

A Statement of Accounts
For the Three Months Ended June 30, 2011
1st Quarter in Fiscal Year 2011
(1Q-FY2011)

SANYO CHEMICAL INDUSTRIES, LTD.

<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 July 29, 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

Public Relations Dept.

SANYO CHEMICAL INDUSTRIES, LTD.

TEL +81-75-541-4312

FAX +81-75-551-2557

E-mail pr-group@sanyo-chemical.com

Corporate Data

Date of Establishment: November 1, 1949

Head Office: Higashiyama-ku, Kyoto

Capital: ¥13,051 million

Major Shareholders as of March 31, 2011:

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:

1,786 as of June 30, 2011

Line of Business:

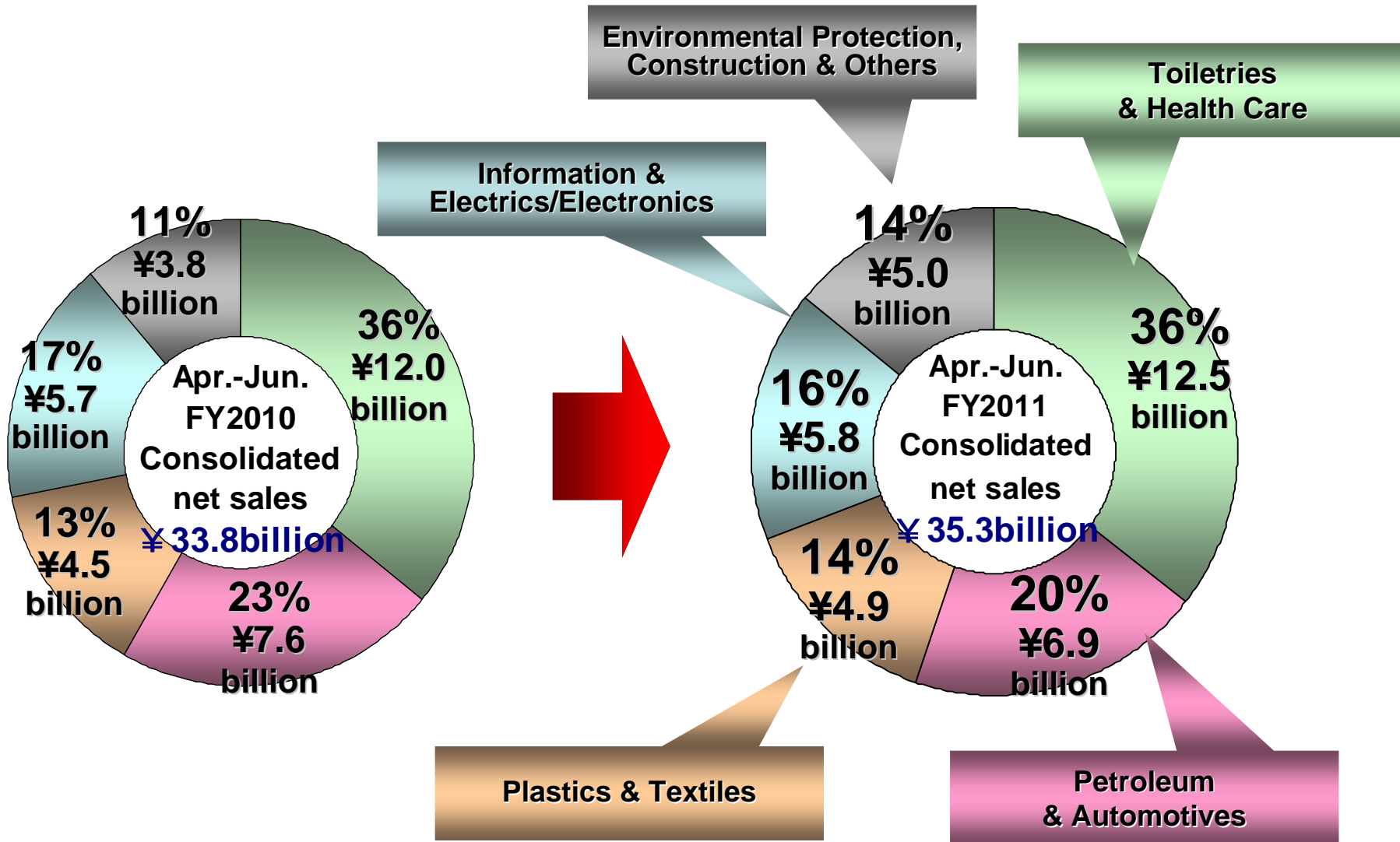
Manufacture & sales of approx. 3,000 types of performance chemicals

Principal Products by Product Group

Class.	Sub-category	Principal products
Toiletries & Health Care	Toiletries	Surfactants for Detergents, Surfactants for Hair Care Products, Agents for Papermaking
	Health Care	Superabsorbent Polymers (SAPs), Base Materials for Pharmaceuticals, Germicides/Disinfectants, EIA Diagnostic Reagents, Potting Resins for Artificial Kidneys
Petroleum & Automotives		Thermoplastic Polyurethane Beads (TUBs) for the 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, Paint Resins
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 (PEBs) 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), Slurry Agents, Reactive Hot-Melt Adhesives

Business Performance

Proportion of Net Sales by Product Group (1Q in FY2011)



Results of Operations for 1Q in FY2011

(Billions of Yen)

Consolidated	April-June		Year on year change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	35.37	33.81	1.56	5
Operating income	2.33	2.68	▲0.35	▲13
Ordinary income	2.89	3.00	▲0.11	▲4
Net income	1.50	1.75	▲0.25	▲14
Comprehensive income	1.84	1.26	0.57	46

(Billions of Yen)

Non-Consolidated	April-June		Year on year change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	24.81	23.33	1.47	6
Operating income	0.94	1.53	▲0.59	▲39
Ordinary income	1.65	2.06	▲0.40	▲20
Net income	1.03	1.41	▲0.38	▲27

Subsidiary Results of Operations for 1Q in FY2011

Internal sales among Sanyo Chemical Group are not eliminated.

11 Consolidated Subsidiaries

(Billions of Yen)

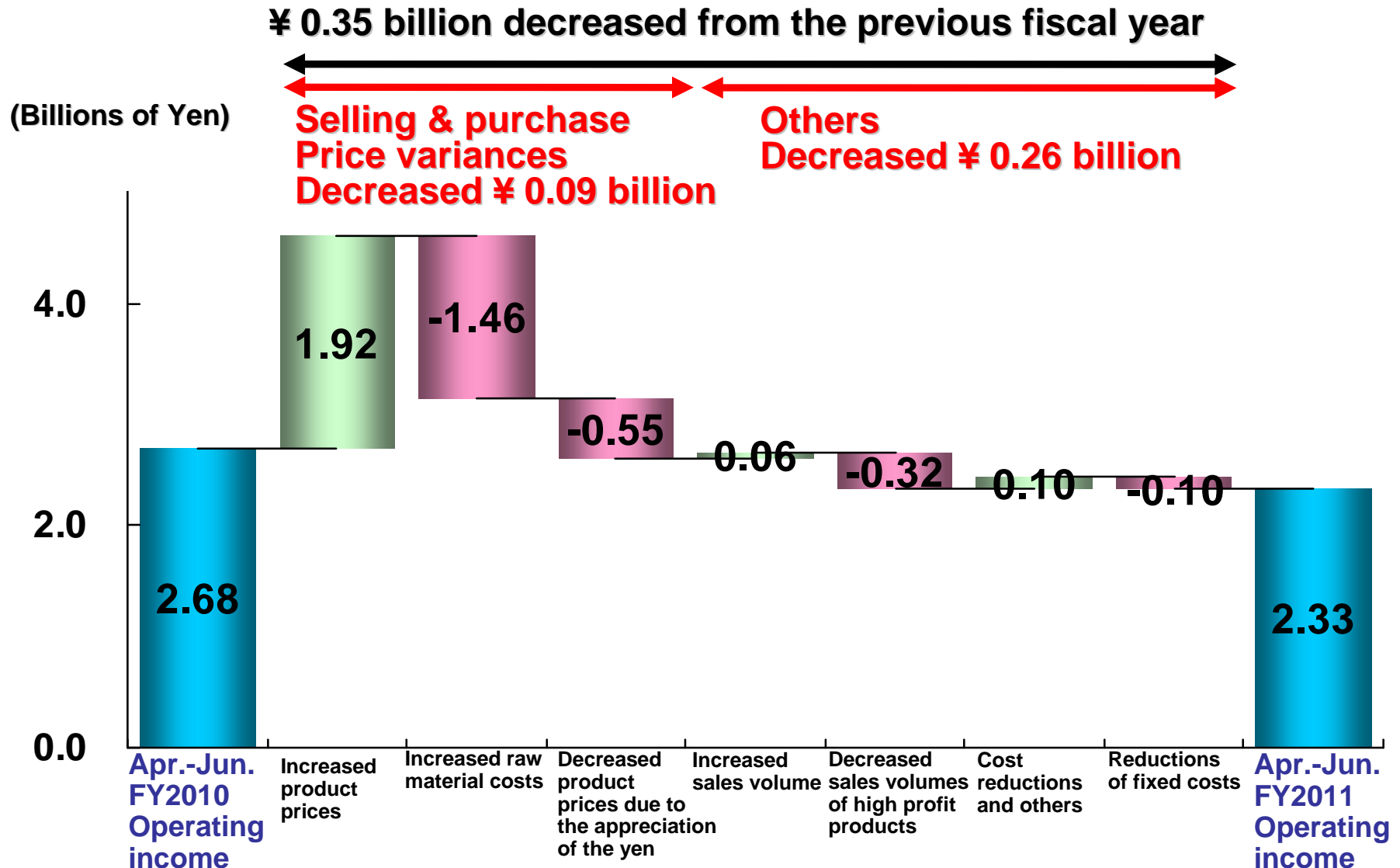
	April-June		Year on year change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	18.32	17.10	1.21	7
Operating income	1.28	1.09	0.18	17
Ordinary income	1.51	1.17	0.33	29

SDP Group (SDP & SDN)

(Billions of Yen)

	April-June		Year on year change	
	FY2011	FY2010	Amount	Ratio (%)
Net sales	8.00	7.95	0.04	1
Operating income	0.76	0.69	0.06	10
Ordinary income	0.83	0.69	0.13	19

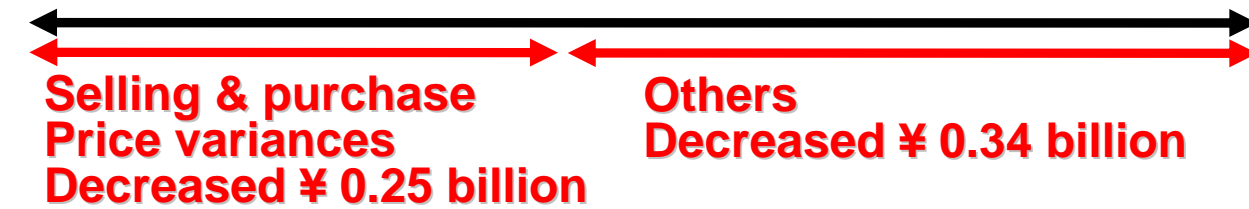
Analysis of Changed Consolidated Operating Income



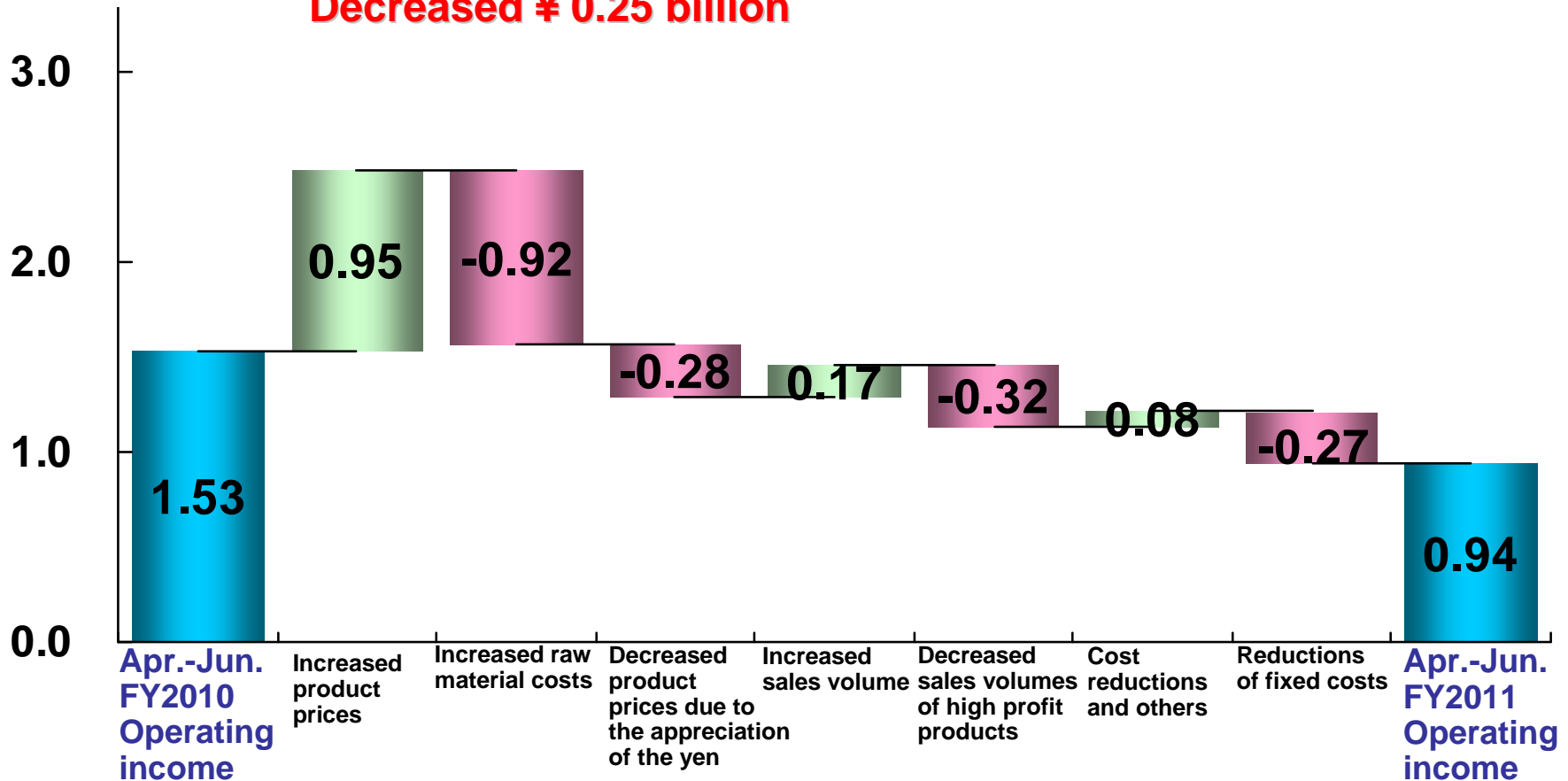
Average exchange rate (Yen/US\$) 1Q-FY2010: ¥92.02 → 1Q- FY2011: ¥81.72

Analysis of Changed Non-Consolidated Operating Income

¥ 0.59 billion decreased from the previous fiscal year



(Billions of Yen)



Analysis of Changed Consolidated Net Income

(Billions of Yen)

	April-June		Year on year change
	FY2011	FY2010	
Operating income	2.33	2.68	(0.35)
Equity in earnings of unconsolidated affiliates	0.24	0.11	0.12
Exchange gain and loss	0.04	(0.02)	0.06
Other non-operating expenses	0.26	0.22	0.04
Ordinary income	2.89	3.00	(0.11)
Gain and Loss on disposal/sales of property, plant and equipment	(0.08)	0	(0.07)
Other extraordinary income (expenses)	0.02	0	0.02
Income before income taxes & minority interests	2.83	2.99	(0.15)
Income taxes, etc.	(1.02)	(0.98)	(0.03)
Minority interests	(0.30)	(0.24)	(0.06)
Net income	1.50	1.75	(0.25)

Consolidated Balance Sheet

(Billions of Yen)

	Jun. 30 2011	Mar. 31 2011	Changed Amount	Notes: Changed amount
Current assets	69.0	65.3	3.6	Increase of notes & accounts receivable: 1.3, Increase of inventories: 2.7
Fixed assets	75.4	75.4	0.0	
Assets	144.4	140.8	3.6	
Current liabilities	43.5	40.2	3.2	Notes and accounts payable: 3.3
Long-term liabilities	11.8	12.1	(0.2)	
Liabilities	55.3	52.4	2.9	
Shareholder's equity	82.8	82.1	0.6	Net income: 1.5, Cash dividends paid: (0.8)
Other comprehensive income	3.0	3.1	0.0	Unrealized gains on other securities: (0.2), Foreign currency translation adjustment: 0.2
Minority interests	3.1	3.1	0.0	
Net assets	89.0	88.3	0.6	
Liabilities & net assets	144.4	140.8	3.6	

Consolidated Cash Flows

(Billions of Yen)

	April-June		Changed amount	Notes: Changed amount
	FY2011	FY2010		
Operating activities	1.8	0.7	1.0	
Income before income taxes and minority interests	2.8	2.9	(0.1)	
Depreciation and amortization	2.0	1.7	0.3	
(Increase) decrease in operating capital	(0.6)	(1.3)	0.6	
Income taxes paid	(1.6)	(1.8)	0.1	
Others	(0.7)	(0.7)	0.0	
Investing activities	(2.3)	(1.9)	(0.4)	
Free cash flows	(0.5)	(1.1)	0.6	
Financing activities	(0.4)	(1.1)	0.6	Loans & repayment: 0.8
Net increase (decrease) in cash & cash equivalents	(0.9)	(2.2)	1.3	
Cash & cash equivalents at beginning of period	12.0	15.5	(3.5)	
Cash & cash equivalents at end of period	11.1	13.2	(2.1)	

Forecast for FY2011

(Billions of Yen)

Consolidated	Apr.-Sep.	Apr.-Jun.		FY2011	FY2010	
	FY2011	FY2011			Forecast	Result
	Forecast	Result	Progress to forecast (%)			
Net sales	65.0	35.3	54	140.0	136.0	3
Operating income	3.7	2.3	63	8.6	9.6	(11)
Ordinary income	4.2	2.8	69	9.6	10.5	(9)
Net income	2.7	1.5	56	5.9	5.2	13

Non-Consolidated	Apr.-Sep.	Apr.-Jun.		FY2011	FY2010	
	FY2011	FY2011			Forecast	Result
	Forecast	Result	Progress to forecast (%)			
Net sales	44.0	24.8	56	92.0	93.6	(2)
Operating income	1.8	0.9	52	4.1	4.1	(1)
Ordinary income	2.7	1.6	61	6.0	6.1	(3)
Net income	1.9	1.0	55	4.2	4.0	3

<Precondition for the forecast>

Domestic naphtha price: 53 thousand of Yen/kl, Exchange rate: 80 Yen/US\$

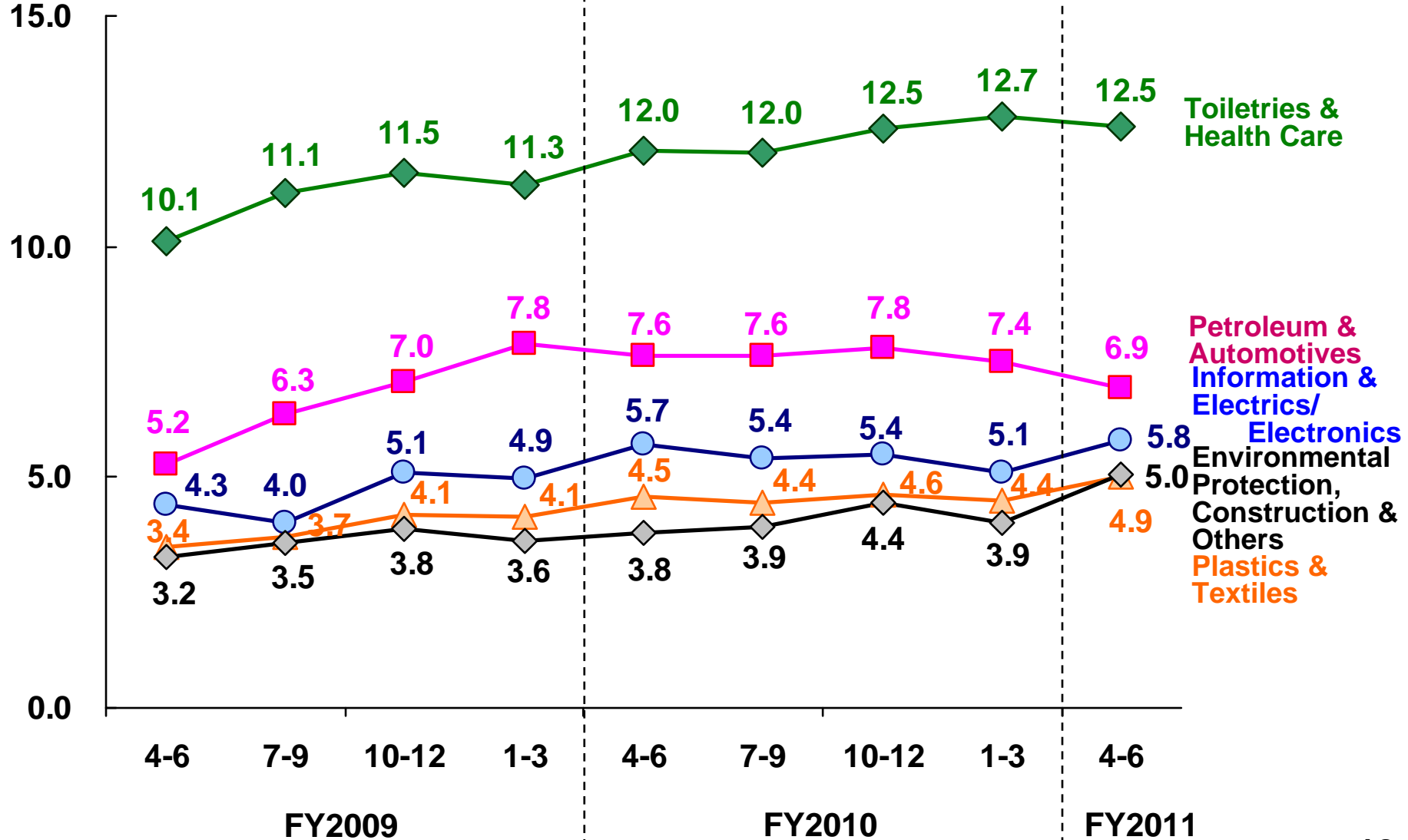
Consolidated Net Sales by Product Group

(Billions of Yen)

Product group	April-June		Year on year change	
	FY2011	FY2010	Amount	Ratio (%)
Toiletries & Health Care	12.58	12.09	0.48	4
Toiletries	3.83	3.33	0.50	15
Health Care	8.75	8.76	(0.01)	(0)
Petroleum & Automotives	6.92	7.63	(0.70)	(9)
Plastics & Textiles	4.99	4.55	0.43	10
Plastics	2.92	2.69	0.23	9
Textiles	2.06	1.86	0.20	11
Information & Electrics/Electronics	5.81	5.72	0.08	2
Information	3.80	3.92	(0.11)	(3)
Electrics/Electronics	2.00	1.80	0.20	11
Environmental Protection, Construction & Others	5.05	3.80	1.25	33
Total	35.37	33.81	1.56	5

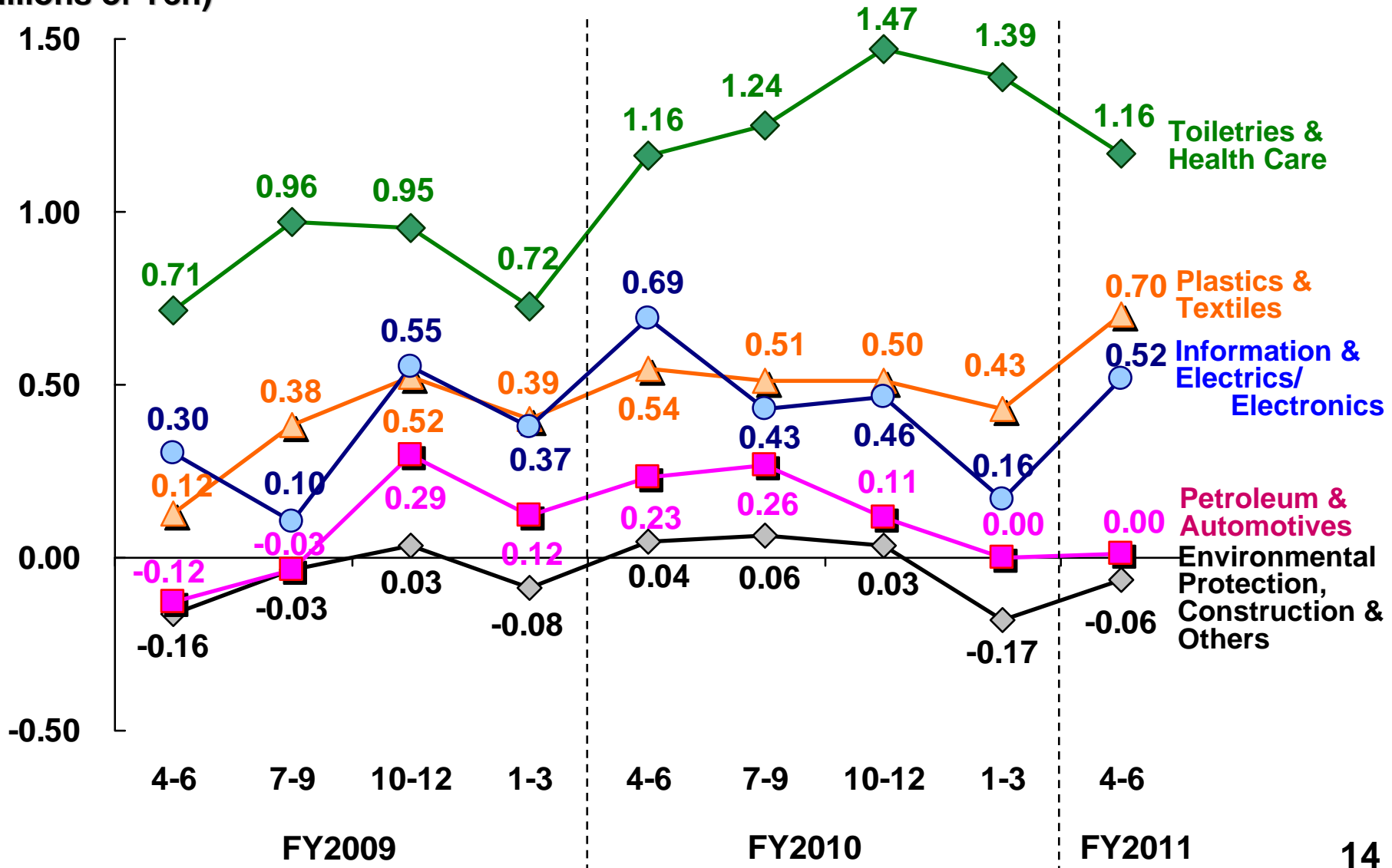
Consolidated Net Sales Trend by Product Group

Net sales
(Billions of Yen)



Consolidated Operating Income Trend by Product Group

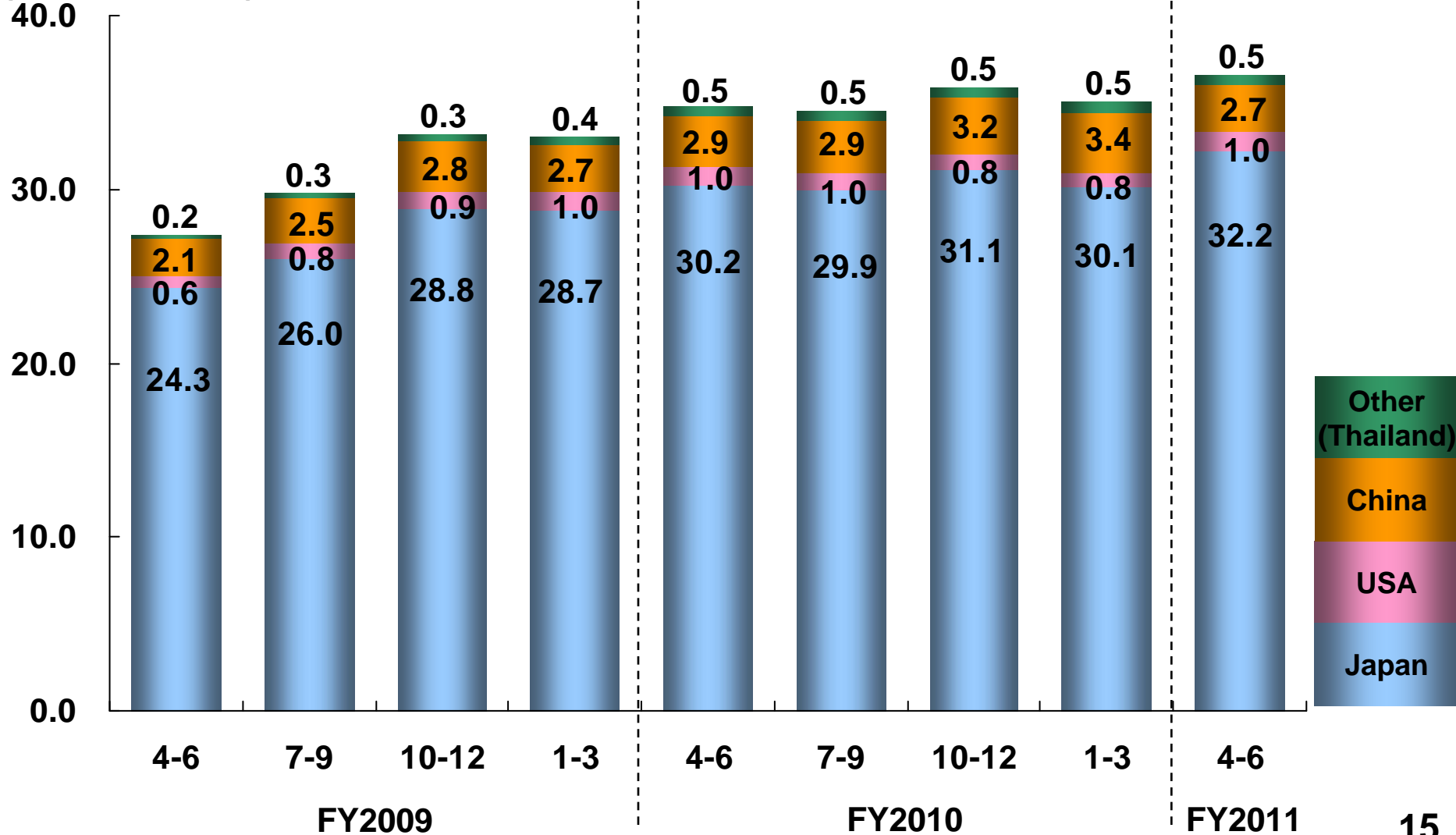
Operating income
(Billions of Yen)



Geographic Segments (Net Sales)

Internal sales among Sanyo Chemical Group are not eliminated.

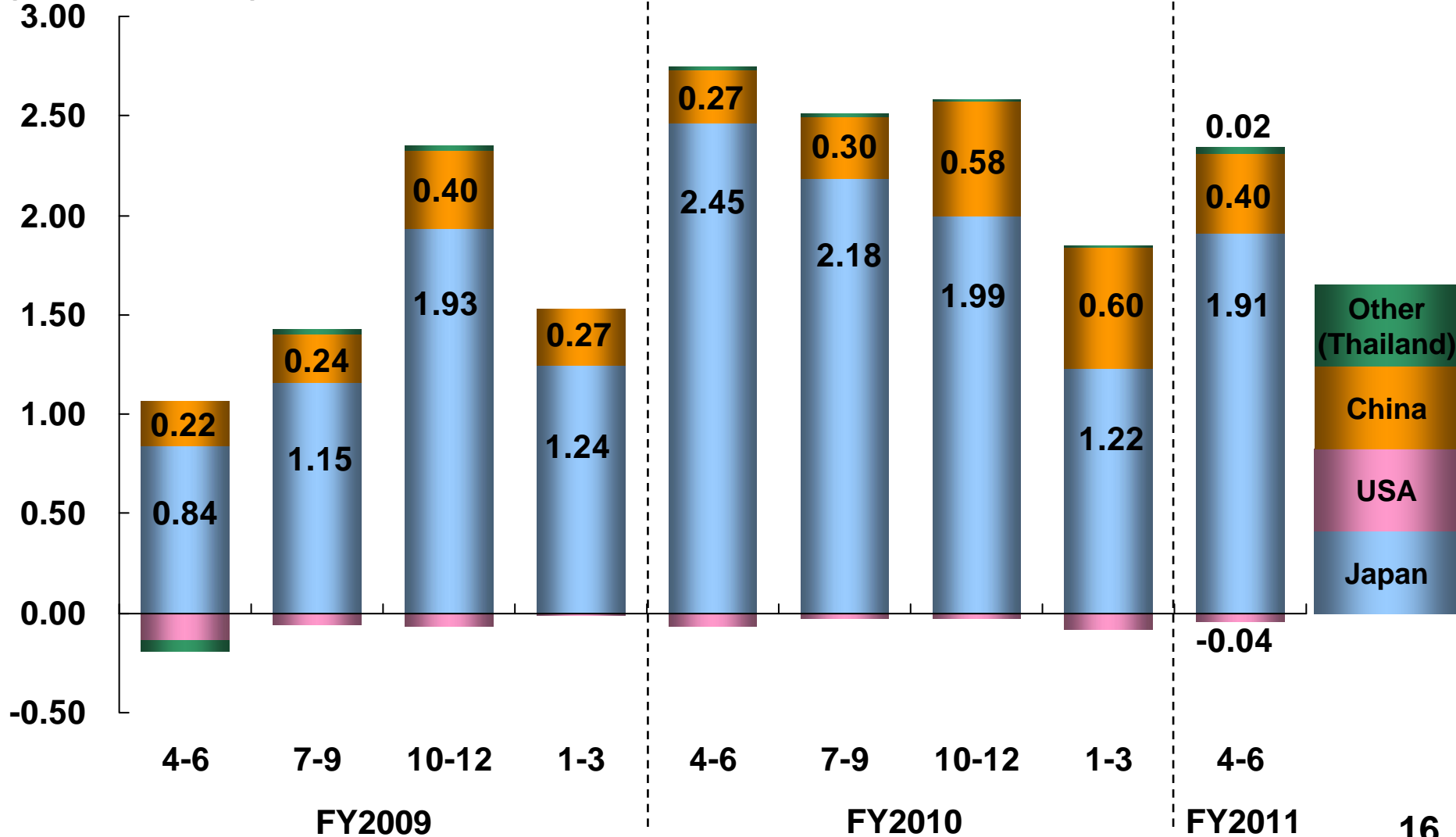
Net sales
(Billions of Yen)



Geographic Segments (Operating Income)

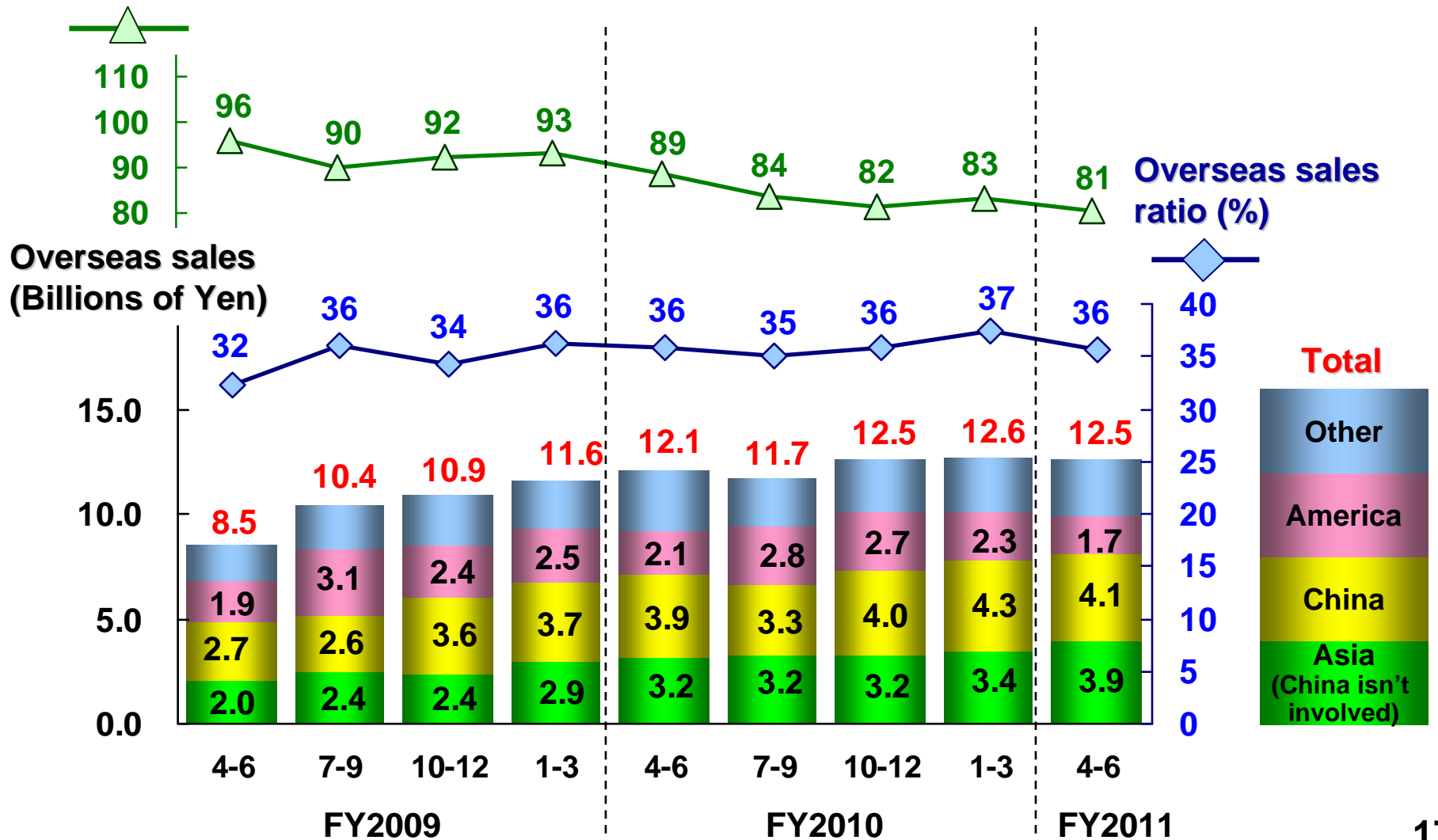
Internal sales among Sanyo Chemical Group are not eliminated.

Operating income
(Billions of Yen)





Consolidated Overseas Sales Trend

Exchange rate (Yen/US\$)
(At the end of each period)

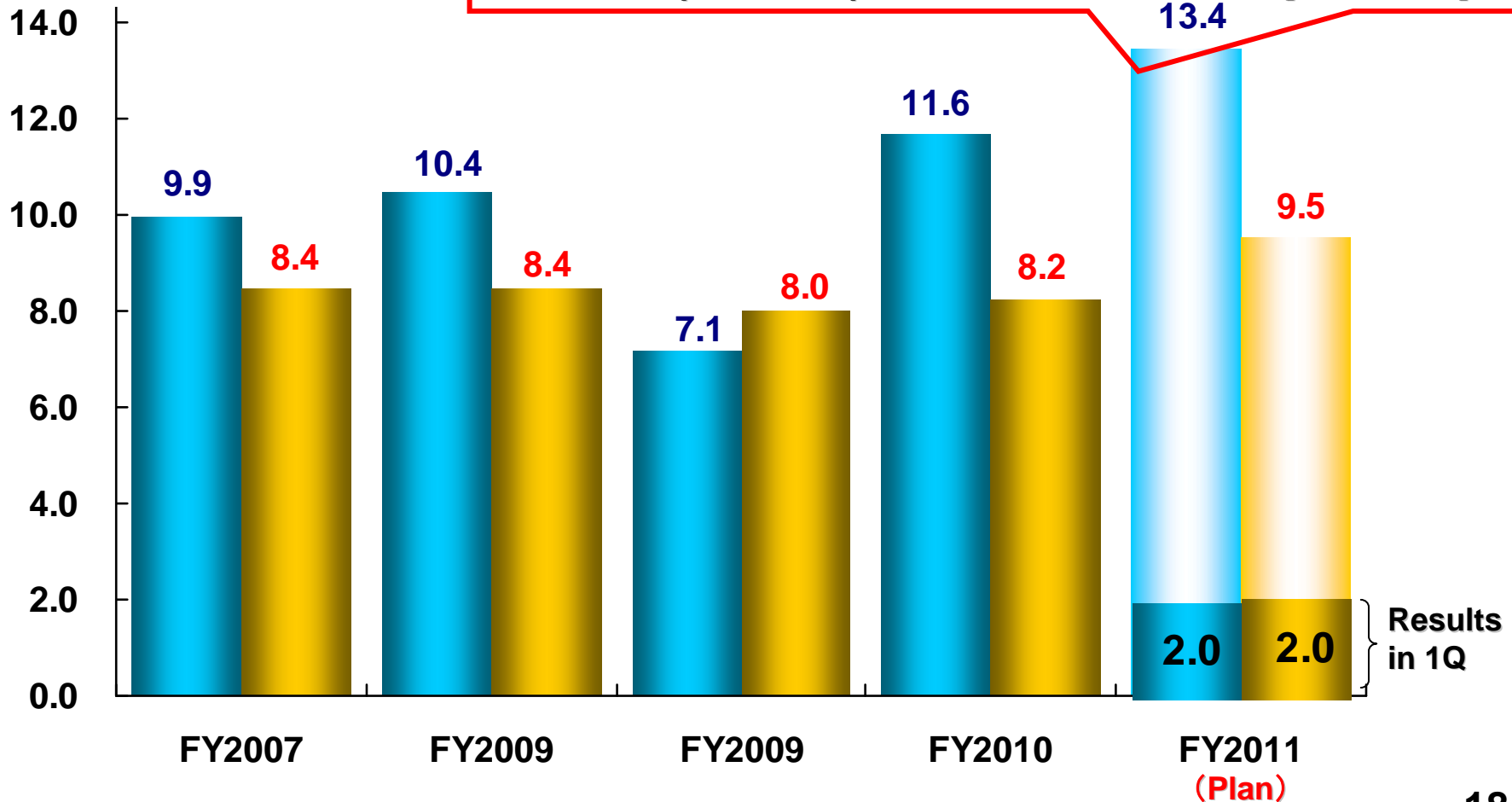


Consolidated Investment in Plant & Equipment, and Depreciation & Amortization

 Investment in plant & equipment
 Depreciation & amortization
 (Billions of Yen)

Main capital investment

- For lubricating oil additives (¥0.5 billion for SANYO CHEMICAL INDUSTRIES.LTD., ¥0.3 billion for SCR)
- For SDN: Expansion of production facilities for SAP [¥0.7 billion]



TOPICS

● Superabsorbent Polymer Operations Begin at New Facilities



SDN (Nantong in China)

- Operations began in June 2011
- Total investment: ¥4.3 billion
- Increased production capacity:
70,000 ton/year

<Production Capacity>

SDN	: 140,000 ton/year
SDP Group Total	: 270,000 ton/year

TOPICS

● Conclusion of Distribution Agreement on Conductive Polymers for OLED lighting

- Sanyo Chemical concluded a domestic exclusive distribution agreement for organic light emitting diodes (OLED) lighting with Plextronics, Inc. (USA)
- Conductive Polymers are materials used for hole injection layers and hole transport layers of the OLED lighting.
- Conductive Polymers make it possible to achieve emissions at low operating voltage, extended lifetime and luminance improvement.

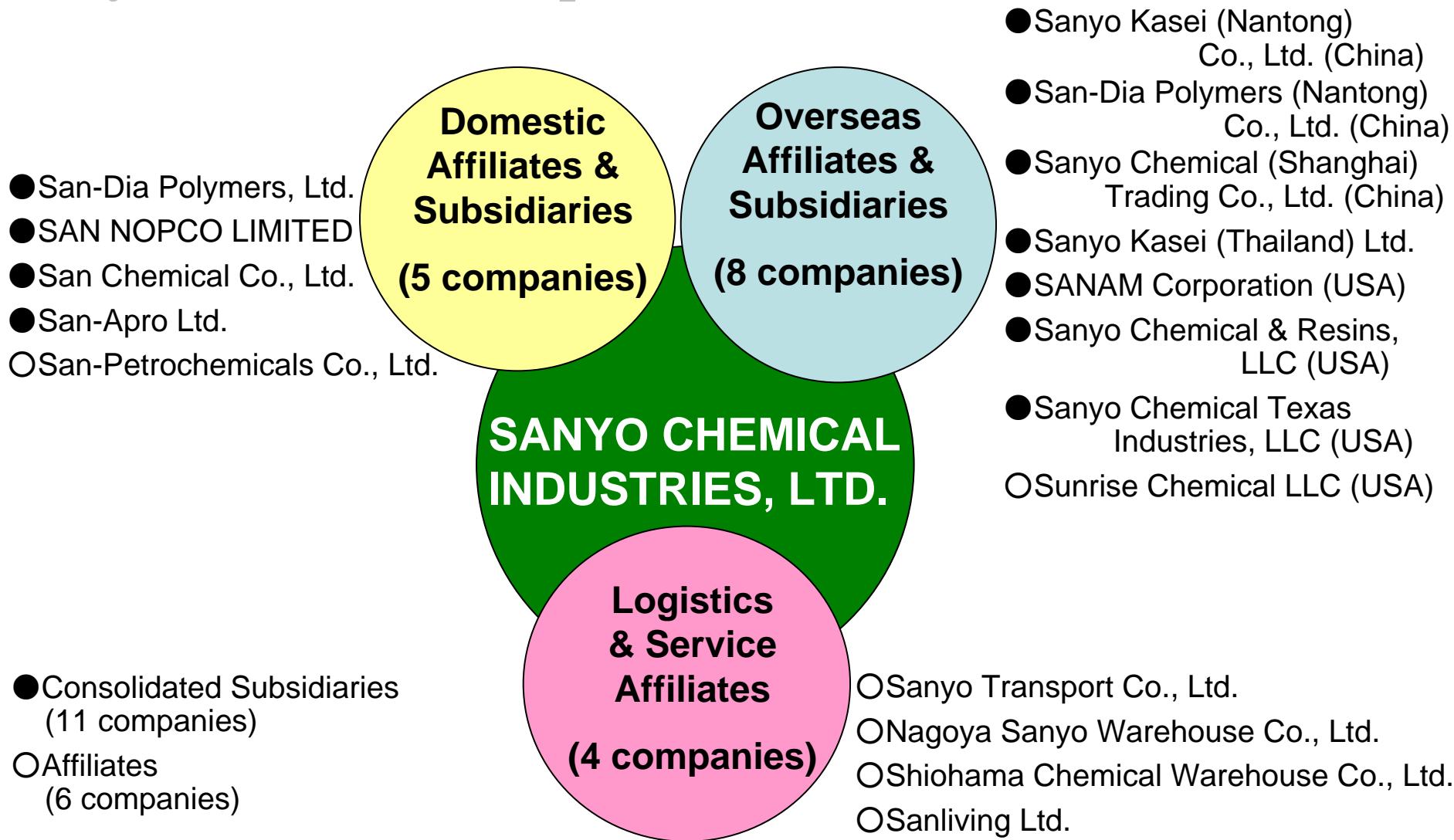
● Promotion of Multipoint Production System

- Sanyo Chemical will have two production sites, one in Japan and one in China for resin materials for electrodeposition paint used for automobiles. The production facilities under construction in SKN (China) will be ready to begin operations in Feb. 2012.
- Sanyo Chemical will increase the number of production sites for lubricating oil additives.

The production facilities under construction in SCR (USA), will be an addition to the original Kashima and Kyoto Factories, which will be ready to begin operations in Spring 2012.

Reference

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 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

(Reference-3)

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, and travel agency

Transition of Price of Domestically Produced Naphtha

Domestic naphtha price
(Thousands of Yen/kl)

