

A Statement of Accounts
For the Six Months Ended September 30, 2013
1st Half Fiscal Year 2013
(1H-FY2013)

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 14, 2013. 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, 2013:

Toyota Tsusho Corporation (19.4%)

Toray Industries, Inc. (17.3%)

Nippon Shokubai Co., Ltd. (5.0%)

JX Holdings, Inc. (4.8%)

(Treasury stock of 7,388,408 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:

1,925 (as of September 30, 2013)

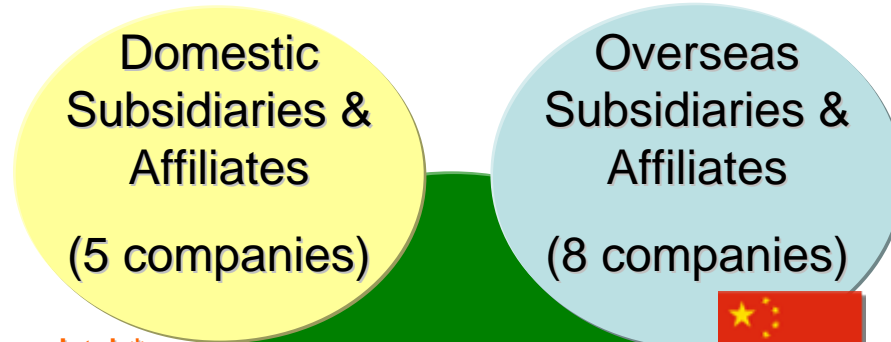
Line of Business:

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

Sanyo Chemical Group

● Consolidated Subsidiaries (12 companies)

○ Subsidiaries and Affiliates Accounted for by Equity Method (5 companies)



- SDP Global Co., Ltd.*
- SAN NOPCO LIMITED
- San Chemical Co., Ltd.
- San-Apro Ltd.
- San-Petrochemicals Co., Ltd.

SANYO CHEMICAL INDUSTRIES, LTD.

Logistics & Service Affiliates

(4 companies)

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



- Sanyo Kasei (Nantong) Co., Ltd. (China)
- San-Dia Polymers (Nantong) Co., Ltd. (China)
- Sanyo Chemical (Shanghai) Trading Co., Ltd. (China)



- Sanyo Kasei (Thailand) Ltd.



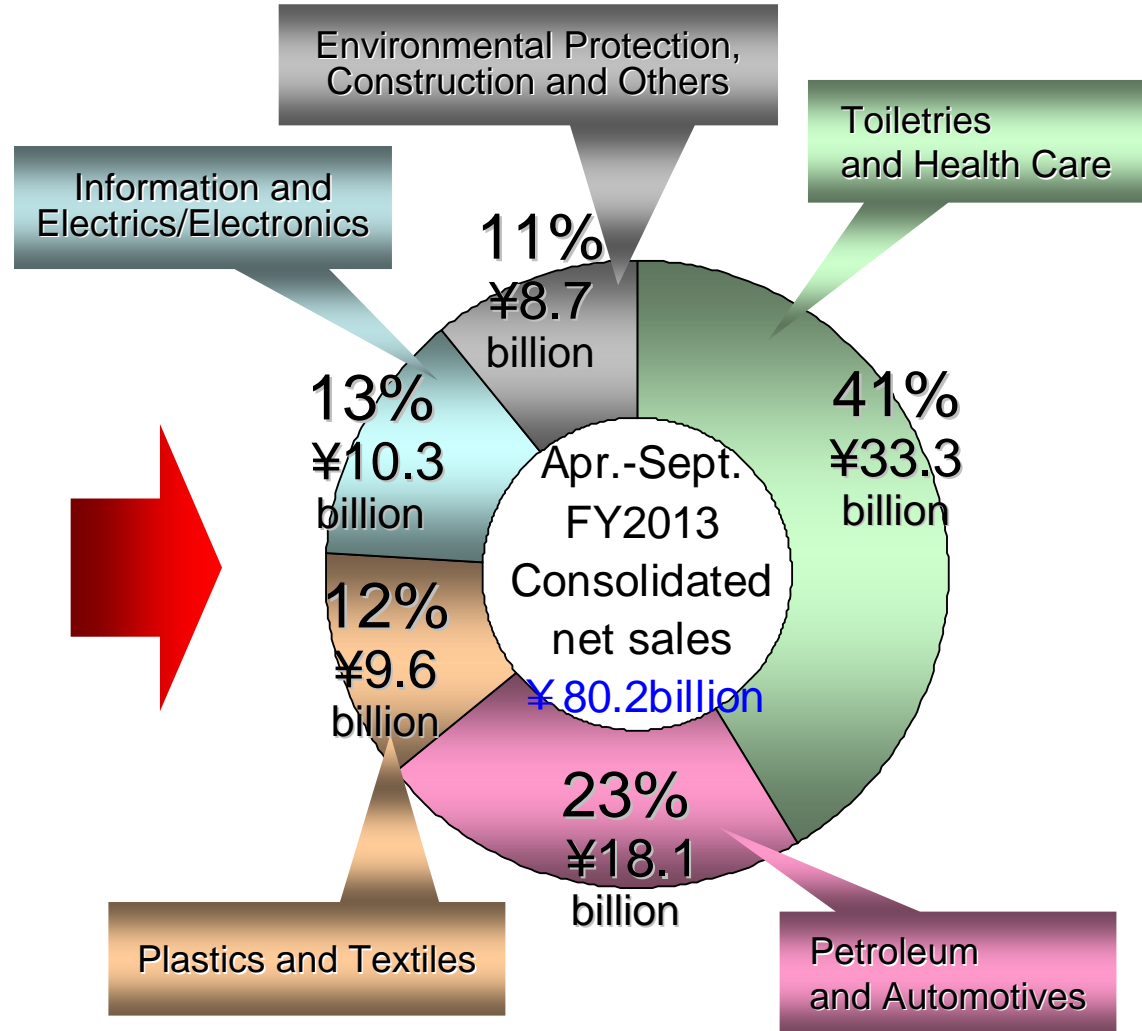
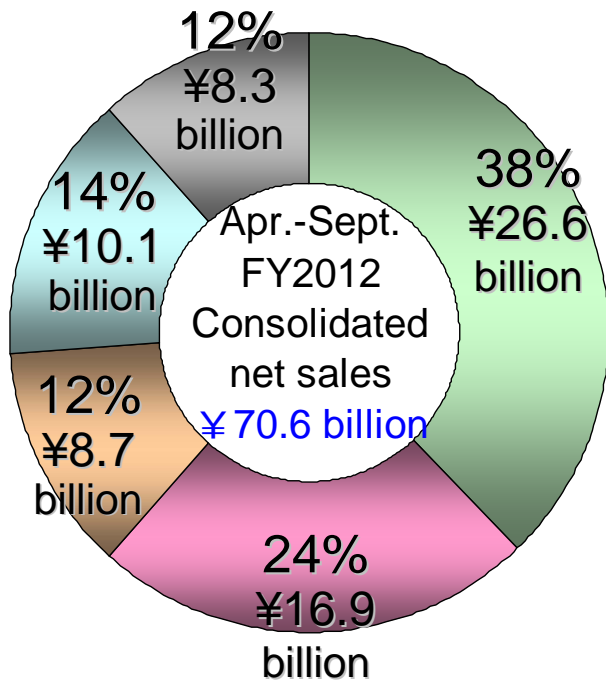
- SANAM Corp.
- Sanyo Chemical & Resins, LLC
- Sanyo Chemical Texas Industries, LLC
- Sunrise Chemical LLC

*On Sept. 30, 2013, Sanyo Chemical and Toyota Tsusho Corporation concluded a new joint venture agreement about San-Dia Polymers, Ltd.. According renamed SDP Global Co., Ltd.

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, Surgical Hemostatic Sealants, 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, 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, Raw Materials for Building Sealants, Cement Agents

Net Sales by Product Group



Results of Operations for 1H-FY2013

(Billions of yen)

Consolidated	April-Sept.		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	70.68	80.23	9.55	14
Operating income	2.98	4.10	1.11	37
Ordinary income	3.45	5.05	1.59	46
Net income	1.91	2.93	1.02	54
Comprehensive income	0.61	6.97	6.36	11.4 times

(Billions of yen)

Unconsolidated	April-Sept.		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	47.54	49.25	1.70	4
Operating income	1.52	1.71	0.18	12
Ordinary income	3.00	2.84	(0.15)	(5)
Net income	2.15	2.11	(0.03)	(2)

Results of Operations for 1H-FY2013

Internal sales among Sanyo Chemical Group are not eliminated.

Consolidated Subsidiaries (12 companies)

(Billions of yen)

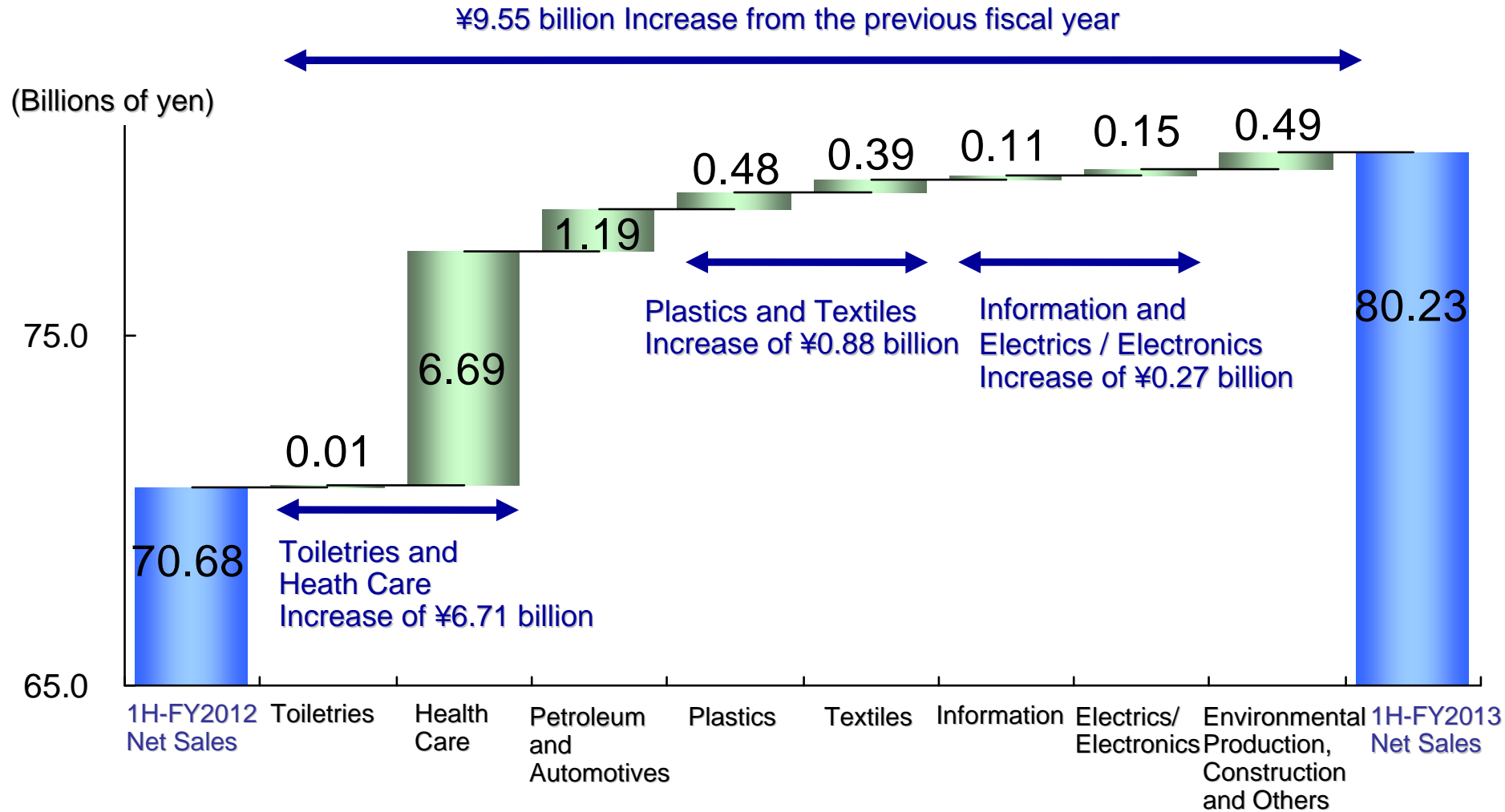
	April-Sept.		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	36.35	47.85	11.49	32
Operating income	1.21	2.26	1.04	86
Ordinary income	1.55	2.54	0.98	63

Of which, SDP Group (SDP and SDN)

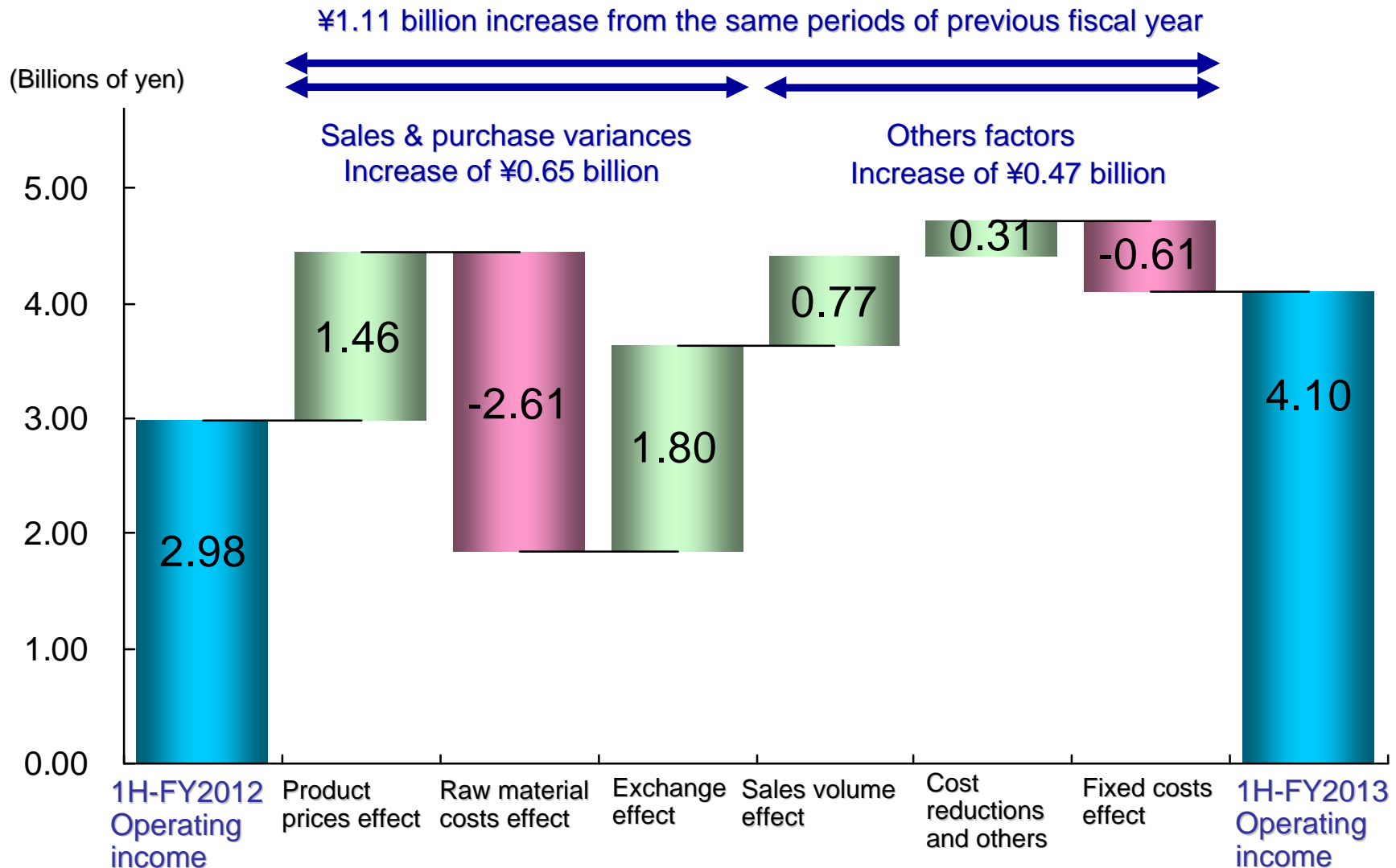
(Billions of yen)

	April-Sept.		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	18.28	25.20	6.91	38
Operating income	0.47	1.29	0.81	2.7 times
Ordinary income	0.65	1.43	0.77	2.2 times

Change in Consolidated Net Sales by Product Group



Change in Consolidated Operating Income



Change in Consolidated Net Income

(Billions of yen)

	April-Sept.		Year on Year Change
	FY2012	FY2013	
Operating income	2.98	4.10	1.11
Equity in earnings of unconsolidated subsidiaries and affiliates	0.30	0.15	(0.15)
Gain or loss on foreign exchange	(0.05)	0.39	0.44
Other non-operating profit and loss	0.21	0.40	(0.18)
Ordinary income	3.45	5.05	1.59
Gain and Loss on disposal/sales of property, plant and equipment	(0.31)	(0.29)	0.01
Other extraordinary income or loss	0.08	0.02	(0.06)
Income before income taxes and minority interests	3.23	4.78	1.55
Income taxes, etc.	(1.11)	(1.40)	(0.29)
Minority interests	(0.20)	(0.44)	(0.24)
Net income	1.91	2.93	1.02

Consolidated Balance Sheet

(Billions of yen)

	Mar. 31 2013	Sept. 30 2013	Changed amount	Main Change Factor*
Current assets	73.8	74.4	0.6	Cash and deposits: 1.3, Notes and accounts receivable-trade: (1.4), Inventories: 0.3
Fixed assets	81.5	84.4	2.9	Investment securities: 3.0
Assets	155.4	158.9	3.5	
Current liabilities	50.4	47.4	(3.0)	Notes and accounts payable-trade: (1.5), Short-term loans: 1.3, Current portion of long-term debt: (1.4)
Long-term liabilities	10.6	11.1	0.4	Provision for retirement benefits: (0.3), Deferred tax liabilities: 0.9
Liabilities	61.1	58.6	(2.5)	
Shareholder's equity	86.6	88.7	2.1	Net income: 2.9, Cash dividends paid: (0.8)
Other comprehensive income	4.5	7.8	3.2	Unrealized gains on other securities: 1.7, Foreign currency translation adjustment: 1.5
Minority interests	2.9	3.7	0.7	
Net assets	94.2	100.3	6.0	
Total Liabilities and net assets	155.4	158.9	3.5	

* Each figure indicates the changed amount.

(Billions of yen)

Consolidated Cash Flows

	April-Sept.		Changed amount	Main Change Factor*
	FY2012	FY2013		
Operating activities	7.2	7.7	0.5	
Income before income taxes and minority interests	3.2	4.7	1.5	
Depreciation and amortization	4.3	4.5	0.2	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.3)	(0.1)	0.1	
(Increase) decrease in operating capital	(0.1)	0.2	0.3	Notes and accounts receivable-trade: 1.8, Inventories: 2.0, Notes and accounts payable: (3.4)
Income taxes	(0.1)	(1.1)	(0.9)	
Others	0.3	(0.5)	(0.8)	
Investing activities	(6.0)	(4.7)	1.2	
Free cash flows	1.2	3.0	1.8	
Financing activities	0.3	(2.0)	(2.3)	(1H-FY2013) Loans, Repayment: (1.1), Cash dividends paid: (0.8)
Effect of exchange rate changes on cash and cash equivalents	(0.0)	0.3	0.3	
Increase (decrease) in cash and cash equivalents	1.4	1.3	(0.1)	
Cash and cash equivalents at beginning of period	9.3	10.1	0.8	
Cash and cash equivalents at end of period	10.8	11.4	0.6	

* Each figure indicates the changed amount.

The Progress in the Six Months to Forecasts

(Billions of yen)

Consolidated	1H-FY2013			1H-FY2012
	Results	Revised forecast on July, 31		Results
		Forecast	Achievement ratio (%)	
Net sales	80.23	79.00	102	70.68
Operating income	4.10	4.00	103	2.98
Ordinary income	5.05	4.90	103	3.45
Net income	2.93	3.10	95	1.91

(Billions of yen)

Unconsolidated	1H-FY2013			1H-FY2012
	Results	Revised forecast on July, 31		Results
		Forecast	Achievement ratio (%)	
Net sales	49.25	48.00	103	47.54
Operating income	1.71	1.80	95	1.52
Ordinary income	2.84	2.90	98	3.00
Net income	2.11	2.20	96	2.15

Revised Forecast for FY2013

(Billions of yen)

Consolidated	Forecast for FY2013	Forecast for FY2013	Apr.-Sept. FY2013		FY2012
	Announced on Oct. 31	Announced on Apr. 30	Results	Progress to Forecast (%) ^{*1}	Results
Net sales	161.00	155.00	80.23	50	142.65
Operating income	7.40	7.40	4.10	55	6.18
Ordinary income	8.10	8.10	5.05	62	7.26
Net income	4.90	4.90	2.93	60	4.17

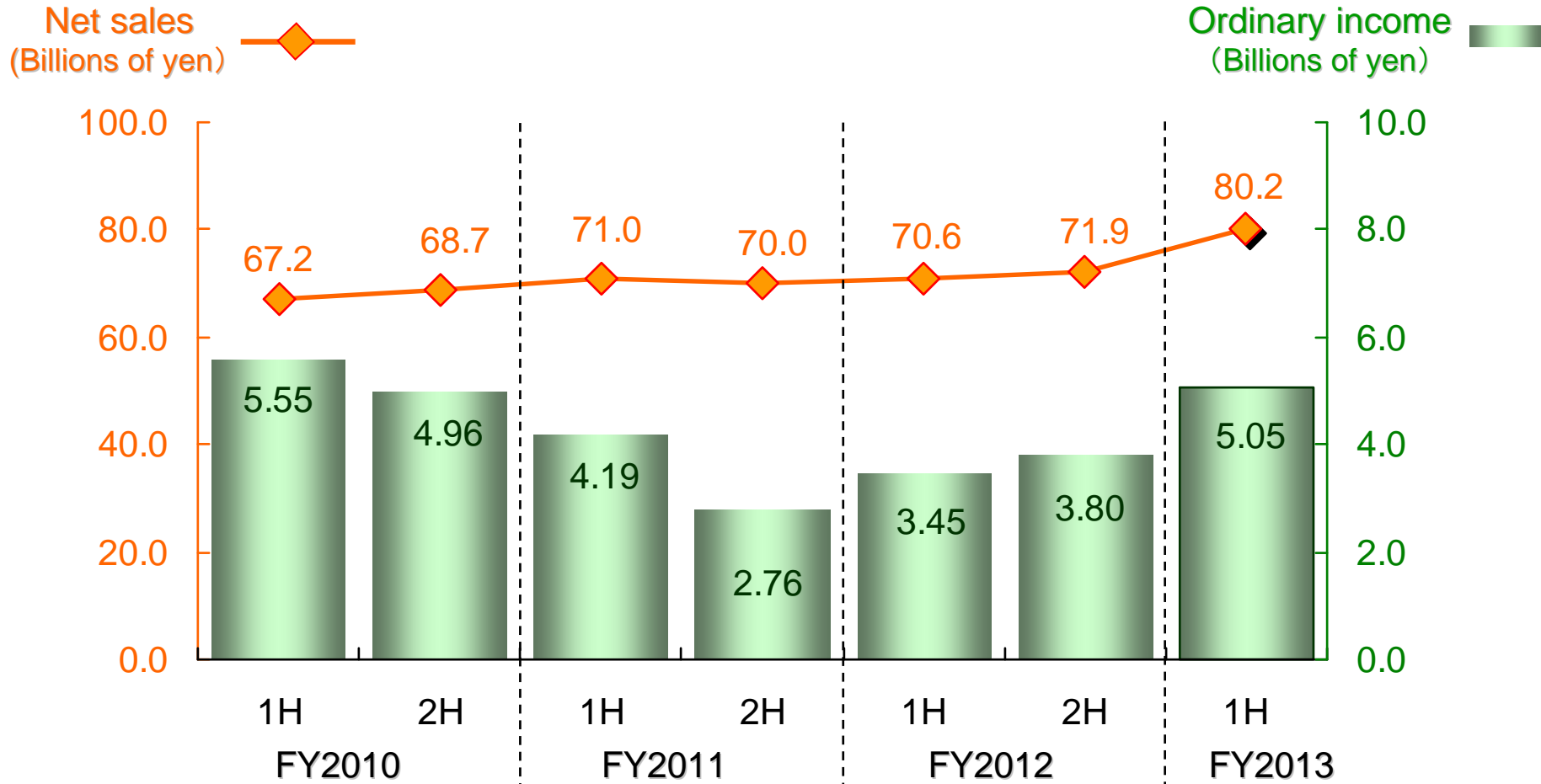
(Billions of yen)

Unconsolidated	Forecast for FY2013	Forecast for FY2013	Apr.-Sept. FY2012		FY2012
	Announced on Oct. 31	Announced on Apr. 30	Results	Progress to Forecast (%) ^{*1}	Results
Net sales	99.00	97.00	49.25	50	94.74
Operating income	3.00	3.00	1.71	57	2.85
Ordinary income	5.00	5.00	2.84	57	5.41
Net income	3.60	3.60	2.11	59	4.04

The table above is described based on financial revisions for our consolidated FY2013 which were announced on Oct. 31, 2013 (Japanese version only).

*1 : * Progress to forecast announced on Oct. 31

Consolidated Business Trend

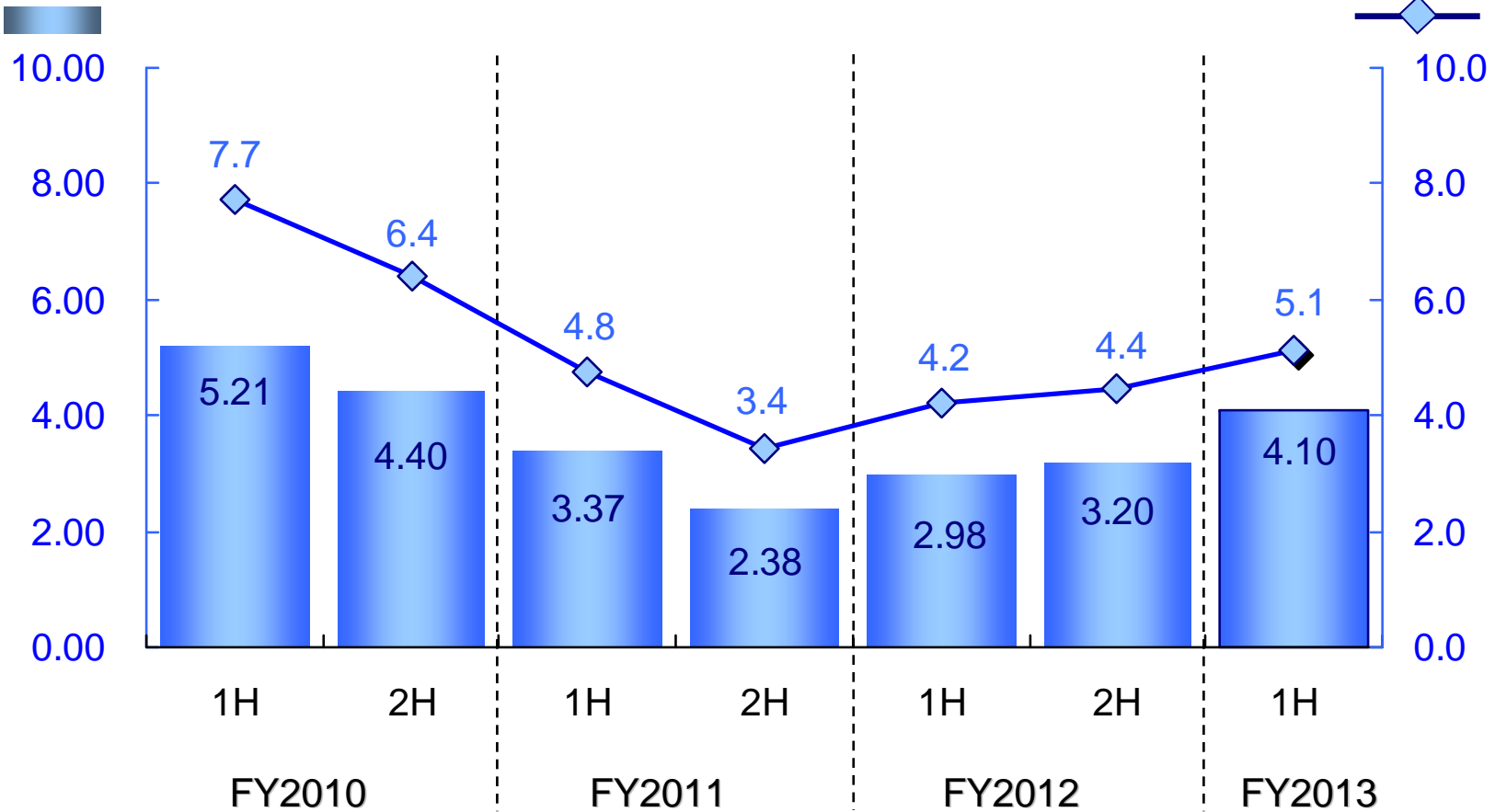


The main change factor of Results in 1H-FY2013

- Net sales increased substantially with a contribution of satisfactory sales of super absorbent polymers.
- Ordinary income increased substantially due to the increase in net sales and the depreciation of the yen.

Consolidated Operating Income Trend

Operating income
(Billions of yen)



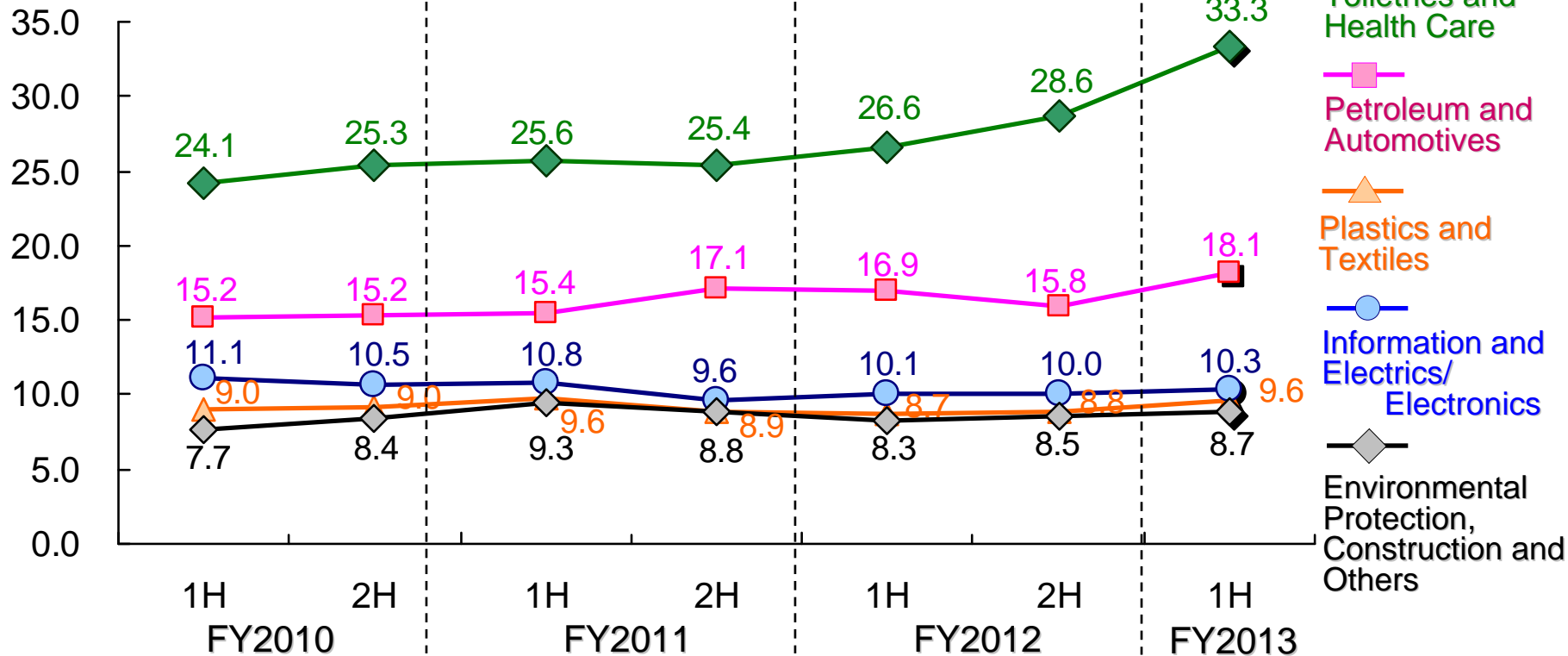
Consolidated Net Sales by Product Group

(Billions of yen)

Product Group	1H:April-September		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Toiletries and Health Care	26.60	33.32	6.71	25
Toiletries	6.89	6.90	0.01	0
Health Care	19.71	26.41	6.69	34
Petroleum and Automotives	16.91	18.10	1.19	7
Plastics and Textiles	8.75	9.63	0.88	10
Plastics	5.47	5.96	0.48	9
Textiles	3.28	3.67	0.39	12
Information and Electrics/Electronics	10.10	10.37	0.27	3
Information	7.65	7.77	0.11	2
Electrics/Electronics	2.44	2.60	0.15	6
Environmental Protection, Construction and Others	8.30	8.79	0.49	6
Total	70.68	80.23	9.55	14

Consolidated Net Sales Trend by Product Group

(Billions of yen)



The main change factor of Results in 1H-FY2013 (year on year change)

- Toiletries and Health Care : Successful expansion of production capacity in China and sales expansion of SAP for thinner disposable diapers
- Petroleum and Automotives : Brisk sales of lubricating oil additives for fuel-saving engine oils
- Plastics and Textiles : Healthy sales increase of paint, coating agents and carbon fiber agents
- Information and Electronics / Electronics : Weak sales of polyester beads used as a core component of polymerization toners because of delay in switching to newly-developed product
Recovery in demand for electrolytes for aluminum electrolytic capacitors
- Environmental Protection, Construction and Others : Weak demand for polymer flocculant by deterioration of market
Dramatic sales increase of raw materials for polyurethane foams used in furniture and heat insulating materials

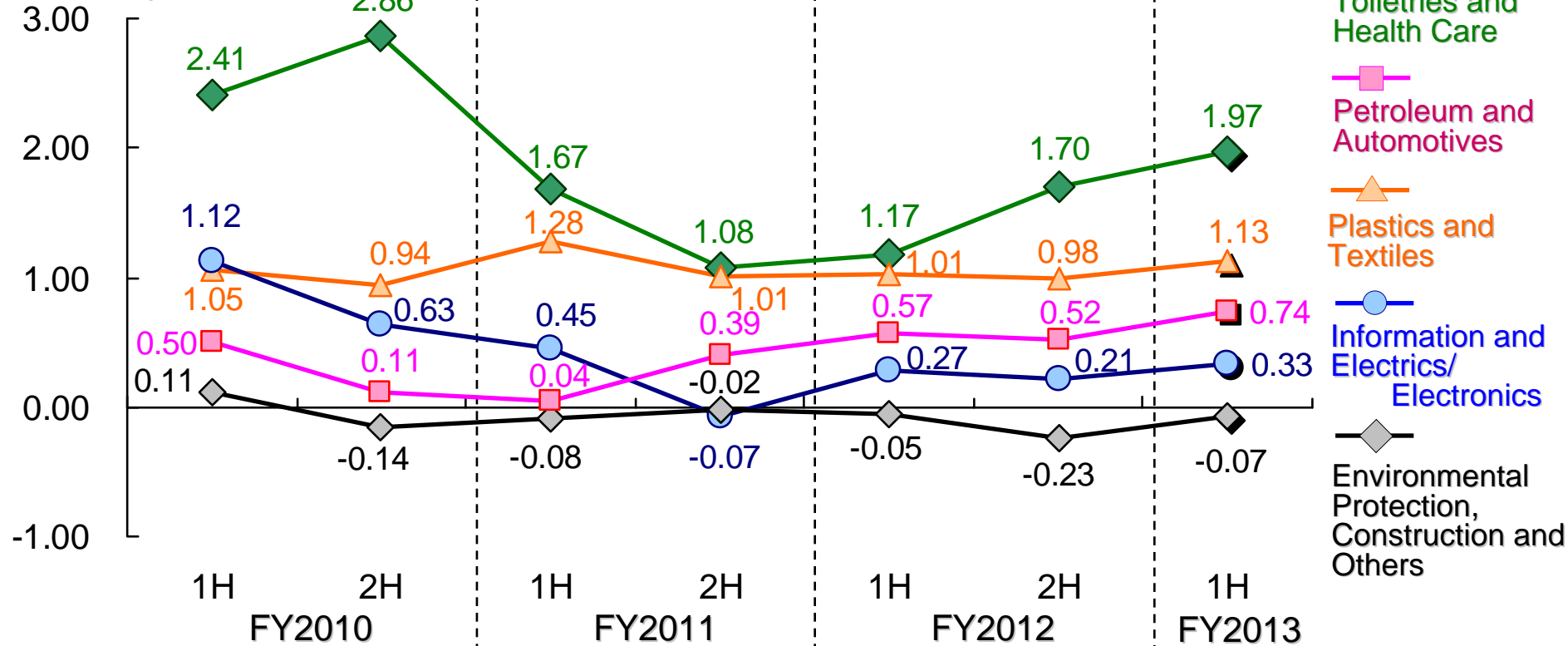
Consolidated Operating Income by Product Group

(Billions of yen)

Product Group	1H:April-September		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Toiletries and Health Care	1.17	1.97	0.79	68
Petroleum and Automotives	0.57	0.74	0.16	28
Plastics and Textiles	1.01	1.13	0.11	11
Information and Electrics/Electronics	0.27	0.33	0.05	20
Environmental Protection, Construction and Others	(0.05)	(0.07)	(0.01)	—
Total	2.98	4.10	1.11	37

Consolidated Operating Income Trend by Product Group

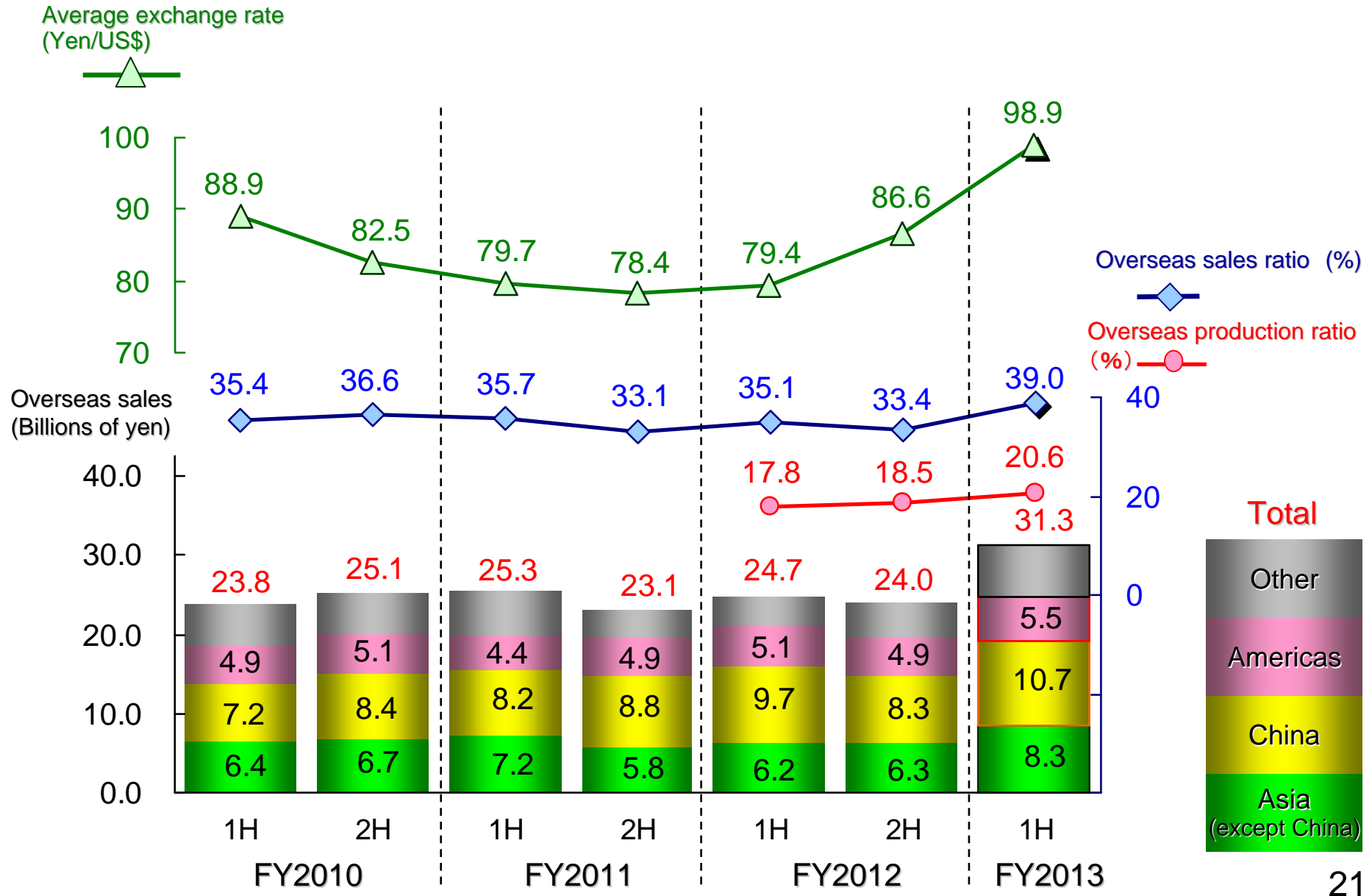
(Billions of yen)



The main change factor of Results in 1H-FY2013 (year on year change)

- Toiletries and Health Care : Successful expansion of production capacity in China and sales expansion of SAP for thinner disposable diapers
- Petroleum and Automotives : Brisk sales of lubricating oil additives for fuel-saving engine oils
- Plastics and Textiles : Healthy sales of paint, coating agents and carbon fiber agents
- Information and Electronics / Electronics : Recovery in demand for electrolytes for aluminum electrolytic capacitors
- Environmental Protection, Construction and Others : Profit fall by degradation of product mix in spite of dramatic sales increase of raw materials for polyurethane foams used in furniture and heat insulating materials

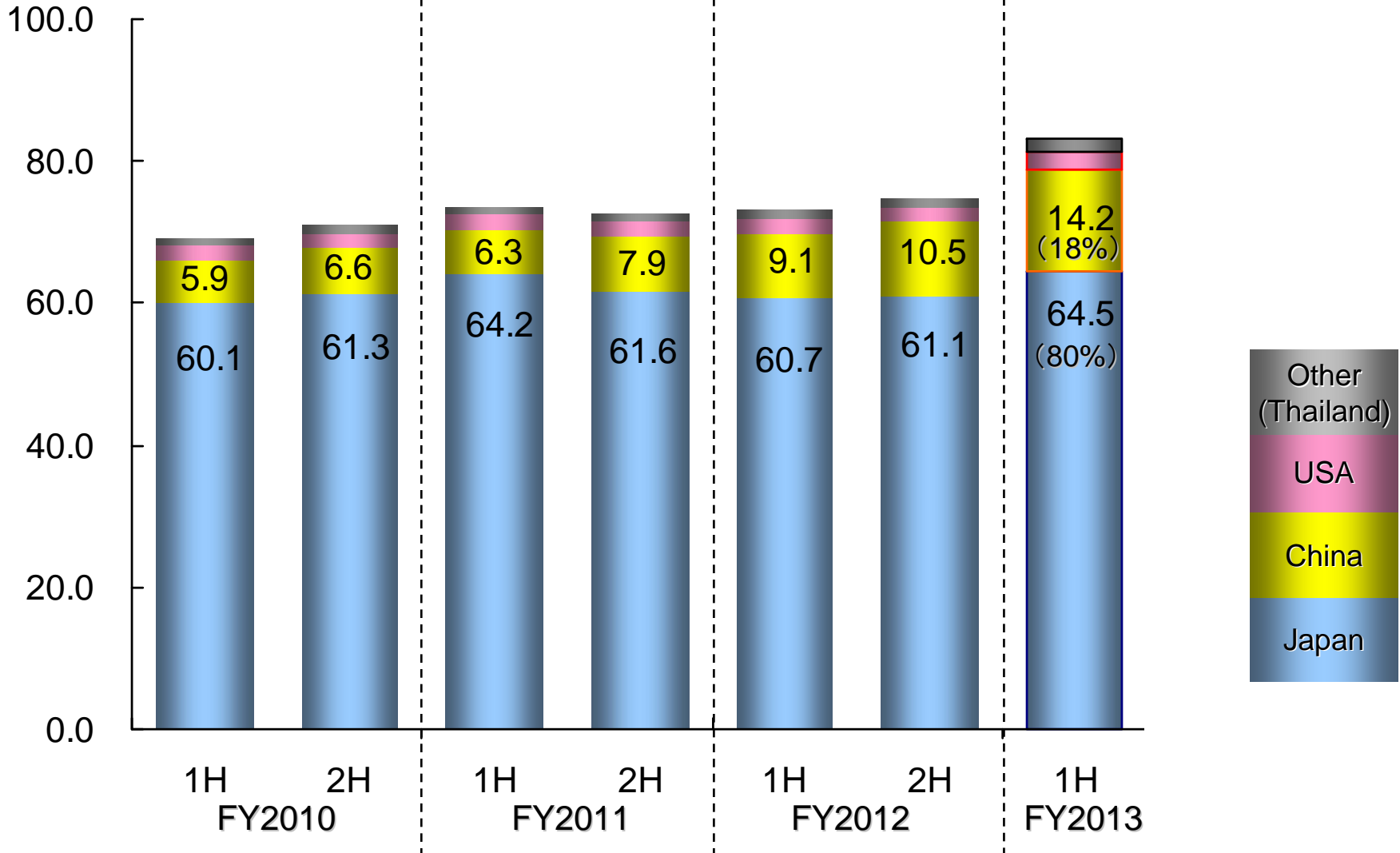
Consolidated Overseas Sales Trend



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

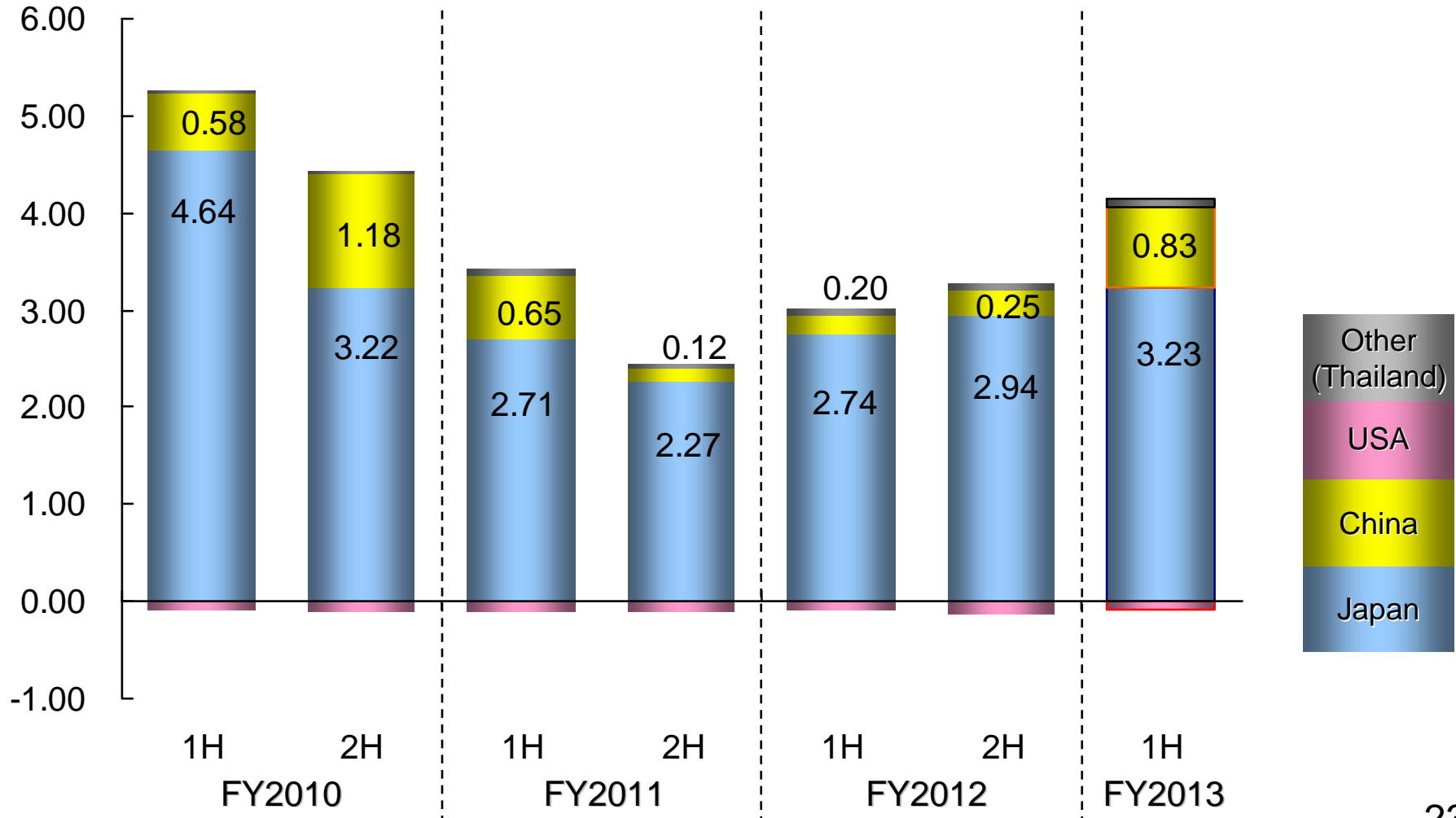
(Billions of yen)



Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Strategic Products

Strategic Products

The 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.

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

Basic products for expansion (10 items)

SAP, Toner Materials, Raw Materials for Polyurethane Foams, etc.

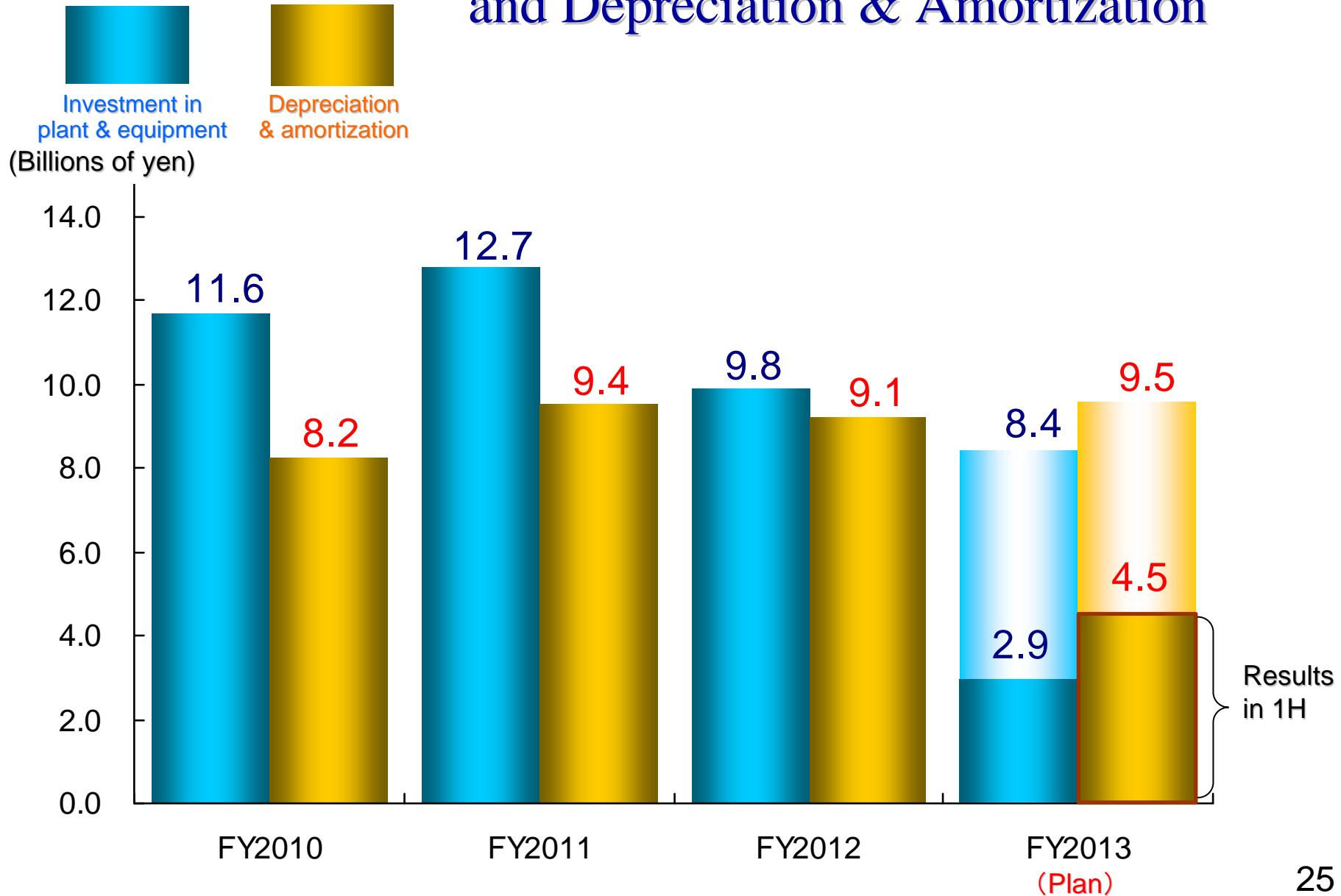
(Billions of yen)

	FY2010	FY2012	1H-FY2013	FY2014 (Target)
Strategic Products newly set in the Eighth Medium-Term Management Plan	2.7	9.5	6.8	39.0
New growth-driving products	0.9	0.7	0.3	9.0
Basic products for expansion	1.7	8.8	6.5	30.0
Strategic Products carried over under the Seventh Medium-Term Management Plan	19.1	20.2	10.0	27.0
Strategic products total	21.8	29.7	16.8	66.0

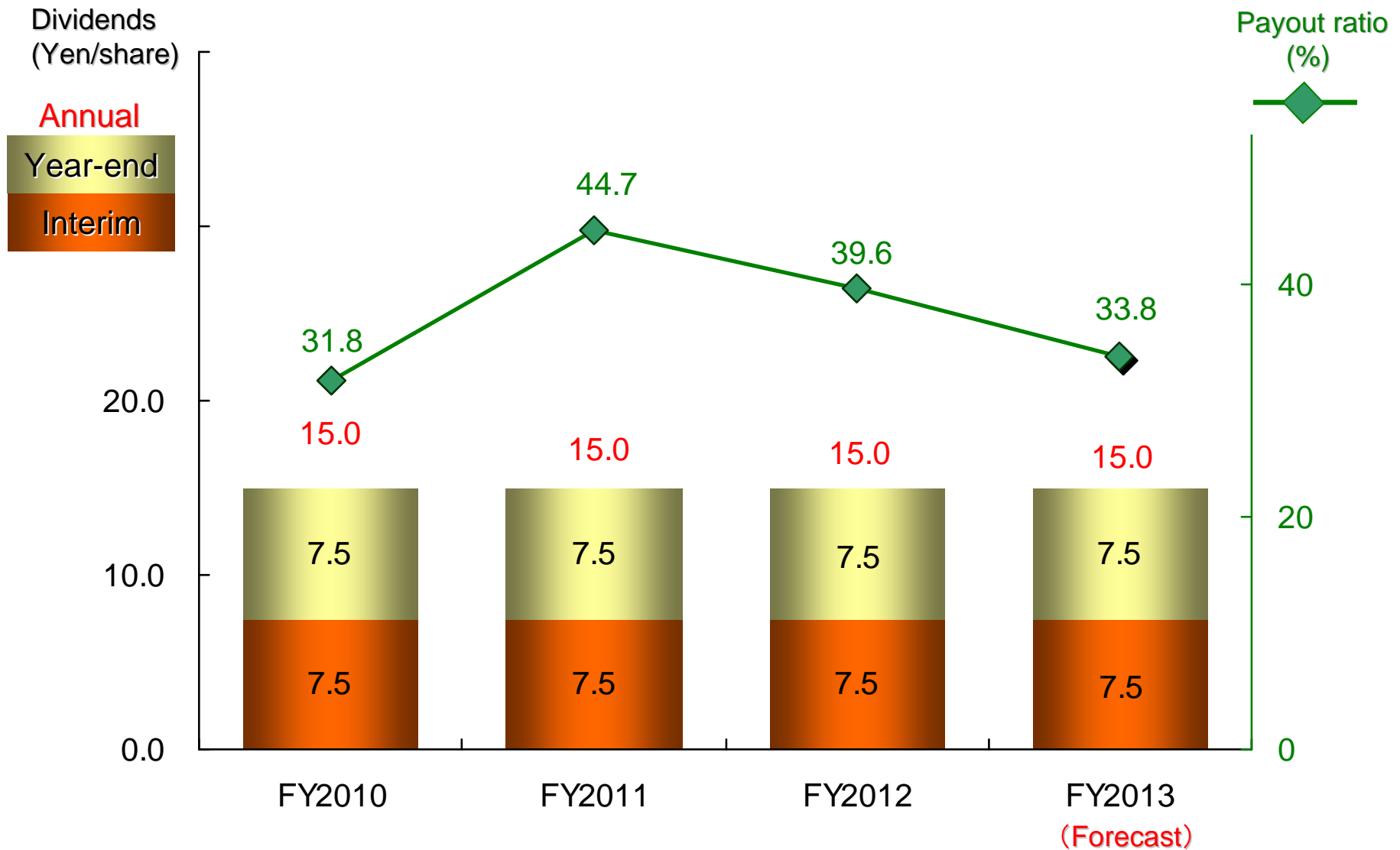
(Billions of yen)

	FY2010	FY2012	1H-FY2013	FY2014 (Target)
Toiletries and Others	0.1	4.6	3.8	14.0
Automotives	9.1	13.5	7.5	19.4
Information and Electrics / Electronics	12.5	11.6	5.5	32.4
Strategic products total	21.8	29.7	16.8	66.0

Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



Consolidated Dividends per Share & Payout Ratio Trend

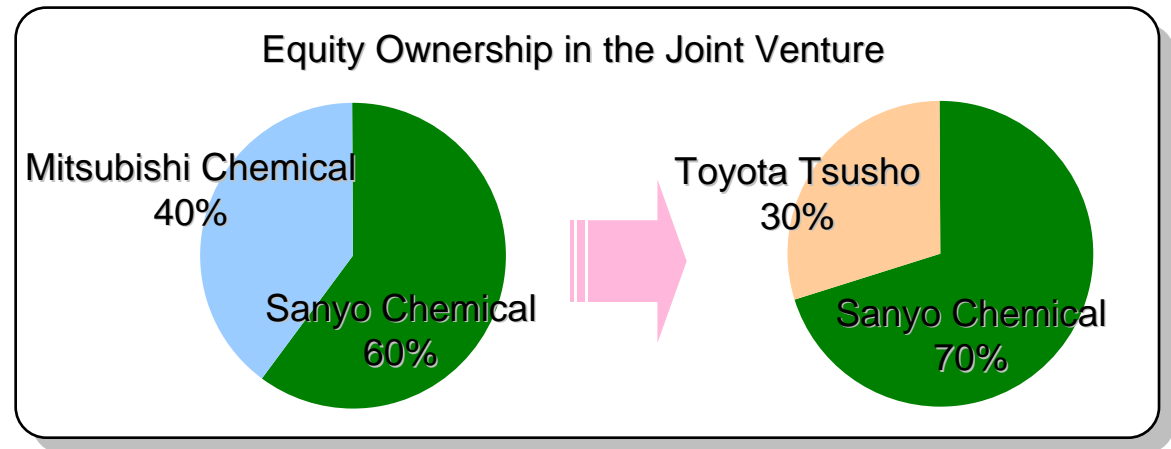


Topics (1) The launch of SDP Global Co., Ltd.

On Sept. 30, 2013, New Joint Venture for Superabsorbent Polymers Began

On March 29, 2013, Sanyo Chemical and Toyota Tsusho agreed with Mitsubishi Chemical to acquire its entire 40% stake in San-Dia Polymers.

On Sept. 30, 2013, Toyota Tsusho concluded its portion of the stock transfer agreement with Mitsubishi Chemical in line with competition laws in and outside Japan. **As a result, the new joint venture began to be 70% owned by Sanyo Chemical and 30% owned by Toyota Tsusho.**





Sanyo Chemical will continue to bolster its strategic partnership with Toyota Tsusho while promoting its global growth strategy by strengthening and expanding its value chain for SAP, polyurethane and other products.

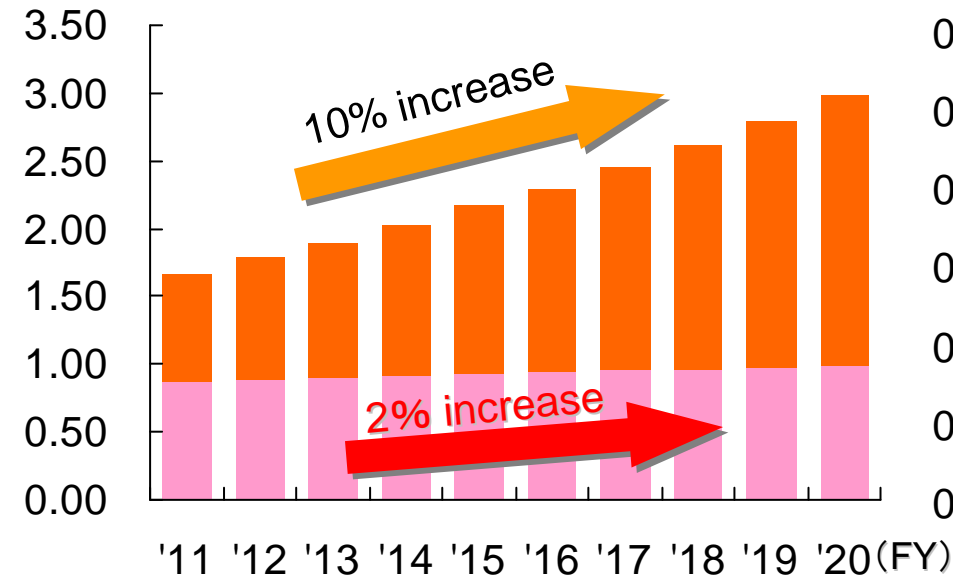
Topics (2) SDP Global Boosts Production Capacity of SAP

Demand for SAP used in disposable diapers has grown rapidly in China and other emerging countries. The decision to conduct a production capacity expansion was made as SDP Global had reached the limit of its supply capabilities.

Market Trend of SAP (in-house research)

 markets of emerging countries
 markets of advanced countries

(Millions of tons/year)

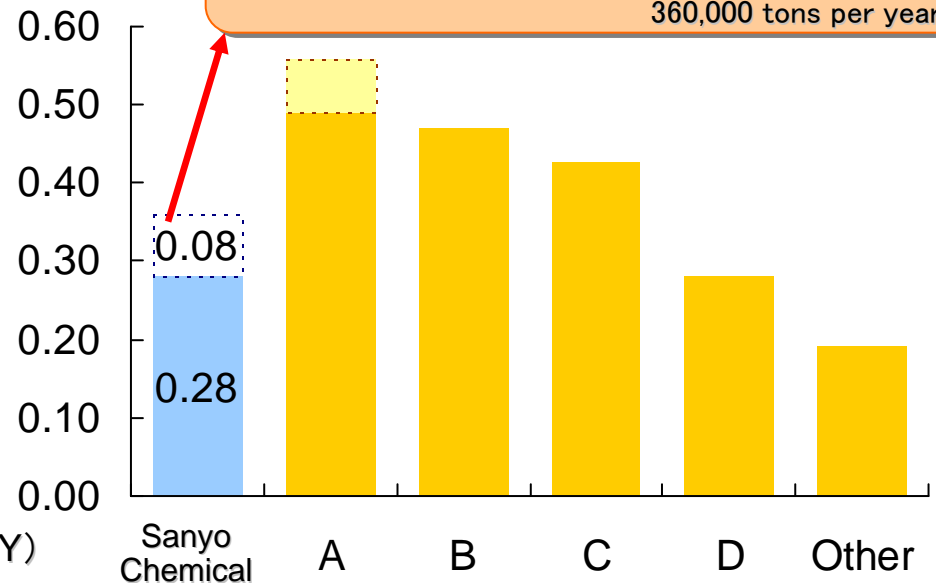


(Forecast)

Global Production Capacity by SAP Manufacturer

(in-house research at the end of Oct., 2013)

(Millions of tons/year)



Expanded production capacity : 80,000 tons per year
 Scheduled completion date : July 2015
 Total production capacity after expansion:
 360,000 tons per year

Topics (2) SDP Global Boosts Production Capacity of SAP

- Investment value : More than 5 billion yen
- Expanded production capacity : 80,000 tons per year
- Scheduled completion date : July 2015

Production Capacity of SAP by SDP Global Group

	Current	After expansion
SDP Global (Japan: Nagoya, Ogaki)	130,000 tons/year	130,000 tons/year
San-Dia Polymers (Nantong) (China: Nantong)	150,000 tons/year	230,000 tons/year
Total	280,000 tons/year	360,000 tons/year



Currently SAP plant at San-Dia Polymers

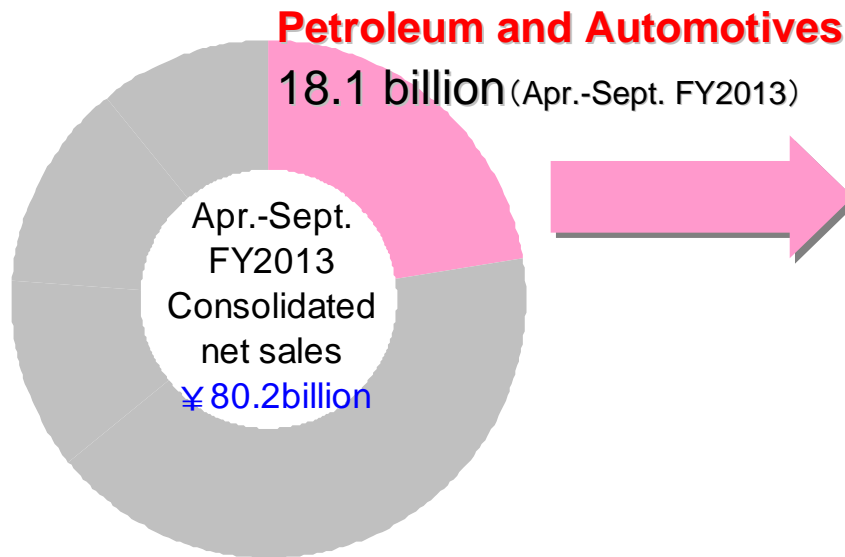
The plant is expected to reach its supply limits again within several years after the expanded facilities commencing operation in 2015. The company is therefore investigating the possible construction of new facilities or expansion of existing plants around 2017, centering on the ASEAN region.

Topics (3) Lubricating Oil Additives

- ◆ ACLUBE has been on the market for around 50 years since its release in 1963.
- ◆ Main performance of ACLUBE as an additive for lubricating oil additives is used to improve fuel efficiency in automobiles and other vehicles by reducing the viscosity change of the lubricating oil caused by the temperature, which is known as viscosity index improvers.
- ◆ Multiple production system is established in Japan (Kyoto factory, Kashima factory) and the U.S. (Sanyo Chemical & Resins, LLC)

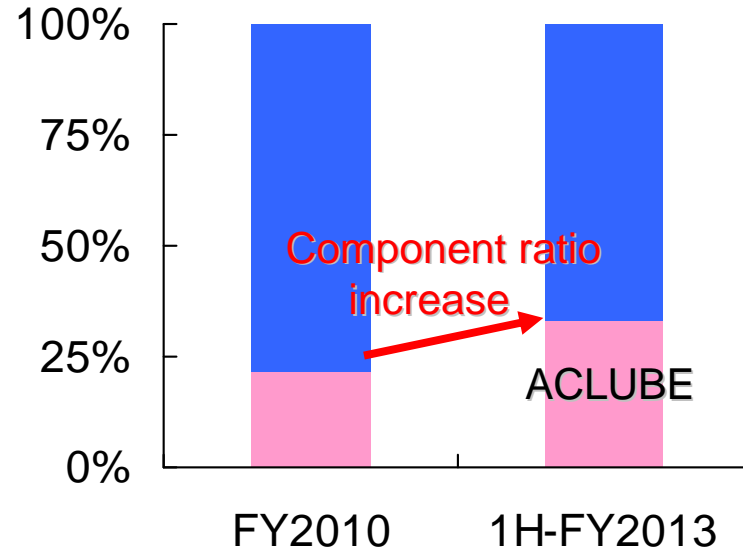
Net Sales by Product Group

(Apr.-Sept. FY2013)



ACLUBE Proportion of Petroleum and Automotives

(Component ratio)

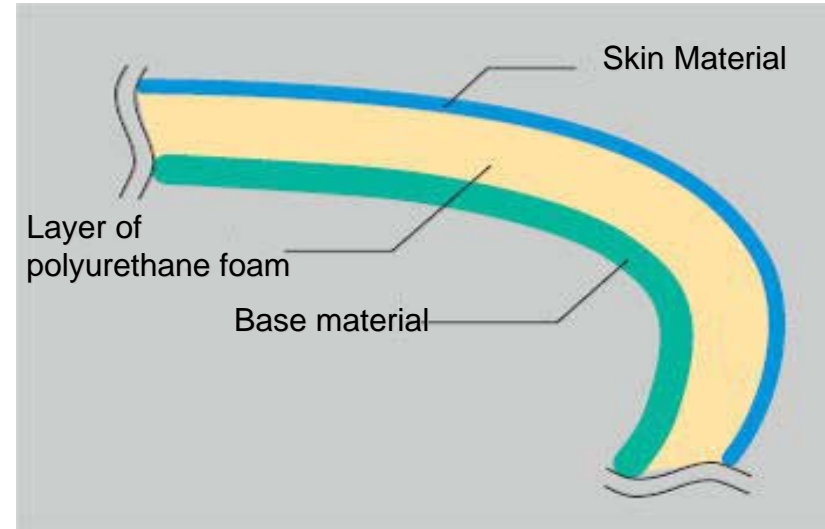


Though demand for lubricating oil additives for gear oil was weak due to a decrease in automobile production, that for engine oil maintains brisk regardless of automobile production. Next expansion is laid out on the table to meet the large demand.

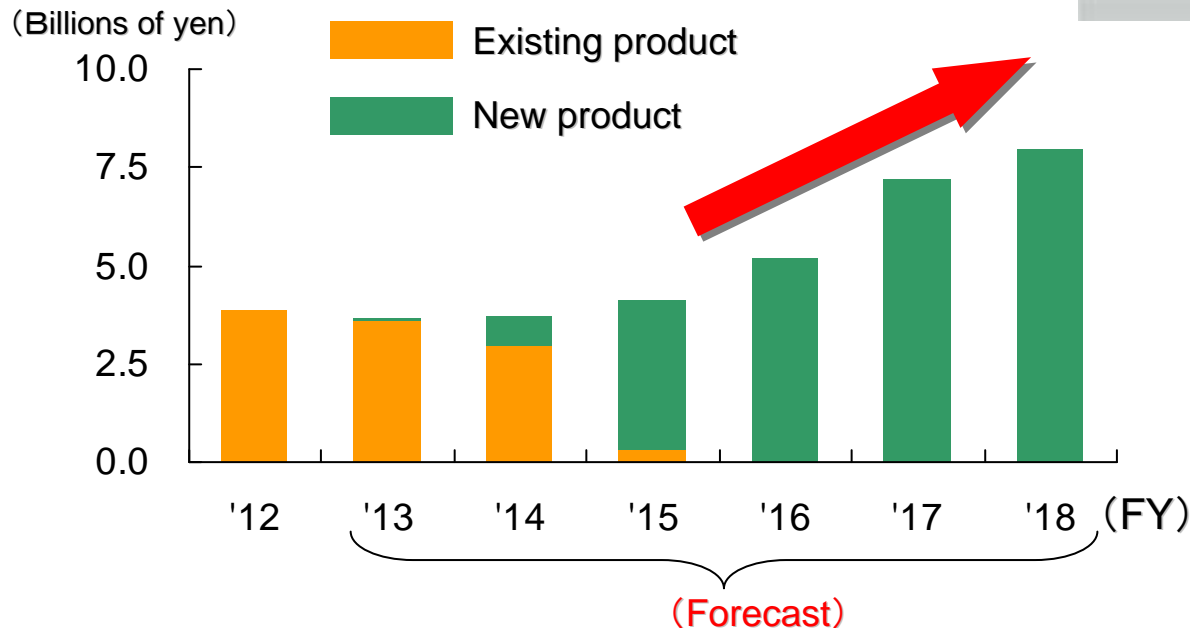
Topics (4) Development of New Polyurethane Beads for Skin Material for Automobile Interiors

Contribution to improve automotive fuel efficiency and conserve energy during parts manufacturing

- ◆ This product achieves an approximately two-fold increase in resin strength and enables to reduce the skin thickness
- ◆ Owing to its characteristic of a polyurethane resin, it provides high-quality design



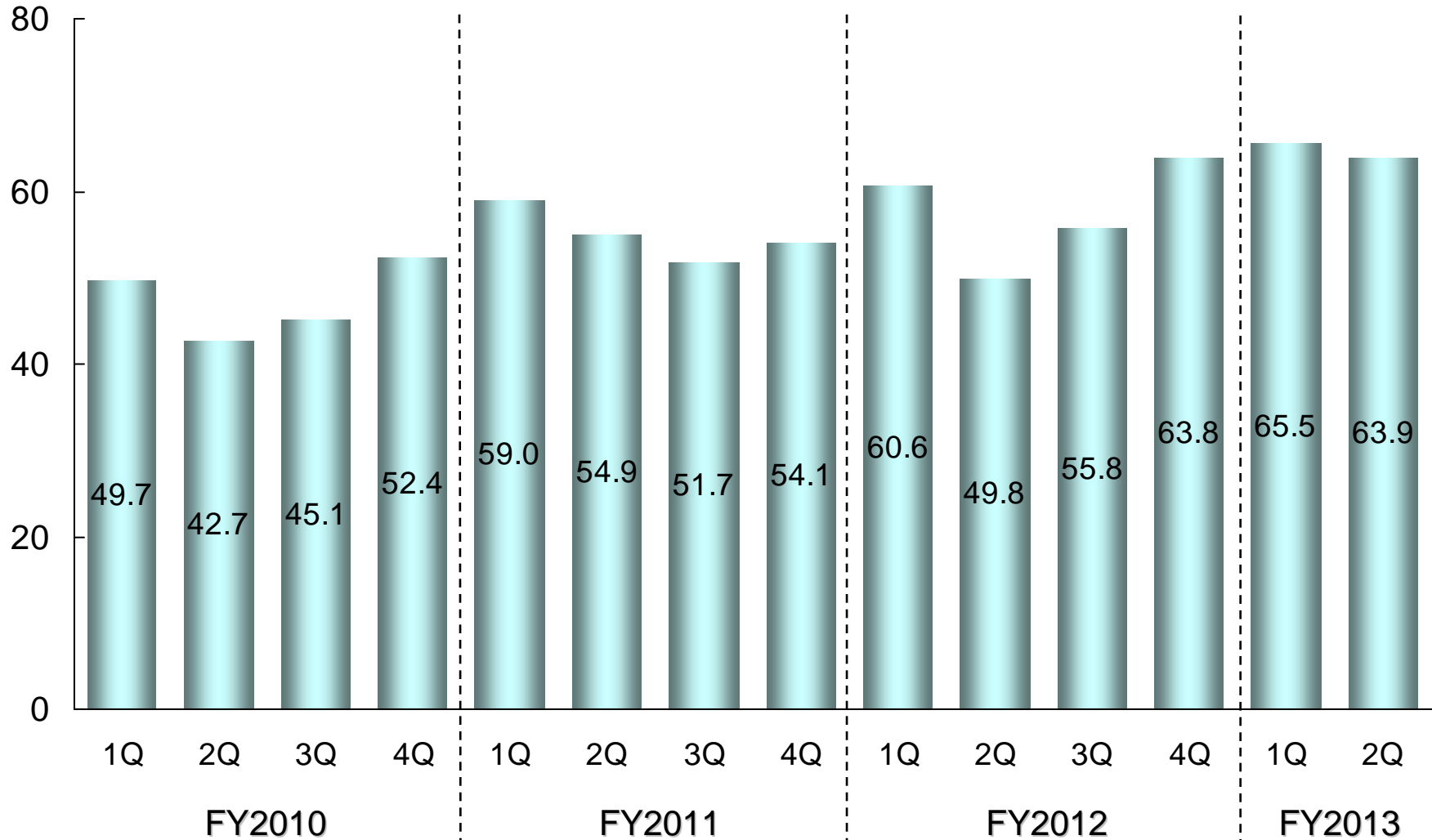
Sales Forecast for Polyurethane Beads



Reference

Transition of Price of Domestically Produced Naphtha

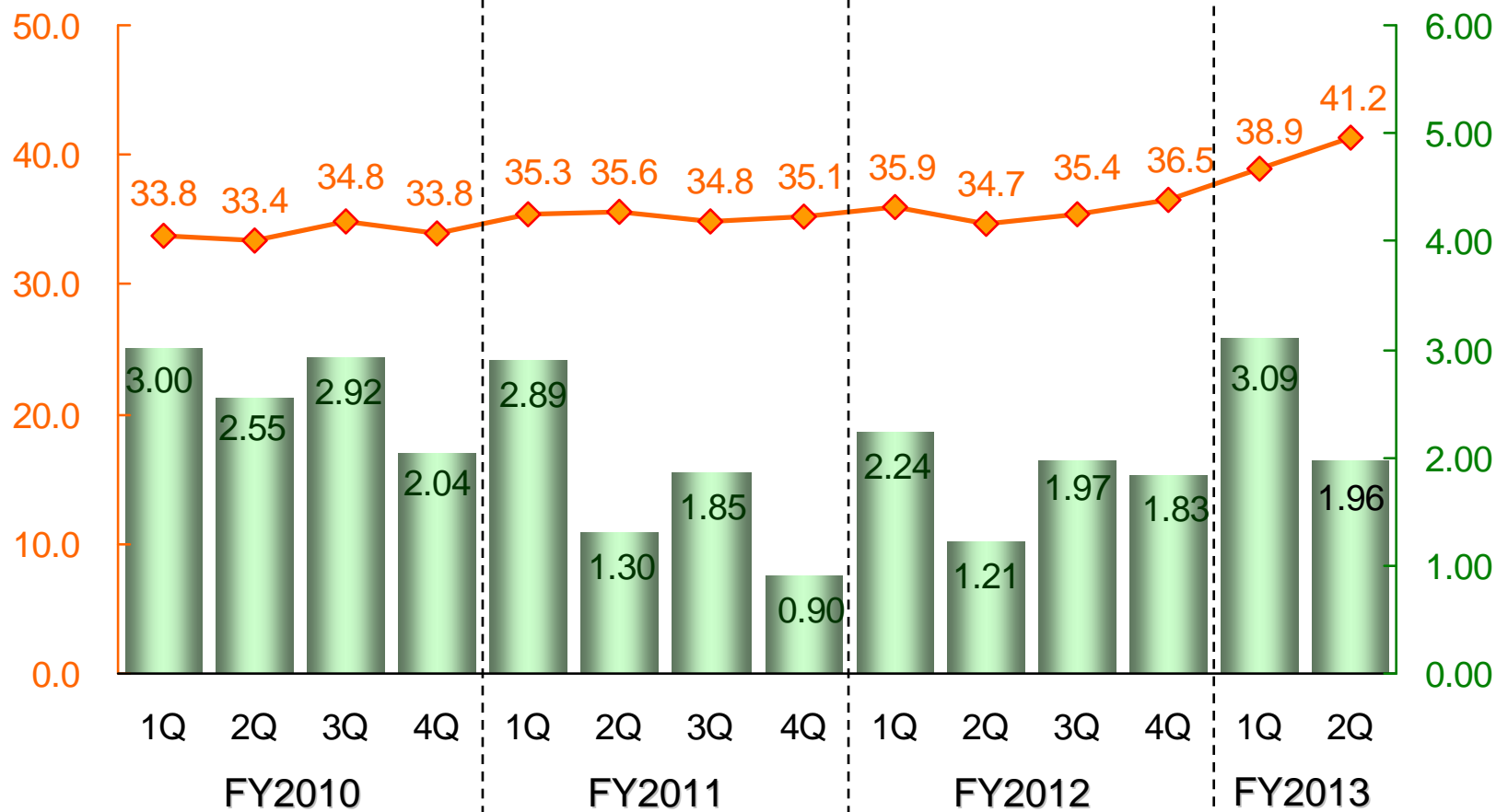
Domestic naphtha price
(Thousands of yen/kl)



Consolidated Business Result Trend

Net sales
(Billions of yen)

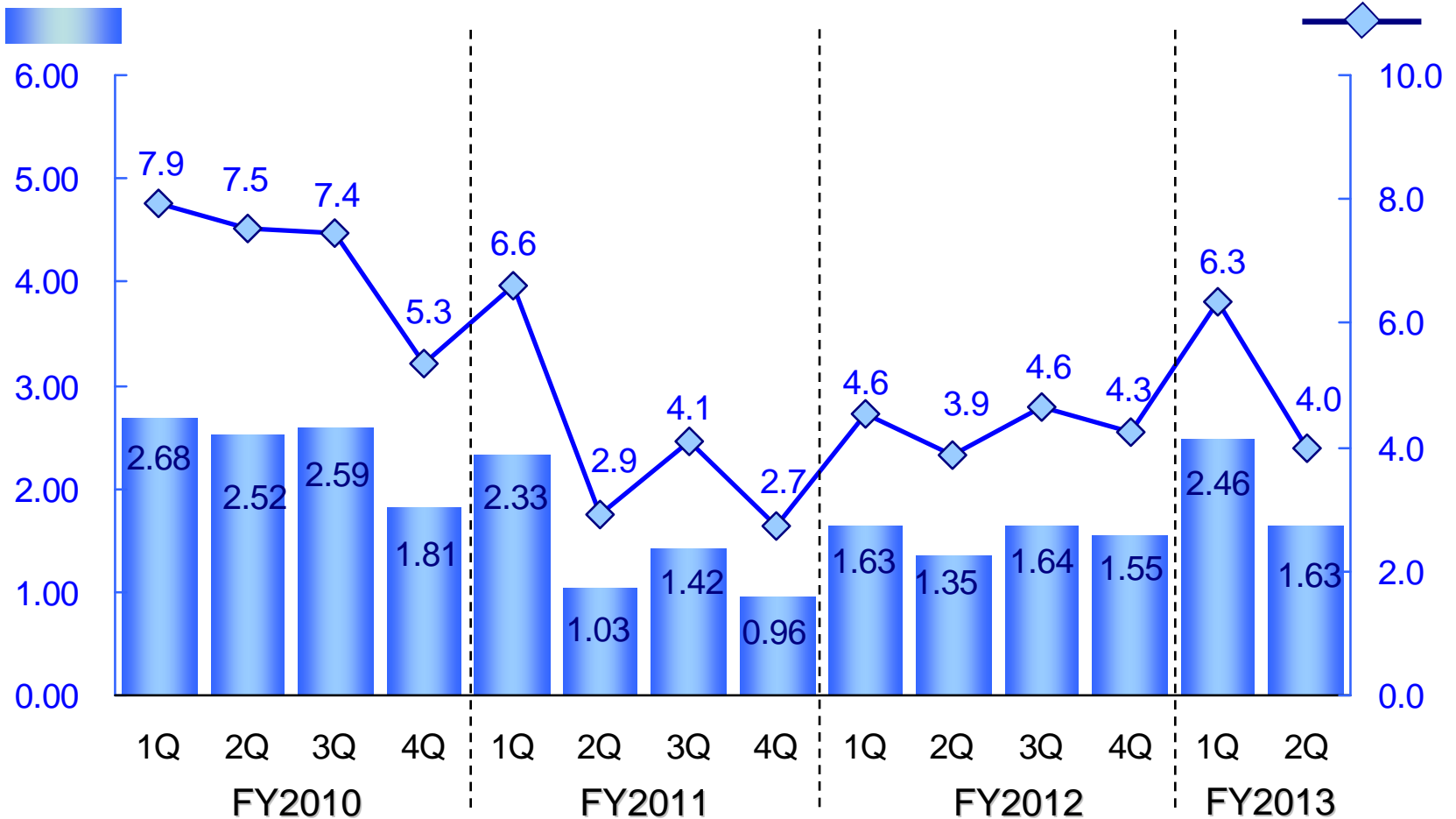
Ordinary income
(Billions of yen)



Consolidated Operating Income Trend

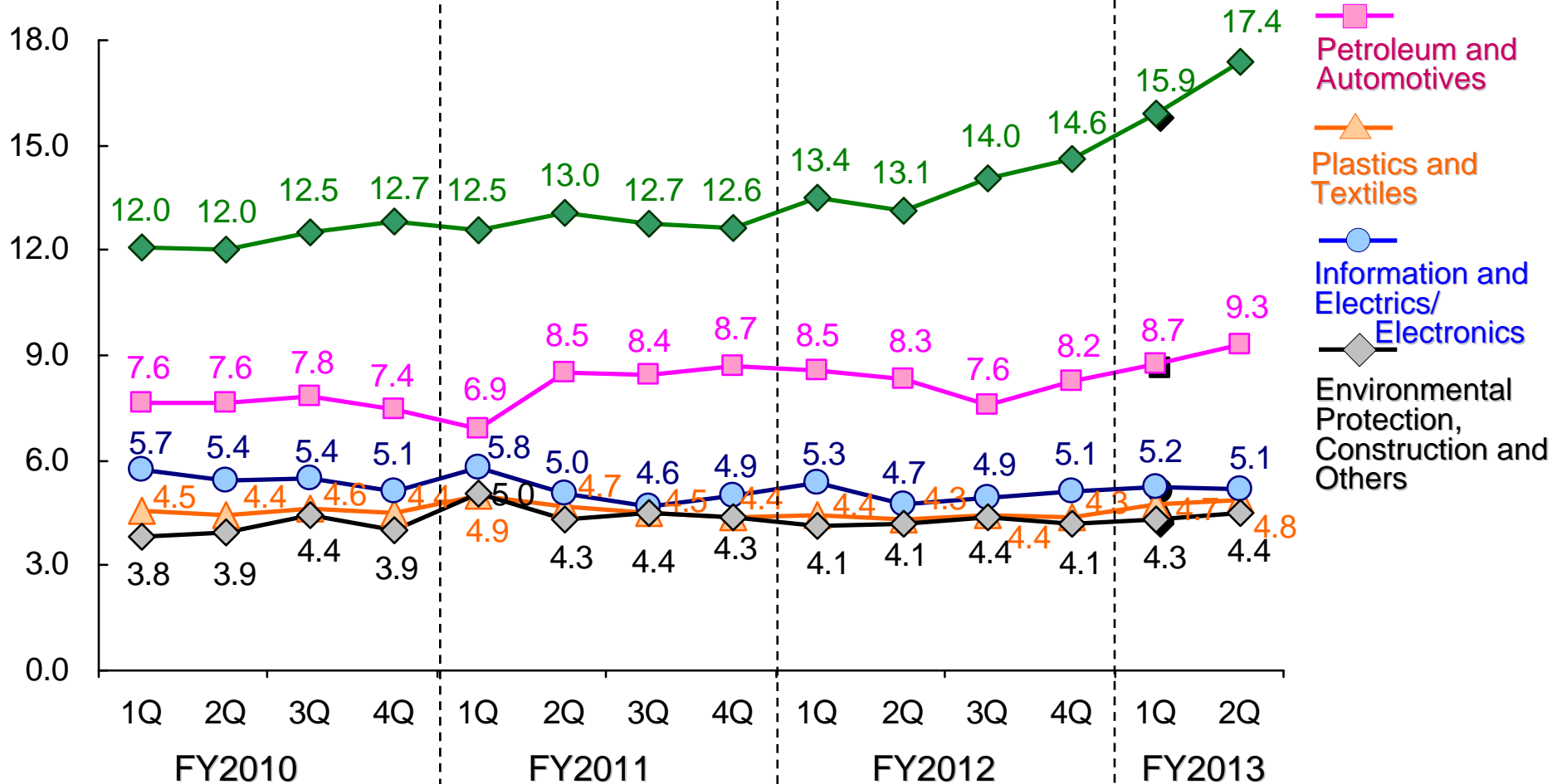
Operating income
(Billions of yen)

Operating income
ratio (%)



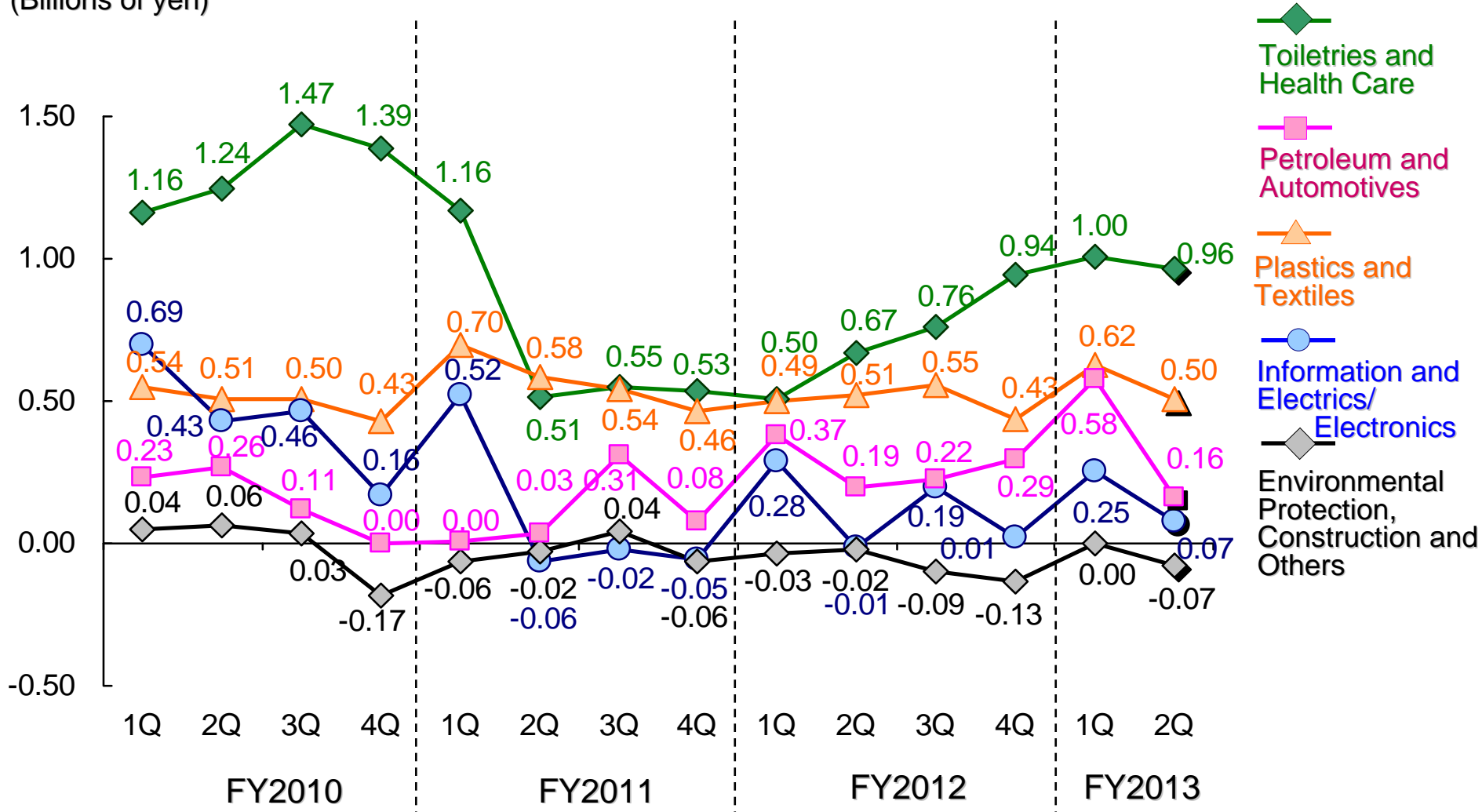
Consolidated Net Sales Trend by Product Group

(Billions of yen)



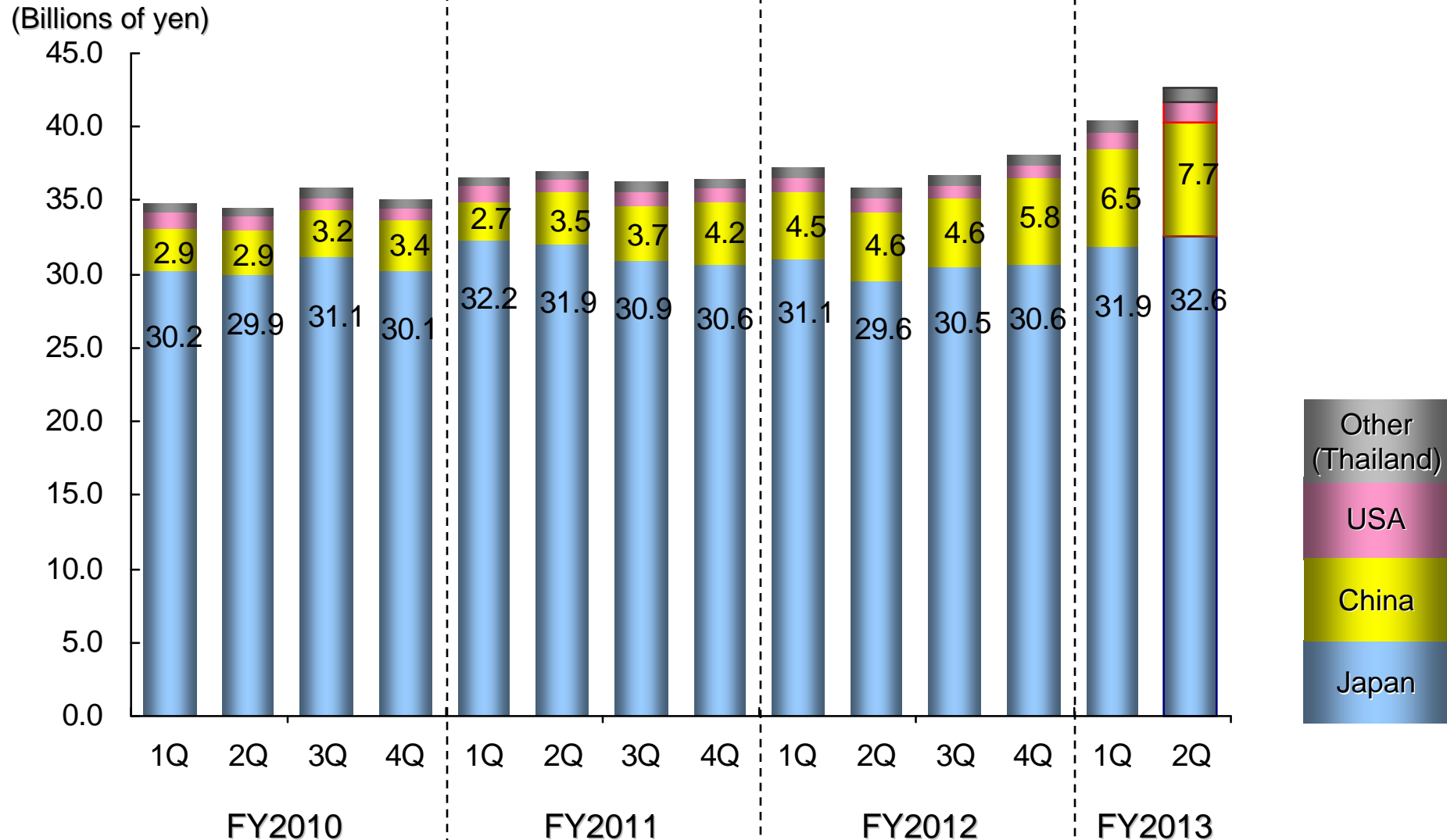
Consolidated Operating Income Trend by Product Group

(Billions of yen)



Consolidated Net Sales Trend by Geographic Segments

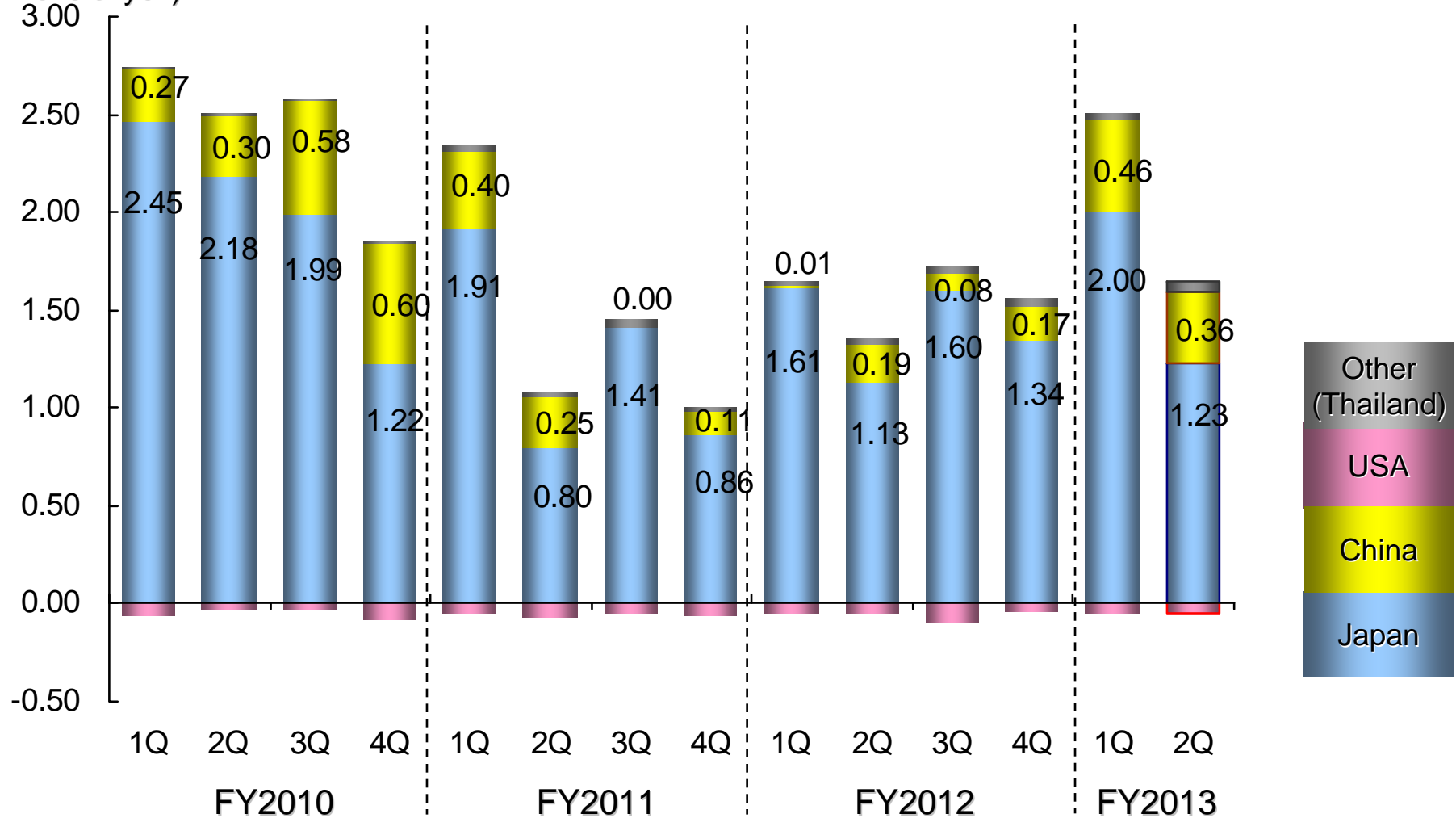
Internal sales among Sanyo Chemical Group are not eliminated.



Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Domestic Consolidated Subsidiaries (5 companies)

Company Name	Abbr.	Equity Ownership	Line of Business	
SDP Global Co., Ltd.*	SDP	Sanyo Chemical Toyota Tsusho	70% 30%	Manufacture and sales of superabsorbent polymers
SAN NOPCO LIMITED	SNL	Sanyo Chemical	100%	Manufacture and Sales of industrial agents for pulp & paper, coatings, etc.
San Chemical Co., Ltd.	SCC	Sanyo Chemical JX Nippon Oil & Energy	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, urethane catalysts, etc.
Sanyo Transport Co., Ltd.	—	Sanyo Chemical	100%	General trucking

*On Sept. 30, 2013, Sanyo Chemical and Toyota Tsusho concluded a new joint venture agreement about San-Dia Polymers, Ltd.. According renamed SDP Global Co., Ltd.

Overseas Consolidated Subsidiaries (7 companies)

Company Name	Abbr.	Equity Ownership		Line of Business
Sanyo Kasei (Nantong) Co., Ltd. [China]	SKN	Sanyo Chemical	100%	Manufacture and sales of surfactants, polyurethane resins, etc.
San-Dia Polymers (Nantong) Co., Ltd. [China]	SDN	SDP Global	100%	Manufacture and sales of superabsorbent polymers
Sanyo Chemical (Shanghai) Trading Co., Ltd. [China]	SCST	Sanyo Chemical	100%	Sales of surfactants, polyurethane resins, etc.
Sanyo Kasei (Thailand) Ltd. [Thailand]	SKT	Sanyo Chemical Toyota Tsusho and others	89% 11%	Manufacture and sales of surfactants, polyurethane resins, etc.
SANAM Corporation [USA]	SANAM	Sanyo Chemical	100%	Holding company of U.S. consolidated subsidiaries. Sales of toner resins, etc.
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

Subsidiaries and Affiliates Accounted for by Equity Method (5 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
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 agency