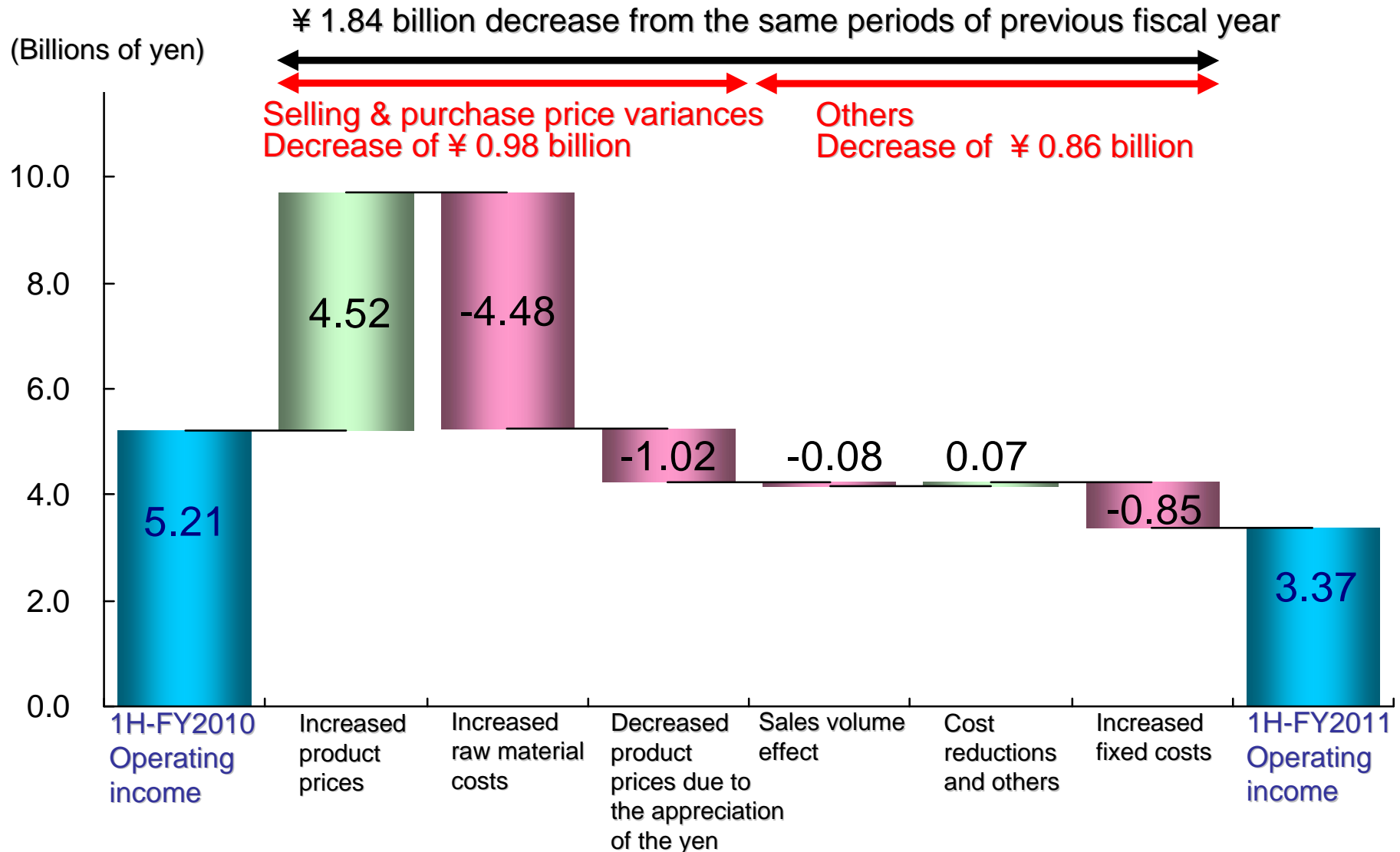
	1H: April-September		Year on Year Change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	36.13	33.77	2.36	7
Operating income	1.92	2.34	(0.41)	(18)
Ordinary income	2.37	2.41	(0.04)	(2)

Of which, SDP Group (SDP and SDN)

(Billions of yen)

	1H: April-September		Year on Year Change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	16.68	15.83	0.84	5
Operating income	1.03	1.52	(0.48)	(32)
Ordinary income	1.07	1.46	(0.38)	(27)

Change in Consolidated Operating Income



Average foreign exchange rate (yen/US\$) 1H-FY2010: ¥88.9 → 1H-FY2011: ¥79.7
 Domestic naphtha price (thousand of yen/kl) 1H-FY2010: ¥46.0 → 1H-FY2011: ¥57.0

Change in Consolidated Net Income

(Billions of yen)

	1H: April-September		Year on Year Change
	FY2011	FY2010	
Operating income	3.37	5.21	(1.83)
Equity in earnings of non-consolidated affiliates	0.58	0.24	0.33
Gain or loss on foreign exchange	(0.09)	(0.19)	0.10
Other non-operating expenses	0.32	0.29	0.02
Ordinary income	4.19	5.55	(1.36)
Gain and Loss on disposal/sales of property, plant and equipment	(0.15)	0.04	(0.20)
Subsidy	0.15	—	0.15
Other extraordinary income or loss	0.05	(0.01)	0.06
Income before income taxes and minority interests	4.24	5.59	(1.34)
Income taxes paid, etc.	(1.27)	(1.88)	0.60
Minority interests	(0.49)	(0.49)	0.00
Net income	2.46	3.20	(0.74)

Consolidated Balance Sheet

(Billions of yen)

	Sept. 30 2011	Mar. 31 2011	Changed Amount	Main Change Factor*
Current assets	67.5	65.3	2.1	Decrease of cash and deposits: (3.0) Increase of notes and accounts receivable-trade: 2.5 Increase of inventories: 2.5
Fixed assets	75.3	75.4	(0.1)	Property, plant and equipment: 0.8, Investment securities: (1.0)
Assets	142.8	140.8	2.0	
Current liabilities	43.3	40.2	3.0	Notes and accounts payable-trade: 2.9, Short-term loans: 1.0
Long-term liabilities	10.2	12.1	(1.8)	Long-term debt: (1.1), Provision for retirement benefits: (0.3)
Liabilities	53.6	52.4	1.2	
Shareholder's equity	83.7	82.1	1.6	Net income: 2.4, Cash dividends paid: (0.8)
Other comprehensive income	2.1	3.1	(0.9)	Unrealized gains on other securities: (0.9)
Minority interests	3.3	3.1	0.2	
Net assets	89.2	88.3	0.8	
Total Liabilities and net assets	142.8	140.8	2.0	

* Each figure indicates the changed amount.

(Billions of yen)

Consolidated Cash Flows

	April-September		Changed amount	Main Change Factor*
	FY2011	FY2010		
Operating activities	3.6	3.6	0.0	
Income before income taxes and minority interests	4.2	5.5	(1.3)	
Depreciation and amortization	4.3	3.5	0.7	Kinuura Factory operating: 0.5
(Increase) decrease in operating capital	(2.1)	(2.7)	0.6	
Income taxes	(1.7)	(1.8)	0.0	
Others	(1.0)	(0.9)	0.0	
Investing activities	(5.4)	(3.4)	(2.0)	Cash outlays for property, plant and equipment: (1.7)
Free cash flows	(1.7)	0.1	(1.9)	
Financing activities	(1.1)	(1.4)	0.2	
Increase (decrease) in cash and cash equivalents	(3.0)	(1.4)	(1.6)	
Cash and cash equivalents at beginning of period	12.0	15.5	(3.5)	
Cash and cash equivalents at end of period	8.9	14.1	(5.1)	

* Each figure indicates the changed amount.

Progress to Forecast of FY2011

(Billions of yen)

Consolidated	FY2011 Annual		1H-FY2011		FY2010 Annual
	Forecast*	Year on Year Change (%)	Result	Progress to Forecast (%)	Result
Net sales	148.00	9	71.03	48	136.02
Operating income	8.00	(17)	3.37	42	9.61
Ordinary income	9.60	(9)	4.19	44	10.52
Net income	5.90	13	2.46	42	5.20

(Billions of yen)

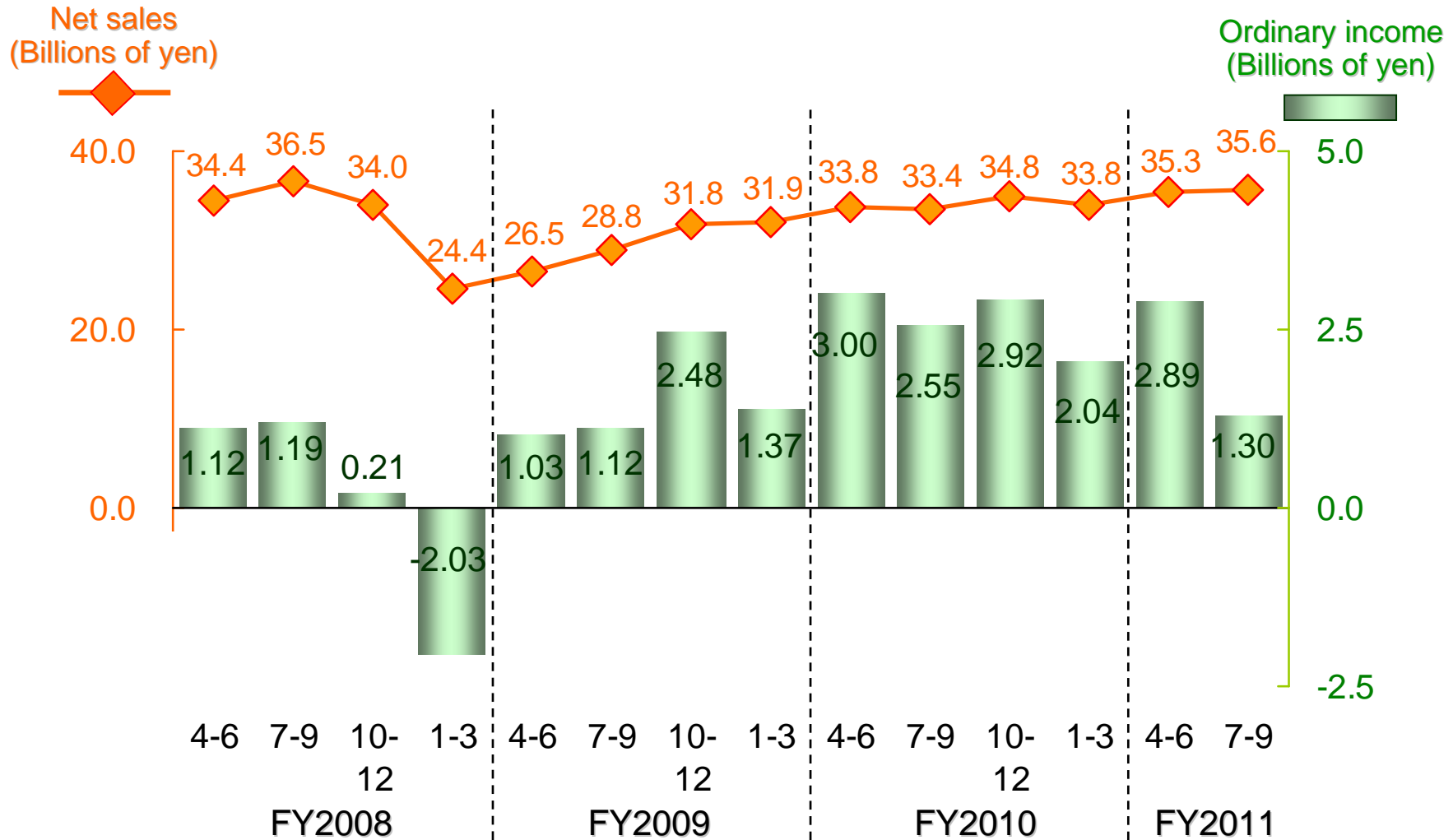
Non-Consolidated	FY2011 Annual		1H-FY2011		FY2010 Annual
	Forecast*	Year on Year Change (%)	Result	Progress to Forecast (%)	Result
Net sales	103.00	10	49.66	48	93.65
Operating income	4.10	(1)	1.19	29	4.13
Ordinary income	7.00	13	2.50	36	6.19
Net income	5.20	20	1.77	34	4.06

<Precondition for the forecast>

Domestic naphtha price: 53 thousand of yen/kl, Foreign exchange rate: 76.0 yen/US\$

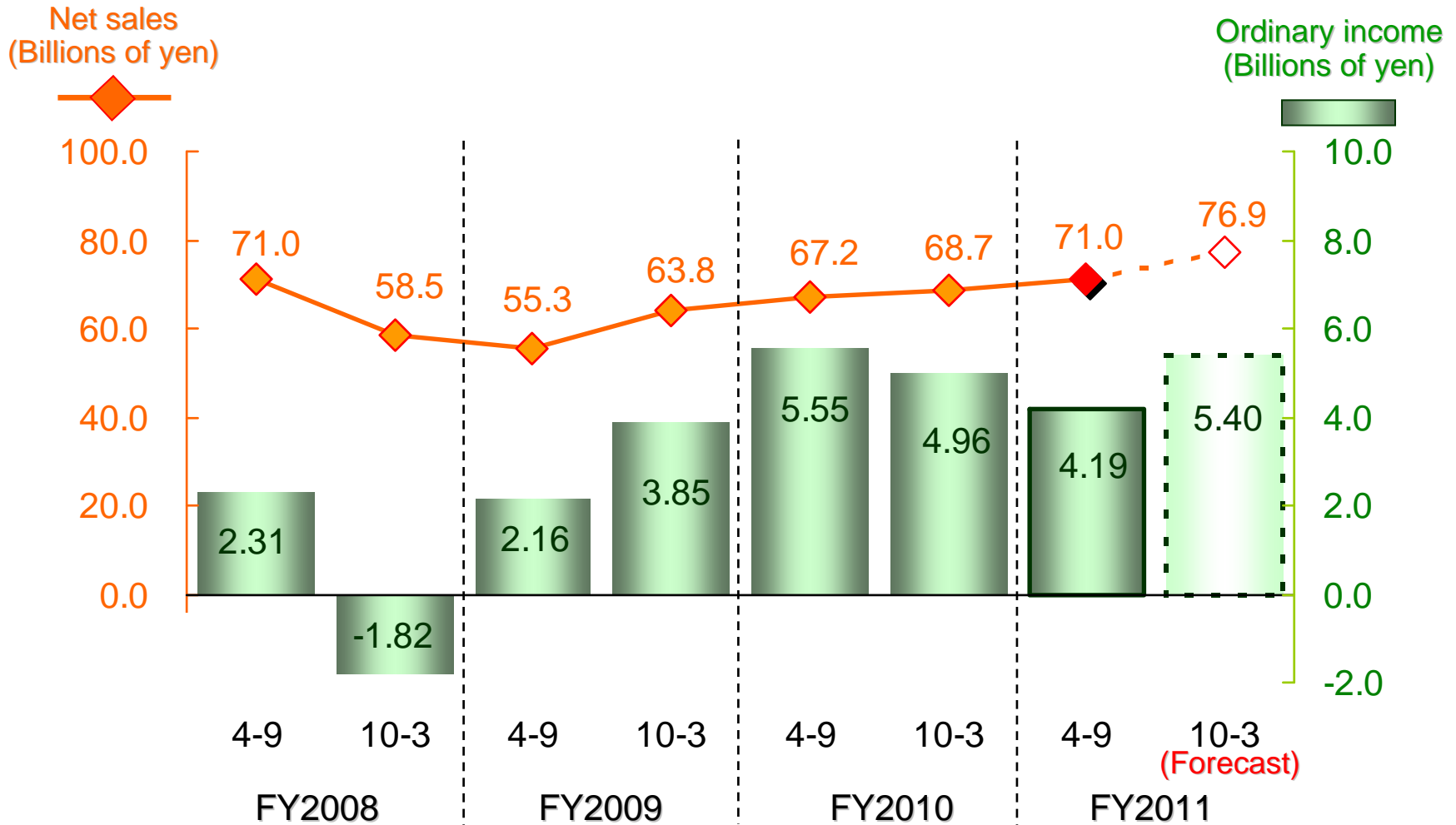
* We disclosed the forecast on October 25, 2011.

Quarterly Consolidated Business Result Trend



•2Q profits decreased substantially over 1Q because effects of sharply rising raw material costs (1Q) on profits manifested (2Q) and further appreciation of the yen

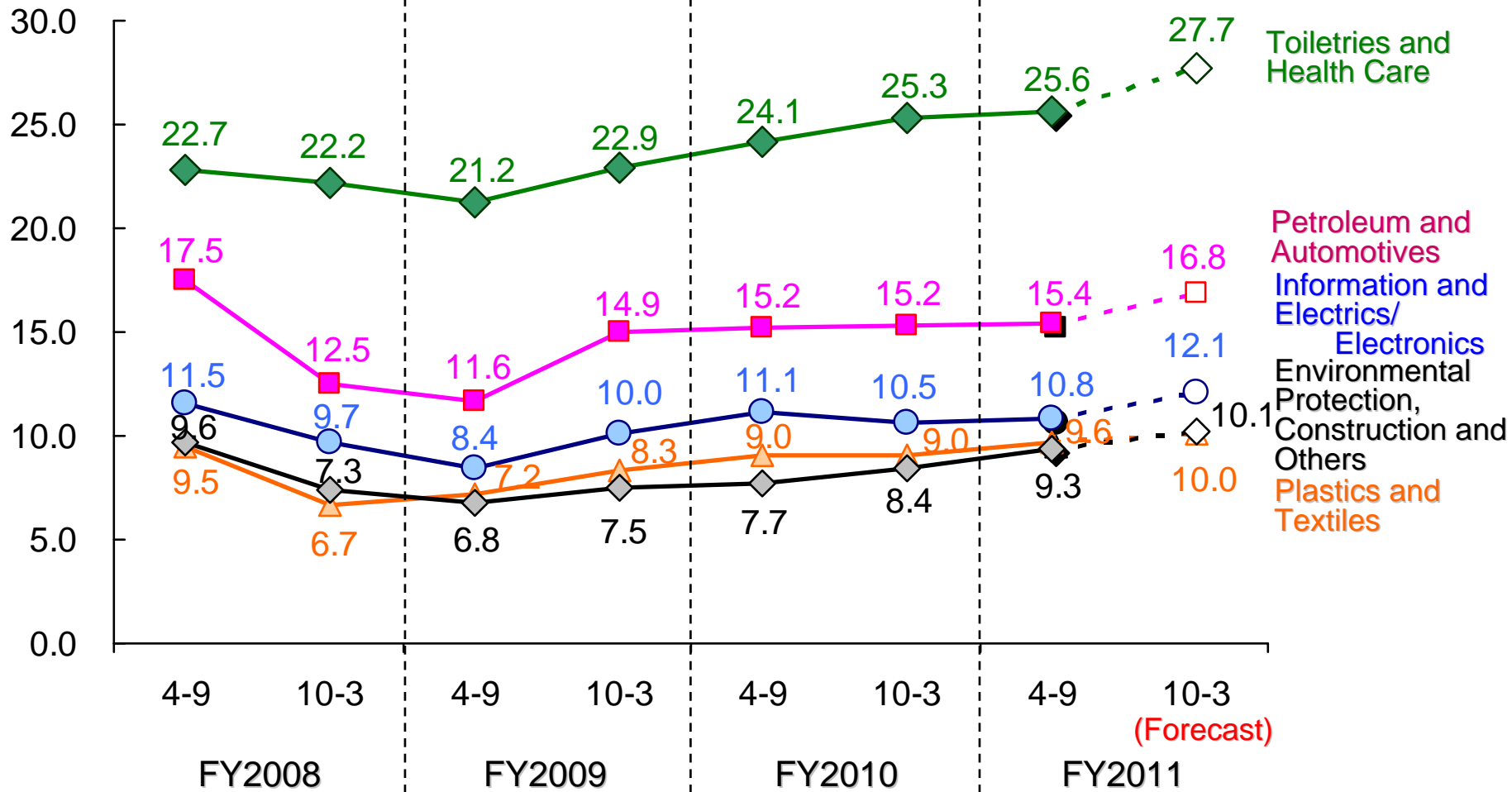
Consolidated Business Result Trend (Forecast for 2H in FY2011)



• Higher profit growth expected in second half than in first half due to automotive industry's recovery and product price increases in environment marked by falling raw material costs

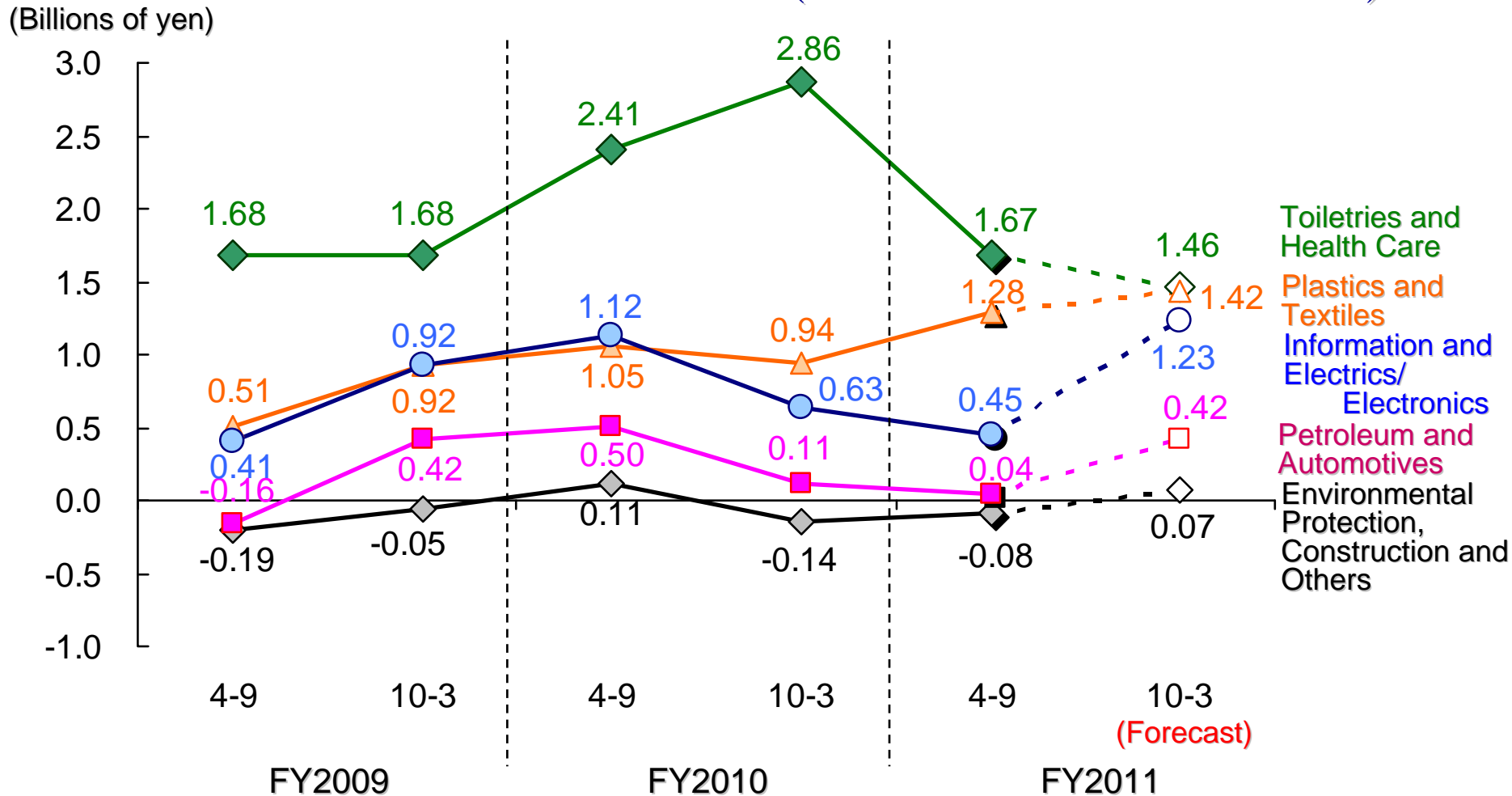
Consolidated Net Sales Trend by Product Group (Forecast for 2H in FY2011)

(Billions of yen)



• Higher sales in all segments expected in second half than in first half owing to widespread product price increases

Consolidated Operating Income Trend by Product Group (Forecast for 2H in FY2011)



- Excluding Toiletries and Health Care, higher profits expected in second half than in first half due to falling raw material costs, despite continued appreciation of the yen
- In Toiletries and Health Care, lower profits expected in second half than in first half owing to appreciation of the yen and higher procurement costs for some products

Priority Core Business (1)

SAPs

Toiletries and Health Care

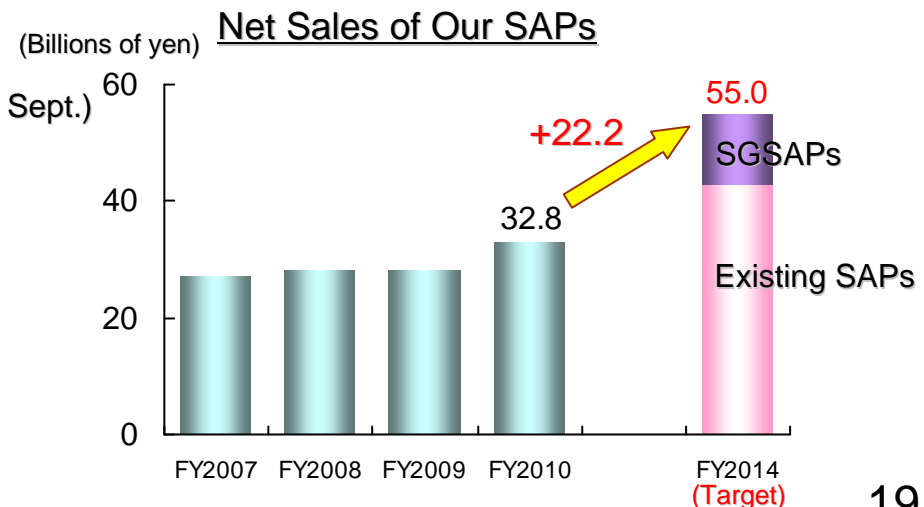
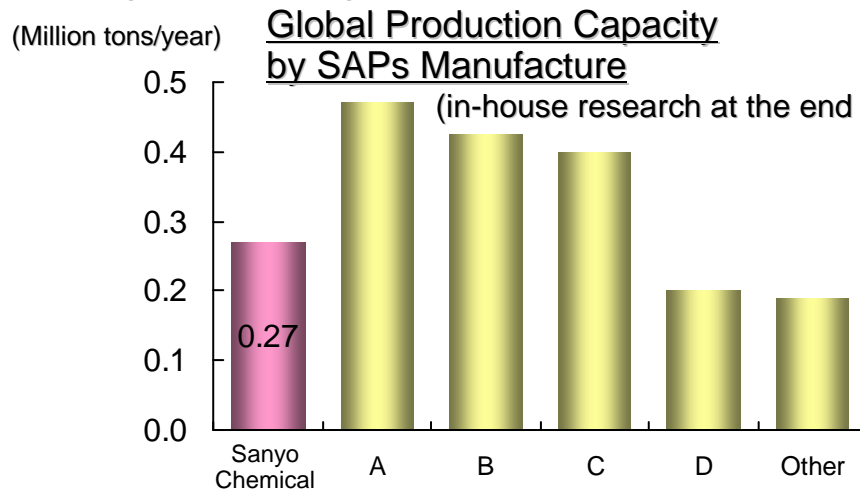


Market Forecast

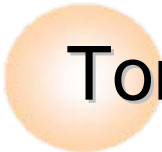
- Global SAPs demand: approx. 1.7 million tons/year
- Vigorous demand mainly in emerging countries (with 20%-30% annual growth rate in China)
- Annual global growth rate of 7%-8% expected

Direction of Sanyo Chemical

- Completed facility expansion (70,000 tons/year; China total: 140,000 tons/year) in Nantong City, Jiangsu Province, China in June 2011
- Selected ASEAN region as major candidate for facility expansion plan in current Medium-Term Management Plan
- Expand SAPs business, especially new SGSAPs product that helps make disposable diapers thinner



Priority Core Business (2)



Toner Materials

Information and Electrics/Electronics



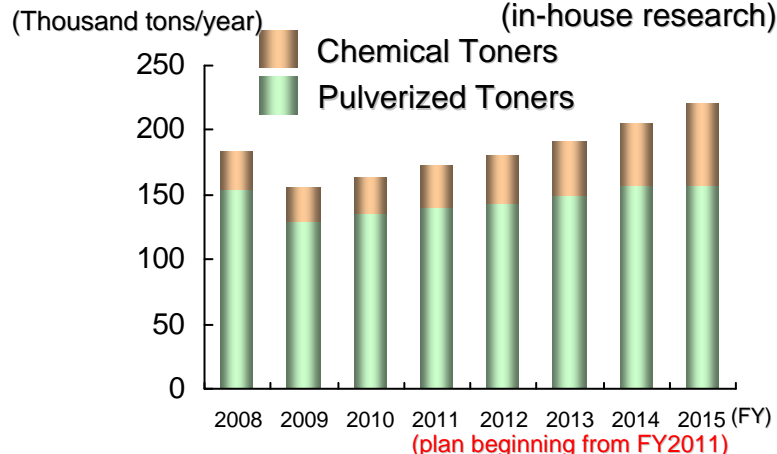
Market Forecast

- Expected growth in polymerization toners (chemical toners) due to increasing demand for higher-definition toners and energy-conservation (annual growth rate of 15% or higher expected)
- Increased demand for pulverized toners (global annual growth rate of 3%, mainly in emerging countries)

Direction of Sanyo Chemical

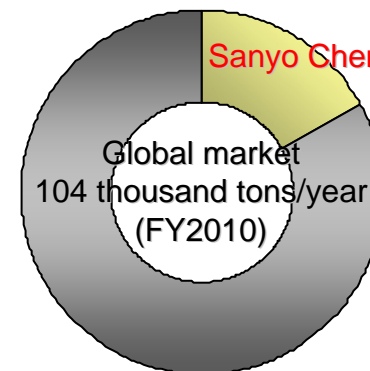
- Lower toner fusing temperatures and develop revolutionary toner resins that help conserve energy
- Now constructing pilot plant to accommodate radical new process (scheduled for completion in spring 2012)

Global Production Volume by Toner Manufacturing Process (in-house research)

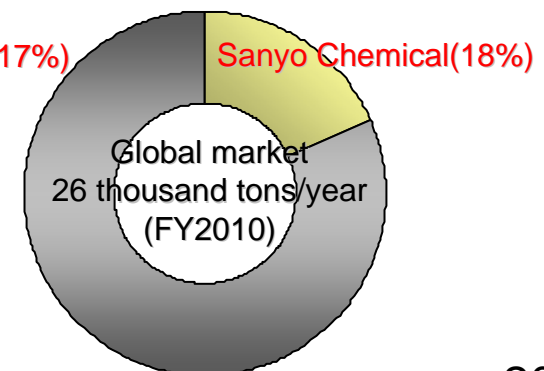


Sanyo Chemical Share (in-house research)

Toner Resins for Pulverized Toner



Materials for Chemical Toners



Priority Core Business (3)

Raw Materials for Polyurethane Foams

Petroleum and Automotives



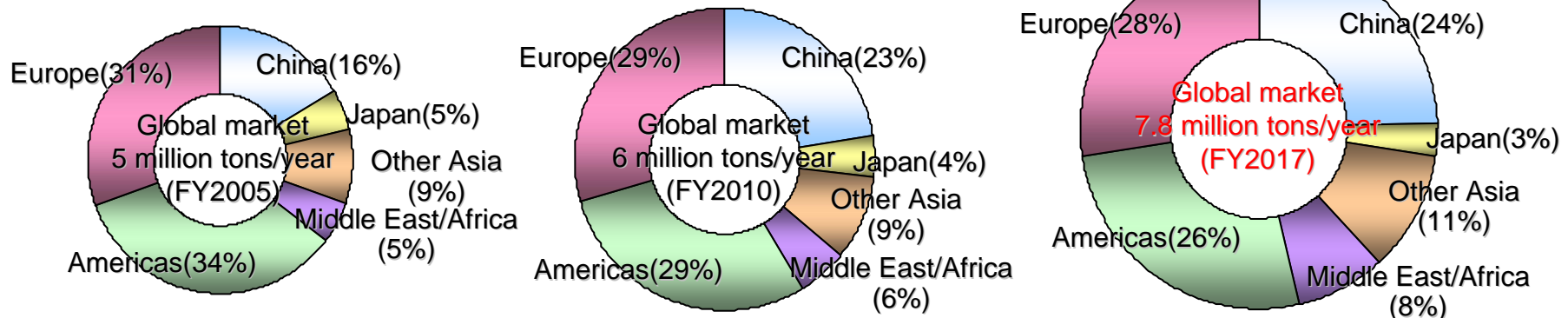
Market Forecast

- Raw materials for polyurethane foams (PPG) are used as cushioning materials in automobile interiors and in furniture, and global cost competition for them is intensifying
- Global annual growth rate of 4% expected (China: 5% annual growth rate; Japan: market saturation)

Direction of Sanyo Chemical

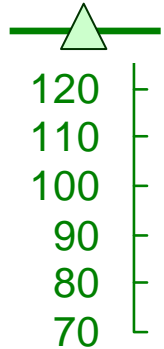
- No. 2 share of Japanese market (260,000 tons/year)
- Competition with major global companies in PPG market. PPG and other weight-saving materials now under priority development (contributes to improved fuel efficiency and lower automobile costs)
- Pilot plant now under construction at Kinuura Factory

Global Market for Polyurethane Foams (PPG) (in-house research)

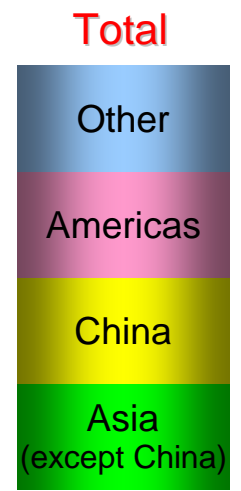
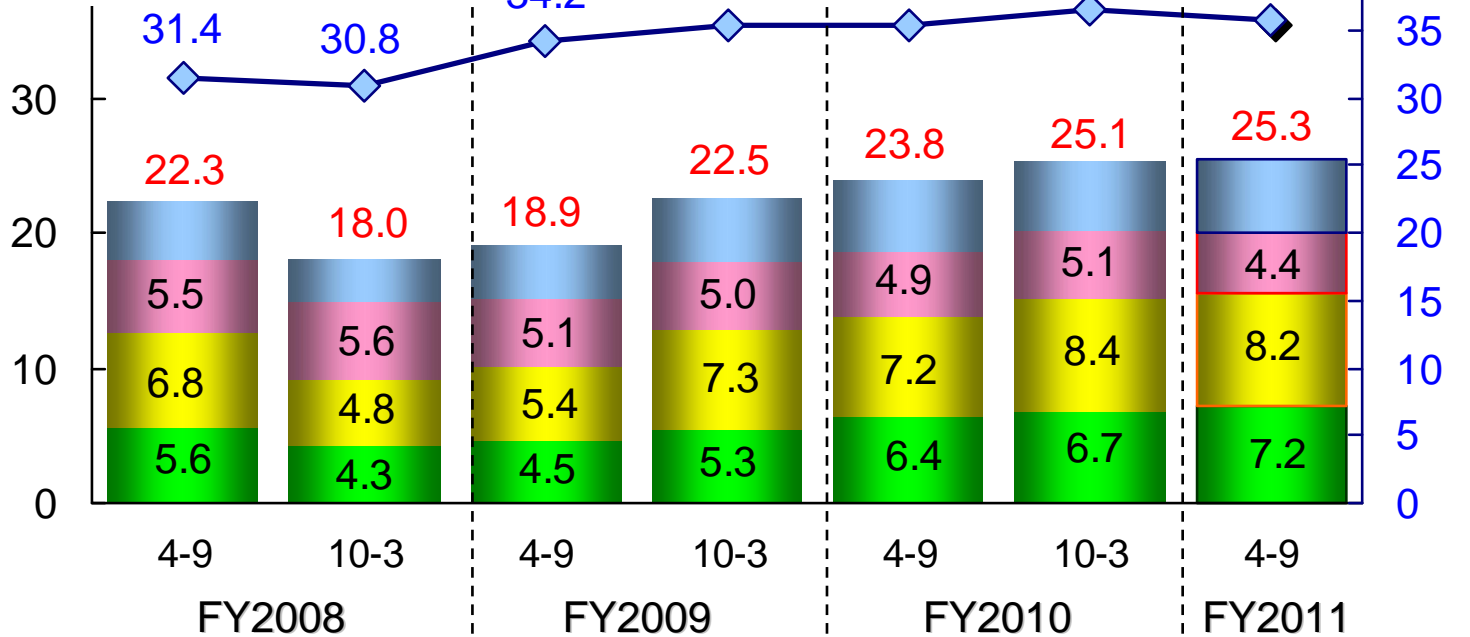


Consolidated Overseas Sales Trend

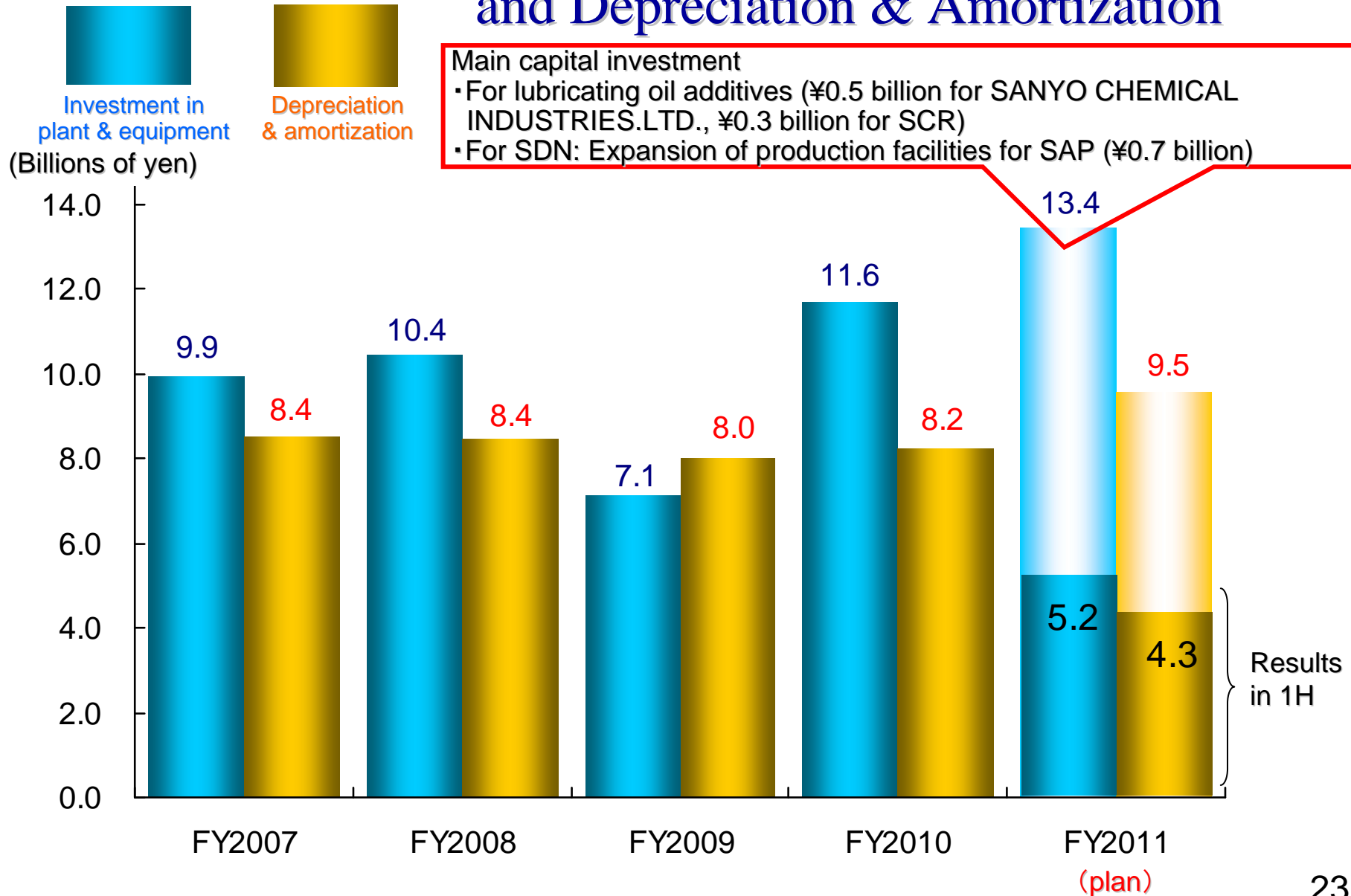
Average foreign exchange rate
(Yen/US\$)



Overseas sales
(Billions of yen)



Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



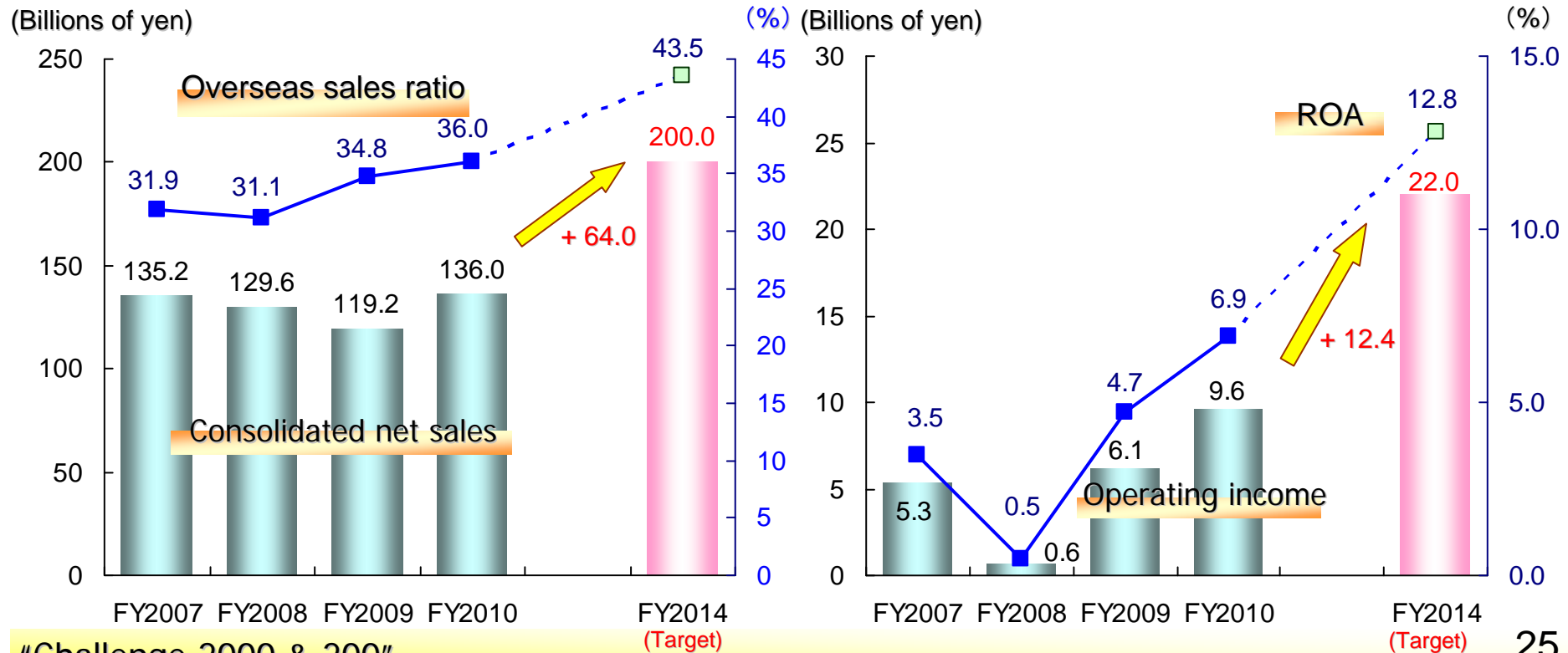
The Eighth Medium-Term Management Plan

(FY2011 to FY2014)

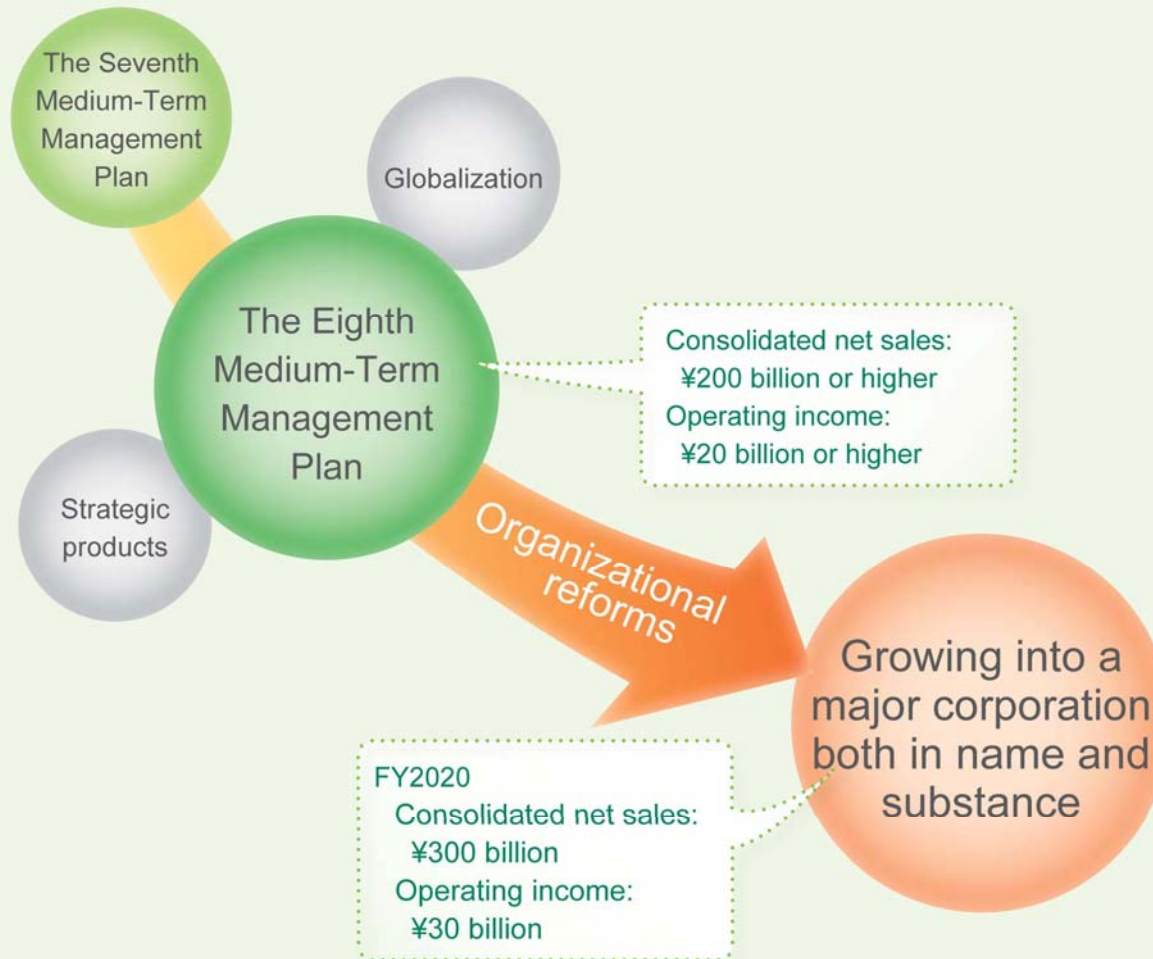
Targets

- Period: FY2011 to FY2014 (4 years)
- Slogan

“Challenge 2000 & 200”

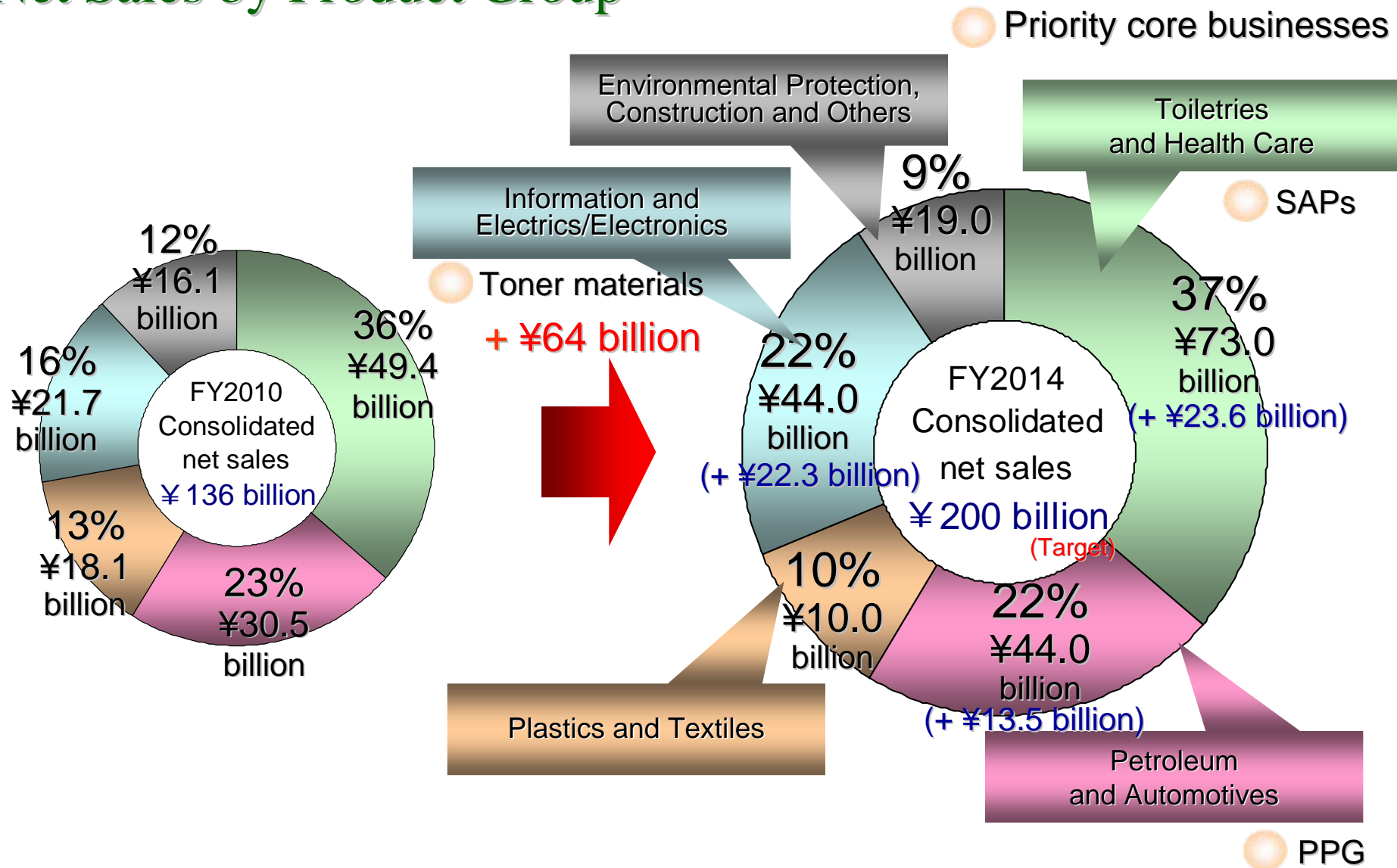


Challenging Ourselves to Achieve
New Dreams



Actively promoting sales expansion through globalization and the concentration of management resources into Strategic Products, and organizational reforms in such fields as personnel training.

Net Sales by Product Group



Dramatically expand priority core businesses

Operating Income by Product Group

(Billions of yen)

Product Group	FY2010		FY2014		Change
	Amount	Profit Margins	Amount	Profit Margins	
Toiletries and Health Care	5.2	10.7%	9.5	13.0%	+4.3
Petroleum and Automotives	0.6	2.0%	2.5	5.7%	+1.9
Plastics and Textiles	2.0	11.0%	3.0	15.0%	+1.0
Information and Electrics/Electronics	1.7	8.1%	6.0	13.6%	+4.3
Environmental Protection, Construction and Others	(0.0)	-	1.0	5.3%	+1.0
Total	9.6	7.1%	22.0	11.0%	+12.4

Strategic Product

Strategic Product

Driving force supporting higher profitability and business expansion

Strategic Products newly set in the Eighth Medium-Term Management Plan (18 items)

New growth-driving products (8 items)

Products related to energy, electronic parts, biotechnology, etc.

Expected to grow in the future

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

Basic products for expansion (10 items)

Strategic Products carried over under the previous Medium-Term Management Plan

Aimed at the global development of existing business

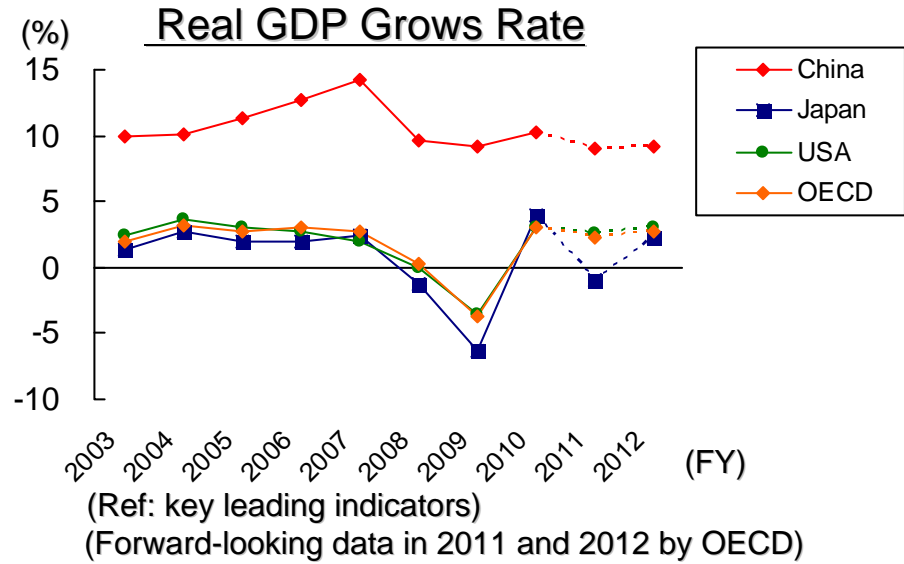
(Billions of yen)

	FY2010	FY2014	Change
Strategic Products newly set in the Eighth Medium-Term Management Plan	1.1	39.0	+37.9
New growth-driving products	0.9	9.0	+8.1
Basic products for expansion	0.1	30.0	+29.9
Strategic Products carried over under the Seventh Medium-Term Management Plan	19.1	27.0	+7.9
Strategic products total	20.2	66.0	+45.8
Consolidated net sales total	136.0	200.0	+64.0

Overseas Sales

World Situation

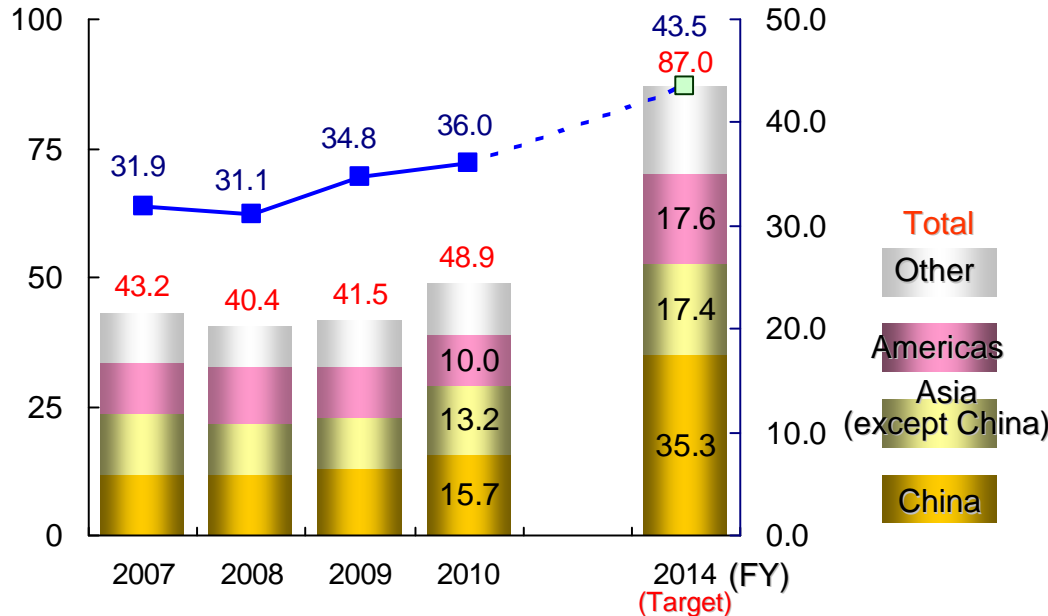
High growth of emerging countries, primarily in China
(Substantially increasing demand)



Overseas sales
(Billions of yen)

Overseas Sales

Overseas sales
ratio (%)



Aggressive investment

Eighth Medium-Term Management Plan Total investments (4 years)

Investment in plant and equipment: approx. ¥50 billion

Research and development (R&D) cost: approx. ¥24 billion

Expansion of production facilities for superabsorbent polymers (SAPs): approx. ¥5.0 billion

- Helps make disposable diapers thinner
- Selected ASEAN region as major candidate for facility expansion plan in current Medium-Term Management Plan

New construction and expansion of production facilities for toner materials: approx. ¥5.0 billion

- Conserve energy by lowering toner fusing temperatures
- Pilot plant now under construction to accommodate radical new process

Expansion of production facilities for raw materials for polyurethane foams: approx. ¥3.0 billion

- Priority development of lighter weight and fire-resistant polyurethane foams
- Pilot plant now under construction at Kinuura Factory

Expansion of production facilities for lubricating oil additives: approx. ¥3.0 billion

Expansion of general-purpose organic synthesis production facilities: approx. ¥3.0 billion

**Concentrate Management Resources on
Development of Strategic Products**

Reference

Consolidated Net Sales by Product Group

(Billions of yen)

Product Group	April-September		Year on Year Change	
	FY2011	FY2010	Amount	Ratio (%)
Toiletries and Health Care	25.62	24.13	1.48	6
Toiletries	7.48	6.69	0.79	12
Health Care	18.14	17.44	0.69	4
Petroleum and Automotives	15.45	15.24	0.21	1
Plastics and Textiles	9.69	9.01	0.68	8
Plastics	5.55	5.37	0.17	3
Textiles	4.14	3.64	0.50	14
Information and Electrics/Electronics	10.85	11.14	(0.29)	(3)
Information	7.30	7.57	(0.26)	(4)
Electrics/Electronics	3.55	3.57	(0.02)	(1)
Environmental Protection, Construction and Others	9.38	7.73	1.65	21
Total	71.03	67.28	3.74	6

(Ref.-1)

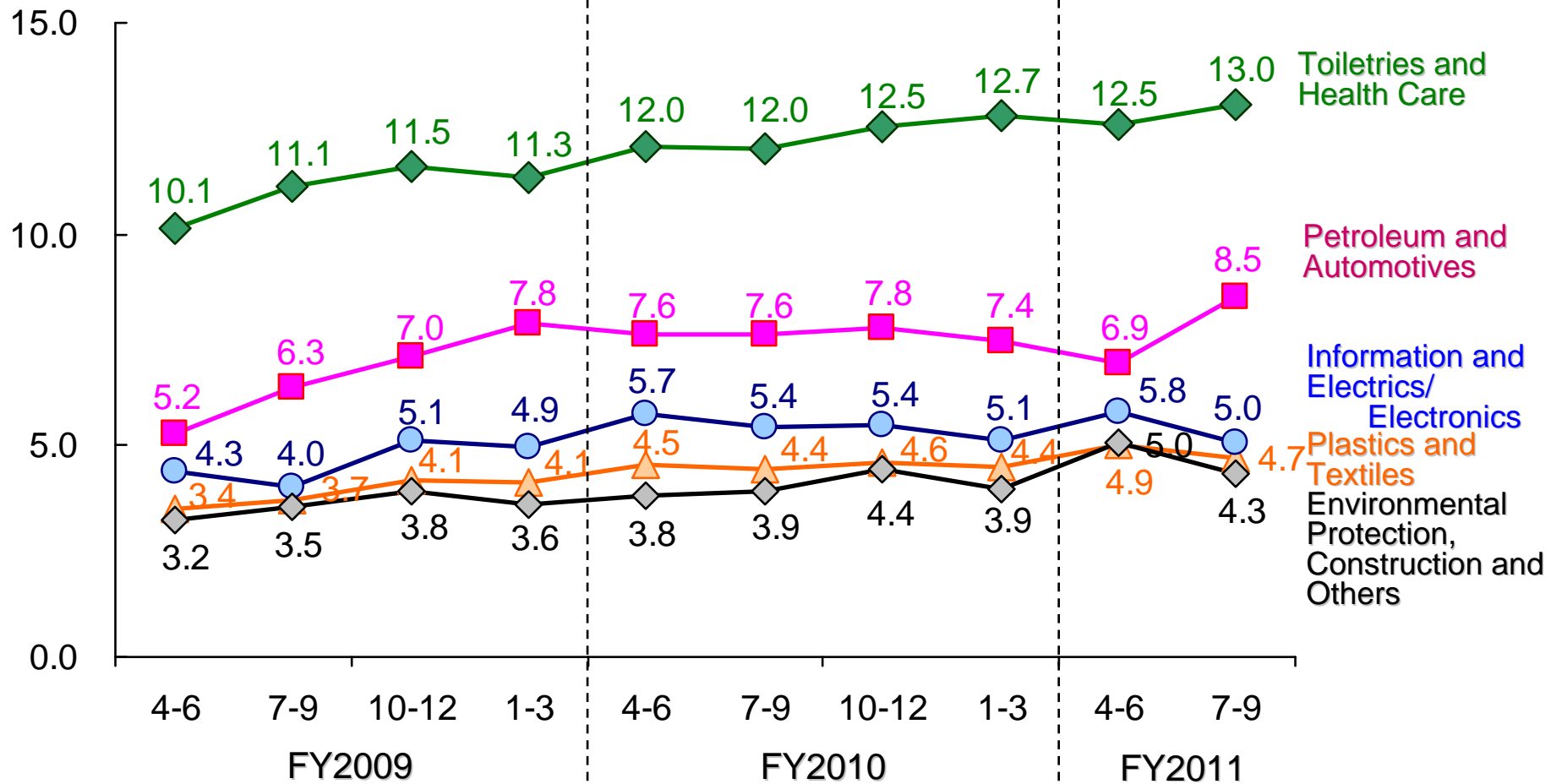
Consolidated Operating Income by Product Group

(Billions of yen)

Product Group	April-September		Year on Year Change	
	FY2011	FY2010	Amount	Ratio (%)
Toiletries and Health Care	1.67	2.41	(0.73)	(30)
Petroleum and Automotives	0.04	0.50	(0.45)	(91)
Plastics and Textiles	1.28	1.05	0.22	21
Information and Electrics/Electronics	0.45	1.12	(0.66)	(59)
Environmental Protection, Construction and Others	(0.08)	0.11	(0.20)	Loss
Total	3.37	5.21	(1.83)	(35)

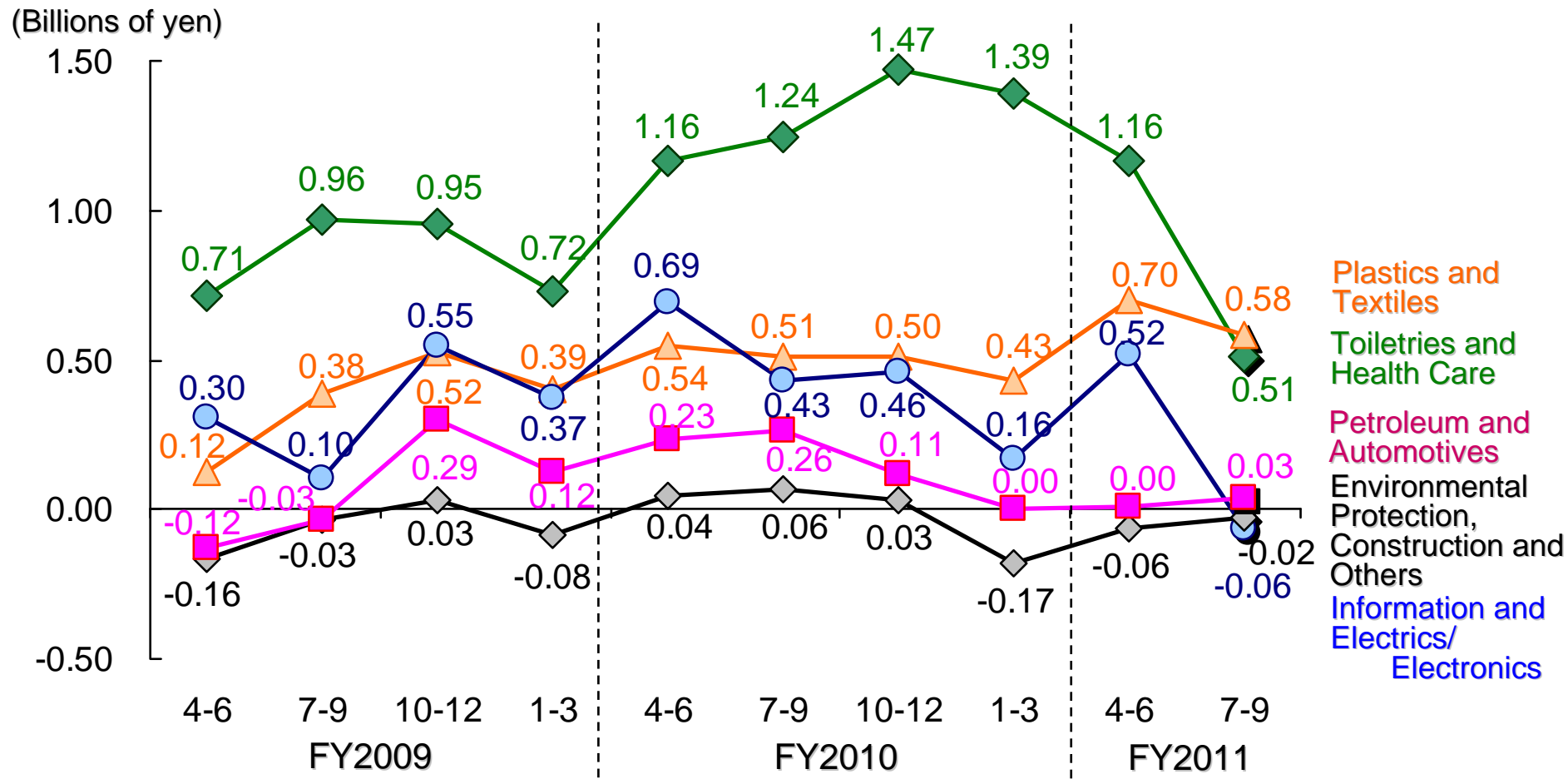
Quarterly Consolidated Net Sales Trend by Product Group

(Billions of yen)



•2Q sales of Petroleum and Automotives exceeded 1Q sales due to automotive industry recovery

Quarterly Consolidated Operating Income Trend by Product Group



- Profits decreased from the same period of the previous fiscal year (excluding Plastics and Textiles) due to rising raw material costs and the continuing appreciation of the yen
- Profits in Toiletries and Health Care and Information and Electrics/Electronics decreased substantially in 2Q compared with 1Q due to rising raw material costs and the appreciation of the yen
- Plastics and Textiles profits increased from the same period of the previous fiscal year due to strong demand for chemicals for carbon fibers

Change in Consolidated Operating Income (2Q Only)

¥ 1.30 billion decrease from the previous quarter

← Selling & purchase price variances Decrease of ¥ 0.88 billion
 ← Others Decrease of ¥ 0.42 billion

(Billions of yen)



Average foreign exchange rate (yen/US\$)

1Q-FY2011: ¥81.7 → 2Q-FY2011: ¥77.8

Domestic naphtha price (thousand of yen/kl)

4Q-FY2010: ¥52.4 → 1Q-FY2011: ¥59.0 → 2Q-FY2011: ¥54.9

Change in Non-Consolidated Operating Income

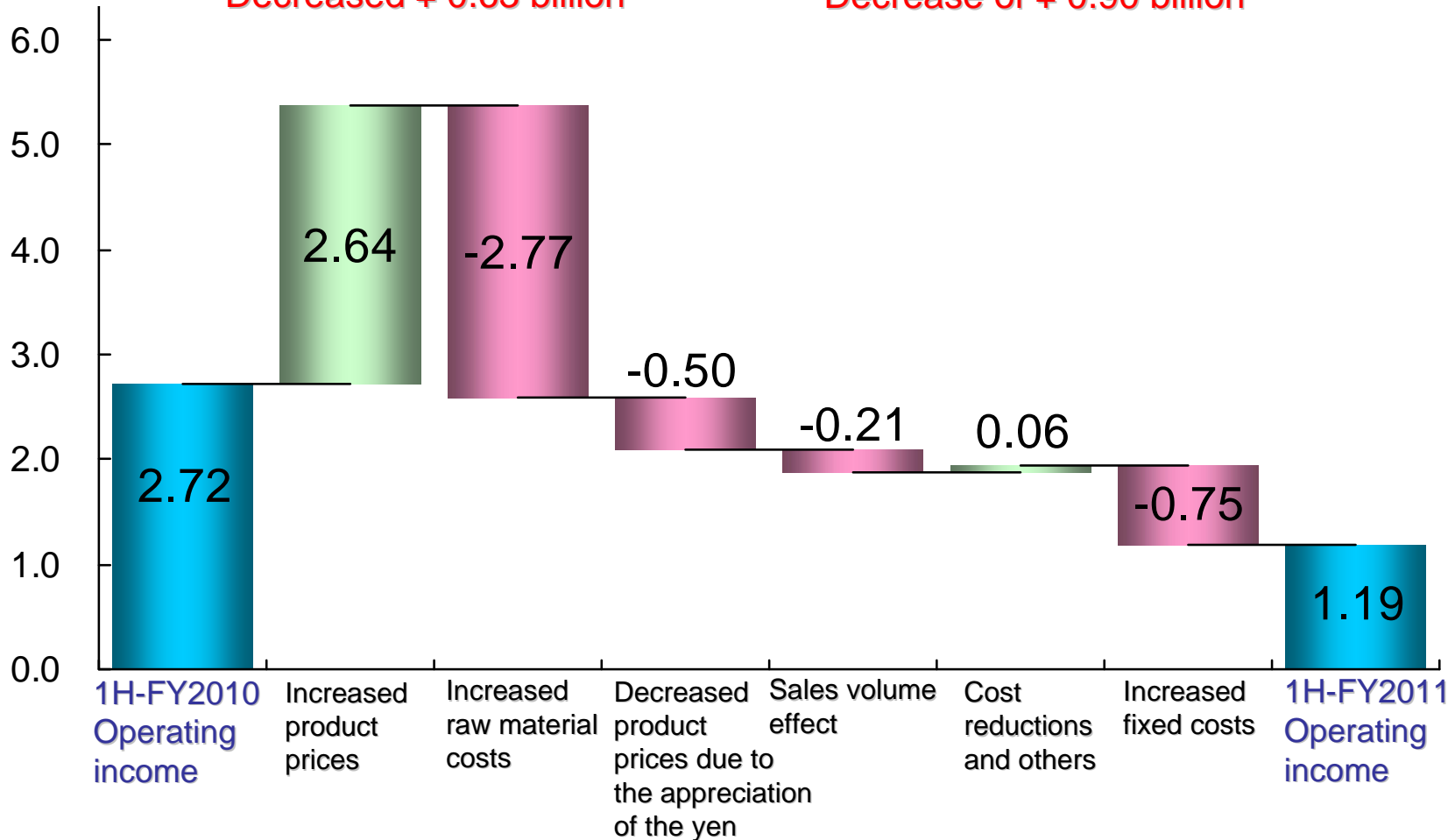
¥ 1.53 billion decrease from the same periods of previous fiscal year



(Billions of yen)

Selling & purchase price variances
Decreased ¥ 0.63 billion

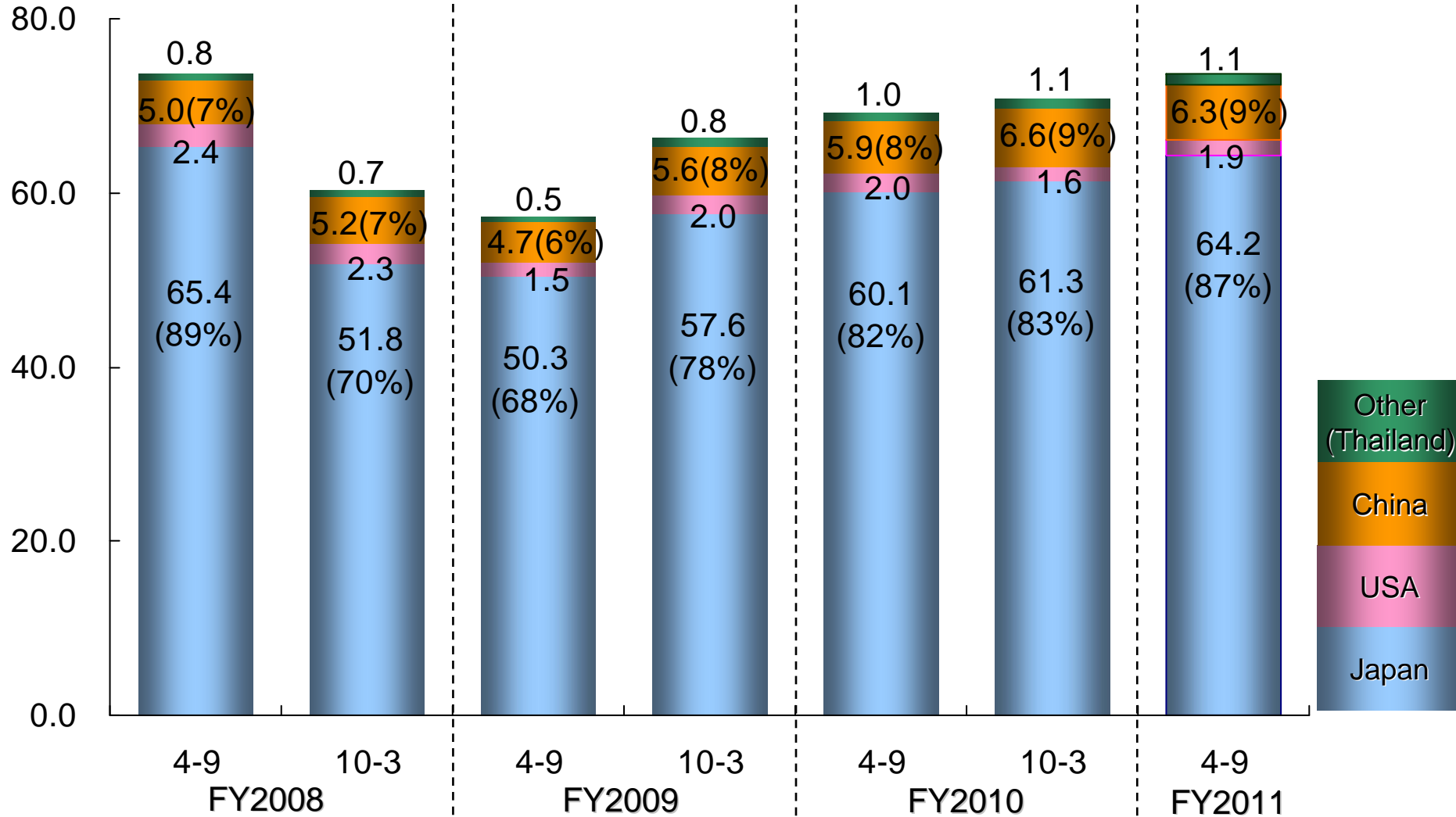
Others
Decrease of ¥ 0.90 billion



Geographic Segments (Net Sales)

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)

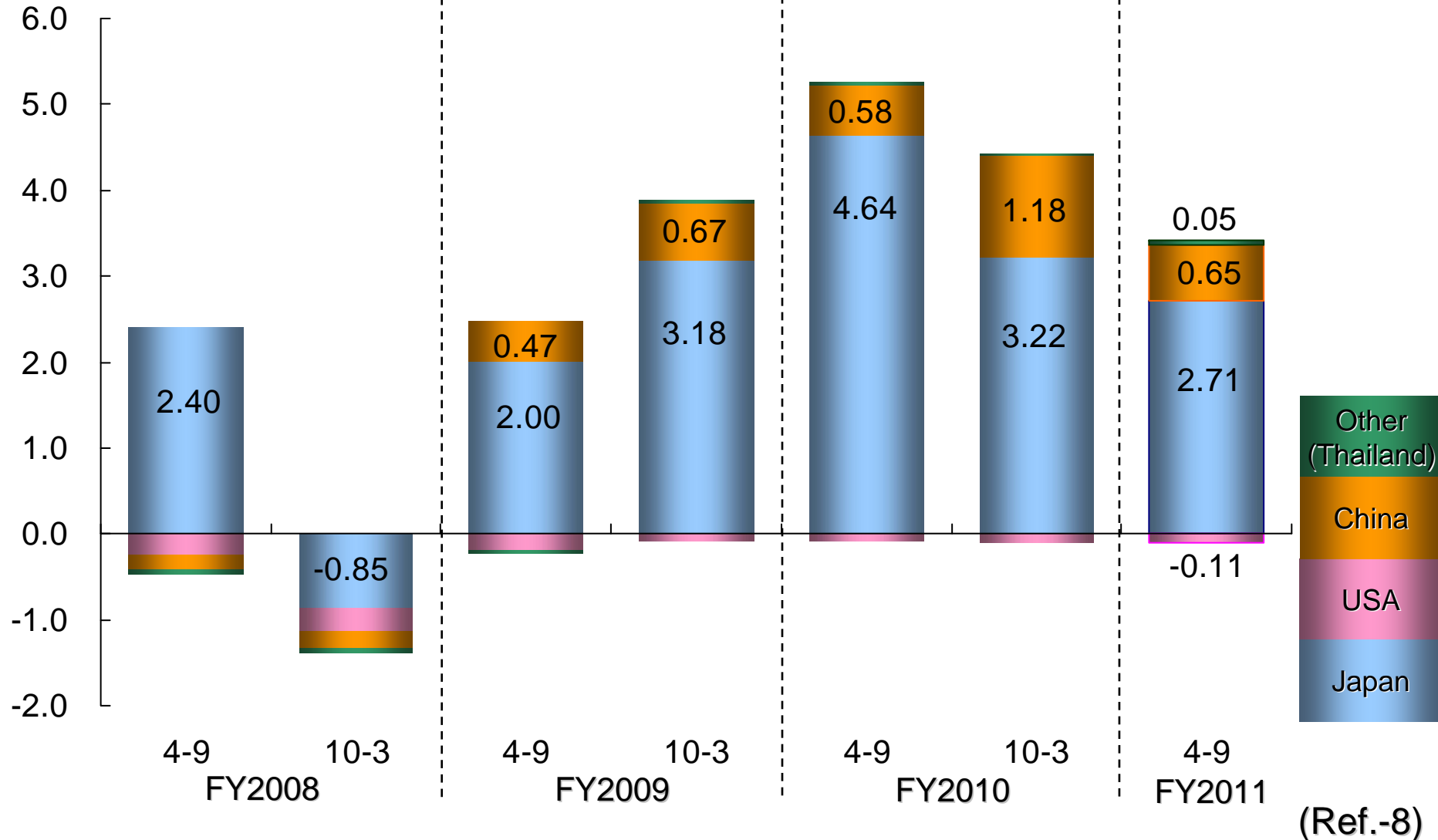


(Ref.-7)

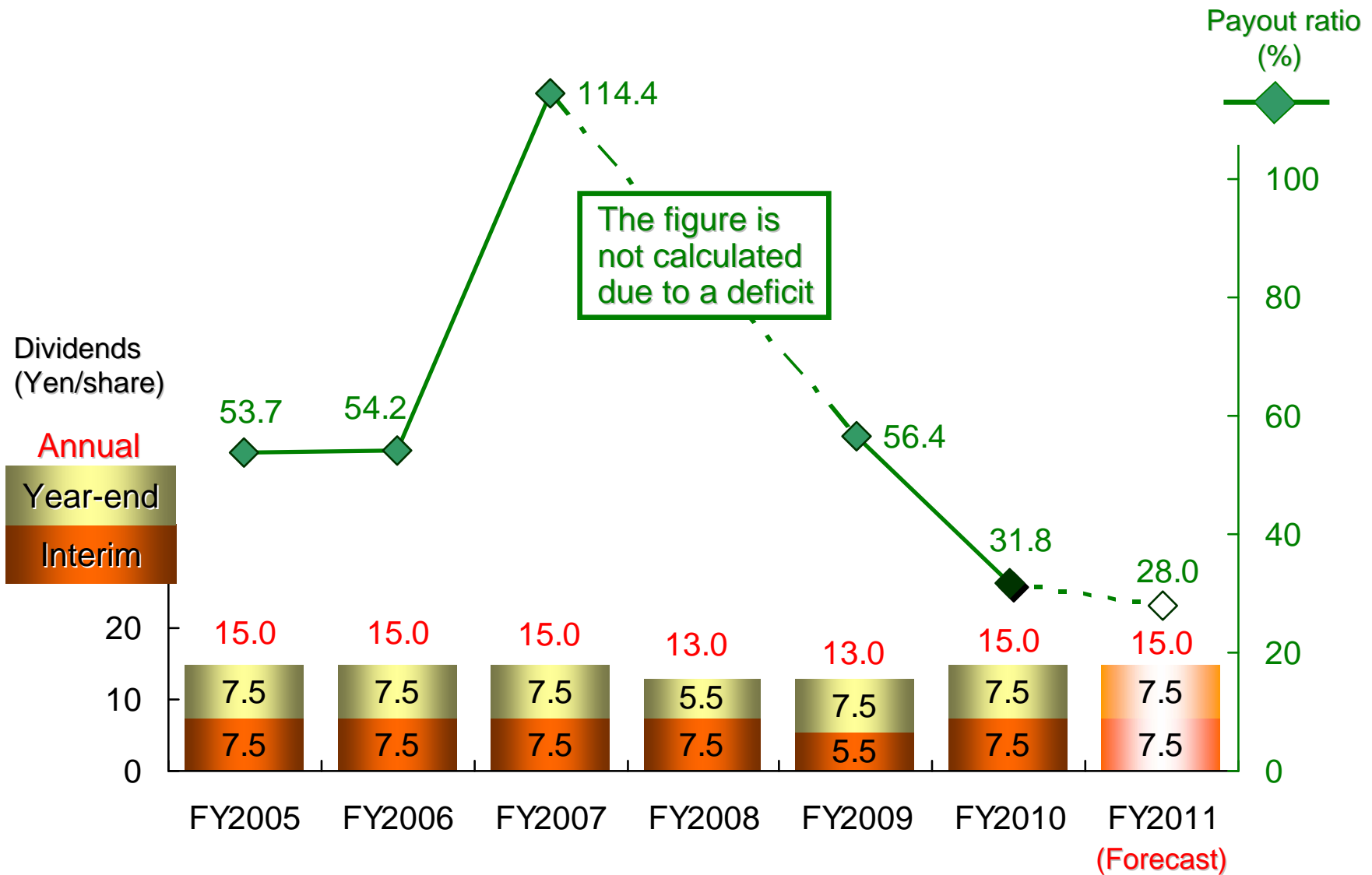
Geographic Segments (Operating Income)

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)

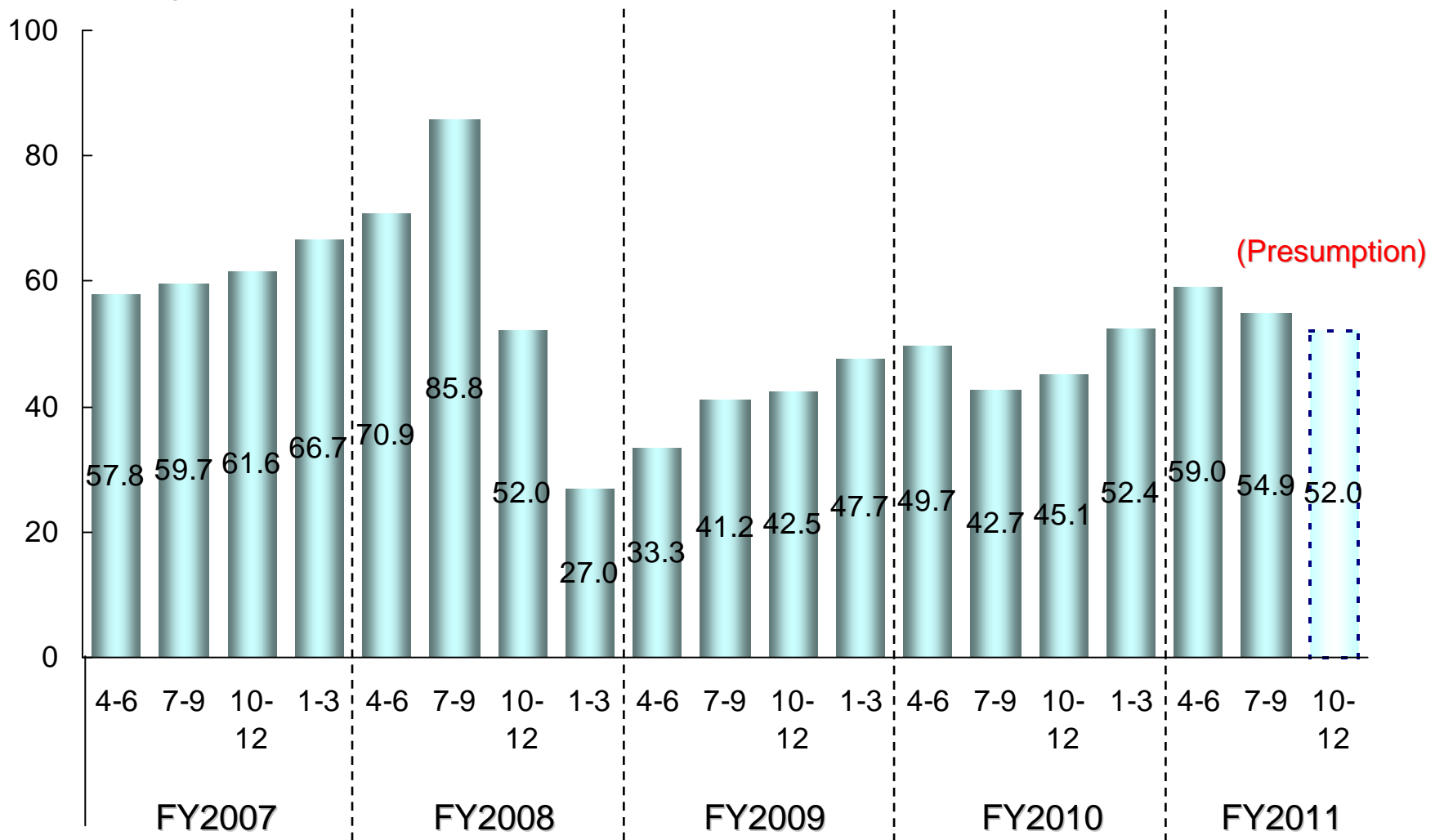


Consolidated Dividends per Share & Payout Ratio Trend



Transition of Price of Domestically Produced Naphtha

Domestic naphtha price
(Thousands of yen/kl)



Domestic Subsidiaries (4 companies)

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

Overseas Subsidiaries (7 companies)

Company Name	Abbr.	Equity Ownership		Line of Business
Sanyo Kasei (Nantong) Co., Ltd. [China]	SKN	Sanyo Chemical	100%	Manufacture of surfactants polyurethane resins, etc.
San-Dia Polymers (Nantong) Co., Ltd. [China]	SDN	San-Dia Polymers	100%	Manufacture and 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 and sales of surfactants polyurethane resins, etc.
SANAM Corporation [USA]	SANAM	Sanyo Chemical	100%	Supervising of subsidiaries and an affiliate in the USA
Sanyo Chemical & Resins, LLC [USA]	SCR	SANAM	100%	Manufacture of toner resins, etc.
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 of raw materials for synthetic rubbers
Sunrise Chemical LLC [USA]	SRC	SANAM JX Nippon Chemical Texas	50% 50%	Manufacture of raw materials for synthetic rubbers
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, travel agency, etc.