

**A Statement of Accounts**  
**For the Three Months Ended June 30, 2013**  
**1<sup>st</sup> Quarter in Fiscal Year 2013**  
**(1Q-FY2013)**

**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 31, 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.

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## Corporate Data

**Date of Establishment:** November 1, 1949

**Head Office:** Higashiyama-ku, Kyoto

**Capital:** ¥13,051 million

**Domestic Sales & Marketing Offices:**

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka, Toyama

**Domestic Factories:**

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

**Consolidated Number of Employees:**

1,919 (as of Jun 30, 2013)

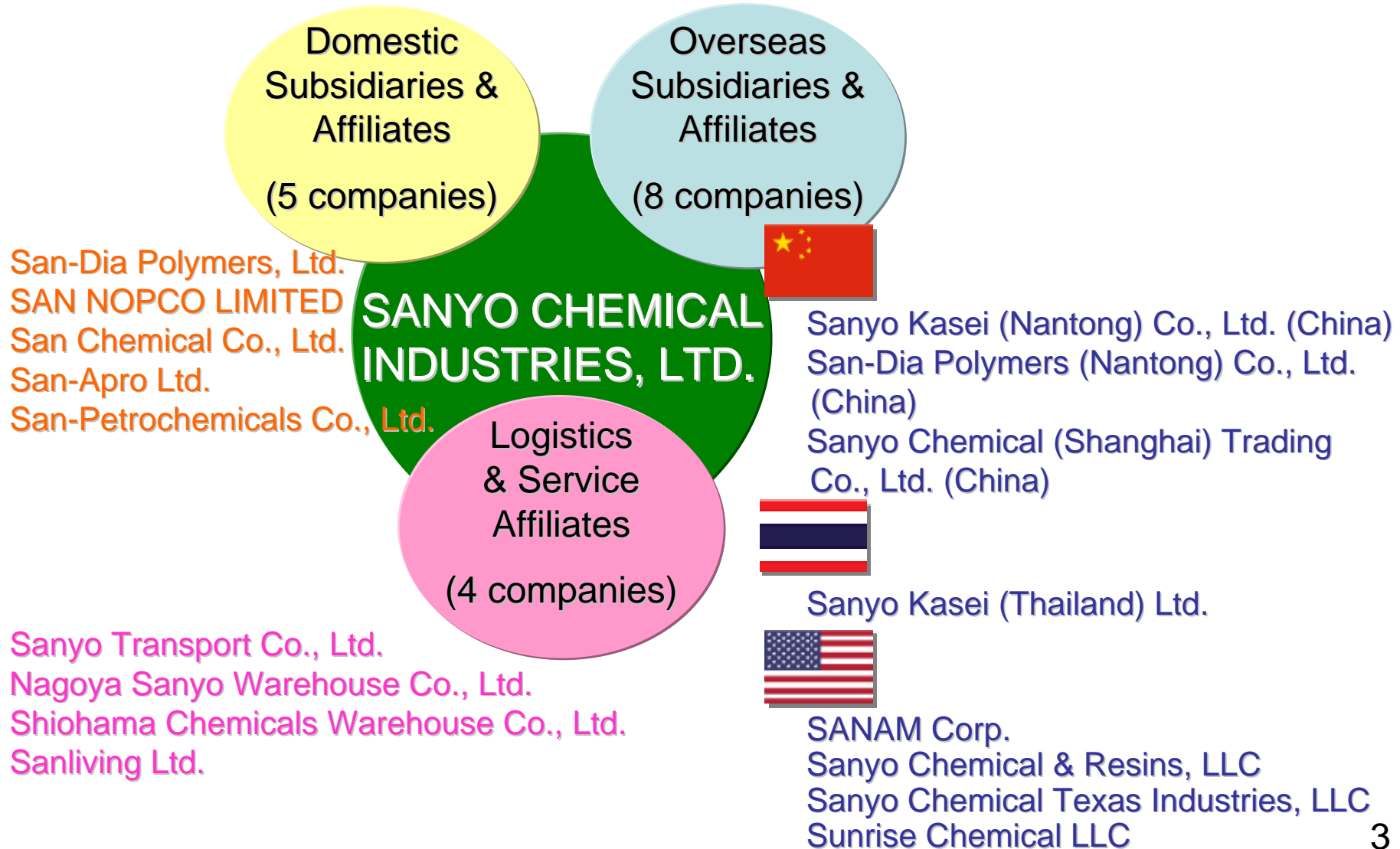
**Line of Business:**

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

# Sanyo Chemical Group

Consolidated Subsidiaries (12 companies)

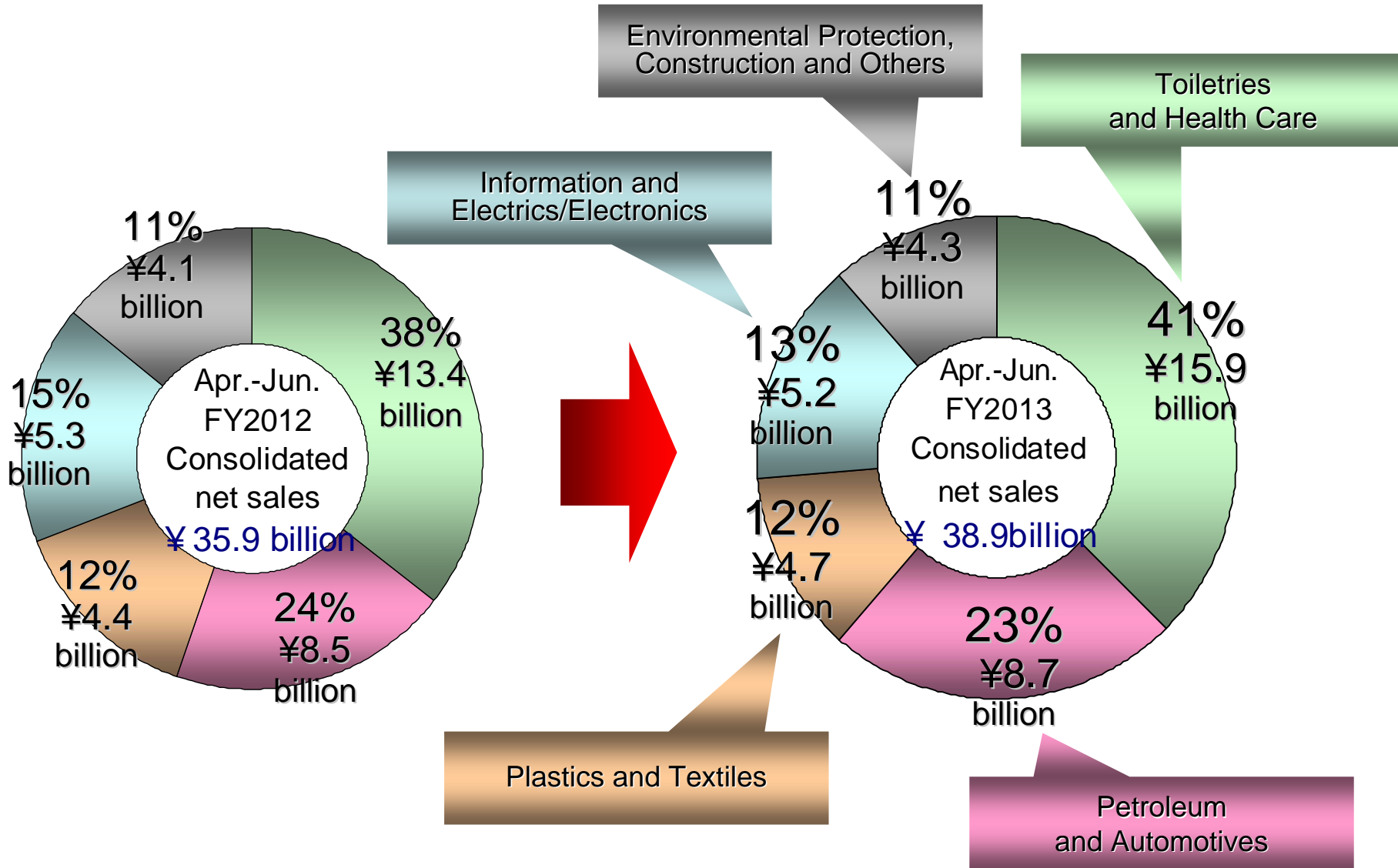
Subsidiaries and Affiliates Accounted for by Equity Method (5 companies)



# 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, 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

# Net Sales by Product Group



# Results of Operations for 1Q in FY2013

(Billions of yen)

Consolidated	April-June		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	35.92	38.99	3.06	9
Operating income	1.63	2.46	0.83	51
Ordinary income	2.24	3.09	0.84	38
Net income	1.17	2.00	0.83	72
Comprehensive income	0.94	4.39	3.44	4.6 times

(Billions of yen)

Unconsolidated	April-June		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	24.35	24.47	0.12	1
Operating income	1.09	1.28	0.19	18
Ordinary income	1.87	1.90	0.02	1
Net income	1.14	1.47	0.32	29

# Results of Operations for 1Q in FY2013

Internal sales among Sanyo Chemical Group are not eliminated.

## Consolidated Subsidiaries (12 companies)

(Billions of yen)

	April-June		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	18.61	22.84	4.22	23
Operating income	0.43	1.13	0.69	2.6 times
Ordinary income	0.85	1.38	0.53	63

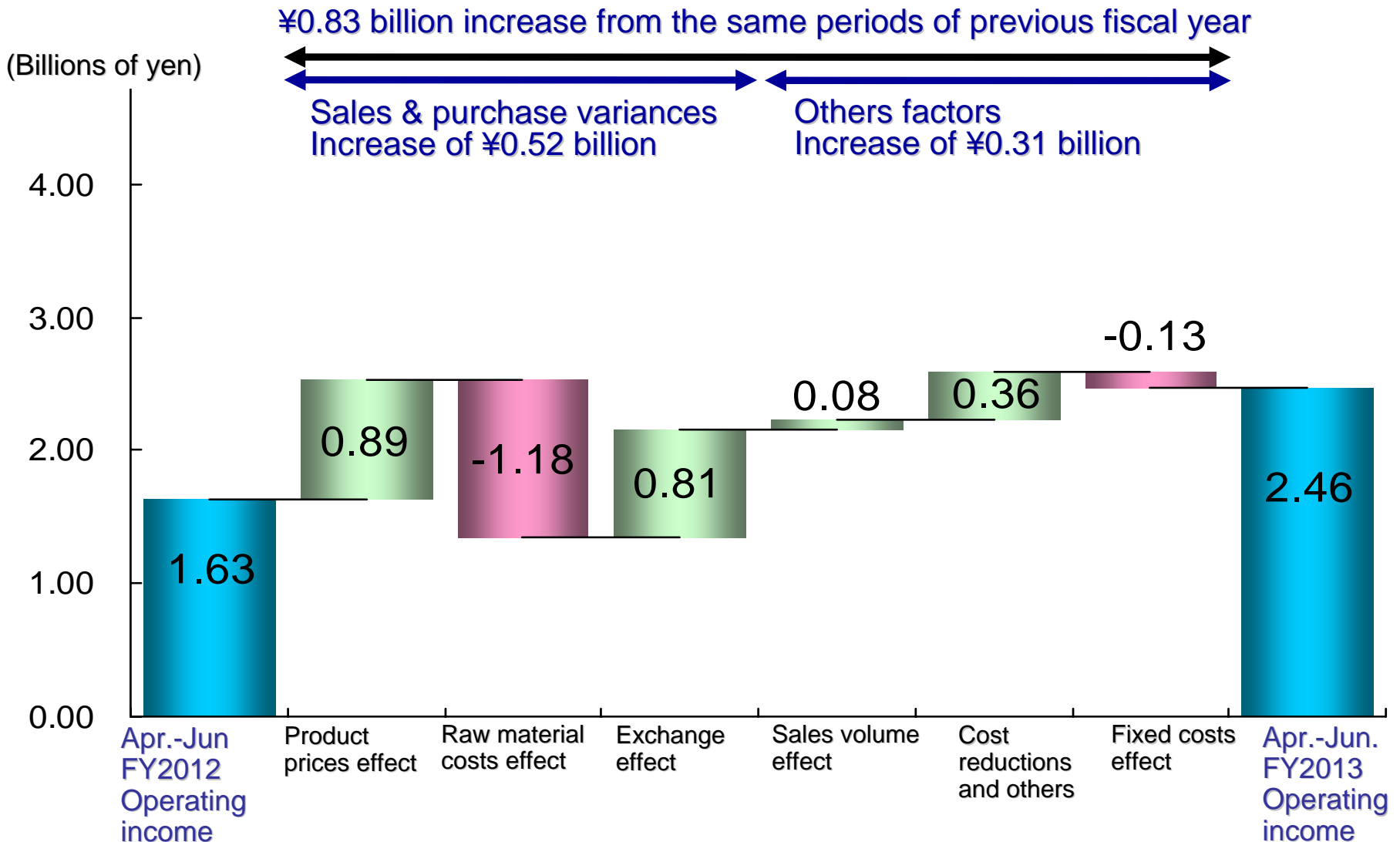
## Of which, SDP Group (SDP and SDN)

(Billions of yen)

	April-June		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Net sales	9.20	11.90	2.69	29
Operating income	0.04	0.62	0.58	14.1 times
Ordinary income	0.31	0.72	0.41	2.3 times



# Change in Consolidated Operating Income



# Change in Consolidated Net Income

(Billions of yen)

	April-June		Year on Year Change
	FY2012	FY2013	
Operating income	1.63	2.46	0.83
Equity in earnings of unconsolidated subsidiaries and affiliates	0.21	0.14	(0.07)
Gain or loss on foreign exchange	0.09	0.30	0.20
Other non-operating profit and loss	0.30	0.17	(0.12)
Ordinary income	2.24	3.09	0.84
Gain and Loss on disposal/sales of property, plant and equipment	(0.12)	(0.11)	0.00
Other extraordinary income or loss	0.01	0.01	0.00
Income before income taxes and minority interests	2.14	2.99	0.85
Income taxes, etc.	(0.90)	(0.77)	0.12
Minority interests	(0.06)	(0.21)	(0.14)
Net income	1.17	2.00	0.83

# Consolidated Balance Sheet

(Billions of yen)

	Mar. 31 2013	June 30 2013	Changed amount	Main Change Factor*
Current assets	73.8	76.5	2.6	Cash and deposits: 1.1 Notes and accounts receivable-trade: 0.2, Inventories: 0.6
Fixed assets	81.5	83.5	1.9	Property, plant & equipment: 0.1, Investment securities: 1.7
<b>Assets</b>	<b>155.4</b>	<b>160.0</b>	<b>4.6</b>	
Current liabilities	50.4	51.3	0.9	Notes and accounts payable-trade: 1.3, Short-term loans: 0.6, Provision for bonuses: (0.6)
Long-term liabilities	10.6	10.9	0.2	Long-term debt: (0.1), Provision for retirement benefits: (0.1), Deferred tax liabilities: 0.5
<b>Liabilities</b>	<b>61.1</b>	<b>62.3</b>	<b>1.1</b>	
Shareholder's equity	86.6	87.8	1.1	Net income: 2.0, Cash dividends paid: (0.8)
Other comprehensive income	4.5	6.5	1.9	Unrealized gains on other securities: 1.0, Foreign currency translation adjustment: 0.9
Minority interests	2.9	3.3	0.3	
<b>Net assets</b>	<b>94.2</b>	<b>97.7</b>	<b>3.5</b>	
<b>Total Liabilities and net assets</b>	<b>155.4</b>	<b>160.0</b>	<b>4.6</b>	

\* Each figure indicates the changed amount.

(Billions of yen)

# Consolidated Cash Flows

	April-June		Changed amount	Main Change Factor*
	FY2012	FY2013		
Operating activities	4.5	4.4	(0.0)	
Income before income taxes and minority interests	2.1	2.9	0.8	
Depreciation and amortization	2.1	2.1	0.0	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.2)	(0.1)	0.0	
(Increase) decrease in operating capital	0.7	0.9	1.0	Notes and accounts receivable-trade: 0.3, Inventories: (0.0), Notes and accounts payable: (0.2)
Income taxes	(0.4)	(0.9)	(0.5)	
Others	0.1	(0.4)	(0.6)	
Investing activities	(2.6)	(2.4)	0.2	
Free cash flows	1.8	1.9	0.1	
Financing activities	1.3	(1.0)	(2.4)	(1Q in FY2013) Loans: 8.4, Repayment: (8.6), Cash dividends paid: (0.8)
Effect of exchange rate changes on cash and cash equivalents	0.0	0.2	0.1	
Increase (decrease) in cash and cash equivalents	3.2	1.1	(2.1)	
Cash and cash equivalents at beginning of period	9.3	10.1	0.8	
Cash and cash equivalents at end of period	12.6	11.2	(1.3)	

\* Each figure indicates the changed amount.

# Revised forecast for 1H-FY2013

(Billions of yen)

Consolidated	1H-FY2013				1H-FY2012 Result
	Previous forecast*(A)	Current Forecast**(B)	Amount (B-A)	Ratio(%) (B/A-1)	
Net sales	76.00	79.00	3.00	3.9	70.68
Operating income	3.10	4.00	0.90	29.0	2.98
Ordinary income	3.50	4.90	1.40	40.0	3.45
Net income	2.00	3.10	1.10	55.0	1.91

(Billions of yen)

Unconsolidated	1H-FY2013				1H-FY2012 Result
	Previous forecast*(A)	Current Forecast**(B)	Amount (B-A)	Ratio(%) (B/A-1)	
Net sales	47.00	48.00	1.00	2.1	47.54
Operating income	1.20	1.80	0.60	50.0	1.52
Ordinary income	2.20	2.90	0.70	31.8	3.00
Net income	1.60	2.20	0.60	37.5	2.15

Previous forecast\*: We disclosed the forecast on April 30, 2013

Current forecast\*\*: We disclosed the forecast on July 31, 2013

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

# Forecast for FY2013

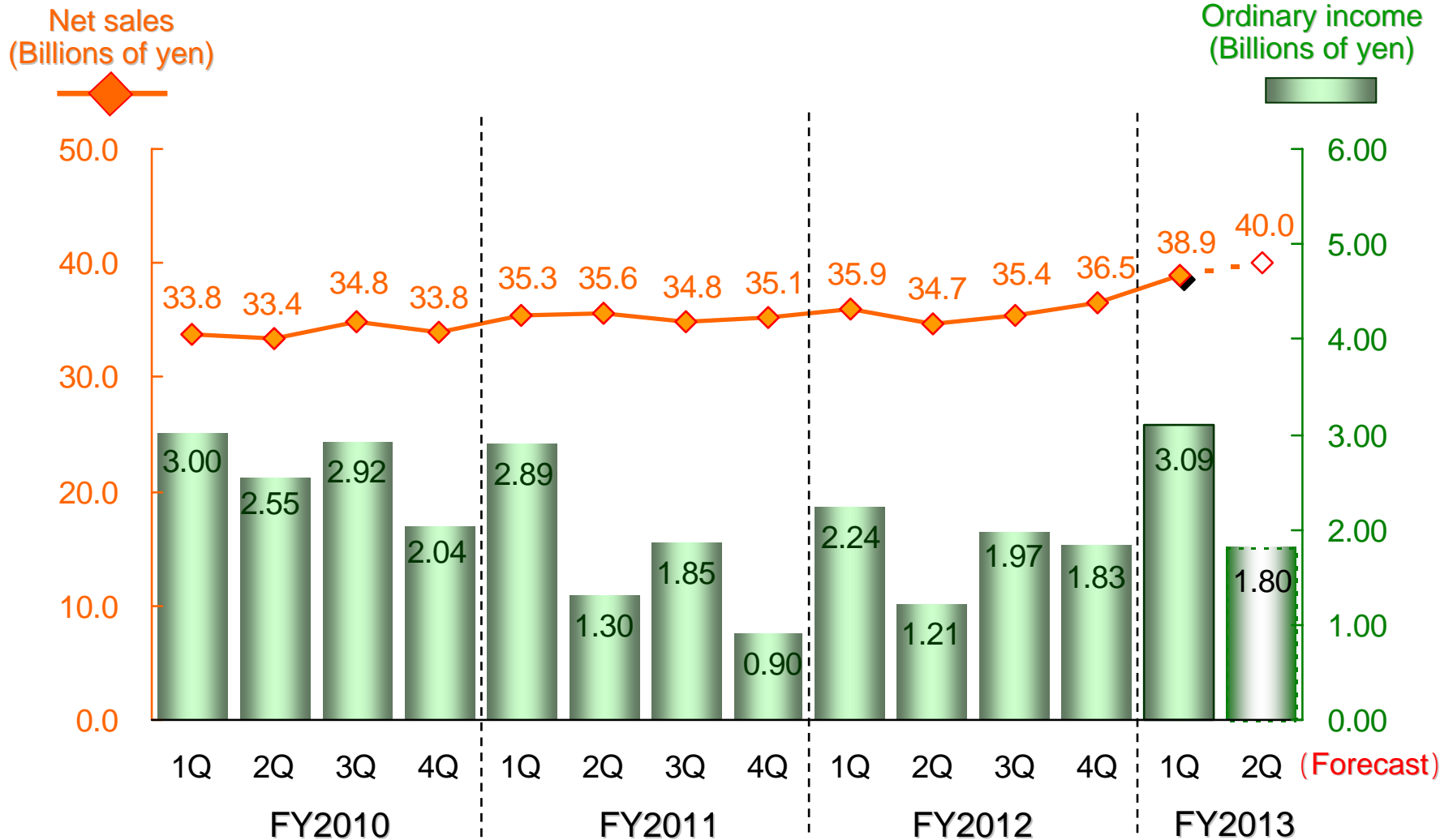
(Billions of Yen)

Consolidated	Apr.-Sep. FY2013	Apr.-Jun. FY2013	Progress to Forecast (%)*	FY2013 Annual Forecast	FY2012 Annual Result	Year on Year Change (%)
	Forecast	Result		Forecast	Result	
Net sales	79.00	38.99	49	155.00	142.65	9
Operating income	4.00	2.46	62	7.40	6.18	20
Ordinary income	4.90	3.09	63	8.10	7.26	11
Net income	3.10	2.00	65	4.90	4.17	17
Un- consolidated	Apr.-Sep. FY2013	Apr.-Jun. FY2013	Progress to Forecast (%)*	FY2013 Annual Forecast	FY2012 Annual Result	Year on Year Change (%)
	Forecast	Result		Forecast	Result	
Net sales	48.00	24.47	51	97.00	94.74	2
Operating income	1.80	1.28	72	3.00	2.85	5
Ordinary income	2.90	1.90	66	5.00	5.41	(8)
Net income	2.20	1.47	67	3.60	4.04	(11)

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

\* Progress to forecast for the 1H-FY2013.

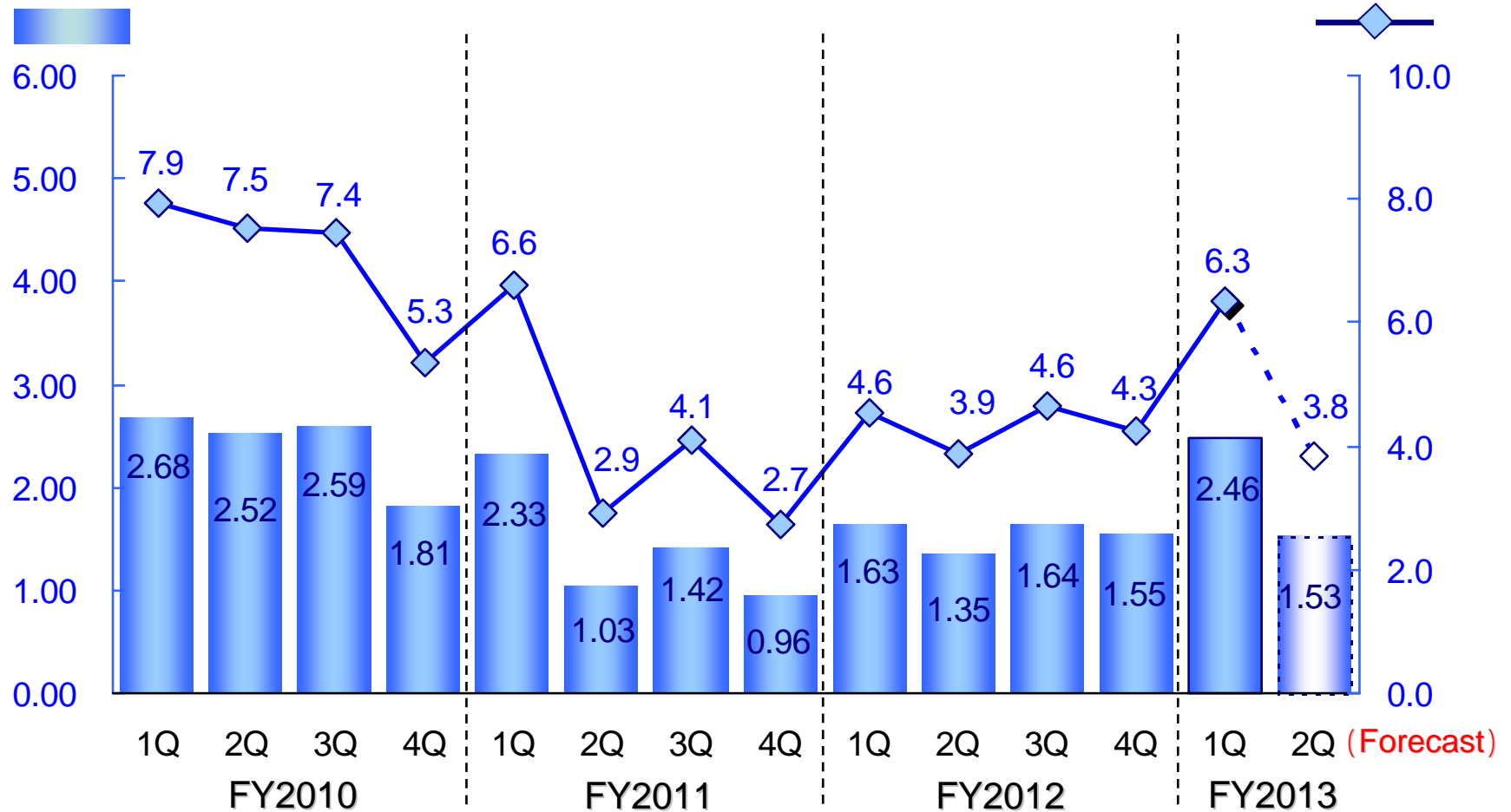
# Consolidated Business Result Trend



# Consolidated Operating Income Trend

Operating income  
(Billions of yen)

Operating income  
ratio (%)





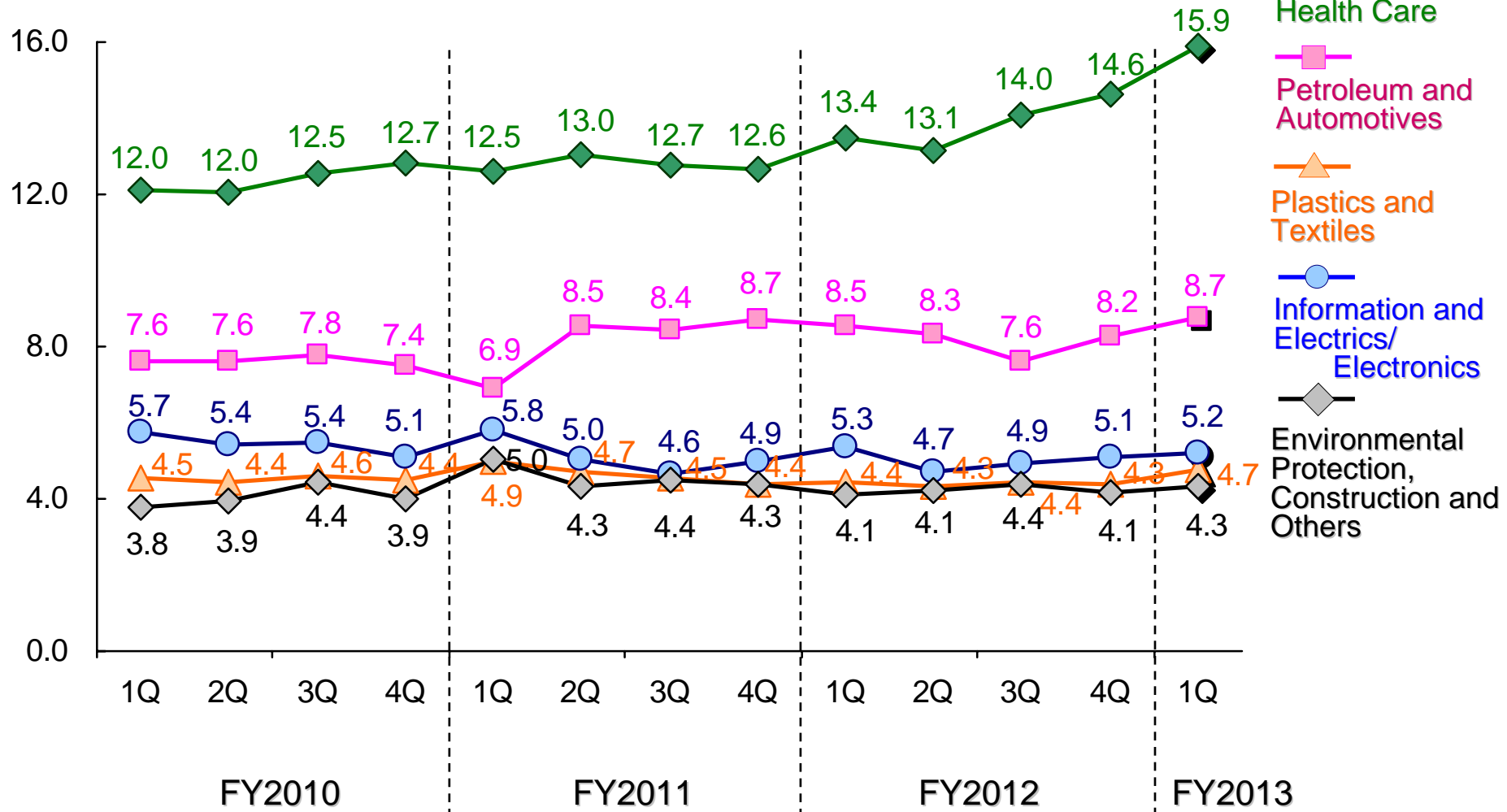
# Consolidated Net Sales by Product Group

(Billions of yen)

Product Group	April-June		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
<b>Toiletries and Health Care</b>	<b>13.47</b>	<b>15.91</b>	<b>2.44</b>	<b>18</b>
Toiletries	3.48	3.36	(0.11)	(3)
Health Care	9.98	12.54	2.56	26
<b>Petroleum and Automotives</b>	<b>8.56</b>	<b>8.77</b>	<b>0.20</b>	<b>2</b>
<b>Plastics and Textiles</b>	<b>4.41</b>	<b>4.76</b>	<b>0.34</b>	<b>8</b>
Plastics	2.76	2.98	0.21	8
Textiles	1.65	1.78	0.13	8
<b>Information and Electrics/Electronics</b>	<b>5.36</b>	<b>5.22</b>	<b>(0.14)</b>	<b>(3)</b>
Information	4.17	3.89	(0.28)	(7)
Electrics/Electronics	1.19	1.33	0.14	12
<b>Environmental Protection, Construction and Others</b>	<b>4.10</b>	<b>4.31</b>	<b>0.20</b>	<b>5</b>
<b>Total</b>	<b>35.92</b>	<b>38.99</b>	<b>3.06</b>	<b>9</b>

# Consolidated Net Sales Trend by Product Group

(Billions of yen)



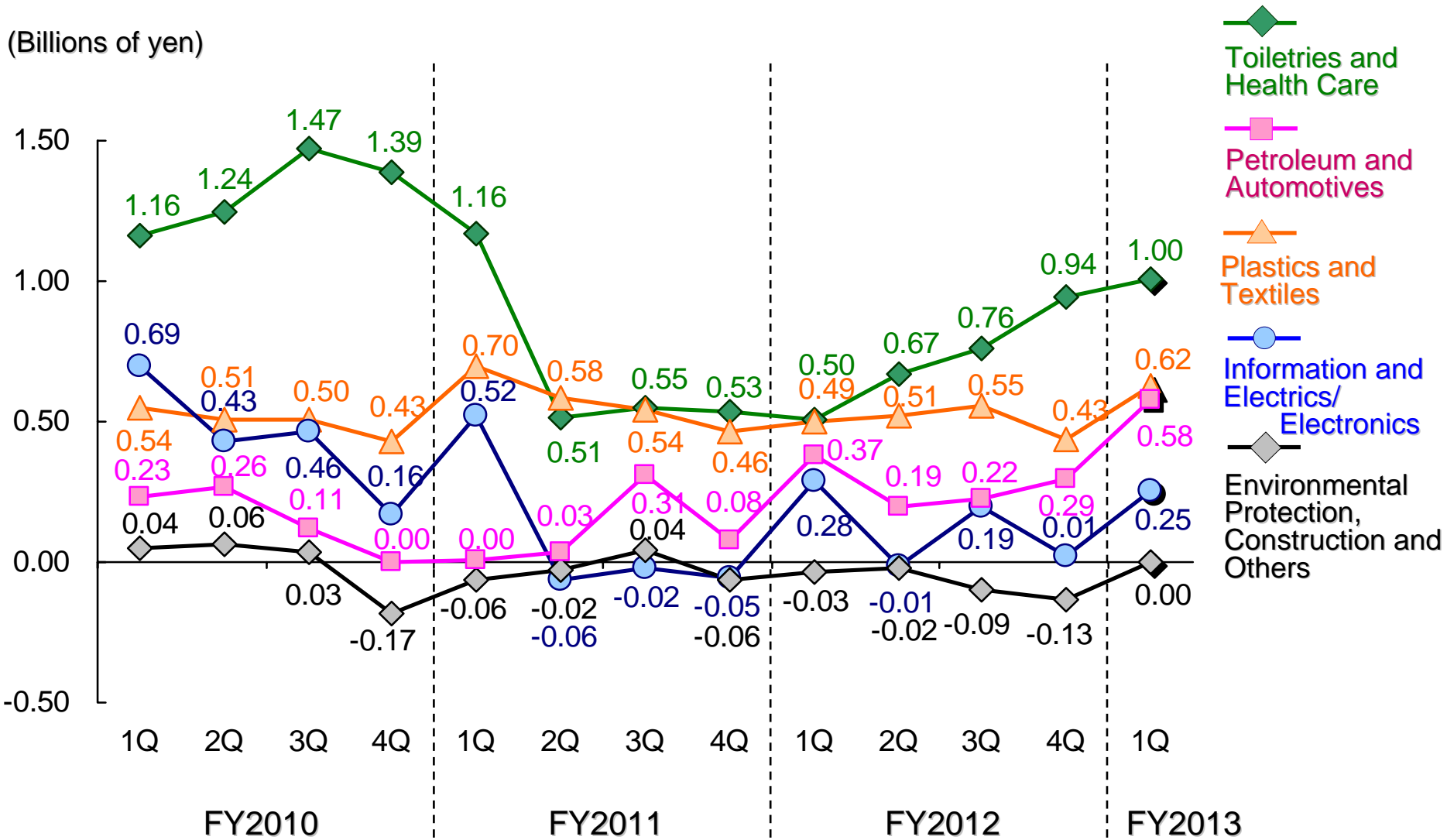
# Consolidated Operating Income by Product Group

(Billions of yen)

Product Group	April-June		Year on Year Change	
	FY2012	FY2013	Amount	Ratio (%)
Toiletries and Health Care	0.50	1.00	0.50	100
Petroleum and Automotives	0.37	0.58	0.20	53
Plastics and Textiles	0.49	0.62	0.12	25
Information and Electrics/Electronics	0.28	0.25	(0.03)	(12)
Environmental Protection, Construction and Others	(0.03)	0.00	0.03	—
<b>Total</b>	<b>1.63</b>	<b>2.46</b>	<b>0.83</b>	<b>51</b>

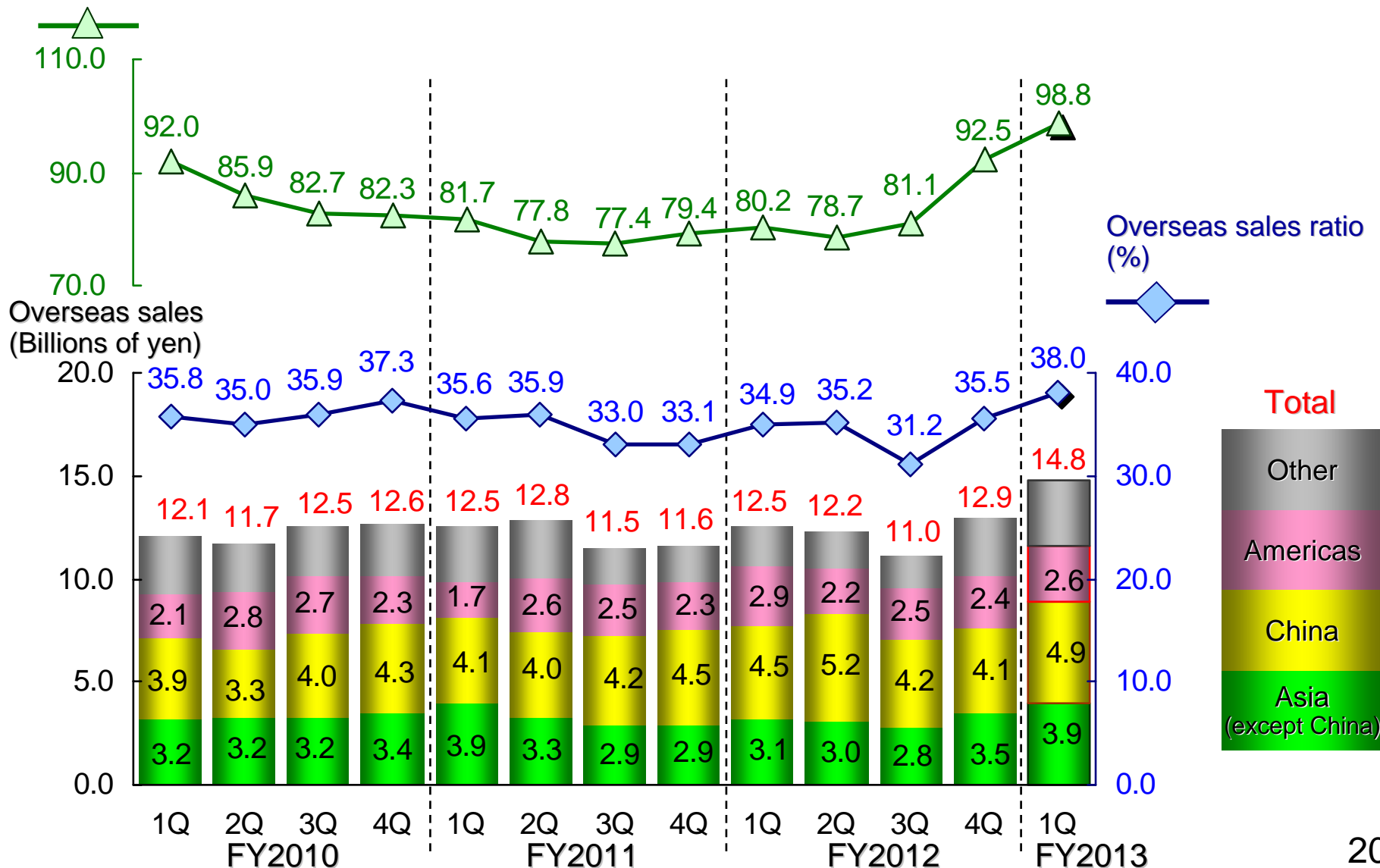
# Consolidated Operating Income Trend by Product Group

(Billions of yen)



# Consolidated Overseas Sales Trend

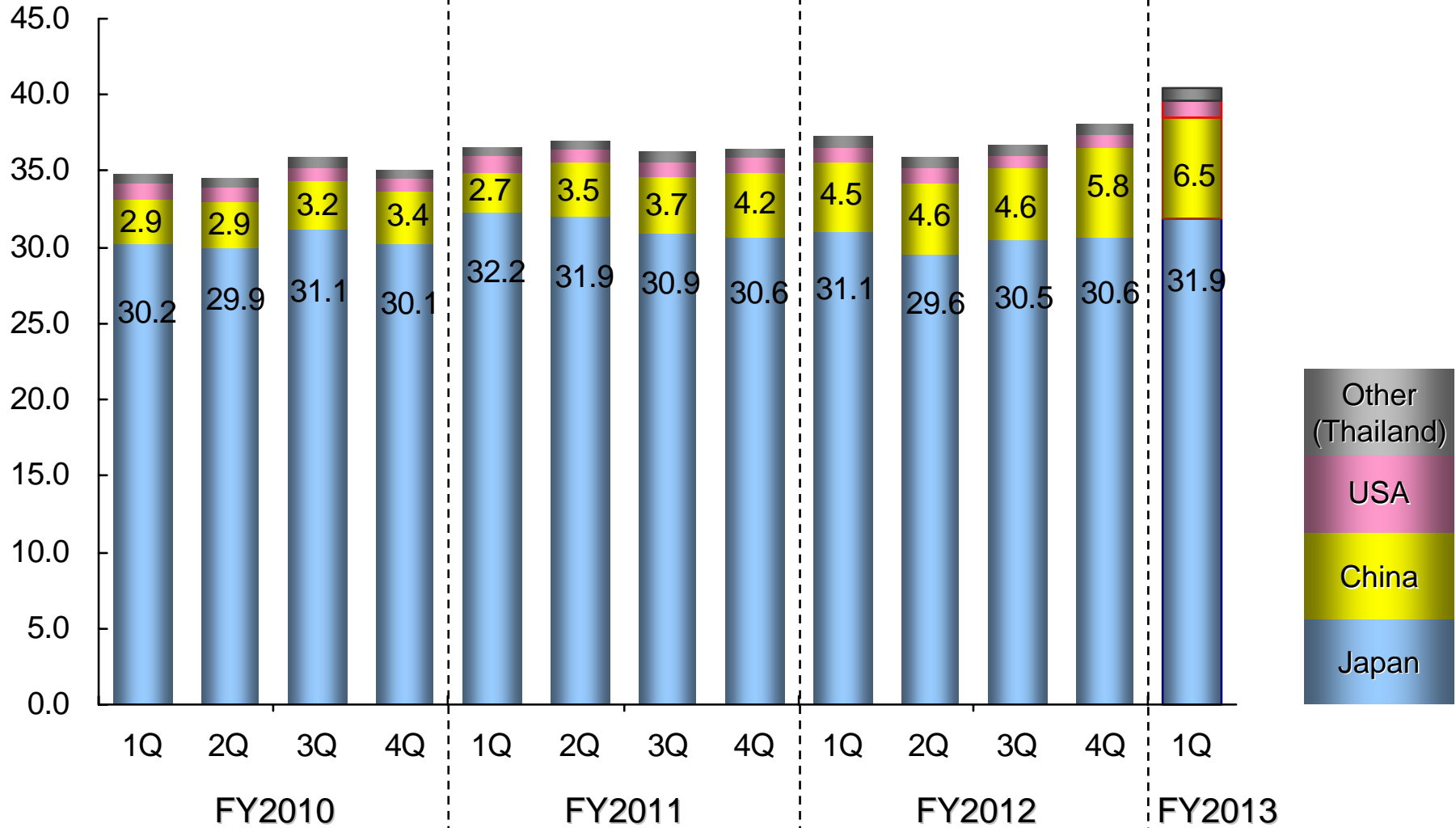
Average exchange rate  
(Yen/US\$)



# Consolidated Net Sales Trend by Geographic Segments

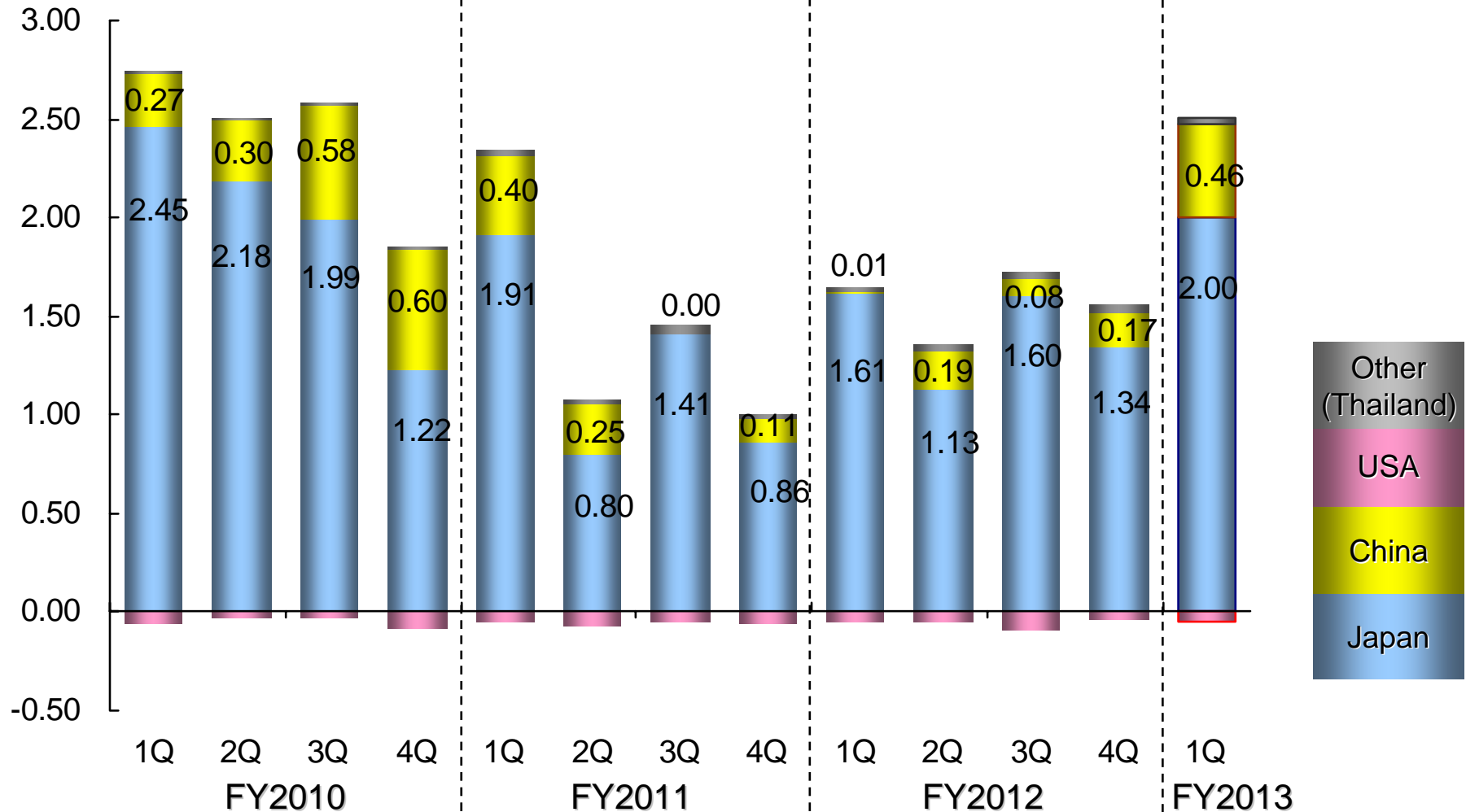
Internal sales among Sanyo Chemical Group are not eliminated.

(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)

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

New growth-driving products (8 items)

Basic products for expansion (10 items)

Products related to energy, Electronic parts, Biotechnology, etc.

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

(Billions of yen)

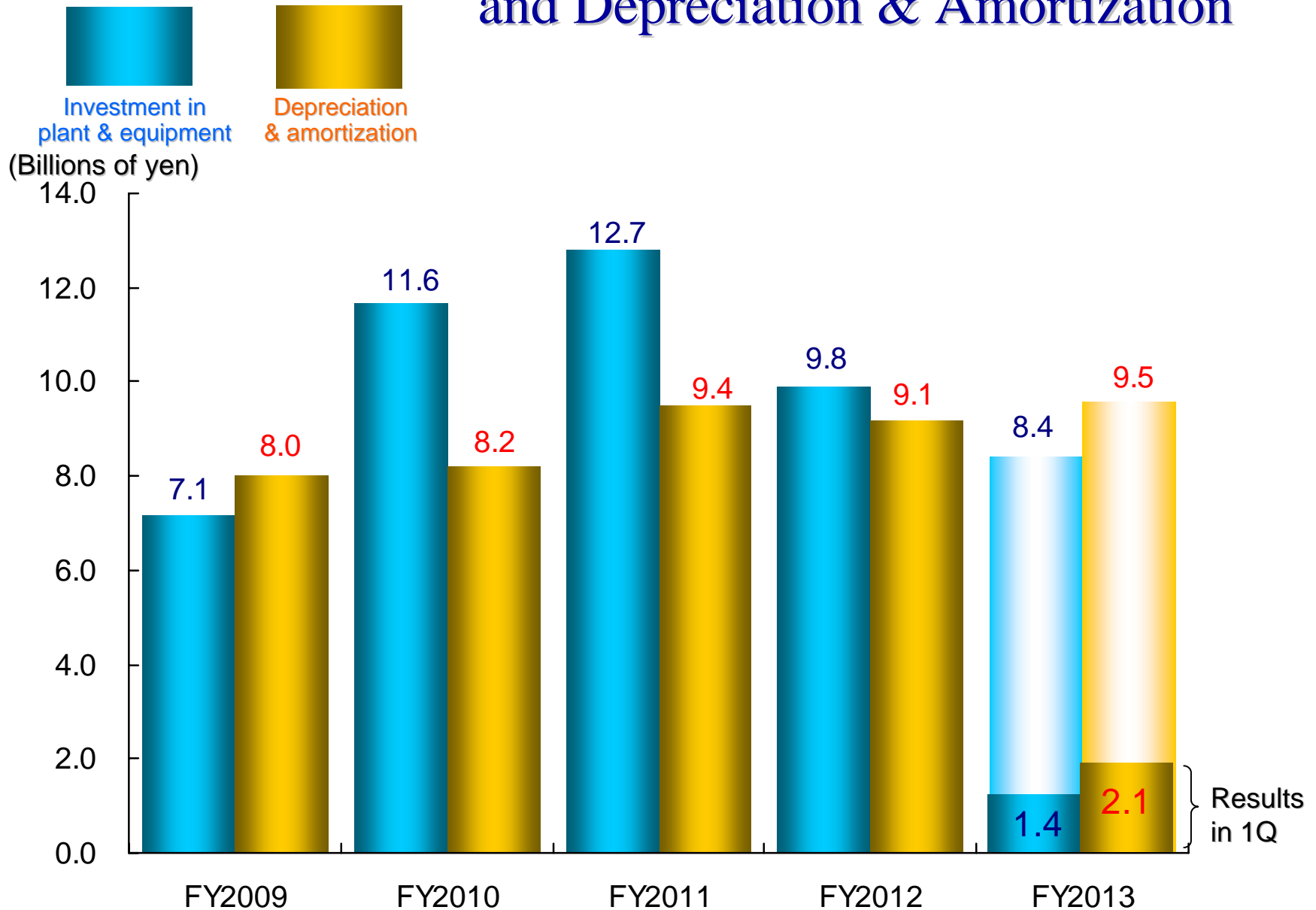
	FY2010	Apr.-Jun. FY2012	Apr.-Jun. FY2013	FY2014 (Target)
Strategic Products newly set in the Eighth Medium-Term Management Plan	2.7	1.6	3.3	39.0
New growth-driving products	0.9	0.1	0.1	9.0
Basic products for expansion	1.7	1.5	3.2	30.0
Strategic Products carried over under the Seventh Medium-Term Management Plan	19.1	5.6	4.9	27.0
Strategic products total	21.8	7.3	8.3	66.0

(Billions of yen)

	FY2010	Apr.-Jun. FY2012	Apr.-Jun. FY2013	FY2014 (Target)
Toiletries and Others	0.1	0.5	1.8	14.0
Automotives	9.1	3.6	3.7	19.4
Information and Electrics / Electronics	12.5	3.1	2.8	32.4
Strategic products total	21.8	7.3	8.3	66.0



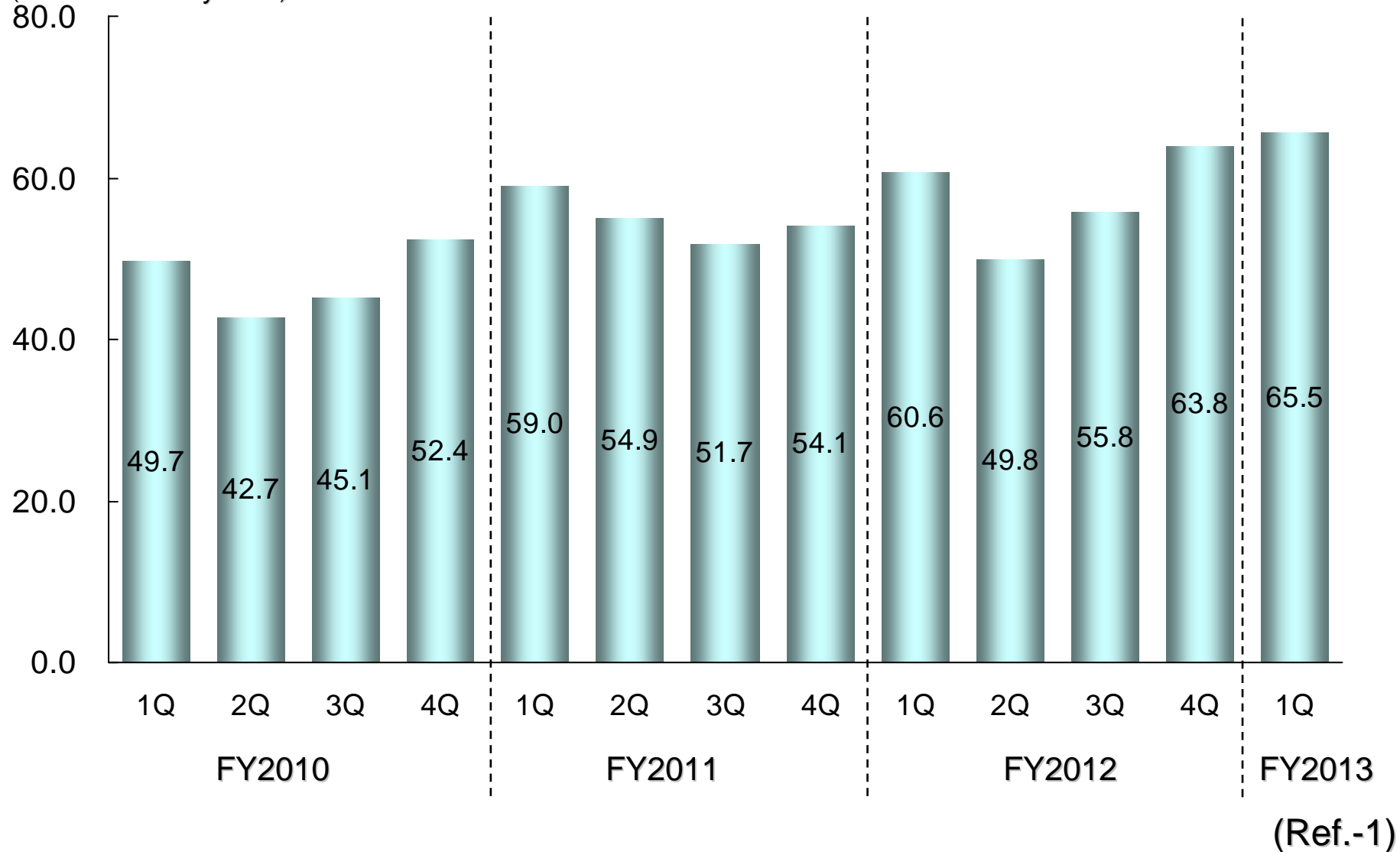
# Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



# Reference

# Transition of Price of Domestically Produced Naphtha

Domestic naphtha price  
(Thousands of yen/kl)



## Domestic Consolidated Subsidiaries (5 companies)

Company Name	Abbr.	Equity Ownership	Line of Business	
San-Dia Polymers, Ltd.	SDP	Sanyo Chemical Mitsubishi Chemical*	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

\*Toyota Tsusho plans to conclude its 30% of the stock transfer as early as possible after taking the needed steps to address competition laws in and outside Japan.

\*\*Sanyo Transport Co., Ltd., which had applied the equity method, was included in the scope of consolidation due to its growing importance, and was made a consolidated subsidiary during the first nine months of FY2012.

## 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	San-Dia Polymers	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