

A Statement of Accounts

For the Fiscal Year Ended March 31, 2010

Fiscal Year 2009

(FY 2009)

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.

<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 May 13, 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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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, **Kinuura**, Kashima, Kyoto,
Kawasaki (San Chemical)

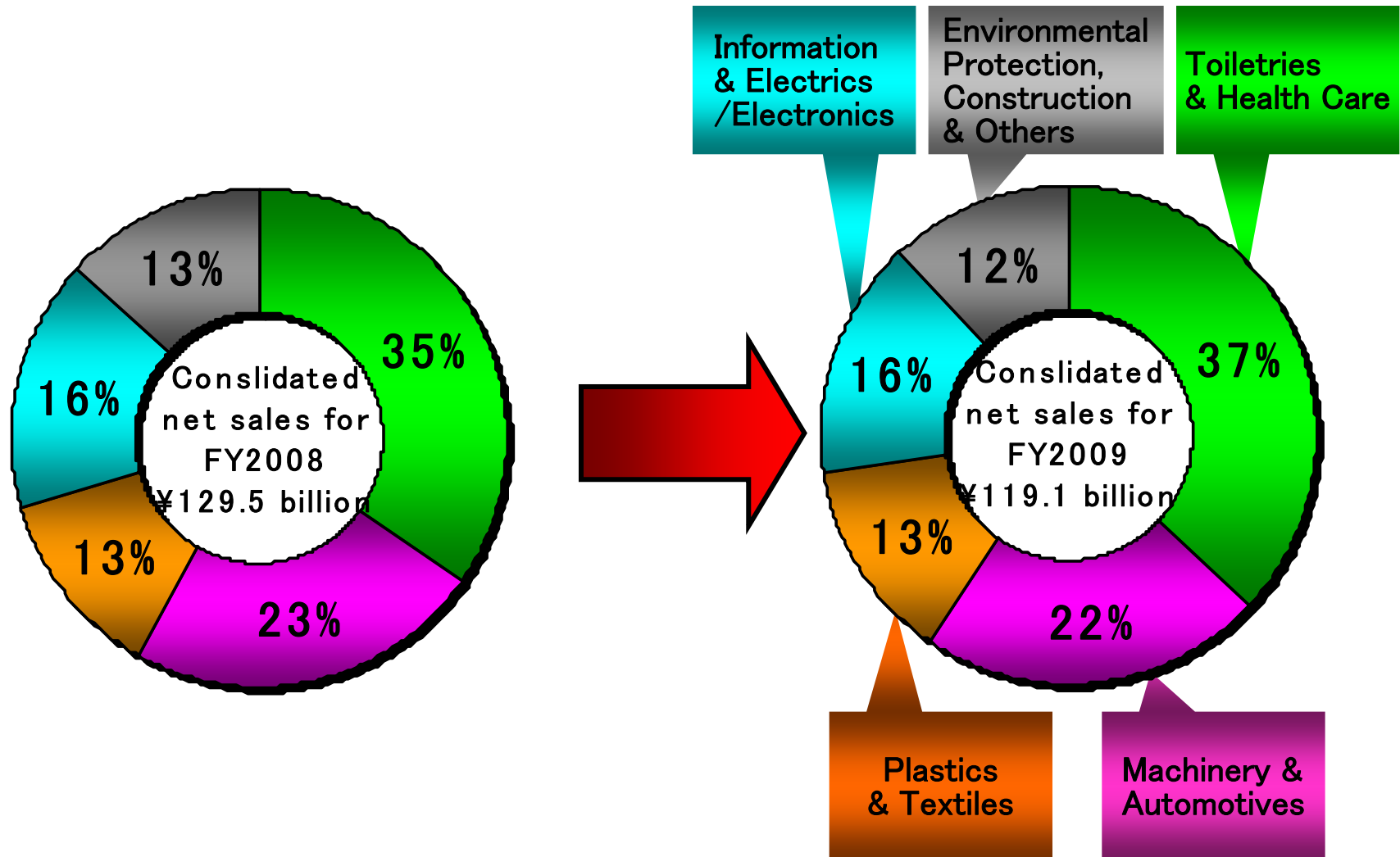
Consolidated Number of Employees : **1,748**
at March 31, 2010

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

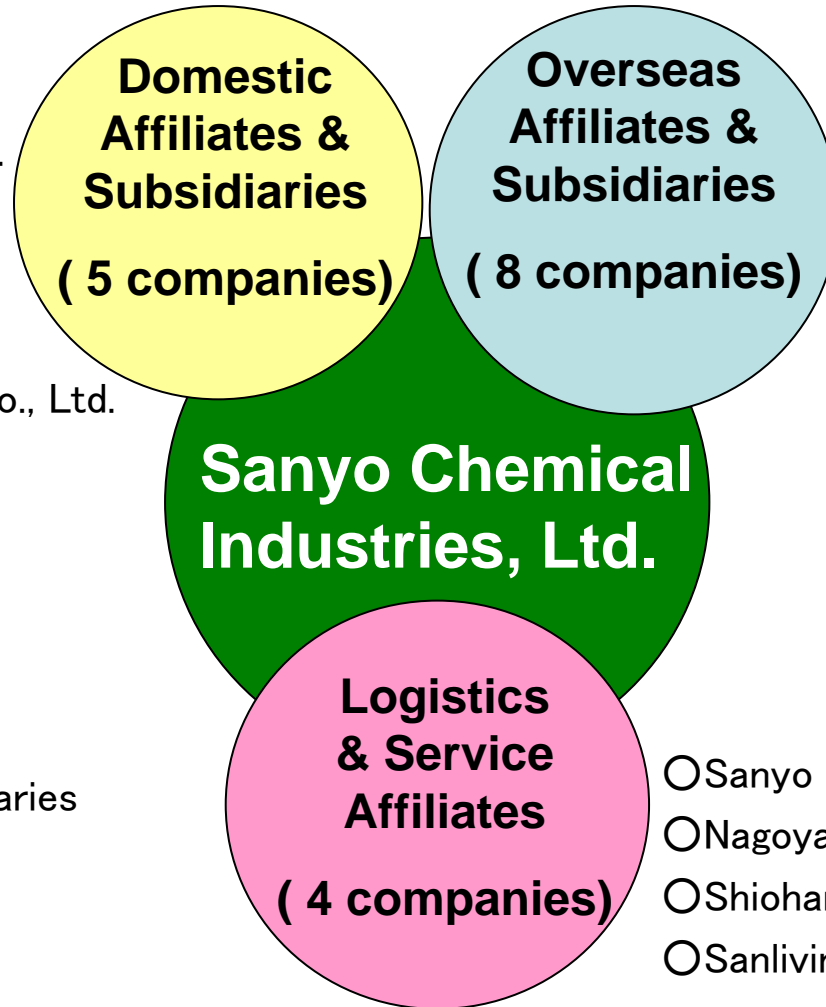
Principal Products

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 Materials for Polyurethane Foams, Lubricating Oil Additives, Additives for Fuel Oils, Water-Soluble Cutting Fluids, CFC-Free Cleaning Agents, Base materials for Synthetic Lubricants
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 (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

Proportion of Net Sales by Product Group



Sanyo Chemical Group



- 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 Corporation (USA)
- Sanyo Chemical & Resins, LLC (USA)
- Sanyo Chemical Texas Industries, LLC (USA)
- Sunrise Chemical LLC (USA)
- 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 (11 companies)
- Affiliates (6 companies)

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 (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
Sanyo Kasei (Thailand) Ltd. [Thailand]	SKT	Sanyo Chemical Toyota Tsusho Corp. & others 89% 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

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 FY2009

Yen amounts are rounded down. Ratios are rounded off .

(Billions of Yen)

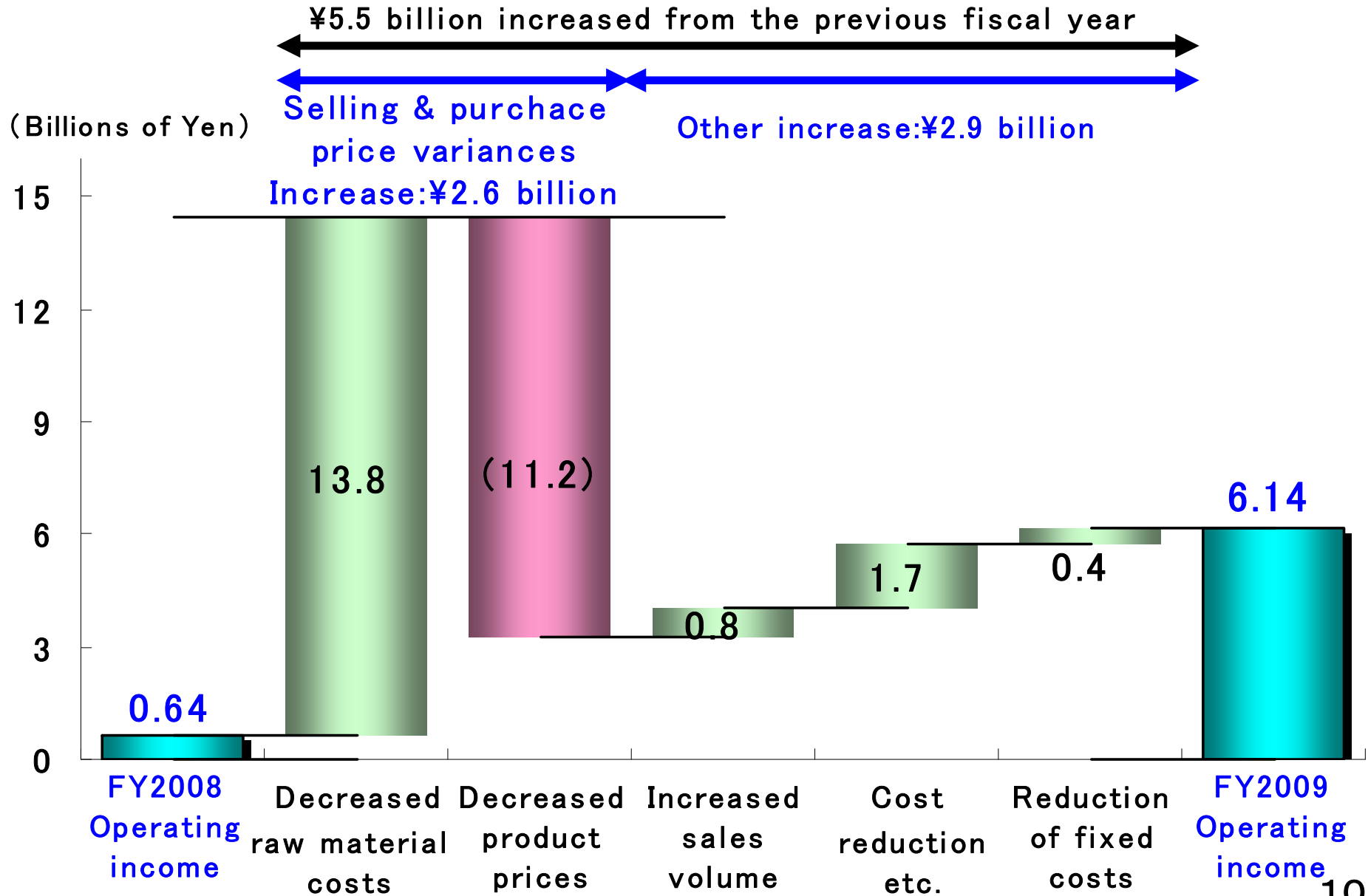
	FY2009	FY2008	Year on year change	
			Amount	Ratio
Net sales	119.19	129.55	(10.36)	(8%)
Operating income	6.14	0.64	5.50	9.6 times
Ordinary income	6.01	0.49	5.51	12.1 times
Net income	2.54	(2.40)	4.94	got into the black

Non-Consolidated Results of Operations for FY2009

(Billions of Yen)

	FY2009	FY2008	Year on year change	
			Amount	Ratio
Net sales	83.52	93.02	(9.50)	(10%)
Operating income	3.13	0.06	3.06	45.0 times
Ordinary income	4.58	1.60	2.97	2.9 times
Net income	2.80	0.19	2.60	14.3 times

Analysis of Changed Consolidated Operating Income



Analysis of Changed Non-Consolidated Operating Income

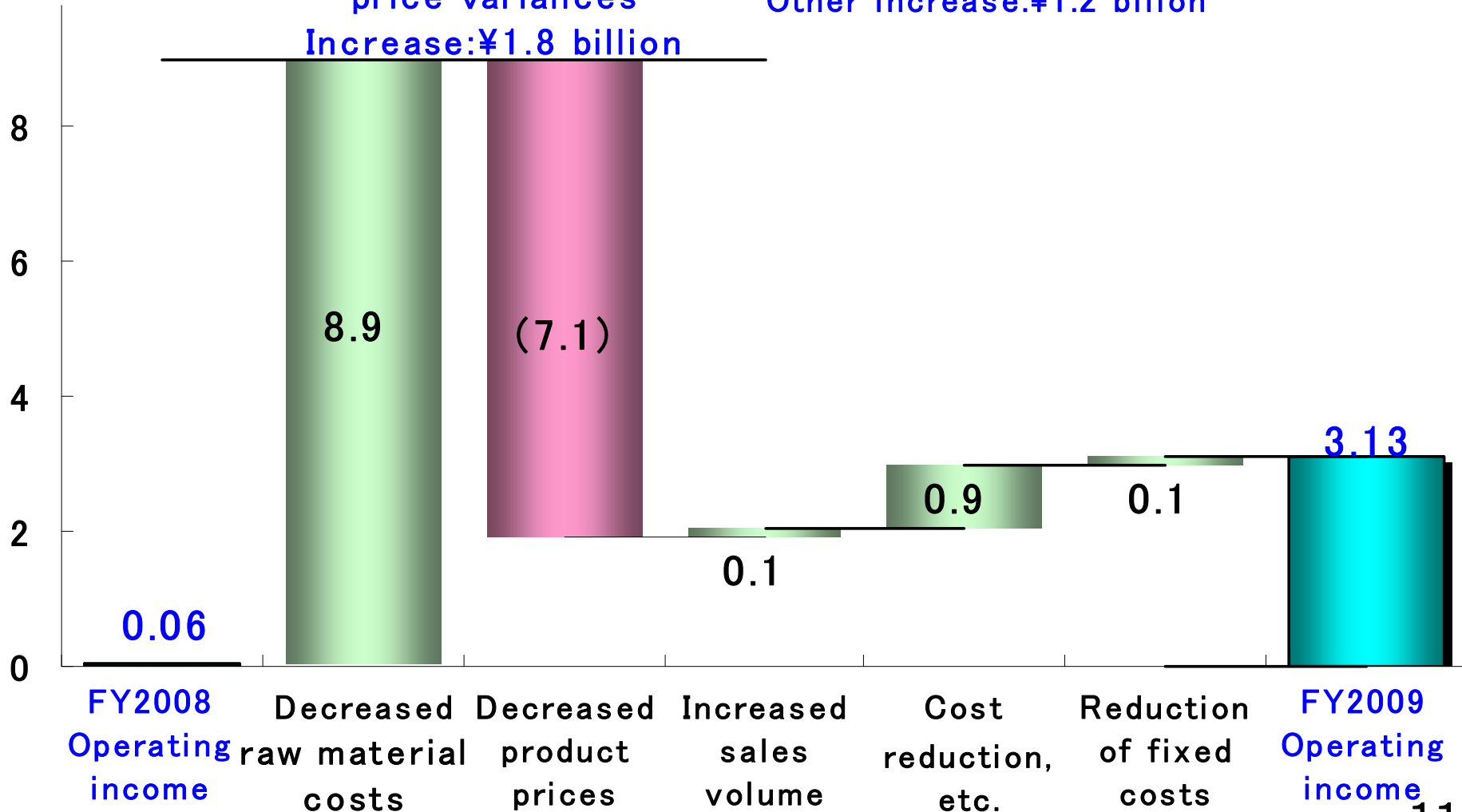
¥3.0 billion increased from the previous fiscal year



(Billions of Yen)

Selling & purchase price variances
Increase: ¥1.8 billion

Other increase: ¥1.2 billion



Analysis of Changed Consolidated Income

(Billions of Yen)

	FY2009	FY2008	Year on year change
Operating income	6.14	0.64	5.50
Equity in earnings of unconsolidated affiliates	(0.36)	0.20	(0.57)
Exchange gain and loss	(0.00)	(0.64)	0.64
Other non-operating expenses	0.24	0.29	(0.05)
Ordinary income	6.01	0.49	5.51
Loss on impairment of tangible fixed assets	(0.06)	(1.17)	1.10
Loss on valuation of investments in securities	(0.44)	(1.23)	0.78
Other extraordinary income (expenses)	(0.24)	(0.01)	(0.23)
Income before income taxes & minority interests	5.25	(1.91)	7.17
Income taxes, etc.	(1.99)	(0.50)	(1.49)
Minority interests	(0.72)	0.01	(0.73)
Net income	2.54	(2.40)	4.94

Analysis of Changed Non-Consolidated Income

(Billions of Yen)

	FY2009	FY2008	Year on year change
Operating income	3.13	0.06	3.06
Dividends income	1.05	1.16	(0.11)
Exchange gain and loss	(0.10)	(0.10)	0.00
Other non-operating expenses	0.50	0.47	0.02
Ordinary income	4.58	1.60	2.97
Loss on disposal of fixed assets	(0.18)	(0.11)	(0.06)
Loss on valuation of investments in securities	(0.44)	(0.23)	(0.21)
Loss on valuation of stocks of affiliates	—	(0.96)	0.96
Other extraordinary income (expenses)	(0.01)	0.08	(0.10)
Income before income taxes & minority interests	3.93	0.36	3.56
Income taxes, etc.	(1.13)	(0.17)	(0.95)
Net income	2.80	0.19	2.60

Consolidated Balance Sheet

(Billions of Yen)

	Mar.31 2010	Mar.31 2009	Changed amount	Notes: Changed amount
Current assets	64.8	52.8	12.0	Increase of cash & deposits: 8.5; Improved free CF
Fixed assets	72.1	71.0	1.0	Increase of accounts receivable: 4.1; Sales recovery Gains on valuation of investments securities: 4.4
Assets	136.9	123.9	13.0	Decrease of deferred income taxes: (1.2); Recovery of stock
Current liabilities	45.2	26.0	19.2	Increase of accounts payable: 8.3 Redemption of convertible bonds: 10.0
Long-term liabilities	8.0	19.3	(11.3)	Decrease of long-term debt (0.9), Convertible bonds: (10.0)
Liabilities	53.2	45.3	7.9	
Shareholder's equity	78.5	77.2	1.3	Increase of retained earnings: 1.3
Valuation & translation adjustments	2.5	(0.7)	3.3	Increase of unrealized gain by recovered stock prices: 3.2
Minority interests	2.5	2.0	0.4	Improvement in business performance of SDP group: 0.4
Net assets	83.7	78.5	5.1	
Liabilities & net assets	136.9	123.9	13.0	

Consolidated Cash Flows

(Billions of Yen)

	FY2009	FY2008	Changed amount	Notes: Changed amount
Operating activities	20.1	7.2	12.8	
Income before income taxes and minority interests	5.2	(1.9)	7.1	Improved profit
Depreciation and amortization	8.0	8.5	(0.4)	
Loss on valuation of investments in securities	0.4	1.2	(0.7)	
Decrease in operating capital	4.3	(0.0)	4.4	Increase of accounts payable: 8:3
Income tax paid	0.0	(1.1)	1.2	
Others	2.2	0.5	1.2	
Investing activities	(8.6)	(10.4)	1.7	Purchases of property, plant & equipment: 1.6
Free cash flows	11.4	(3.1)	14.6	
Financing activities	(2.8)	(1.0)	(1.7)	Loans & repayment: (2.1) Cut in dividends: 0.4
Net increase in cash & cash equivalents	8.5	(4.5)	13.1	
Cash & cash equivalents at end of period	15.5	7.0	8.5	

Subsidiaries Results of Operations for FY2009

Internal sales among Sanyo Chemical Group are not eliminated.

11 Consolidated Subsidiaries

(Billions of Yen)

	FY2009	FY2008	Year on year change	
			Amount	Ratio
Net sales	58.94	62.46	(3.51)	(6%)
Operating income	2.74	0.31	2.43	8.7 times
Ordinary income	2.28	(0.20)	2.49	got into the black

SDP Group (SDP & SDN)

(Billions of Yen)

	FY2009	FY2008	Year on year change	
			Amount	Ratio
Net sales	28.26	28.15	0.10	0%
Operating income	1.85	0.17	1.68	11 times
Ordinary income	1.83	(0.32)	2.16	got into the black

Progress of forecast for FY 2009

(Billions of Yen)

Consolidated	1st half(Apr.-Sep.)				Annual			
	FY2010	FY2009	Year on year		FY2010	FY2009	Year on year	
			amount	ratio(%)			amount	ratio(%)
Net sales	60.0	55.3	4.6	8	127.0	119.1	7.8	7
Operating income	2.7	2.2	0.4	20	6.6	6.1	0.5	7
Ordinary income	3.0	2.1	0.8	39	7.0	6.0	1.0	16
Net income	1.4	0.8	0.5	66	3.8	2.5	1.2	49

Non-consolidated	1st half(Apr.-Sep.)				Annual			
	FY2010	FY2009	Year on year		FY2010	FY2009	Year on year	
			amount	ratio(%)			amount	ratio(%)
Net sales	41.0	38.5	2.4	6	88.0	83.5	4.4	5
Operating income	1.4	0.9	0.4	50	3.5	3.1	0.4	12
Ordinary income	2.2	1.6	0.5	32	5.2	4.5	0.7	13
Net income	1.6	1.1	0.4	34	3.7	2.8	0.8	32

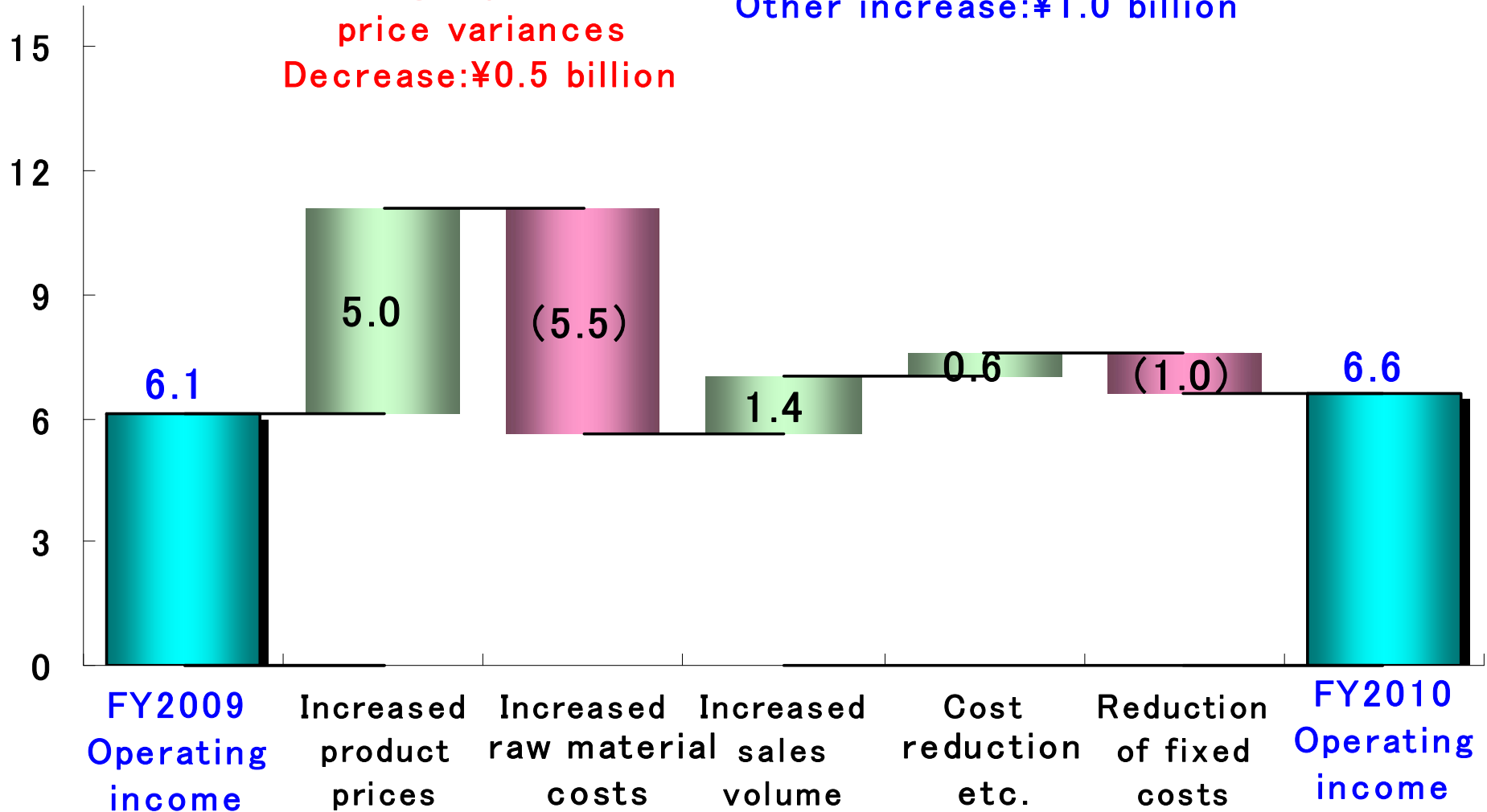
< Precondition for the plan >

Domestic naphtha price : 43 thousand of Yen/kl, Exchange rate : 90 Yen/US\$

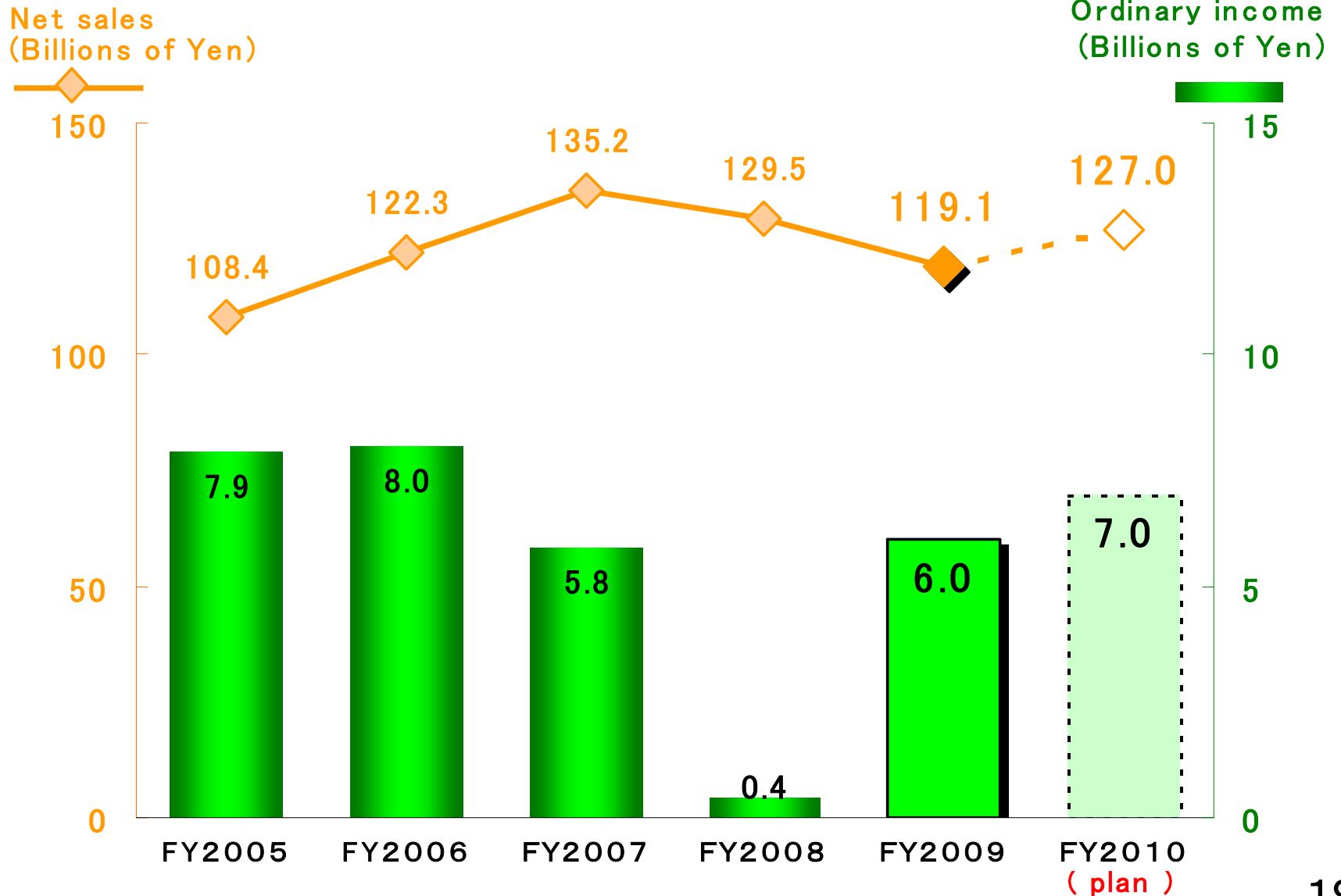
Analysis of Changed Consolidated Operating Income plan

(Billions of Yen)

¥0.5 billion increased from the previous fiscal year
 ← Selling & purchase price variances Decrease: ¥0.5 billion
 ← Other increase: ¥1.0 billion

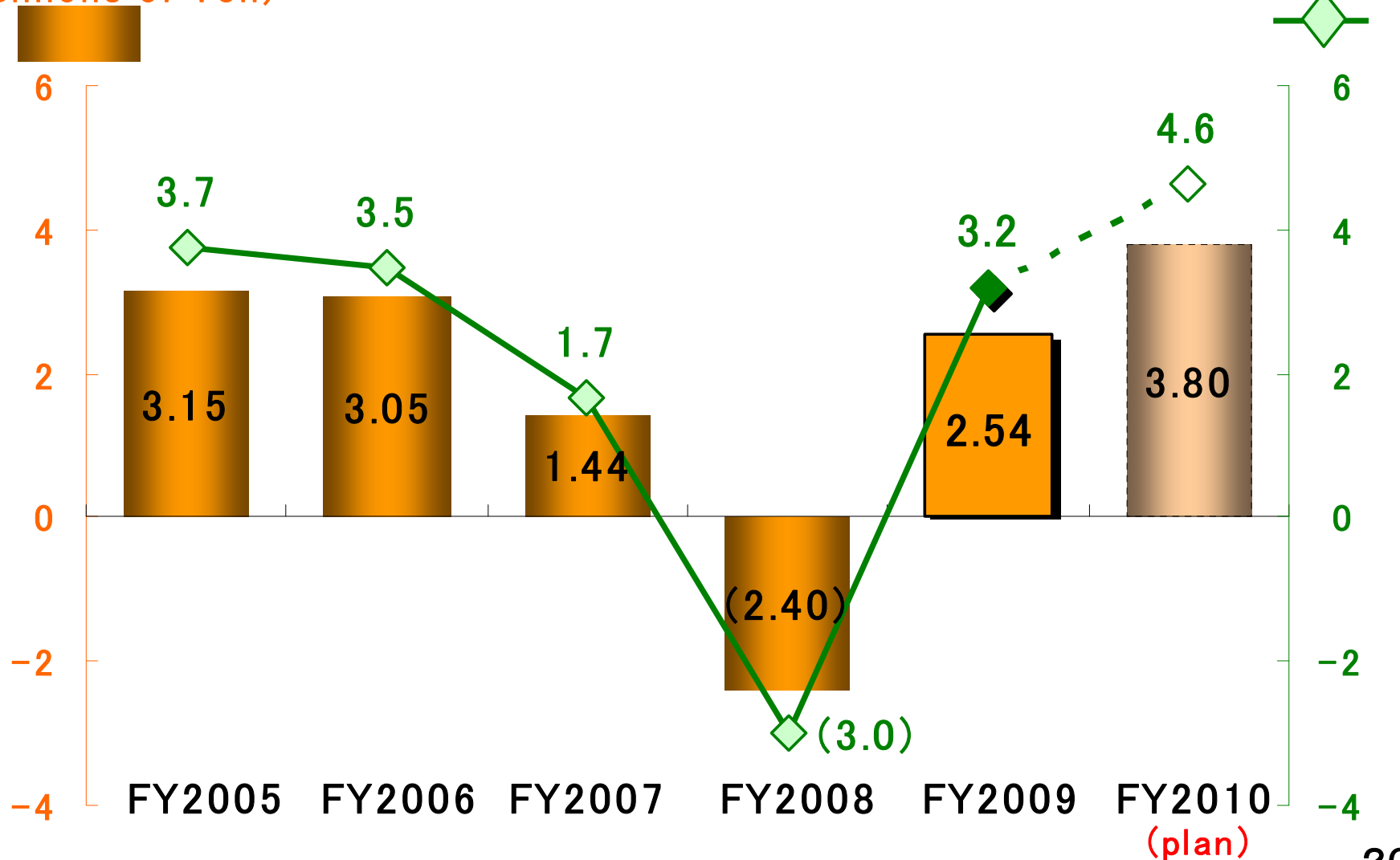


Consolidated Business Result Trend (Plan for FY2010)

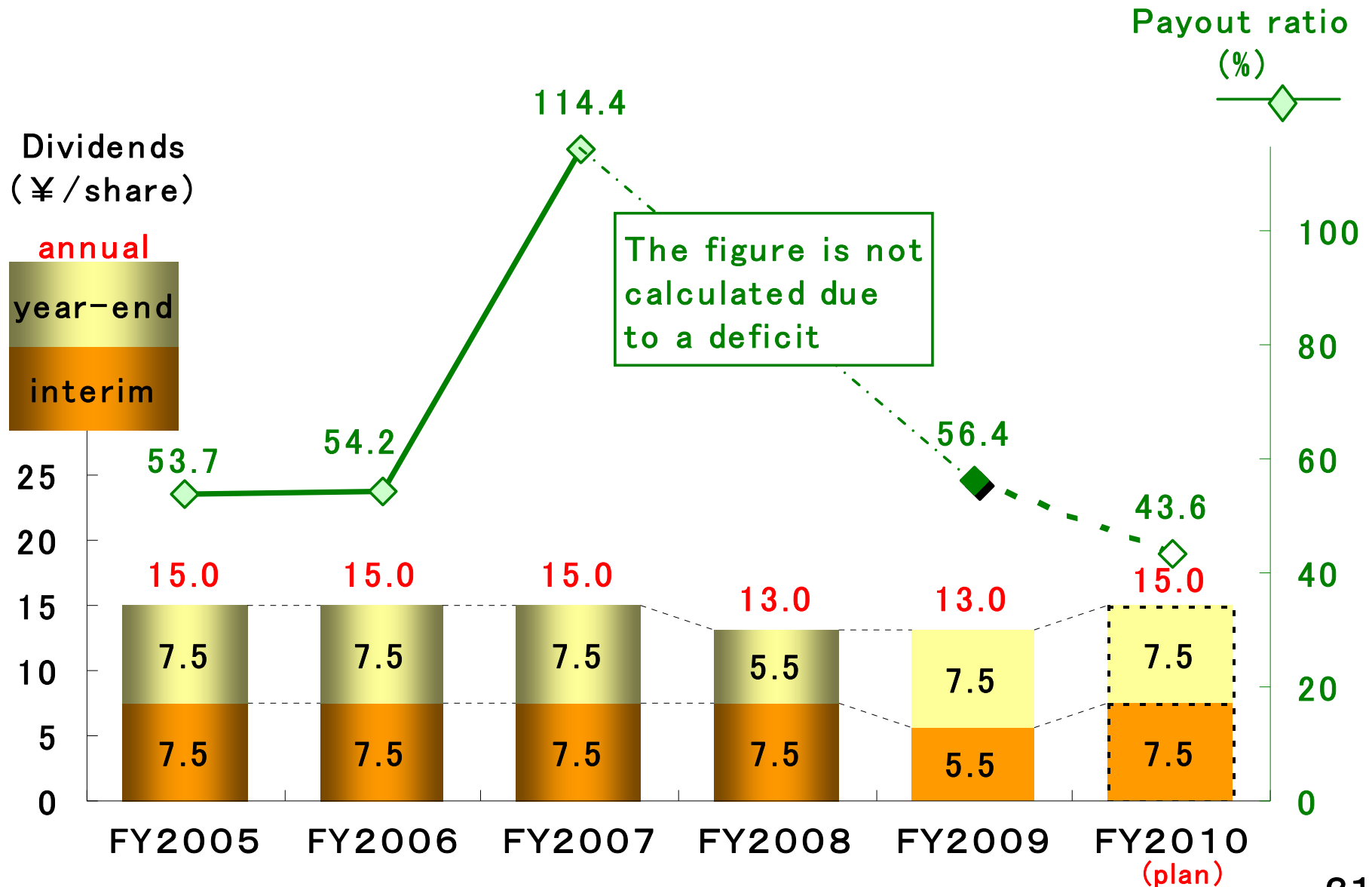


Consolidated Net Income & ROE Trend (Plan for FY2010)

Net income
(Billions of Yen)



Dividends Per Share & Payout Ratio (Consolidated)



Consolidated Net Sales by Product Group

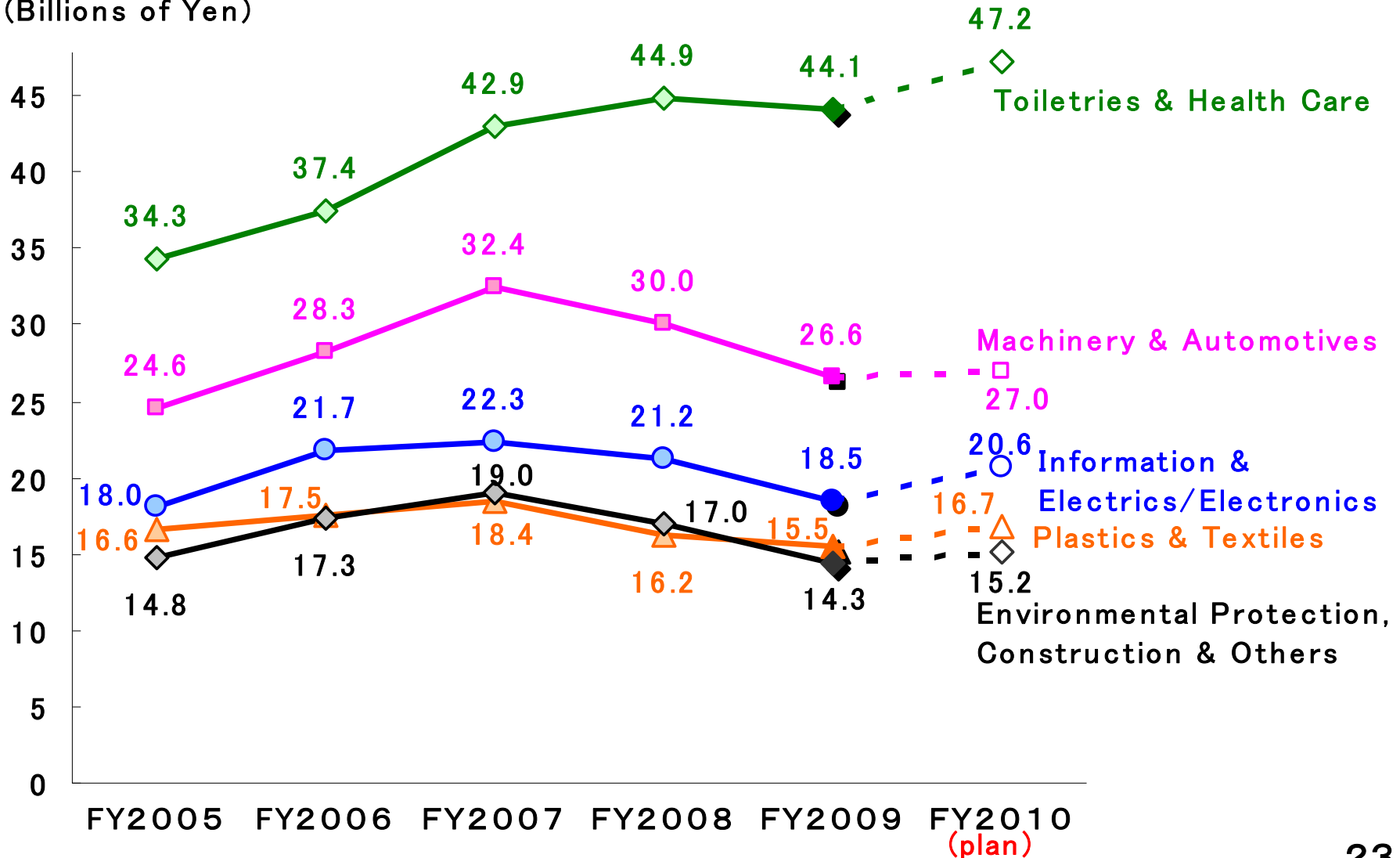
(Billions of Yen)

Product group	FY2009	FY2008	Year on year change	
			Amount	Ratio(%)
Toiletries & Health Care	44.18	44.99	(0.81)	(2)
Toiletries	13.00	14.22	(1.21)	(9)
Health Care	31.17	30.77	0.40	1
Machinery & Automotives	26.60	30.06	(3.45)	(11)
Plastics & Textiles	15.55	16.21	(0.66)	(4)
Plastics	9.43	9.56	(0.13)	(1)
Textiles	6.11	6.64	(0.53)	(8)
Information & Electrics/Electronics	18.50	21.24	(2.74)	(13)
Copiers	12.66	14.63	(1.96)	(13)
Electrics/Electronics	5.83	6.61	(0.77)	(12)
Environmental Protection, Construction & Others	14.34	17.03	(2.68)	(16)
Total	119.19	129.55	(10.36)	(8)

Consolidated Net Sales Trend by Product Group (Plan for FY2010)

Net Sales

(Billions of Yen)



Consolidated Operating Income by Product Group

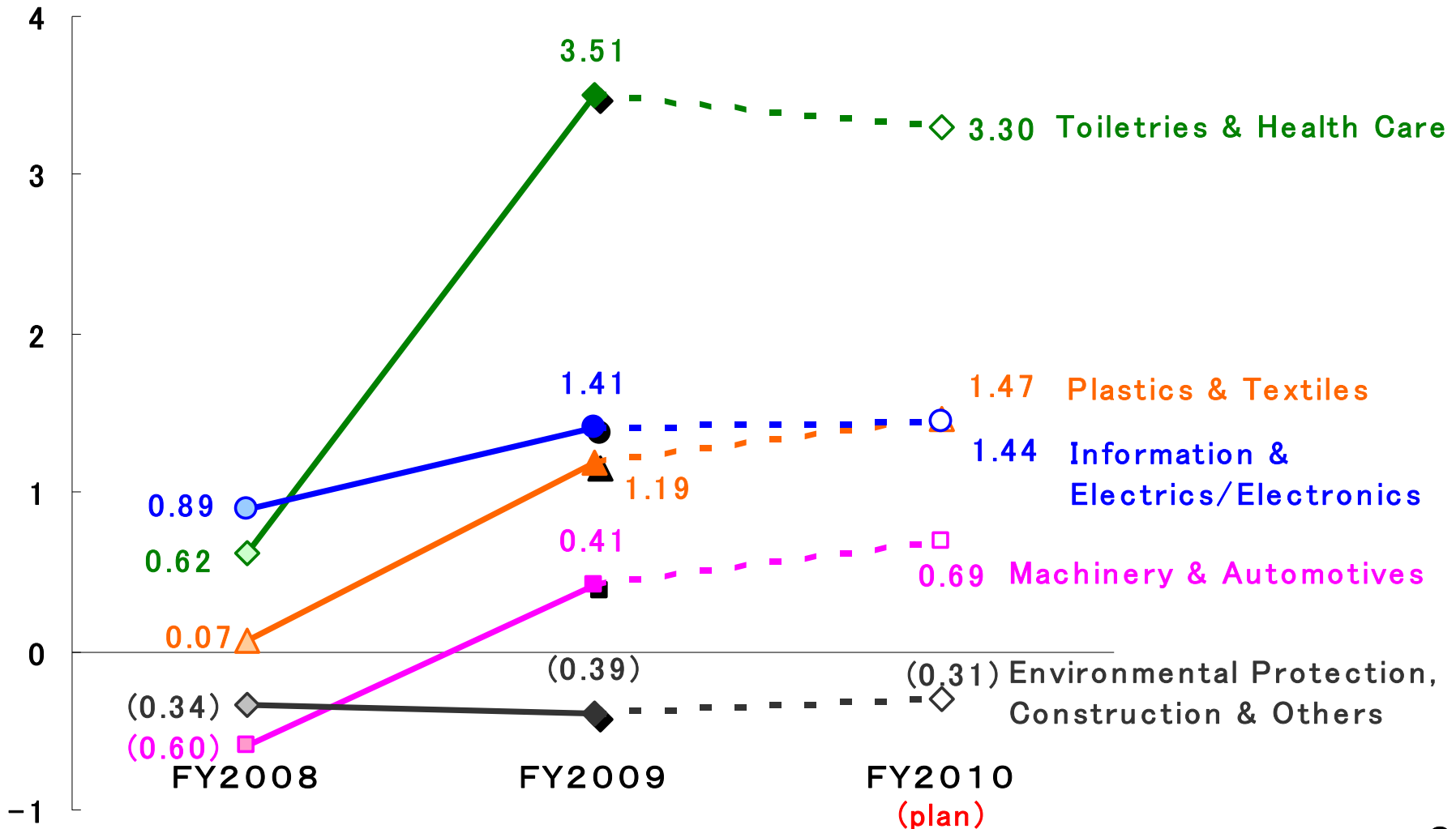
(Billions of Yen)

Product group	FY2009	FY2008	Year on year change	
			Amount	Ratio
Toiletries & Health Care	3.51	0.62	2.88	5.6 times
Machinery & Automotives	0.41	(0.60)	1.02	got into the black
Plastics & Textiles	1.19	0.07	1.12	17.1 times
Information & Electrics/Electronics	1.41	0.89	0.52	59%
Environmental Protection, Construction & Others	(0.39)	(0.34)	(0.05)	—
Total	6.14	0.64	5.50	9.6 times

Consolidated Operating Income Trend by Product Group

(Plan for FY2010)

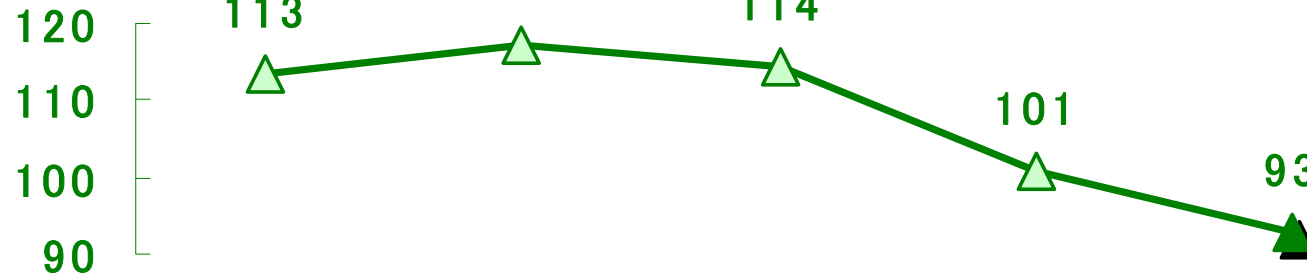
Operating Income
(Billions of Yen)



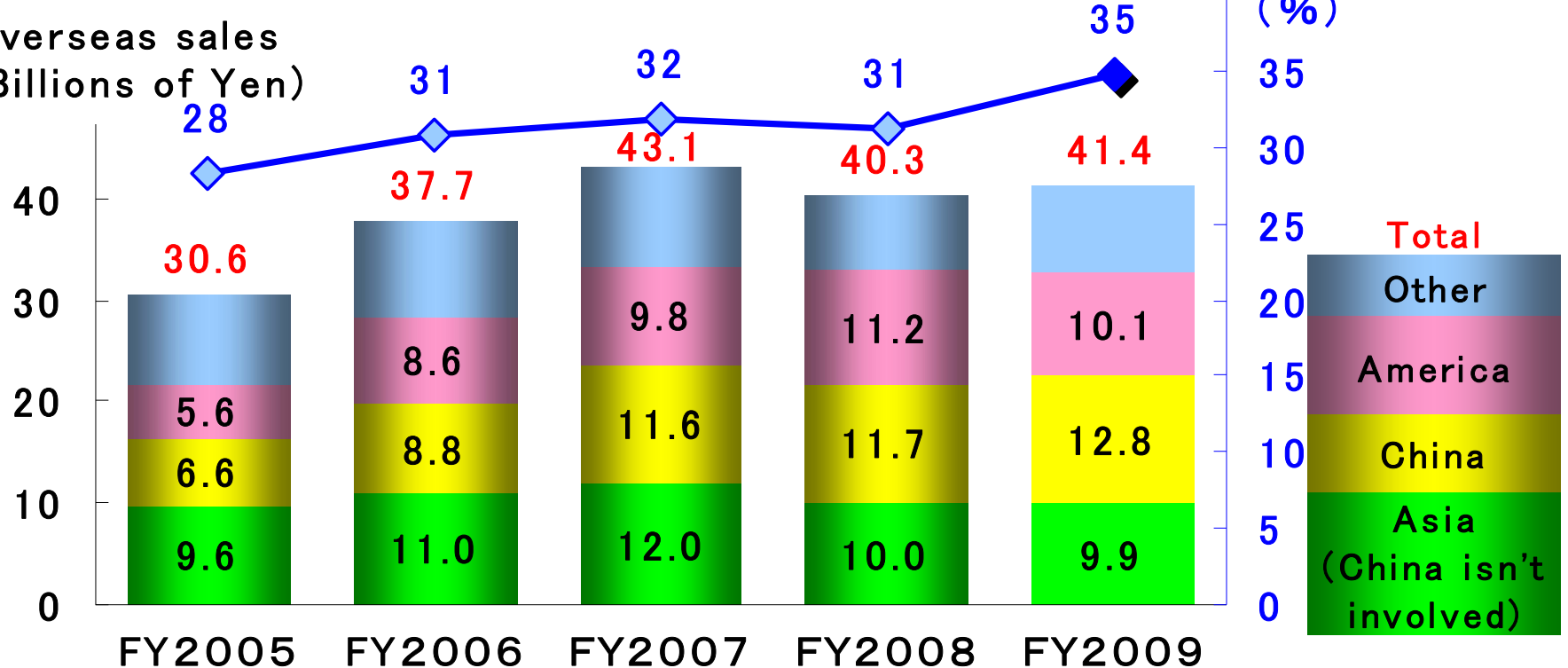
Consolidated Overseas Sales Trend

Exchange Rate

(¥/\$)



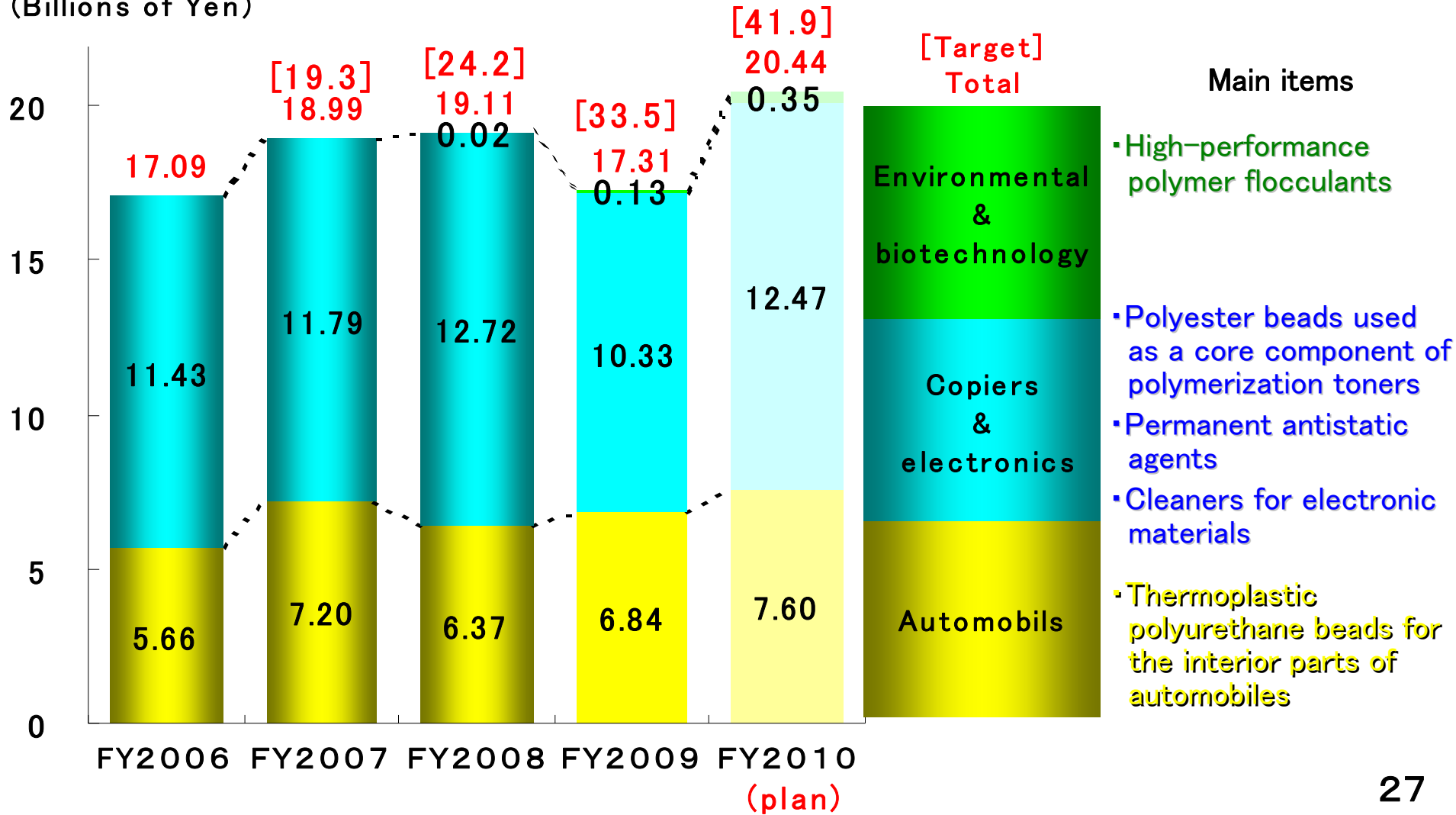
Overseas sales
(Billions of Yen)



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)



Priority Development Items

We have identified "priority development items" with exceptional sales growth potential, which are ready to launch in the near future.

These priority items can be broadly divided into development of established products for global markets, and new products with future development potential.

< 20 Items at present >

Established products: 13 items

FY2009	¥0.2 billion
FY2010	¥1.9 billion
FY2014	¥47.5 billion

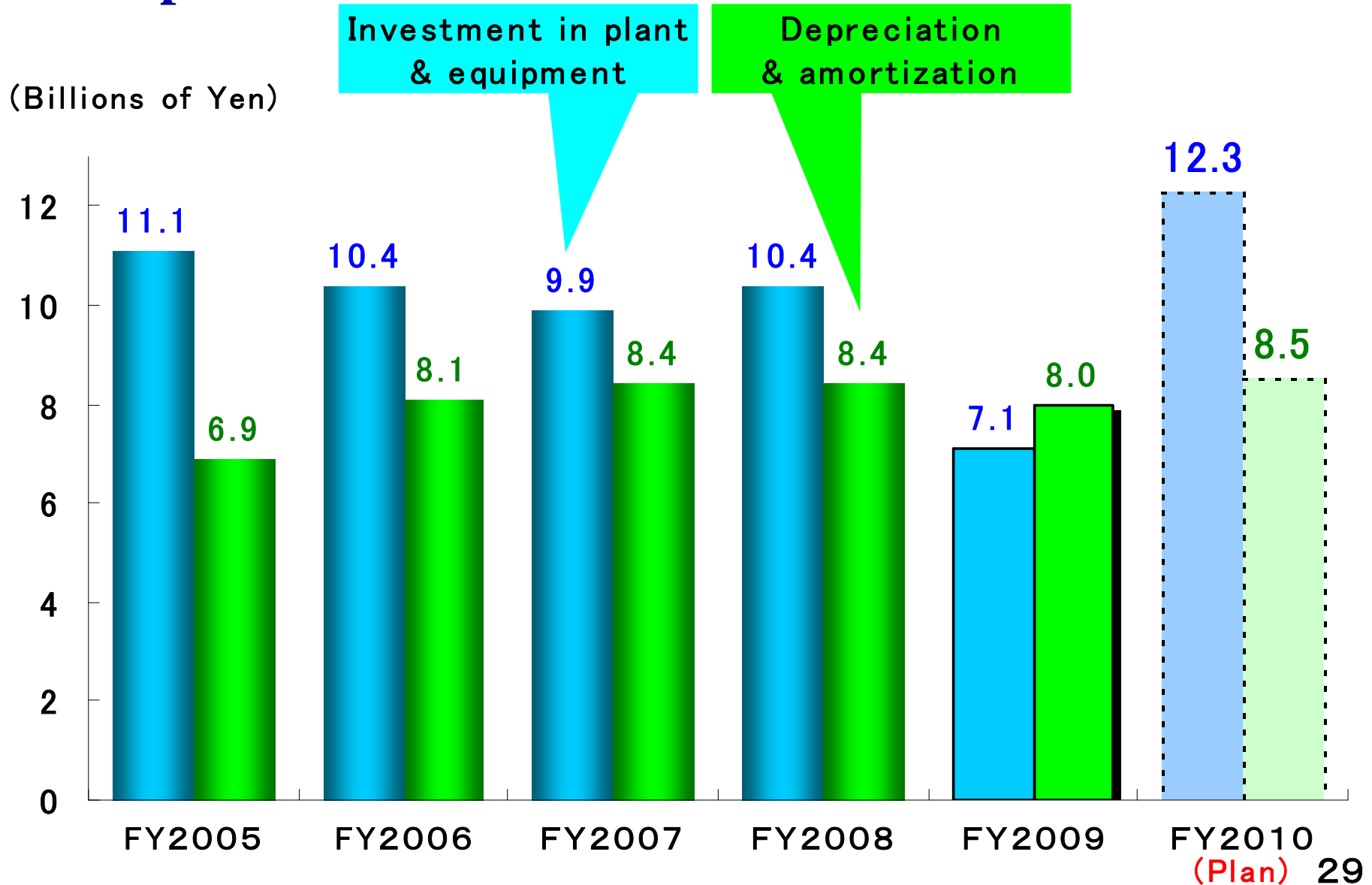
- High-performance superabsorbent polymers
- Highly-reactive polypropylene glycols produced by new developed process
- Low resistance permanent antistatic agents
.....etc.

New products: 7 items

FY2009	¥0.5 billion
FY2010	¥1.5 billion
FY2014	¥25.4 billion

- Battery agents
- Resins for flat panel displays
- Cleaners for semiconductors
- Surgical sealants
.....etc.

Consolidated Investment in Plant & Equipment, And Depreciation & Amortization



Topics (Expansion of SDN)



< Schedule >

- The construction of the new facility will start on June 2010
- The new facility will be operational from July 2011

< Capacity >

- Additional capacity
: 70,000 tons/year
- Total capacity
: 135,000 tons/year

< Investment >

- Approx. ¥4 billion