

A Statement of Accounts
For the Six Months Ended September 30, 2015
1st Half Fiscal Year 2015
(1H-FY2015)

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 Nov. 12, 2015. 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.

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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

Domestic Sales & Marketing Offices:

Tokyo, Osaka, Nagoya, Hiroshima, Fukuoka, Toyama

Domestic Factories:

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

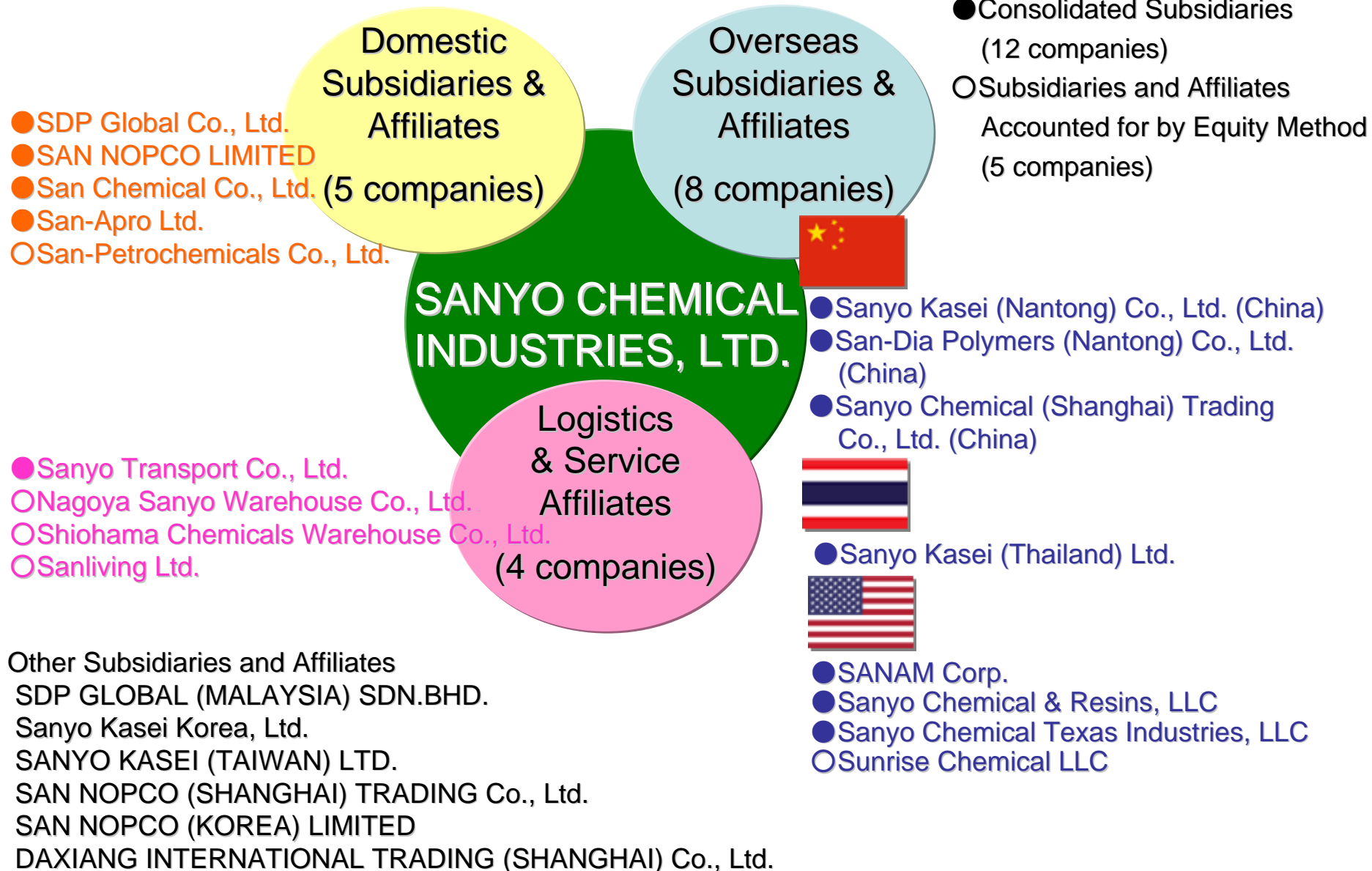
Consolidated Number of Employees:

1,974 (as of Sept. 30, 2015)

Line of Business:

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

Sanyo Chemical Group



Domestic Production Bases



Kyoto Factory, Head Office
and Research Laboratory
(Higashiyama-ku, Kyoto)
Area: approx. 26,000 m²



Kashima Factory (Kamisu, Ibaraki)
Area: approx. 130,000 m²



Nagoya Factory (Tokai, Aichi)
Area: approx. 100,000 m²




Kinuura Factory (Handa, Aichi)
Area: approx. 140,000 m²



San Chemical Co., Ltd. Kawasaki Factory
(Kawasaki, Kanagawa)
Area: approx. 11,000 m²

Overseas Production Bases

 Sanyo Kasei (Nantong) Co., Ltd.



 San-Dia Polymers (Nantong) Co., Ltd.



 Sanyo Kasei (Thailand) Ltd.



 Sanyo Chemical Texas Industries, LLC



 Sanyo Chemical & Resins, LLC

Overseas Sales Office

-  Sanyo Chemical (Shanghai) Trading Co., Ltd.
-  SAN NOPCO (SHANGHAI) TRADING Co., Ltd.
-  DaXiang International Trading (SHANGHAI) Co., Ltd.



-  Sanyo Kasei Korea, Ltd.
-  SAN NOPCO (KOREA) LIMITED



-  Sanyo Kasei (Thailand) Ltd.



-  SANYO KASEI (TAIWAN) LTD.

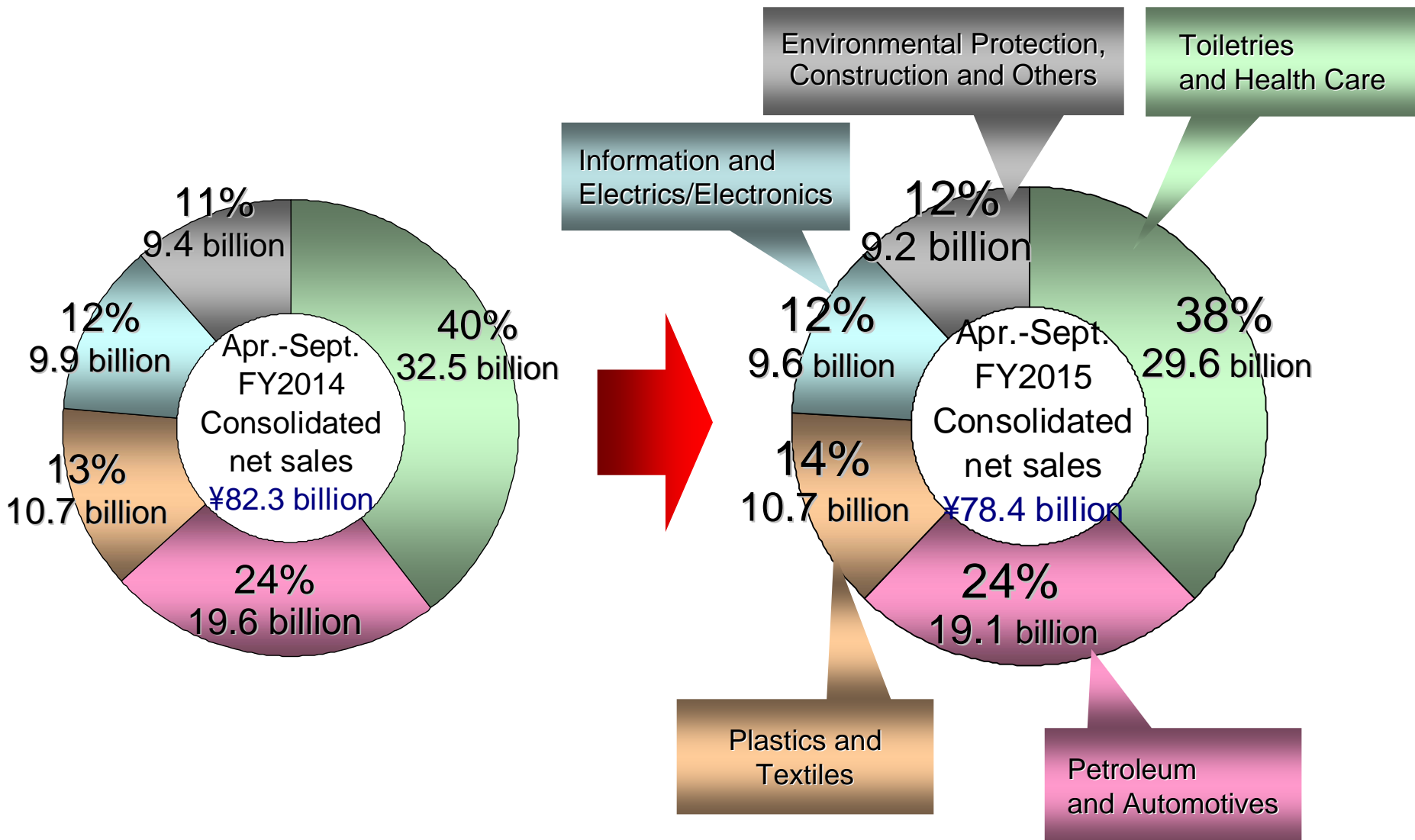


-  SANAM Corp.

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 Agent, 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, Adhesive for Electronic Parts, Agents for Use in Electronic Parts Manufacturing, UV/EB Curing Resins
Environmental Protection, Construction and Others		Polymer Flocculants for Wastewater Treatment, Cationic Monomer PPG for Furniture and Heat Insulating Materials, Slurry Agents, Reactive Hot-Melt Adhesives, Raw materials for Building Sealants, Cement Agents

Net Sales by Product Group



Results of Operations for 1H in FY2015

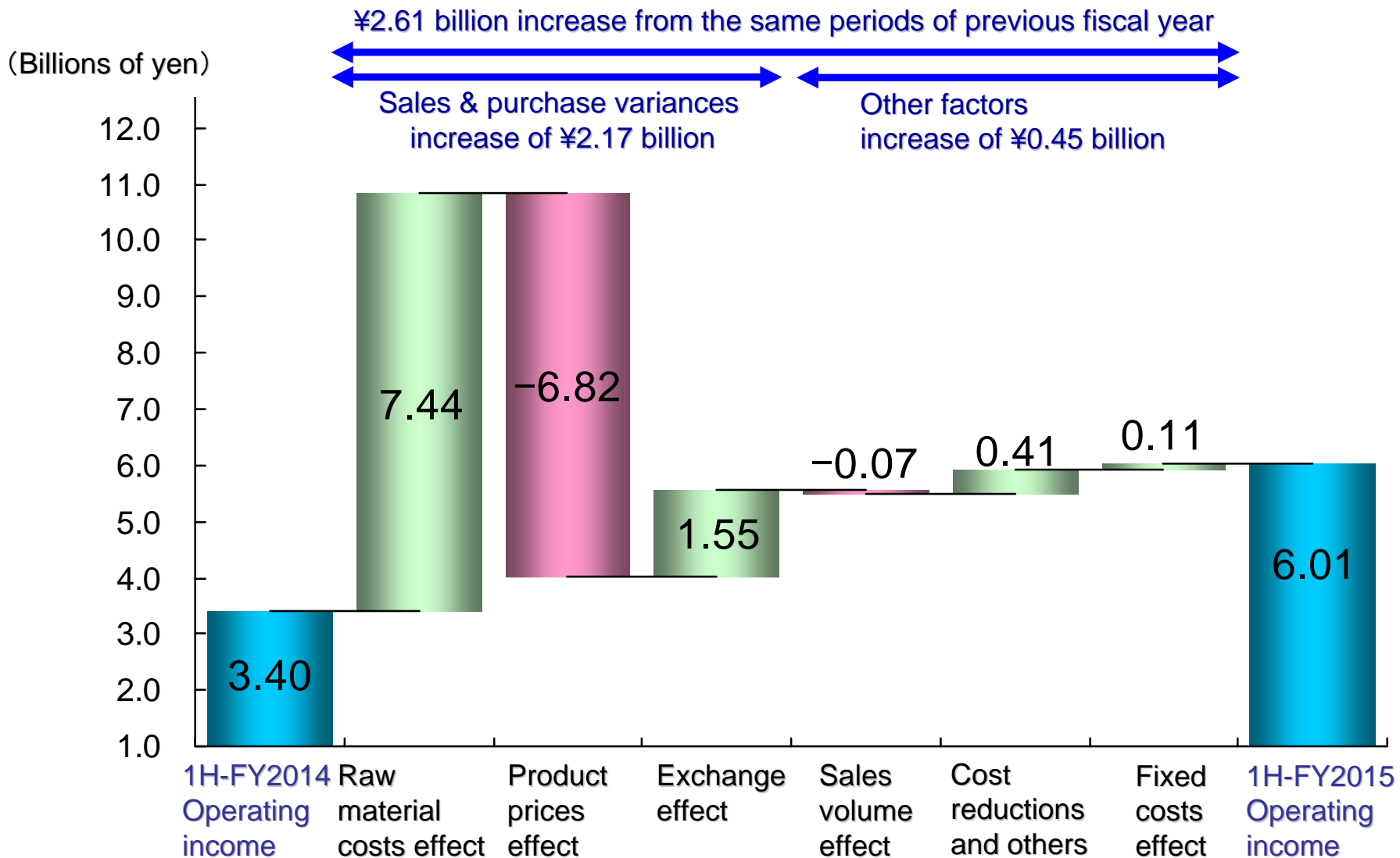
(Billions of yen)

Consolidated	Apr.-Sept.		Year on Year Change	
	FY2014	FY2015	Amount	Ratio (%)
Net sales	82.31	78.43	(3.88)	(5)
Operating income	3.40	6.01	2.61	77
Ordinary income	3.83	6.52	2.69	70
Profit attributable to owners of parent	2.27	3.59	1.32	58
Comprehensive income	2.46	2.32	(0.14)	(6)

(Billions of yen)

Non-consolidated	Apr.-Sept.		Year on Year Change	
	FY2014	FY2015	Amount	Ratio (%)
Net sales	51.58	49.67	(1.90)	(4)
Operating income	1.30	2.72	1.41	109
Ordinary income	2.38	4.02	1.63	68
Net income	1.73	2.99	1.26	73

Change in Consolidated Operating Income



Change in Consolidated Net Income

(Billions of yen)

	Apr.-Sept.		Year on Year Change
	FY2014	FY2015	
Operating income	3.40	6.01	2.61
Equity in losses or earnings of unconsolidated subsidiaries and affiliates	0.33	0.16	(0.16)
Gain or loss on foreign exchange	0.07	0.06	(0.01)
Other non-operating profit and loss	0.01	0.27	0.25
Ordinary income	3.83	6.52	2.69
Gain and Loss on disposal/sales of property, plant and equipment	(0.32)	(0.33)	0.00
Other extraordinary income or loss	0.01	0.00	0.01
Income before income taxes and minority interests	3.52	6.20	2.68
Income taxes, etc.	(0.94)	(2.26)	(1.31)
Profit attributable to non-controlling interests	(0.29)	(0.34)	(0.04)
Profit attributable to owners of parent	2.27	3.59	1.32

Consolidated Balance Sheet

(Billions of yen)

	Mar. 31 2015	Sept. 30 2015	Changed amount	Main Change Factor*
Current assets	84.5	80.8	(3.6)	Cash and deposits: 1.8, Notes and accounts receivable-trade: (3.4), Inventories: (2.1)
Fixed assets	96.5	94.6	(1.8)	Property, plant and equipment: 0.7 Investment securities: (2.9)
Assets	181.0	175.5	(5.5)	
Current liabilities	52.2	46.3	(5.9)	Notes and accounts payable-trade: (1.3), Short-term debt: (3.9)
Long-term liabilities	11.0	10.2	(0.8)	Long-term debt: (0.4), Deferred tax liabilities: (0.2)
Liabilities	63.3	56.5	(6.8)	
Shareholder's equity	94.5	97.2	2.7	Profit (2Q): 3.5, Cash dividends paid: (0.8)
Other comprehensive income	17.3	15.6	(1.7)	Unrealized gains on other securities: (2.0)
Non-controlling interests	5.8	6.1	0.2	
Net assets	117.6	118.9	1.3	
Total Liabilities and net assets	181.0	175.5	(5.5)	

* Each figure indicates the changed amount.

Consolidated Cash Flows

(Billions of yen)

	Apr.-Sept.		Changed amount	Main Change Factor*
	FY2014	FY2015		
Operating activities	5.7	12.8	7.1	
Income before income taxes and minority interests	3.5	6.2	2.6	
Depreciation and amortization	4.6	4.3	(0.2)	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.3)	(0.1)	0.1	
(Increase) decrease in operating capital	0.3	4.3	3.9	
Income taxes	(1.3)	(1.0)	0.3	
Others	(0.9)	(0.7)	0.2	
Investing activities	(3.7)	(5.7)	(1.9)	
Free cash flows	2.0	7.1	5.1	
Financing activities	(1.2)	(5.3)	(4.0)	(1H in FY2015) Loans, Repayment: (4.2)
Effect of exchange rate changes on cash and cash equivalents	(0.3)	0.0	0.3	
Increase (decrease) in cash and cash equivalents	0.4	1.8	1.4	
Cash and cash equivalents at beginning of period	15.4	16.0	0.5	
Cash and cash equivalents at end of period	15.9	17.9	2.0	

* Each figure indicates the changed amount.

Forecast for FY2015 and Progress in 1H-FY2015 to Forecast

(Billions of yen)

Consolidated	FY2015 Annual	Apr. -Sept. FY2015		FY2014 Annual
	Forecast*	Result	Progress to Forecast(%)	Result
Net sales	158.00	78.43	50	167.04
Operating income	12.00	6.01	50	8.94
Ordinary income	13.00	6.52	50	10.27
Profit attributable to owners of parent	7.50	3.59	48	5.87

Non-consolidated	FY2015 Annual	Apr.-Sept. FY2015		FY2014 Annual
	Forecast*	Result	Progress to Forecast(%)	Result
Net sales	98.00	49.67	51	105.60
Operating income	5.50	2.72	50	3.82
Ordinary income	8.00	4.02	50	5.96
Net income	6.00	2.99	50	4.36

	Precondition**	1H-FY2015	2H-FY2015(Forecast)
Price of Domestically Produced Naphtha (¥1,000/kl)	50.0	47.9	40.0
Exchange rate (¥/\$)	118.0	121.9	120.0

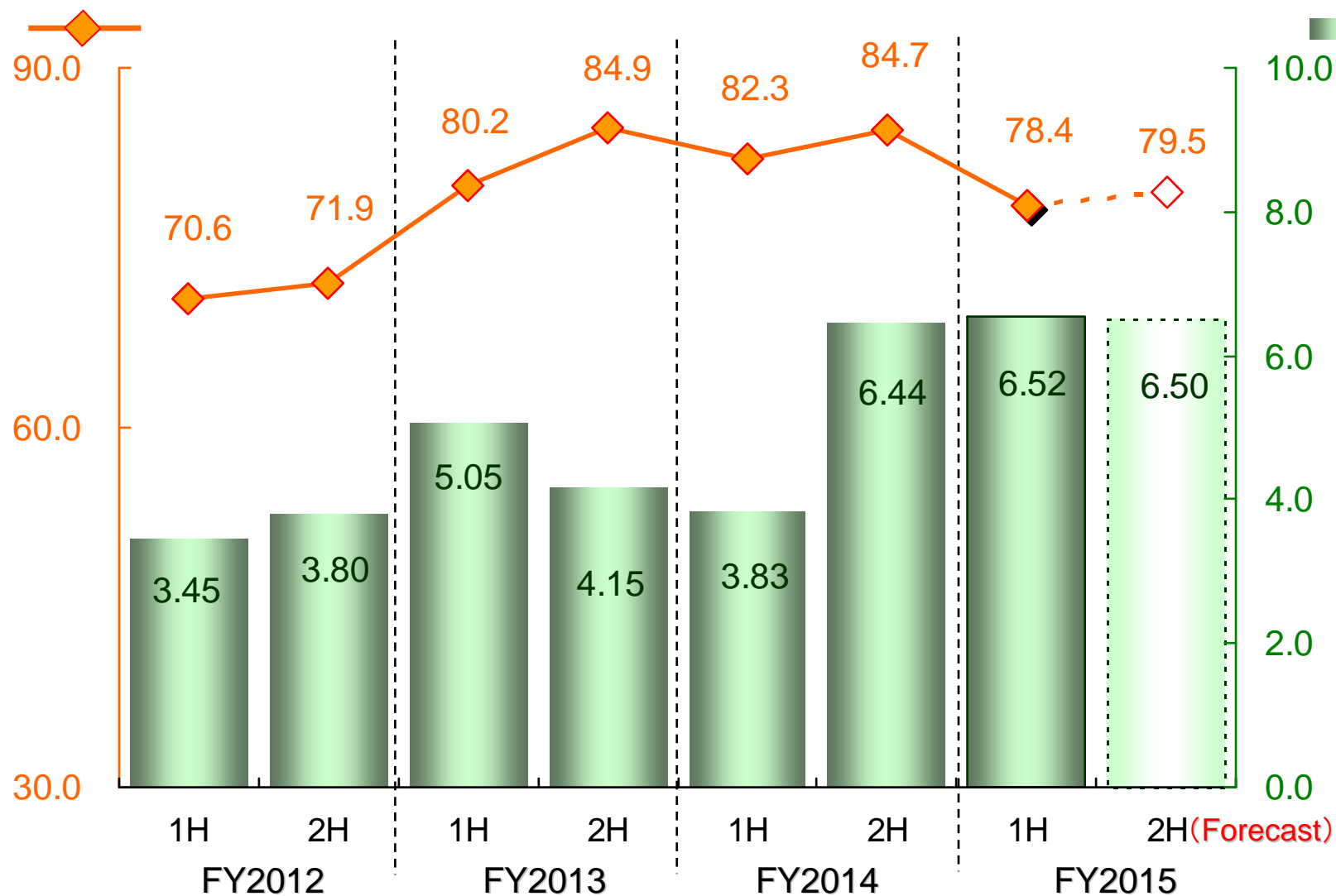
* Forecasts announced on Oct. 30, 2015

** Each figure indicates at the beginning of the period

Consolidated Business Result Trend

Net sales
(Billions of yen)

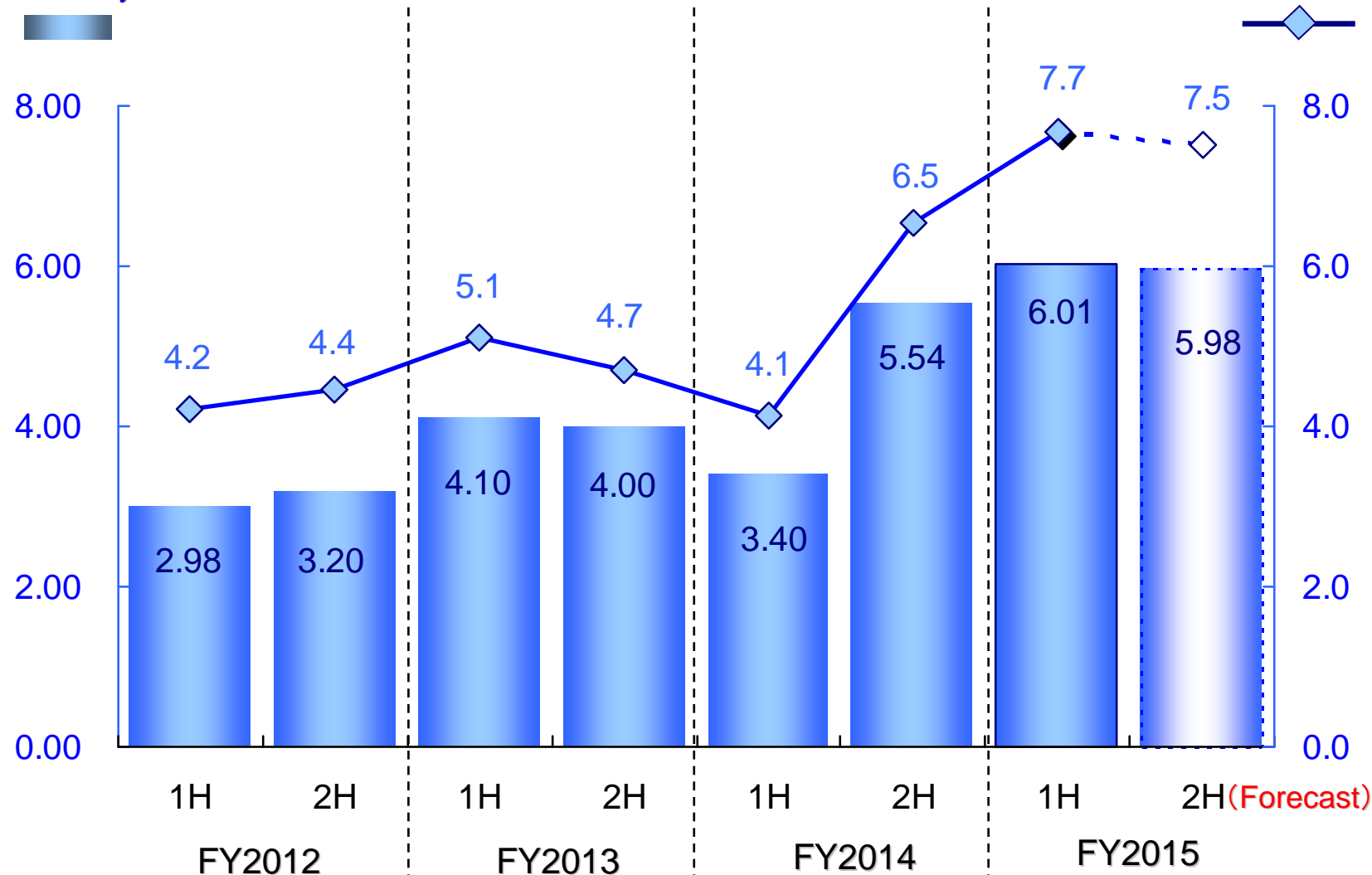
Ordinary income
(Billions of yen)



Consolidated Operating Income Trend

Operating income
(Billions of yen)

Operating income ratio
(%)



Results of Operations by Product Group for 1H in FY2015

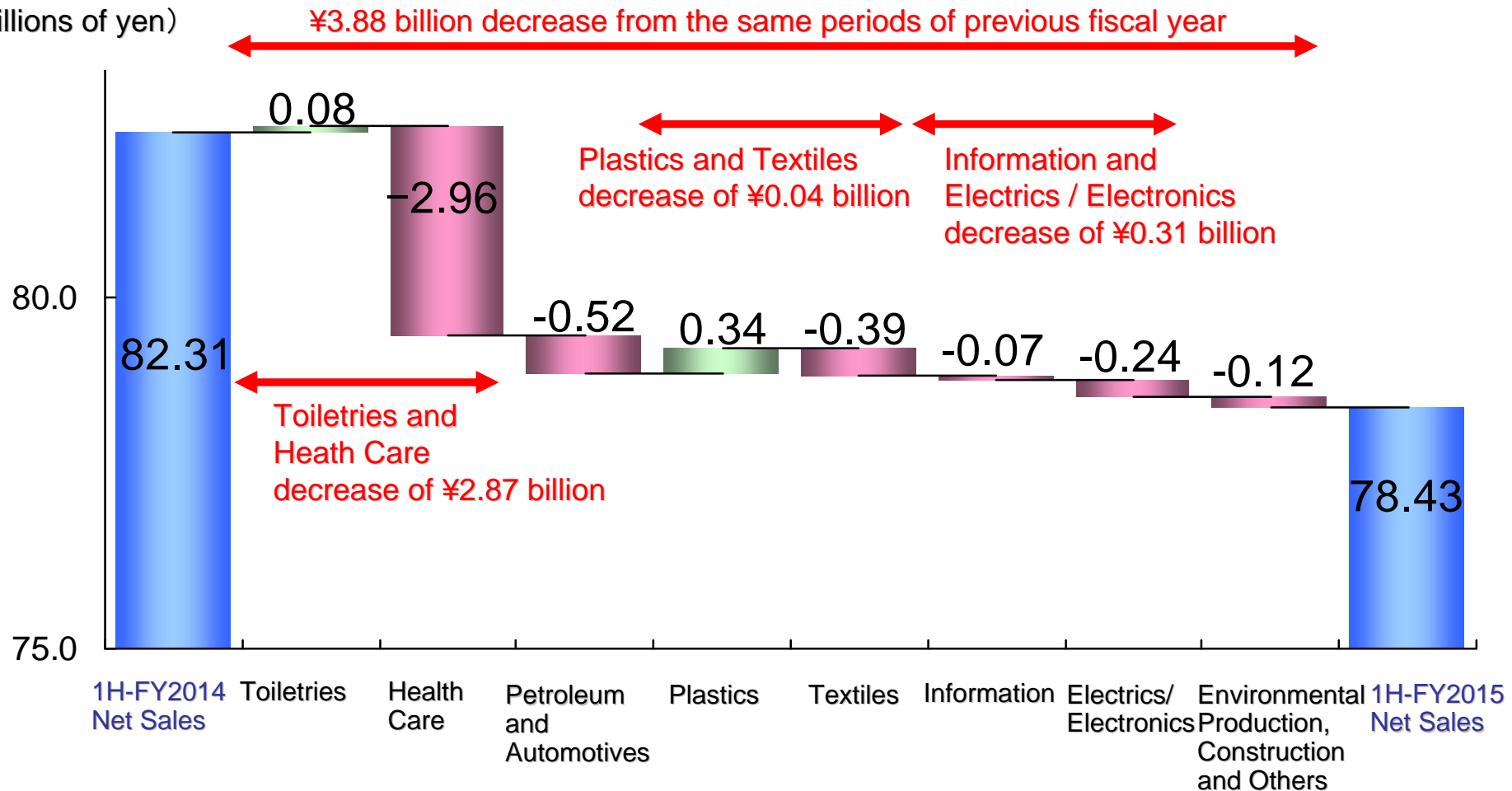
(Billions of yen)

Product Group	Net Sales			Operating Income		
	Apr.-Sept. FY2014	Apr.-Sept. FY2015	Changed Amount	Apr.-Sept. FY2014	Apr.-Sept. FY2015	Changed Amount
Toiletries and Health Care	32.51	29.63	(2.87)	1.52	2.40	0.87
Toiletries	6.35	6.43	0.08			
Health Care	26.16	23.19	(2.96)			
Petroleum and Automotives	19.68	19.16	(0.52)	0.39	0.92	0.52
Plastics and Textiles	10.75	10.71	(0.04)	1.16	1.56	0.40
Plastics	6.94	7.29	0.34			
Textiles	3.80	3.41	(0.39)			
Information and Electrics/Electronics	9.93	9.62	(0.31)	0.23	0.70	0.46
Information	6.71	6.64	(0.07)			
Electrics/Electronics	3.22	2.97	(0.24)			
Environmental Protection, Construction and Others	9.42	9.29	(0.12)	0.08	0.42	0.33
Total	82.31	78.43	(3.88)	3.40	6.01	2.61

Note: From the first three months of the current fiscal year, in order to evaluate segment performances more appropriately, cost allocation rules were changed. Operating income of each segment in the 2Q of previous fiscal year was reclassified based on the changed cost allocation rules, and compared with current one.

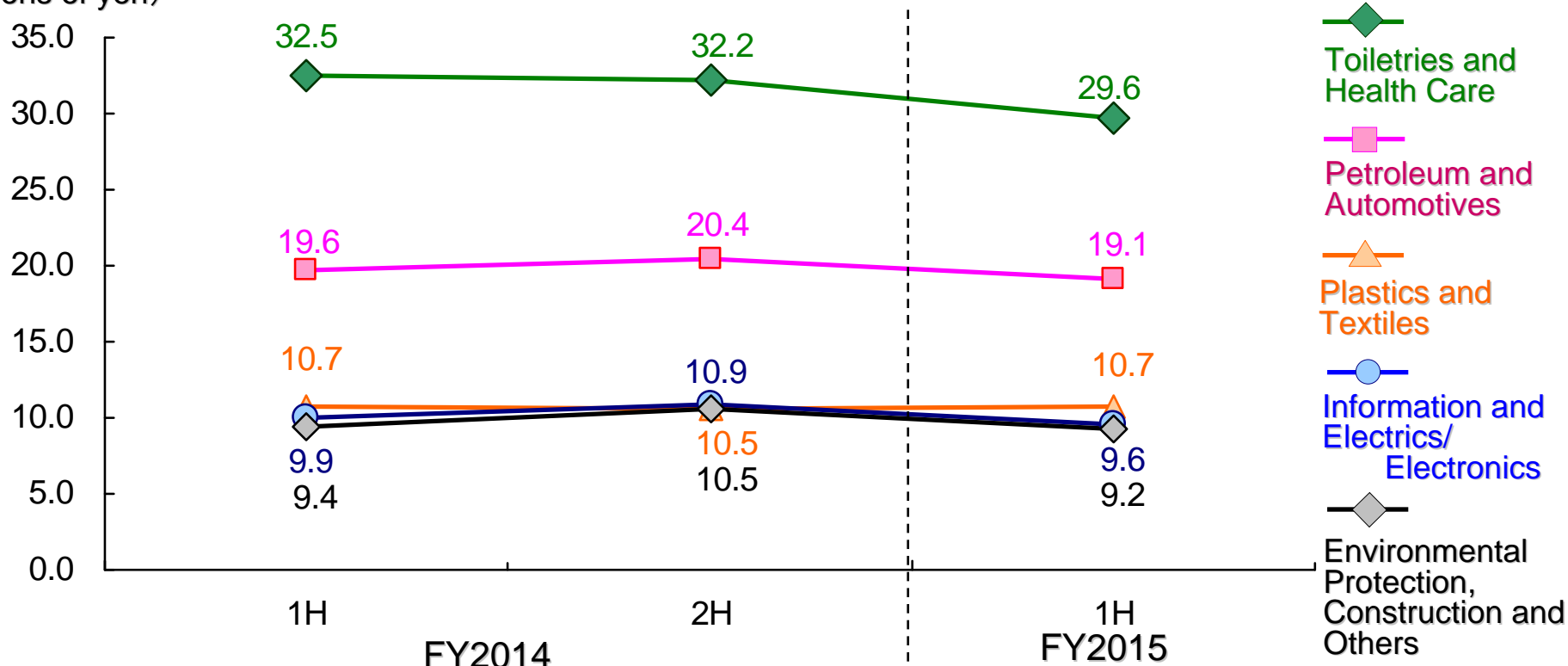
Change in Consolidated Net Sales by Product Group

(Billions of yen)



Consolidated Net Sales Trend by Product Group

(Billions of yen)

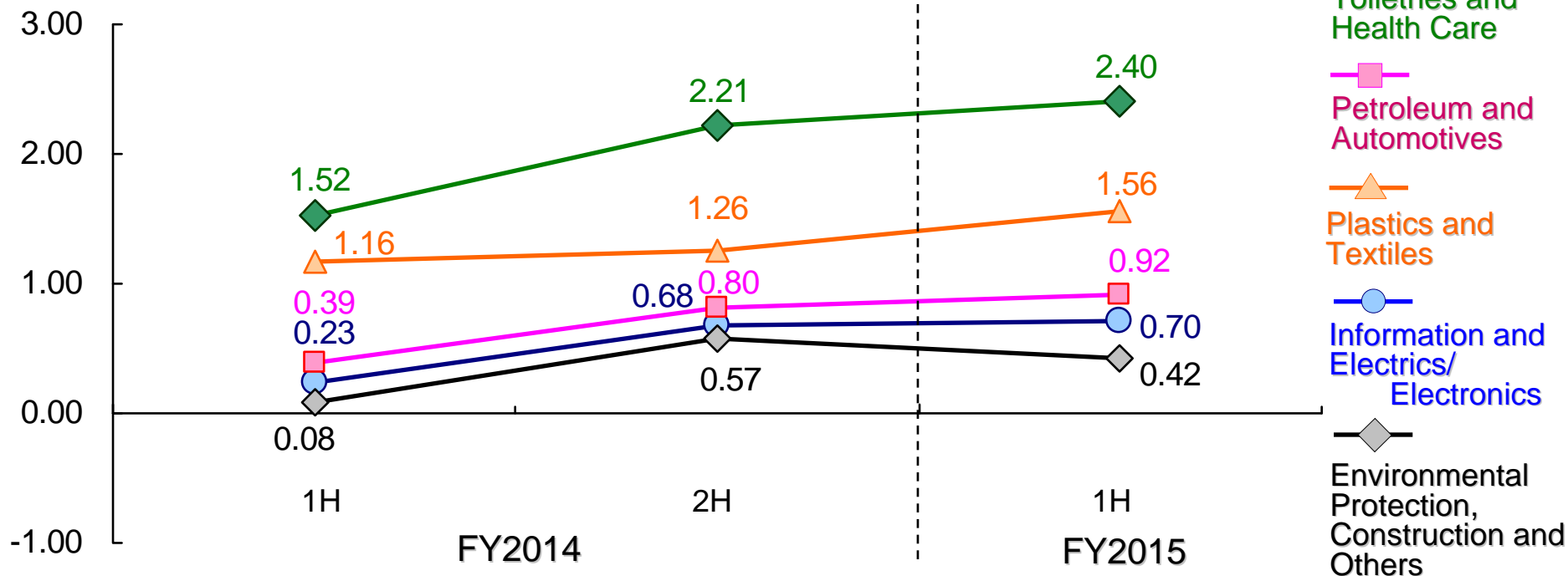


The main change factor of Results in 1H-FY2015 (year on year change)

- Toiletries and Health Care** : Sales decreased because of appropriate sales price to respond to a fall in raw materials costs, though demand for superabsorbent polymers remained steadily.
- Petroleum and Automotives** : Sales decreased due to decrease of domestic automobile production and appropriate sales price to respond to a fall in raw materials costs.
- Plastics and Textiles** : Sales increased because of sales expansion of permanent antistatic agents and brisk sales increases of surfactants used in the rubber, plastic etc manufacturing process despite weakening demand for fiber agents due to stagnant Chinese market.
- Information and Electrics / Electronics** : Sales decreased because demand for flat panel display (FPD) resins and pressure-sensitive adhesives using for electronic components decreased.
- Environmental Protection, Construction and Others** : Sales decreased due to a fall in the domestic market prices of raw materials of building sealants, despite brisk sales increase of cationic monomer and raw materials of polyurethane foams used in furniture and heat insulating materials.

Consolidated Operating Income Trend by Product Group

(Billions of yen)



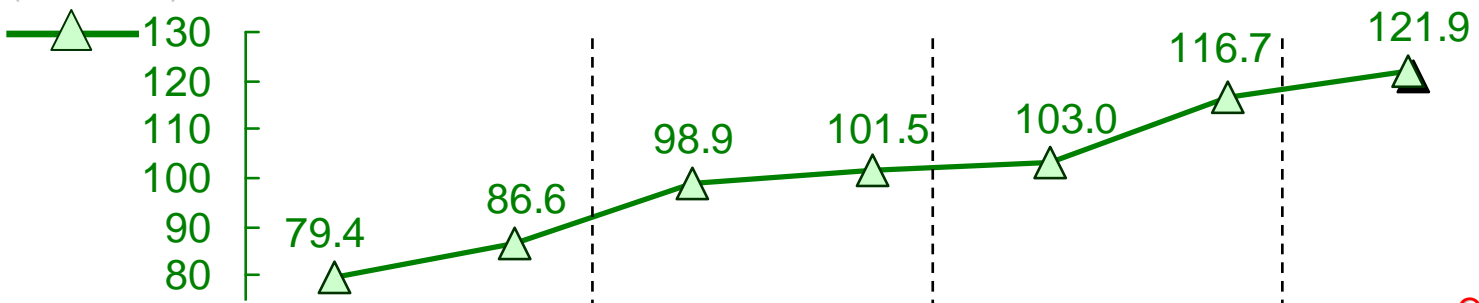
Note: From the first three months of the current fiscal year, in order to evaluate segment performances more appropriately, cost allocation rules were changed. Operating income of each segment in the each period of previous fiscal year was reclassified based on the changed cost allocation rules, and compared with current one.

The main change factor of Results in 1H-FY2015 (year on year change)

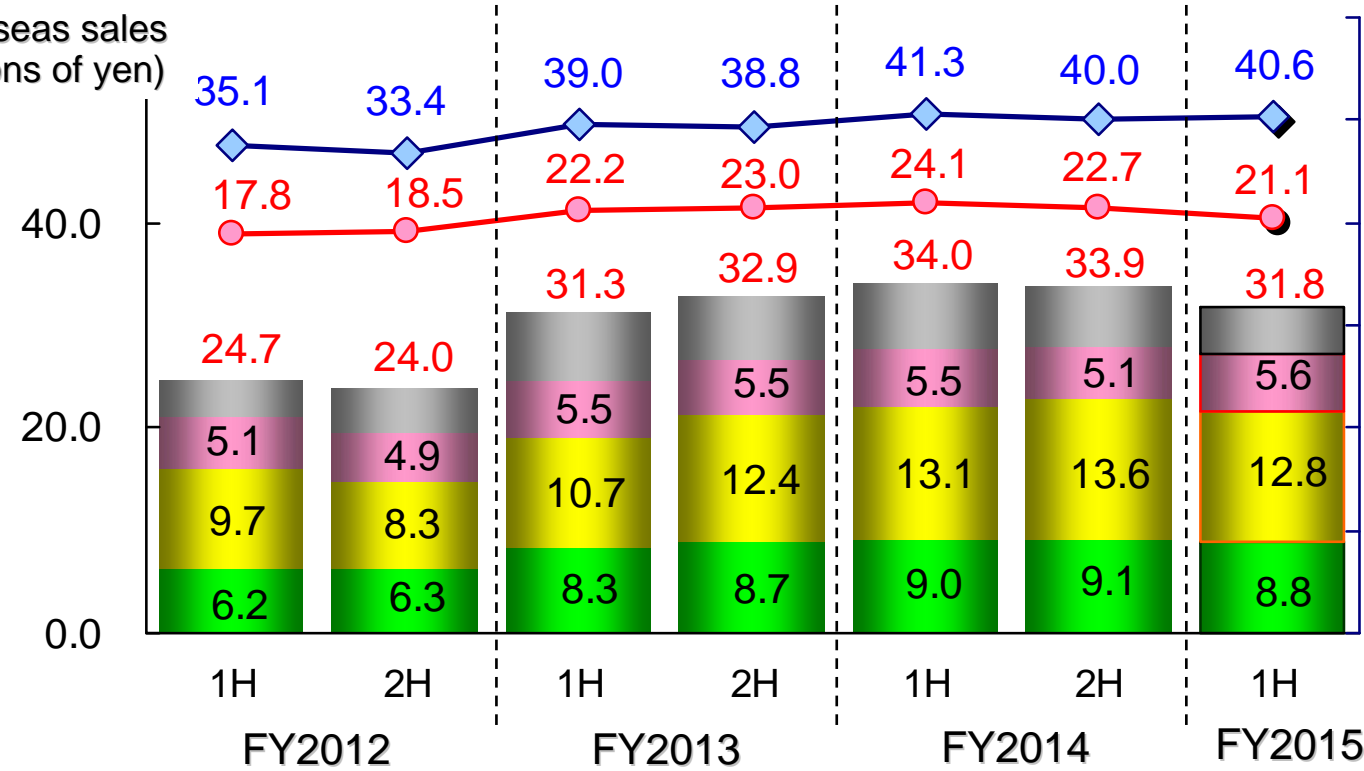
In all segments, profits increased because of a fall in raw material costs and depreciation of the yen.,

Consolidated Overseas Sales Trend

Average exchange rate
(Yen/US\$)

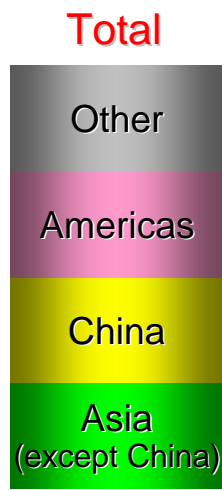


Overseas sales
(Billions of yen)



Overseas sales ratio(%)

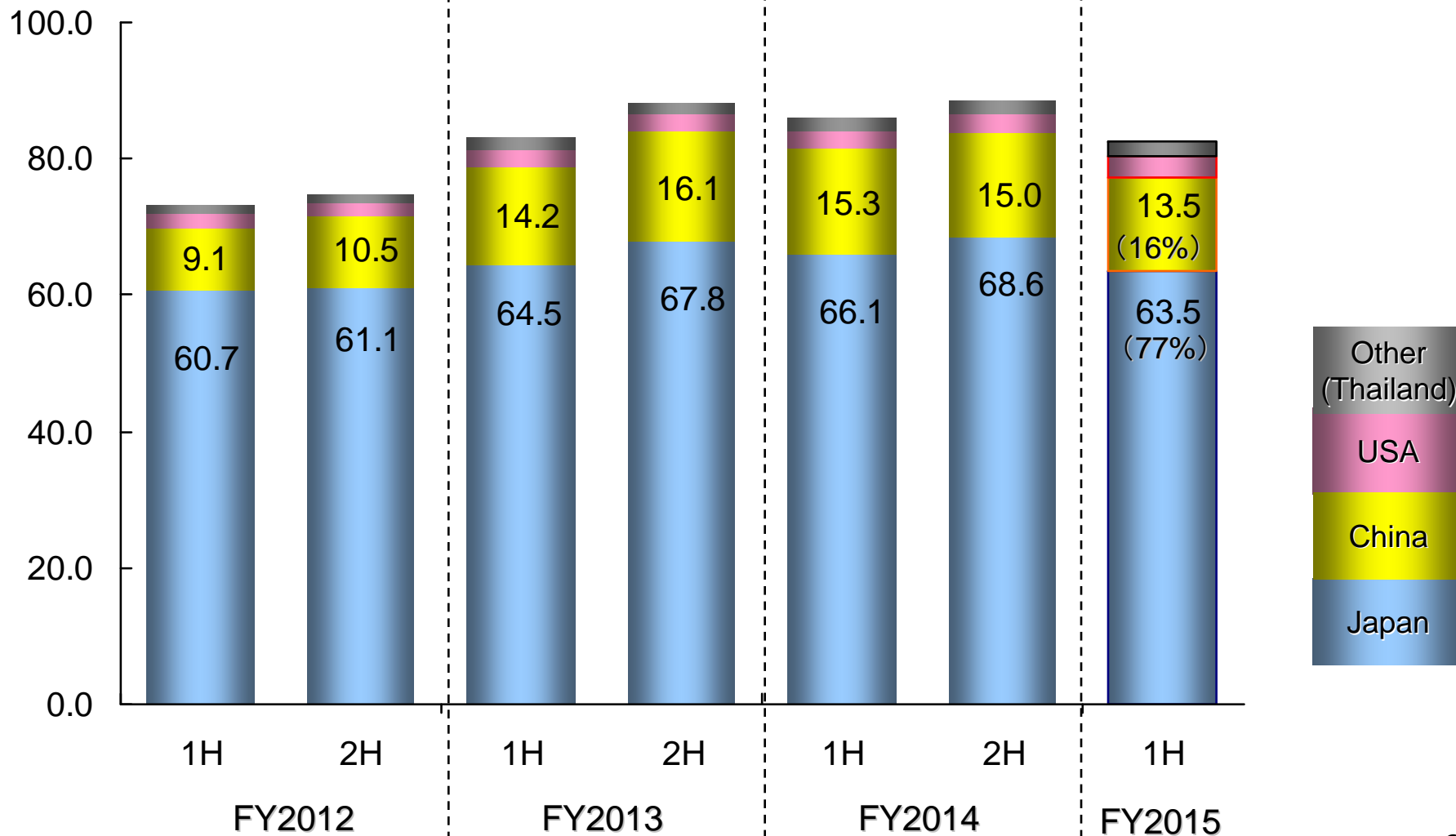
Overseas production ratio(%)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

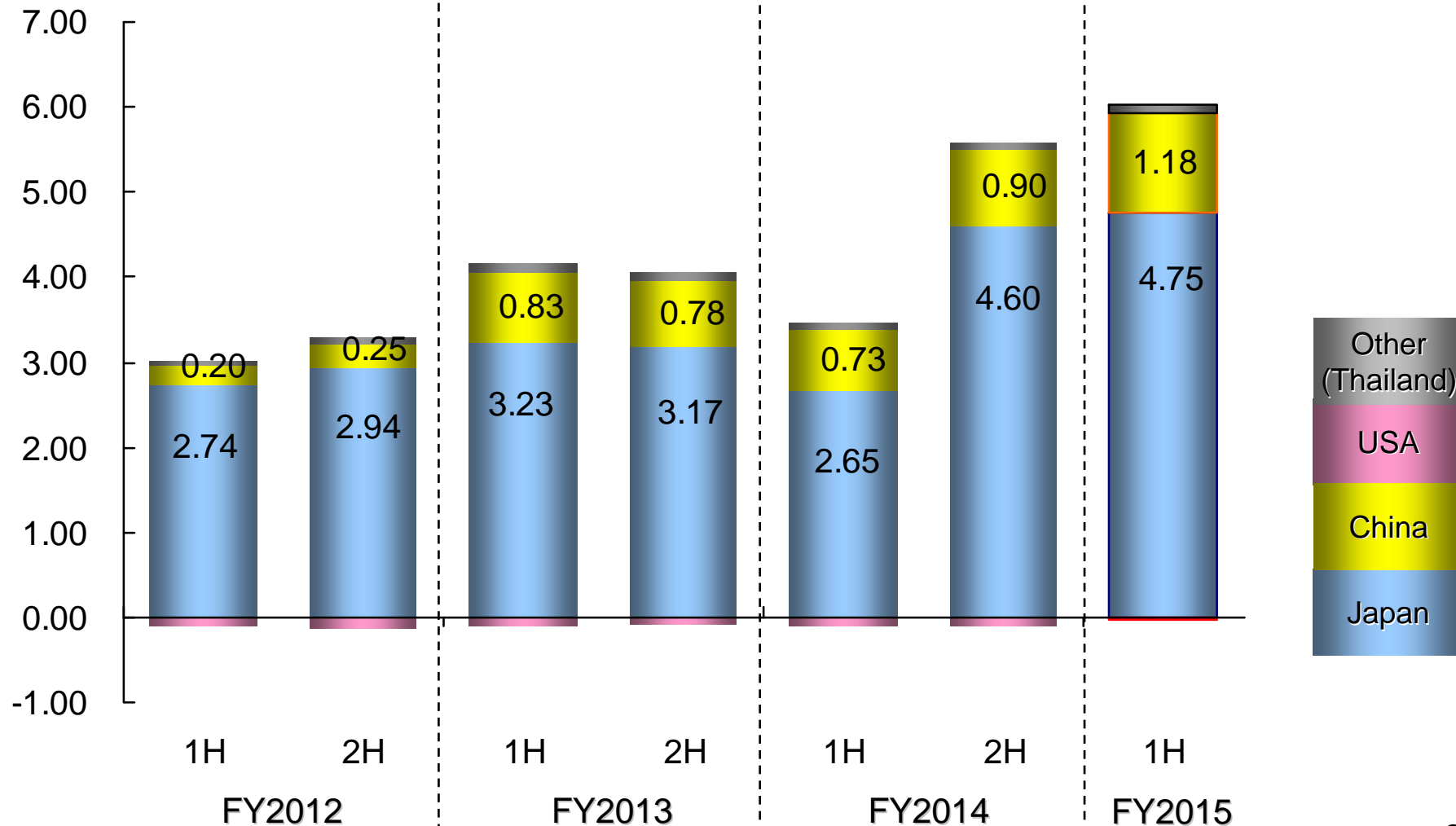
(Billions of yen)



Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

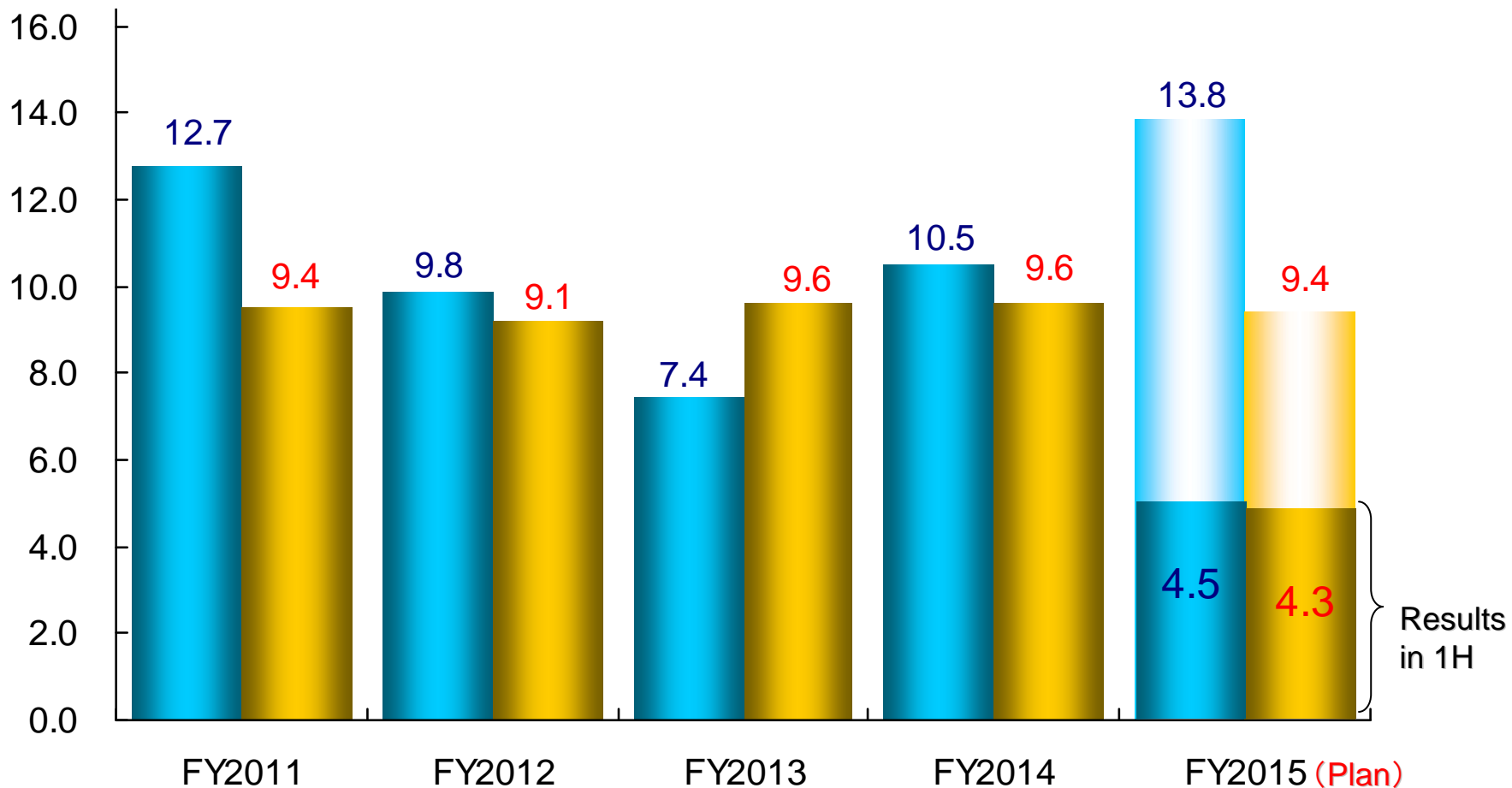
(Billions of yen)



Consolidated Investment in Plant & Equipment, and Depreciation & Amortization

 Investment in plant & equipment
 Depreciation & amortization

(Billions of yen)



Consolidated Dividends per Share & Payout Ratio Trend

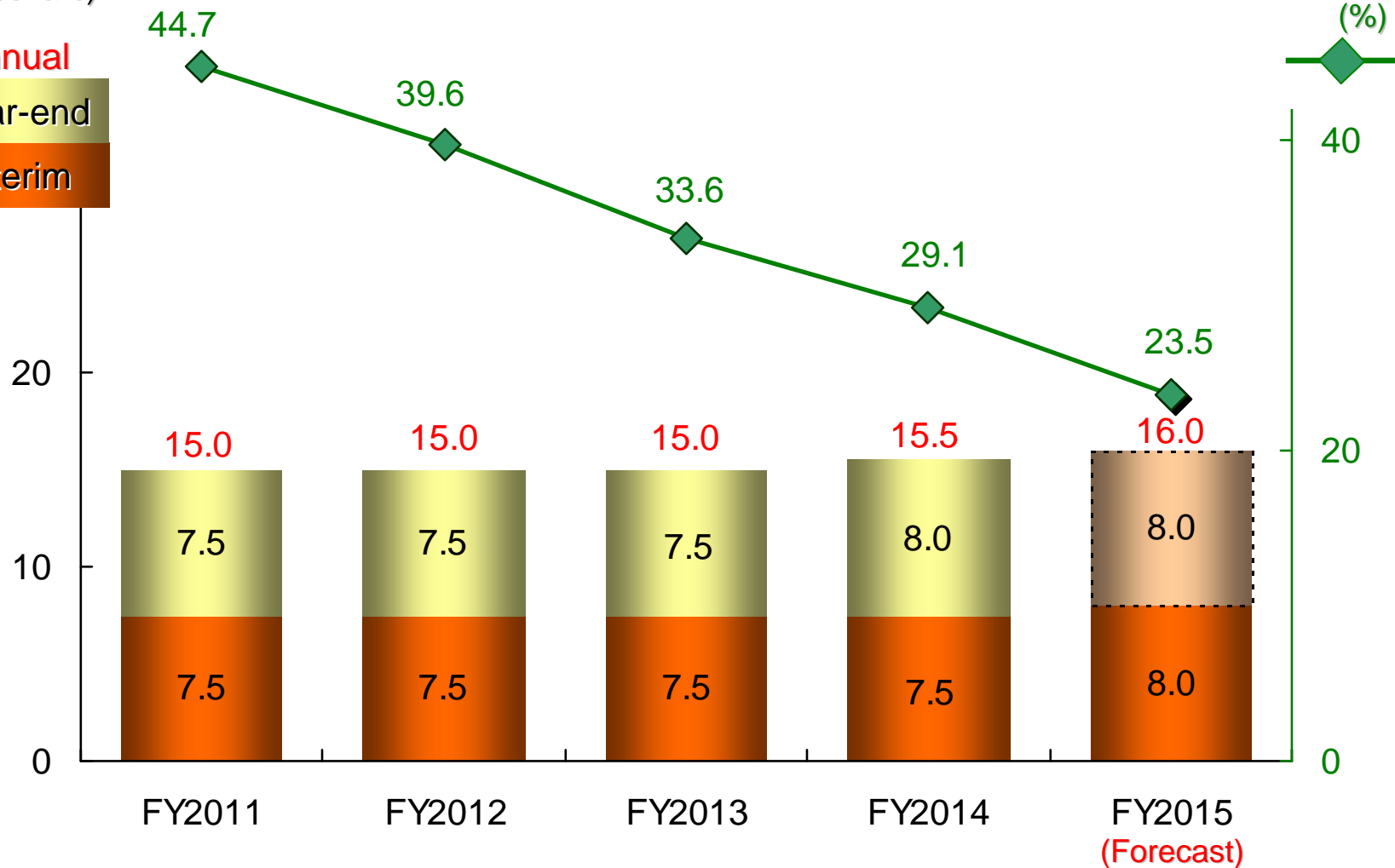
Dividends
(Yen/share)

Annual

Year-end

Interim

Payout ratio
(%)



The Ninth Medium-Term Management Plan *Sanyo Global Innovation 200*

Strengthening of Existing Business

4 Basic businesses (SAP, Lubricating oil additives, Imaging materials, AOA*1)

*1) AOA is the acronym for the products of alkylene oxide adducts.
These products include raw materials for PPG and surfactants.

We will seek to expand through process innovation and aggressive investment in the businesses with large markets.

High-value-added products

We will expand sales and increase profits by developing high-value-added products tailored to needs in global niche markets.

Launch of New Businesses

We will establish bridgeheads for new businesses mainly in the fields of energy and electronics businesses, and biotechnology and medical businesses.

TOPICS (1)

Enhancement of SAP Production Capacity

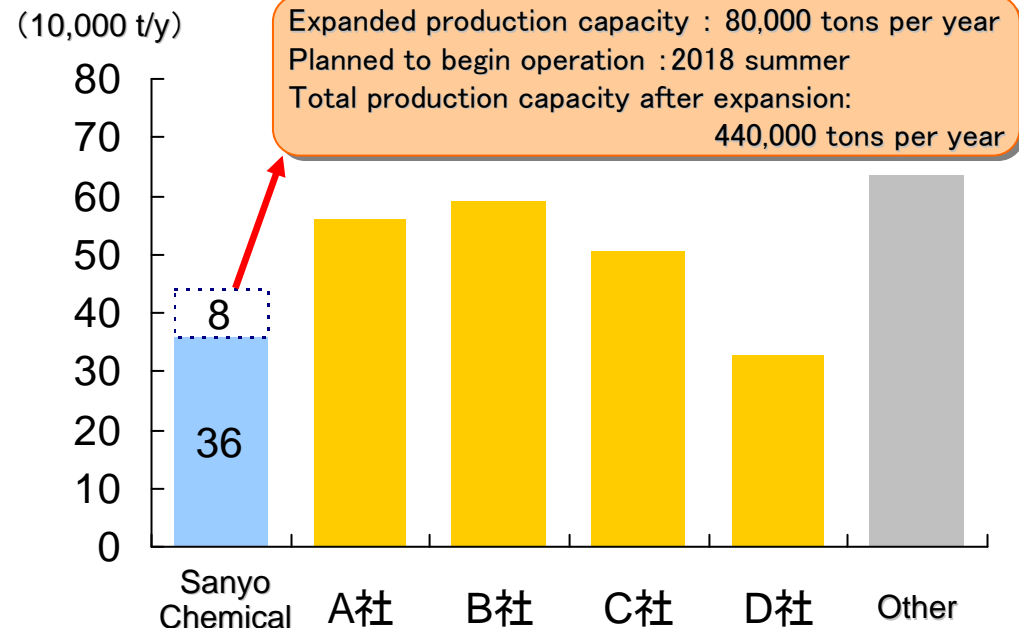
- Completion of the fourth production expansion in SDN (planned to begin operation in July 2015)
- Establishment of new production base in Malaysia (planned to begin operation in summer of 2018)



SDP GLOBAL (MALAYSIA) SDN. BHD.

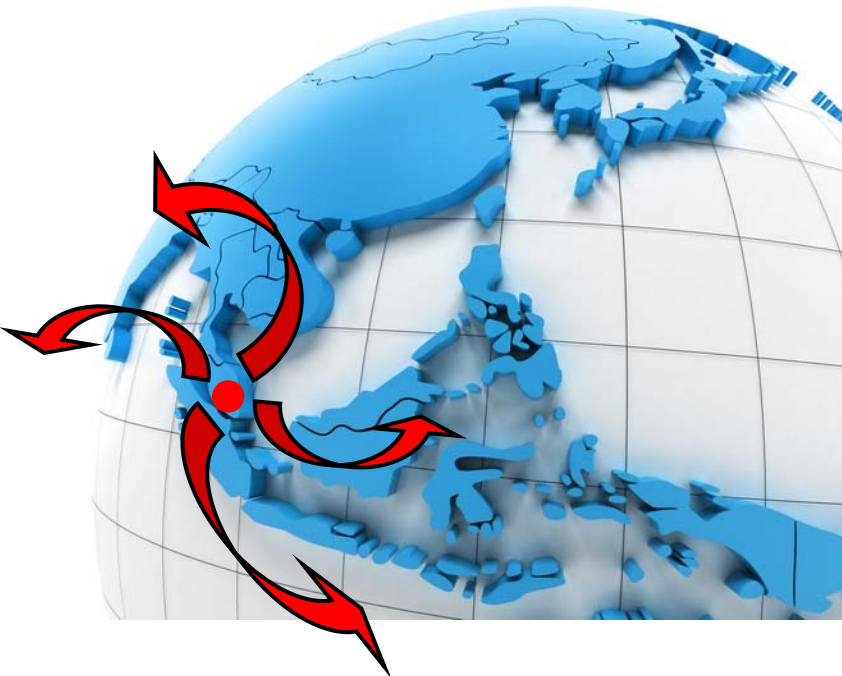
Location: Johor, Malaysia
 Capital: Approx. ¥7.0 billion
 Major shareholders and investment ratio:
 SDP GLOBAL Co., Ltd. 100%
 Beginning of operation: 2018 summer (plan)
 Investment value: Approx. ¥11.0 billion

Global Production Capacity by SAP Manufacturer
 (in-house research at the end of Oct., 2015)



TOPICS (1)

Enhancement of SAP Production Capacity



To the world from Malaysia,
which locates the center of ASEAN !

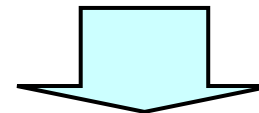
Trustful relationship built with
disposable diaper makers
over the years



Continual development of
competitive SAP



Toyota Tsusho's sales and
logistics networks



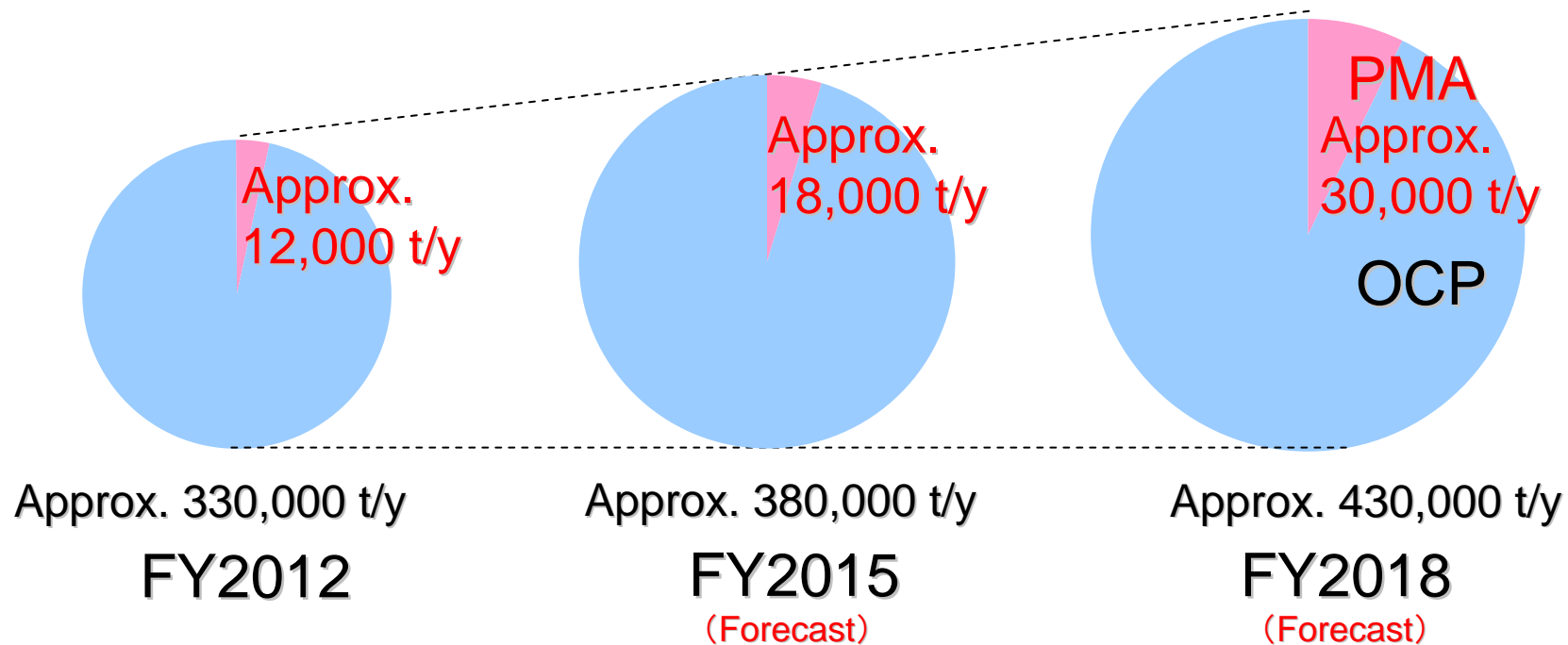
We aim for the global 4-pole supply system !

Japan & China: already exist,
Malaysia: planned to begin operation in summer of 2018,
U.S.A, etc: under study

TOPICS (2)

Establishment of Lubricating Oil Additives Division

Market size of lubricating oil additives for engine oil (in-house research)

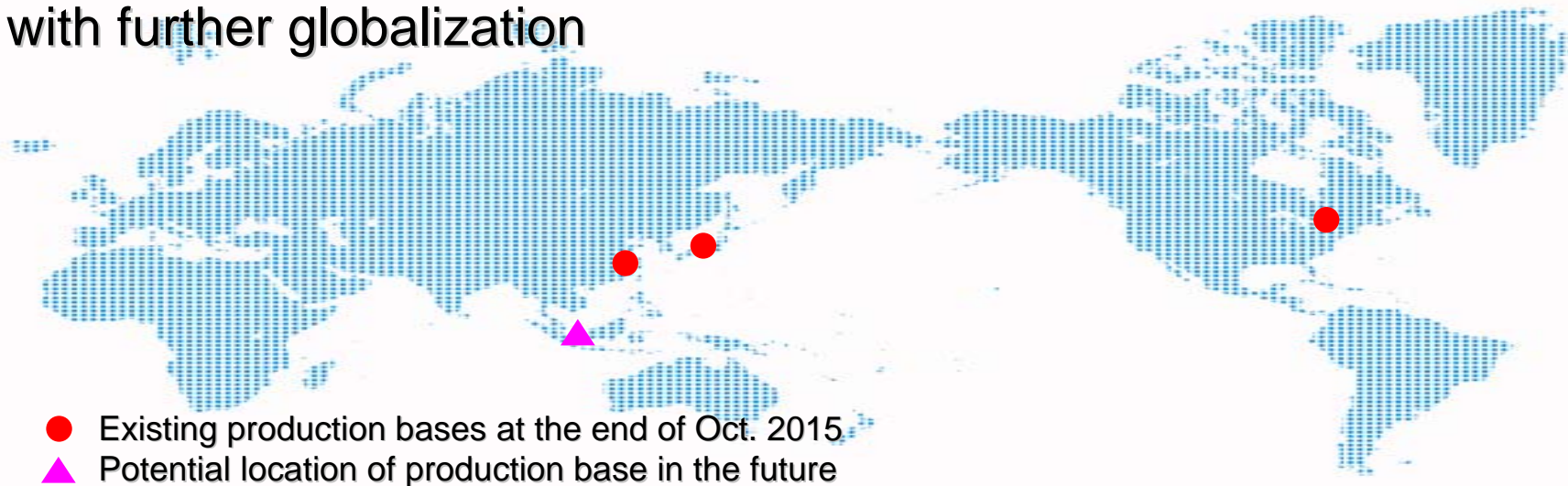


The market size of more fuel-efficient lubricating oil additives based on PMA expands mainly in developed countries due to high demand for fuel efficiency.

TOPICS (2)

Establishment of Lubricating Oil Additives Division

- We seek business expansion of lubricating oil additives as one of 4 basic businesses in the Ninth Medium-Term Management Plan with further globalization



Working together globally, and executing quick decision-making and optimal control !



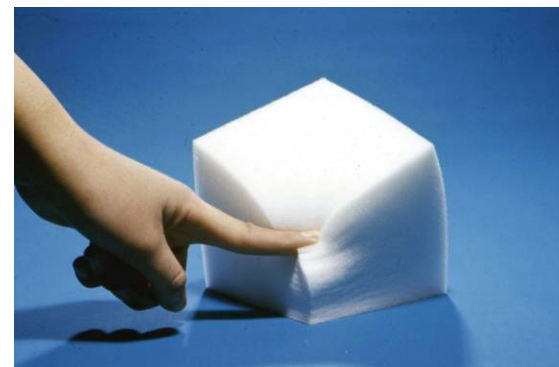
- Main performance of ACLUBE as an additive for lubricating oil is used to improve fuel efficiency in automobiles and other vehicles by reducing the viscosity change of the lubricating oil caused by the temperature, which is known as viscosity index improvers.

TOPICS (3)

Start of the Joint Study on Potential Development of Polyols with PTT Global Chemical (Thailand)

We signed a Head of Agreement to jointly perform Front End Engineering Design for potential development of manufacturing and sales of polyether polyols (polyols) with PTT Global Chemical Public Company, Ltd. (PTTGC) and Toyota Tsusho Corporation

The F/S will be targeted to start operation of 130KTA Polyols in Rayong, Thailand in 2019.



■ Polyols are materials of polyurethanes

TOPICS (4)

Establishment of Project Team in Biotechnology and Medical Businesses

We aim to establish independent business division in April 2016.

Surgical hemostatic sealant derived from nonbiological materials
(launched in Feb. 2014)



Diagnostic reagent kits,
which enable a quick measurements,
dedicated to immunological analyzer, “Accuraseed”
(launched in Nov. 2015)

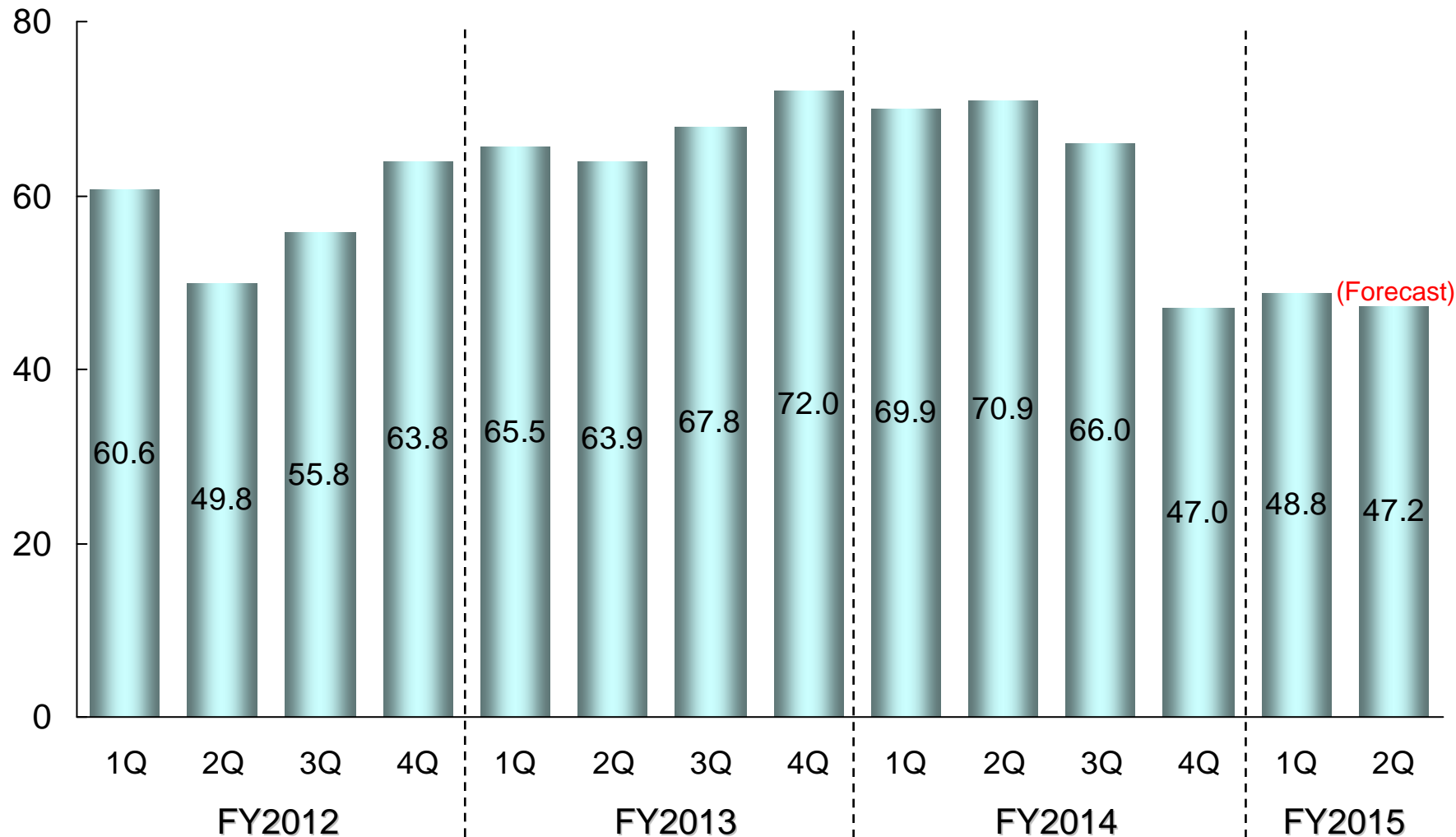
Functional protein technology, Silk-Elastin polymers
(under co-development for launch)

High Efficient New Production Process for Useful Proteins
(under co-development for launch)

Reference

Transition of Price of Domestically Produced Naphtha

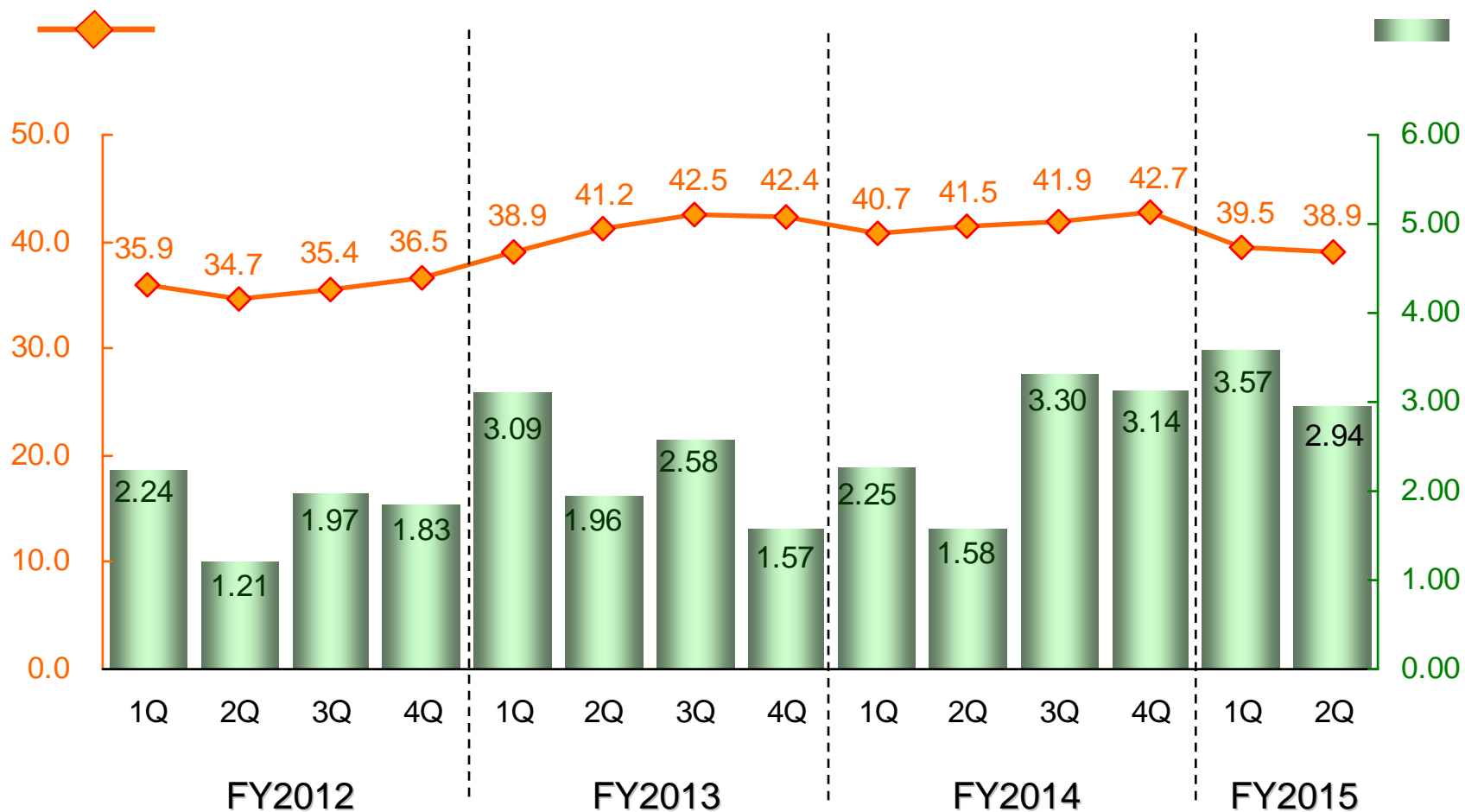
Domestic naphtha price
(Thousands of yen/kl)



Consolidated Business Result Trend

Net sales
(Billions of yen)

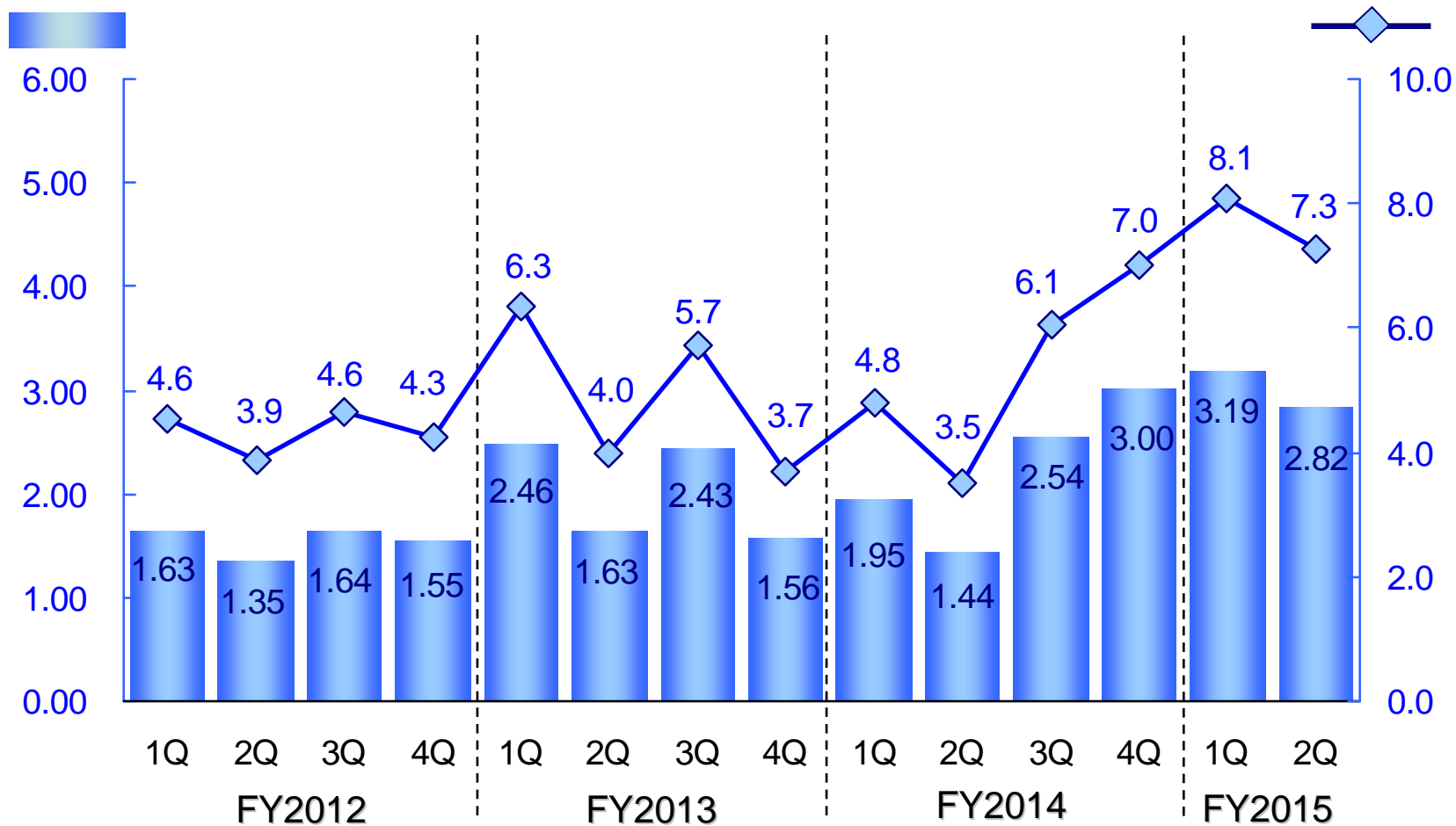
Ordinary income
(Billions of yen)



Consolidated Operating Income Trend

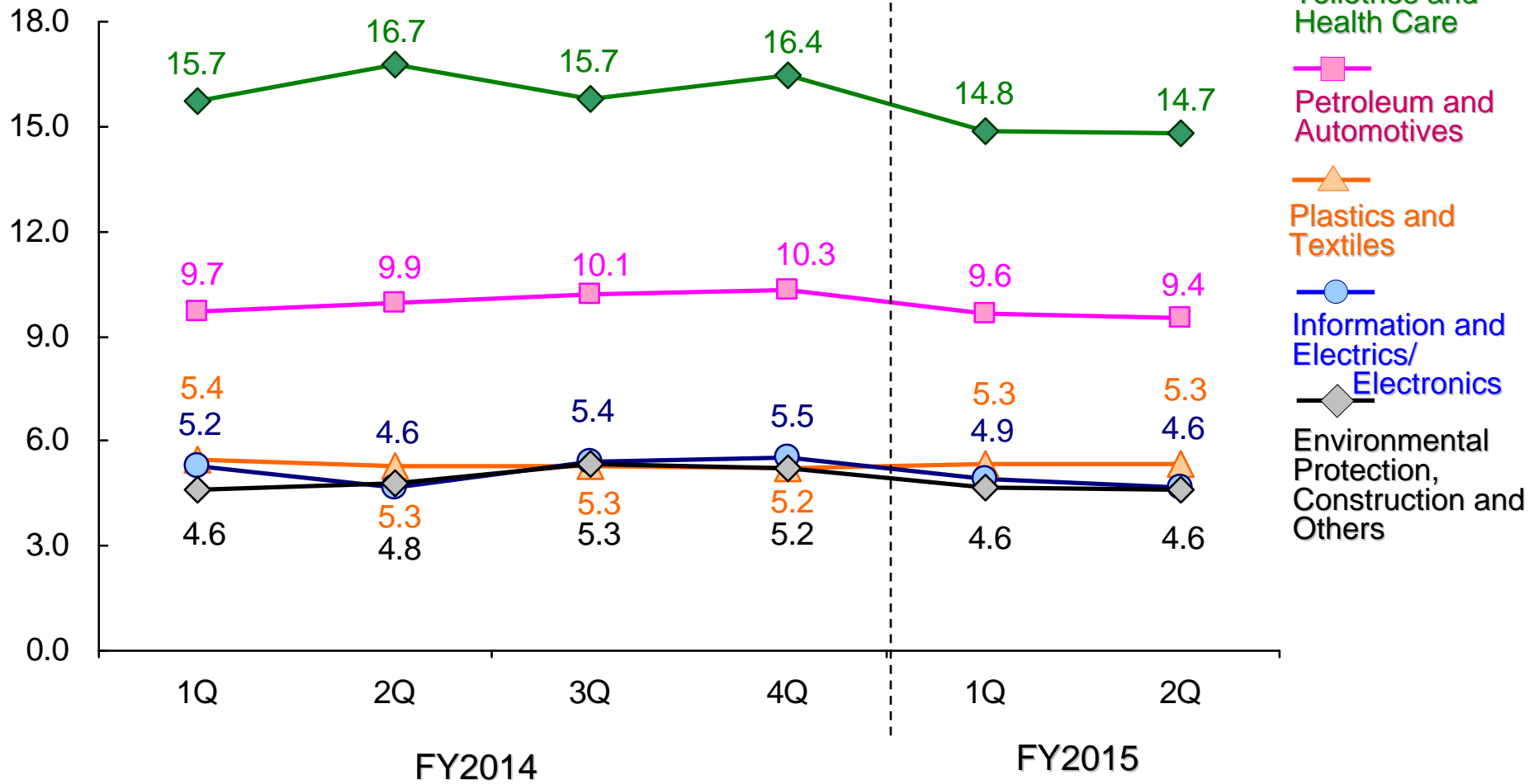
Operating income
(Billions of yen)

Operating income
ratio (%)



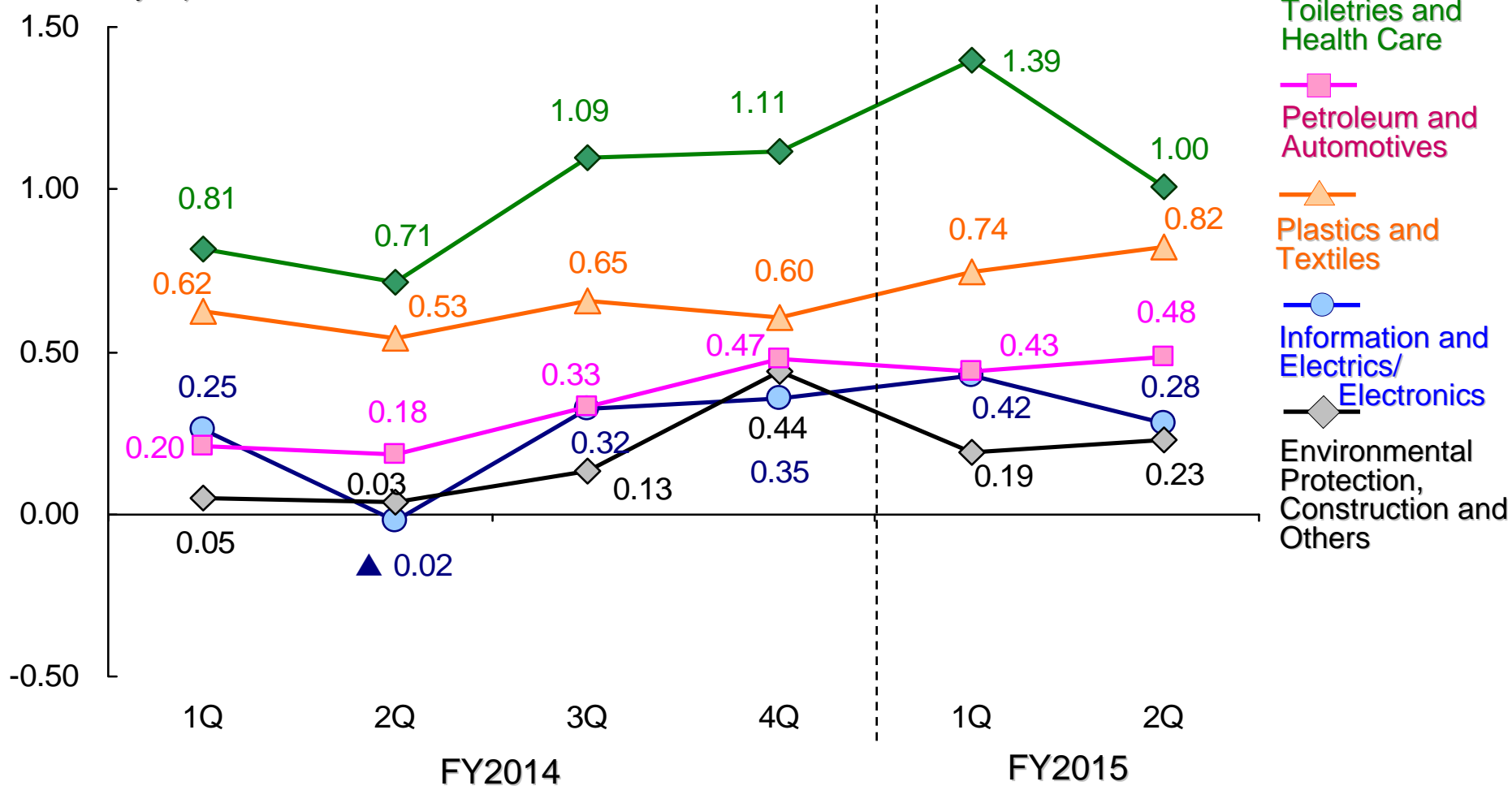
Consolidated Net Sales Trend by Product Group

(Billions of yen)



Consolidated Operating Income Trend by Product Group

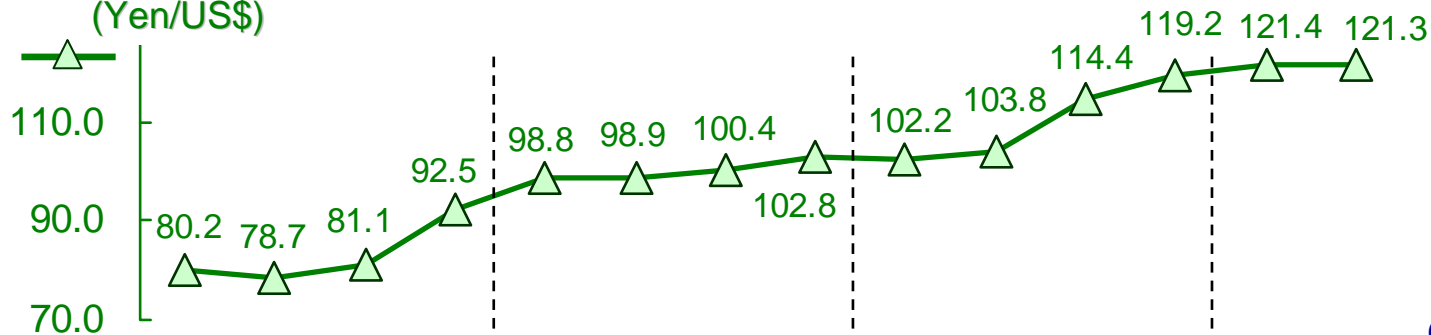
(Billions of yen)



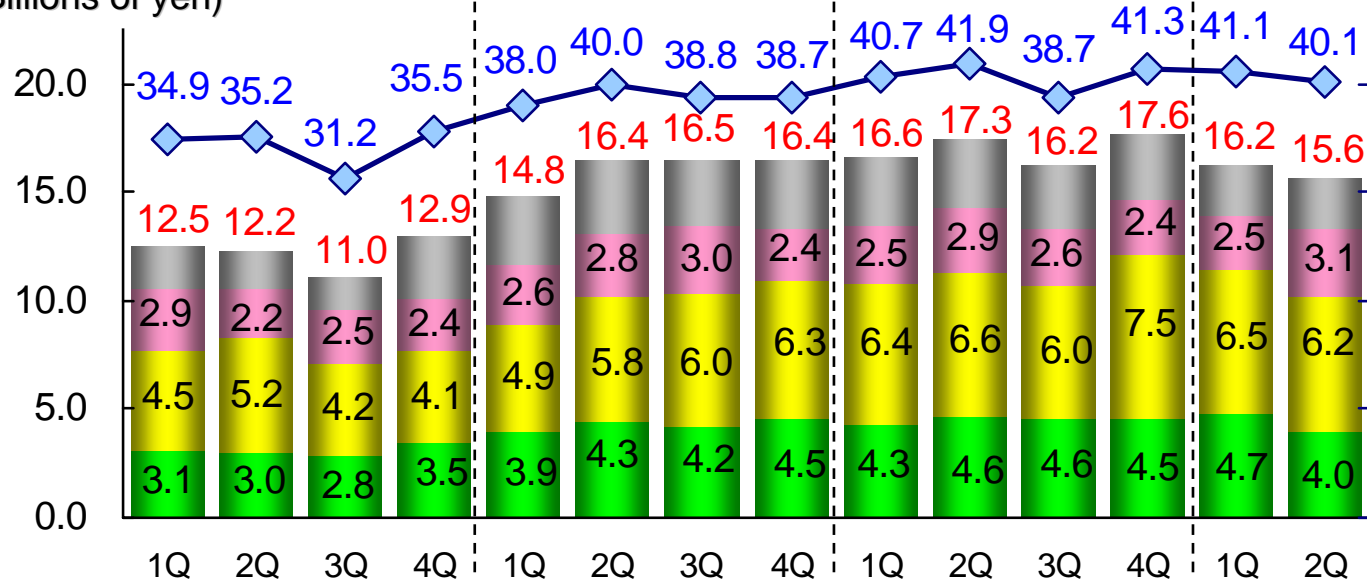
Note: From the first three months of the current fiscal year, in order to evaluate segment performances more appropriately, cost allocation rules were changed. Operating income of each segment in the each period of previous fiscal year was reclassified based on the changed cost allocation rules, and compared with current one.

Consolidated Overseas Sales Trend

Average exchange rate
(Yen/US\$)



Overseas sales
(Billions of yen)



Overseas sales ratio (%)

50.0

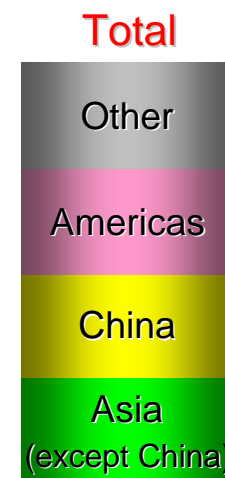
40.0

30.0

20.0

10.0

0.0



FY2012

FY2013

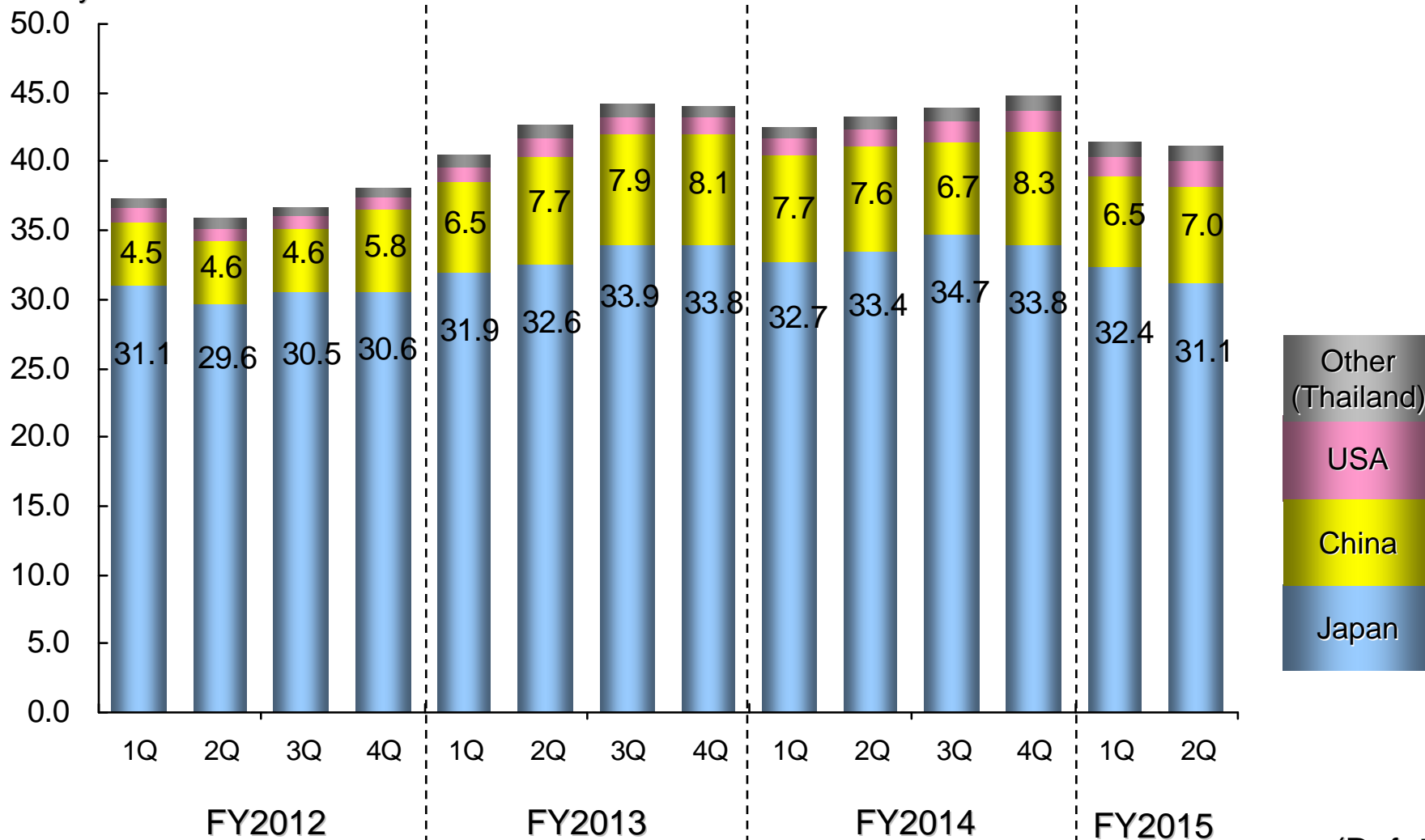
FY2014

FY2015

Consolidated Net Sales Trend by Geographic Segments

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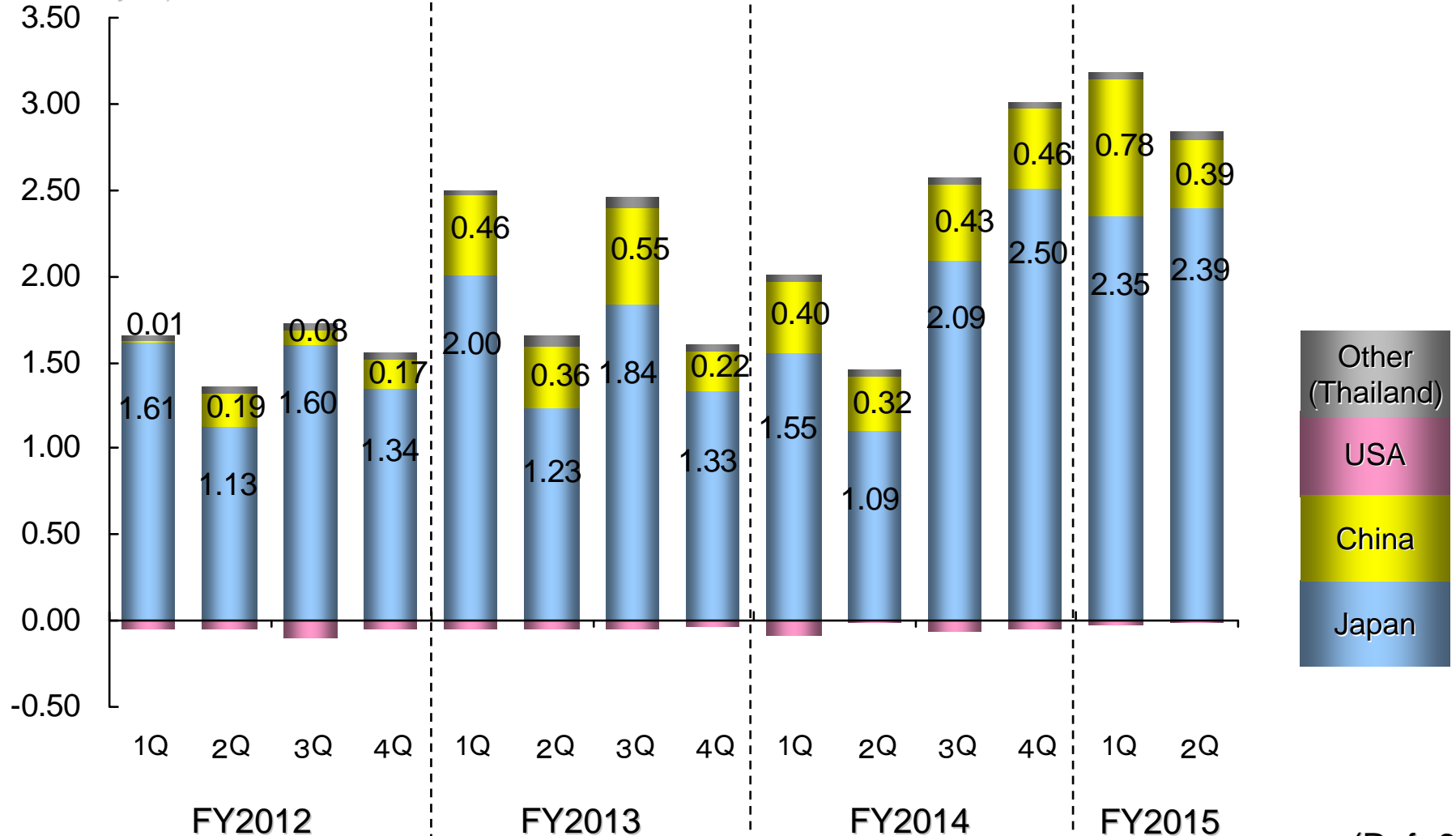
(Billions of yen)



Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Results of Operations by Geographic Segments

for 1H in FY2015

(Billions of yen)

	Net Sales			Operating income		
	Apr.-Sept. FY2014	Apr.-Sept. FY2015	Changed Amount	Apr.-Sept. FY2014	Apr.-Sept. FY2015	Changed Amount
Japan	66.17	63.57	(2.60)	2.65	4.75	2.09
USA	2.60	3.38	0.77	(0.10)	(0.03)	0.06
China	15.37	13.55	(1.82)	0.73	1.18	0.44
Other (Thailand)	1.72	2.02	0.30	0.07	0.08	0.01
Total*	82.31	78.43	(3.88)	3.40	6.01	2.61

* Internal sales among segments are eliminated.

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 agents for pulp & paper, coating agents, a wide range of industrial agents, 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

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, 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 lubricating oil additives, toner resins, etc.
Sanyo Chemical & Resins, LLC [USA]	SCR	SANAM	100%	Manufacture of lubricating oil additives
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