

A Statement of Accounts
For the Fiscal Year Ended March 31, 2016
Fiscal Year 2015
(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 May 16, 2016. 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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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)

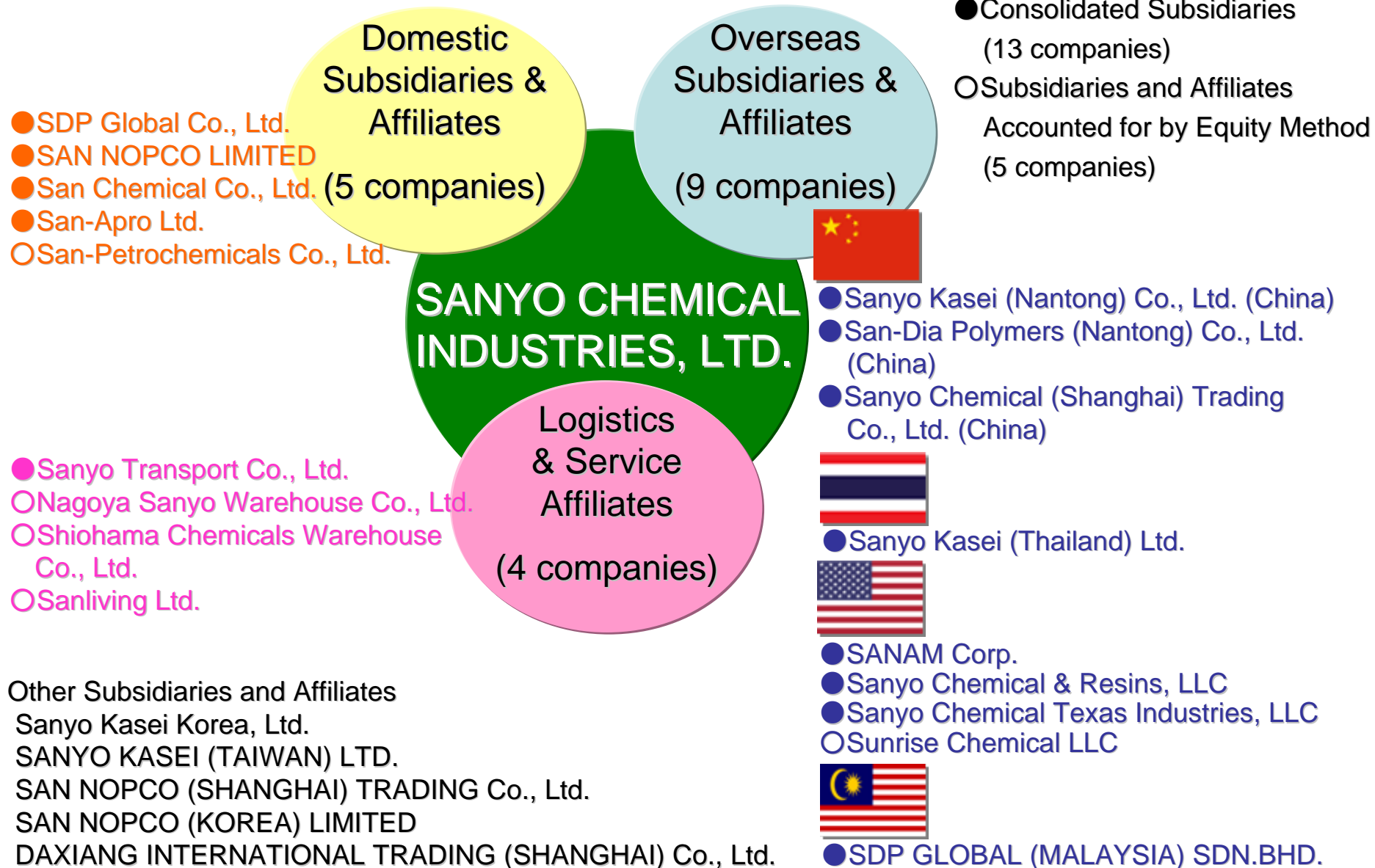
Consolidated Number of Employees:

1,992 (as of March. 31, 2016)

Line of Business:

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

Sanyo Chemical Group



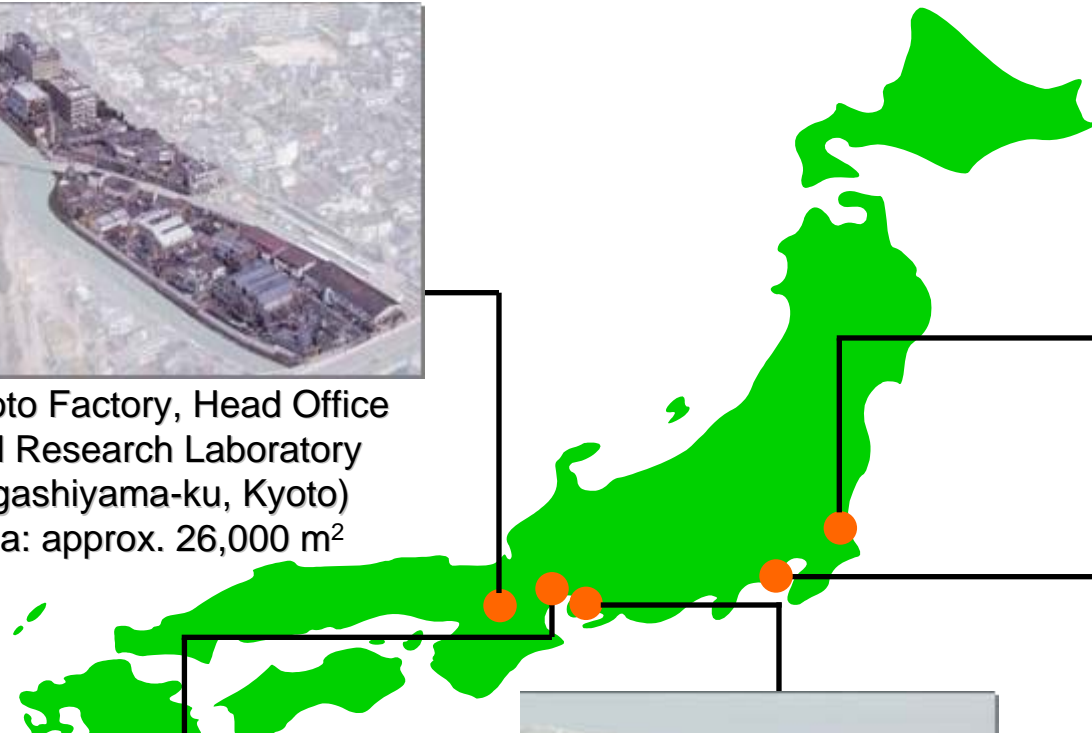
Domestic Production Bases



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 Chemical & Resins, LLC



 Site for the plant
SDP GLOBAL(MALAYSIA)SDN.BHD.



 Sanyo Kasei (Thailand) Ltd.



 Sanyo Chemical Texas Industries, 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.

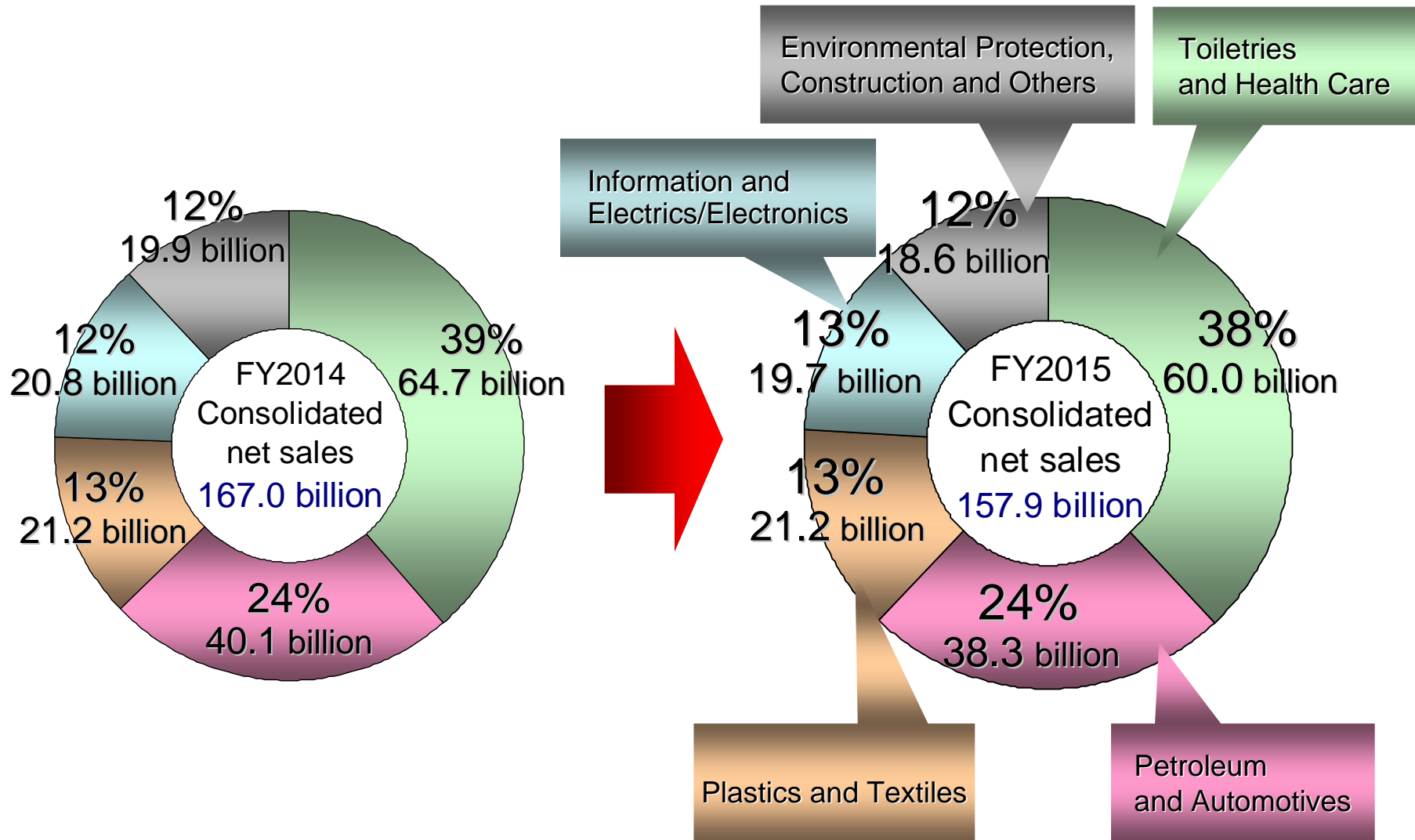


 SANAM Corp.

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 FY2015

(Billions of yen)

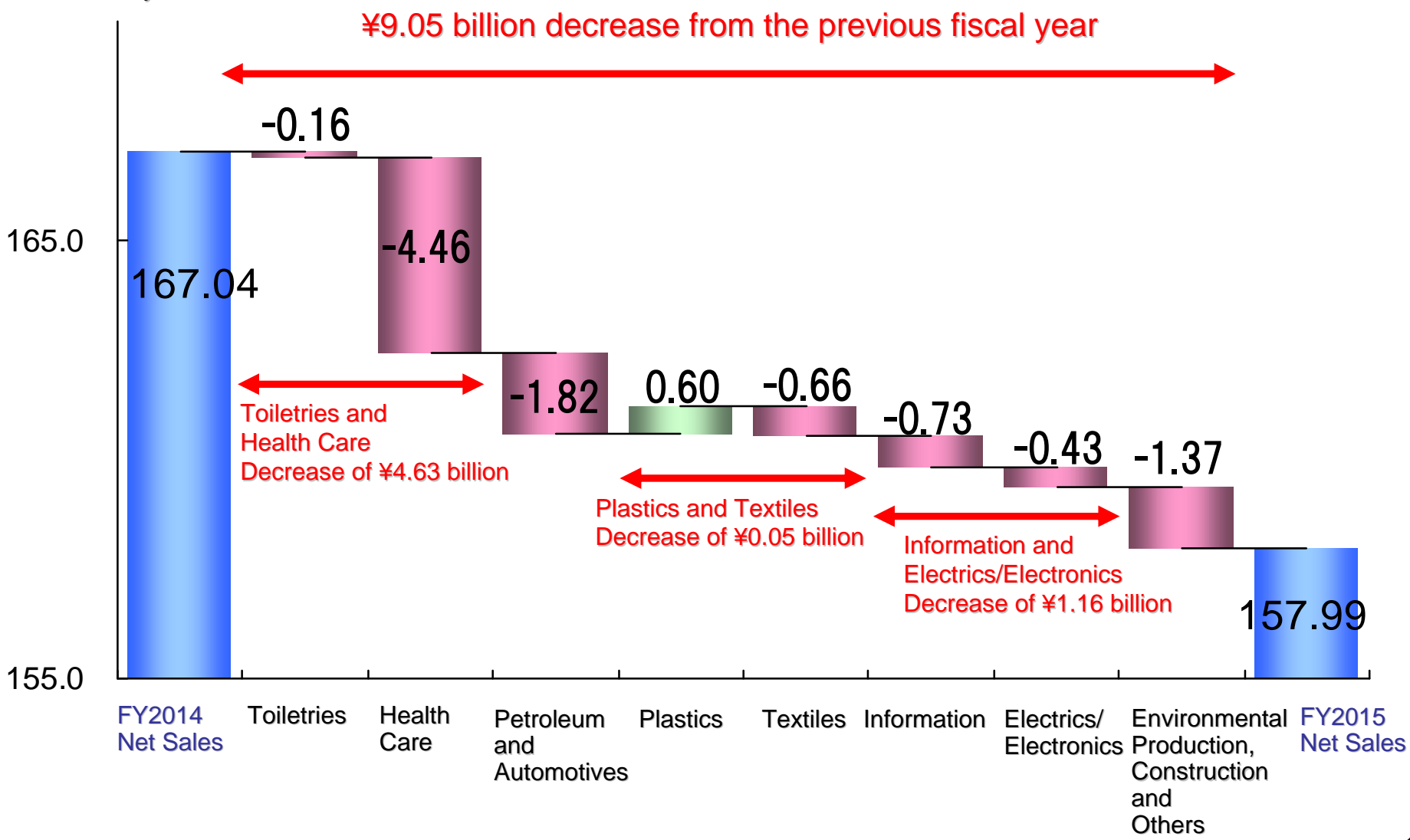
Consolidated	FY2014	FY2015	Year on Year Change	
			Amount	Ratio (%)
Net sales	167.04	157.99	(9.05)	(5)
Operating income	8.94	12.48	3.54	40
Ordinary income	10.27	13.29	3.01	29
Net income	5.87	6.92	1.05	18
Comprehensive income	15.34	2.62	(12.71)	(83)

(Billions of yen)

Unconsolidated	FY2014	FY2015	Year on Year Change	
			Amount	Ratio (%)
Net sales	105.60	99.69	(5.90)	(6)
Operating income	3.82	5.64	1.81	48
Ordinary income	5.96	7.88	1.91	32
Net income	4.36	5.82	1.45	33

Change in Consolidated Net Sales by Product Group

(Billions of yen)



Change in Consolidated Operating Income by Factor

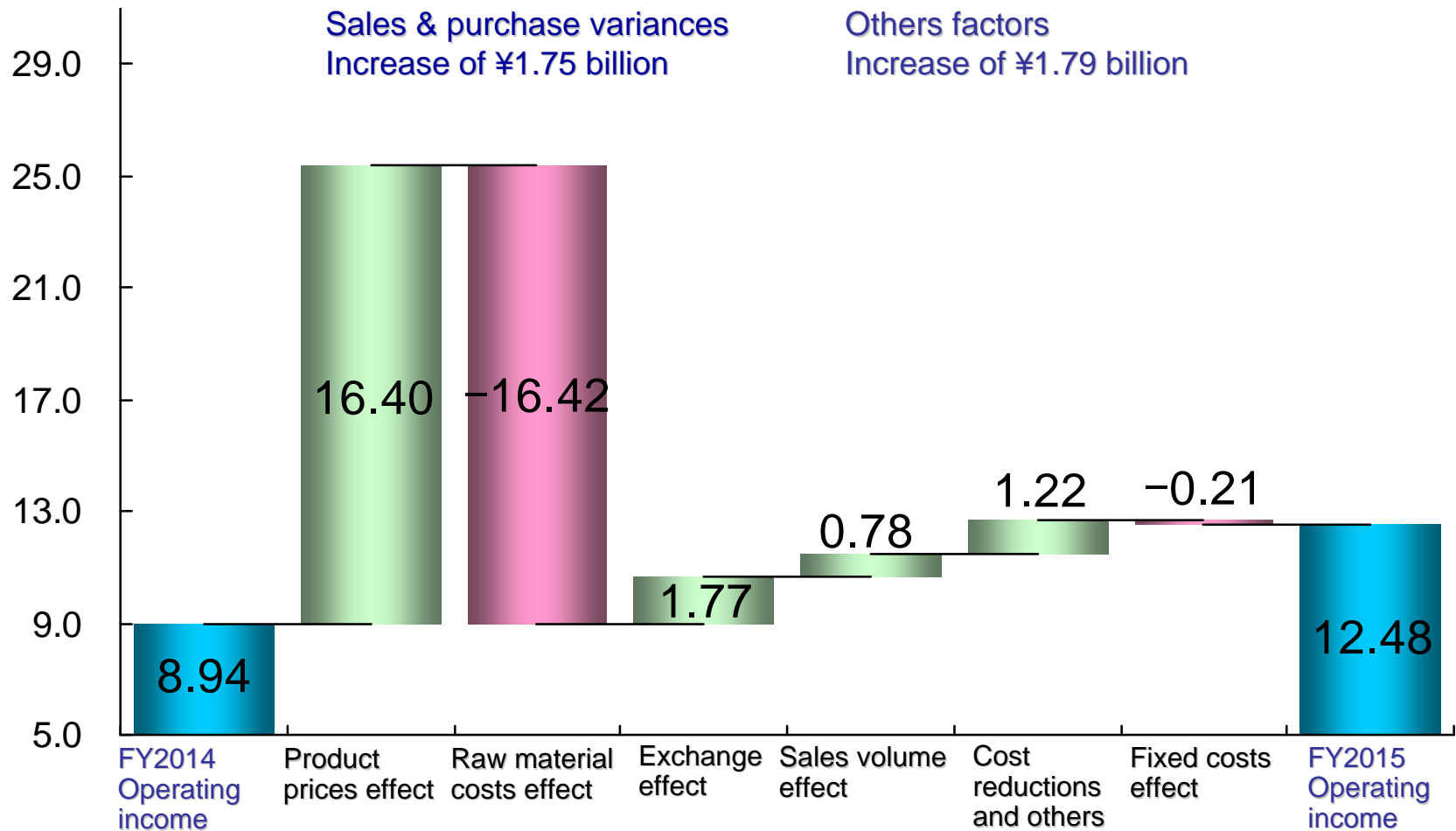
¥3.54 billion Increase from the previous fiscal year



Sales & purchase variances
Increase of ¥1.75 billion

Others factors
Increase of ¥1.79 billion

(Billions of yen)



Change in Consolidated Net Income

(Billions of yen)

	FY2014	FY2015	Year on Year Change
Operating income	8.94	12.48	3.54
Equity in earnings of unconsolidated subsidiaries and affiliates	0.49	0.52	0.03
Gain or loss on foreign exchange	0.77	(0.13)	(0.90)
Other non-operating profit and loss	0.06	0.41	(0.34)
Ordinary income	10.27	13.29	3.01
Gain and Loss on disposal/sales of property, plant and equipment	(0.60)	(0.70)	(0.10)
Impairment loss	-	(1.04)	(1.04)
Other extraordinary income or loss	(0.12)	0.09	0.22
Income before income taxes and minority interests	9.55	11.64	2.08
Income taxes paid, etc.	(2.78)	(3.78)	(0.99)
Profit attributable to non-controlling interests	(0.88)	(0.92)	(0.03)
Profit attributable to owners of parent	5.87	6.92	1.05

Consolidated Balance Sheet

(Billions of yen)

	Mar. 31 2015	Mar. 31 2016	Changed amount	Main Change Factor*
Current assets	84.5	80.9	(3.5)	Cash and deposits: 3.3, Notes and accounts receivable-trade: (4.0), Inventories: (2.4)
Fixed assets	96.5	94.3	(2.1)	Property, plant and equipment: 2.1, Investment securities: (5.8)
Assets	181.0	175.3	(5.7)	
Current liabilities	52.2	42.7	(9.4)	Notes and accounts payable-trade: (2.8), Short-term loans: (8.4), Income taxes payable: 0.6, Notes payable-facilities: 0.5
Long-term liabilities	11.0	14.2	3.1	Long-term debt: 4.5, Deferred tax liabilities: (1.1)
Liabilities	63.3	57.0	(6.3)	
Shareholder's equity	94.5	99.6	5.1	Net income: 6.9, Cash dividends paid: (1.7)
Accumulated Other comprehensive income	17.3	12.3	(4.9)	Unrealized gains on other securities: (3.9), Foreign currency translation adjustment: (0.8)
Non-controlling interests	5.8	6.2	0.4	
Net assets	117.6	118.2	0.5	
Total Liabilities and net assets	181.0	175.3	(5.7)	

* Each figure indicates the changed amount.

Consolidated Cash Flows

(Billions of yen)

	FY2014	FY2015	Changed amount	Special instruction on FY2015
Operating activities	11.5	22.6	11.1	
Income before income taxes and minority interests	9.5	11.6	2.0	
Depreciation and amortization	9.6	9.3	(0.3)	
Impairment loss	-	1.0	1.0	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.4)	(0.5)	(0.0)	
(Increase) decrease in operating capital	(4.0)	3.4	7.4	
Income taxes	(2.6)	(2.1)	0.4	
Others	(0.5)	(0.0)	0.4	
Investing activities	(8.6)	(13.5)	(4.8)	Payments of equipment fund: (13.19)
Free cash flows	2.8	9.1	6.2	
Financing activities	(2.9)	(5.4)	(2.5)	Loans and Repayment: (3.45), Cash dividends paid: (2.02)
Effect of exchange rate changes on cash and cash equivalents	0.6	(0.3)	(0.9)	
Increase (decrease) in cash and cash equivalents	0.5	3.3	2.7	
Cash and cash equivalents at beginning of period	15.4	16.0	0.5	
Cash and cash equivalents at end of period	16.0	19.3	3.3	

Forecast for FY2016

(Billions of Yen)

Consolidated	Annual			1H: April-September		
	FY2016 Forecast	FY2015	Ratio(%)	FY2016 Forecast	FY2015	Ratio(%)
Net sales	158.00	157.99	0	76.00	78.43	(3)
Operating income	13.80	12.48	11	6.60	6.01	10
Ordinary income	14.50	13.29	9	7.00	6.52	7
Net income attributable to owners of parent	9.70	6.92	40	4.70	3.59	31

Unconsolidated	Annual			1H: April-September		
	FY2016 Forecast	FY2015	Ratio(%)	FY2016 Forecast	FY2015	Ratio(%)
Net sales	99.00	99.69	(1)	49.00	49.67	(1)
Operating income	7.20	5.64	28	3.50	2.72	29
Ordinary income	9.80	7.88	24	4.90	4.02	22
Net income	7.80	5.82	34	3.90	2.99	30

We adopt the straight-line method for depreciation from FY2016. This is expected to result in a decline of approximately ¥1.7 billion in consolidated depreciation and approximately ¥1.4 billion in unconsolidated one.

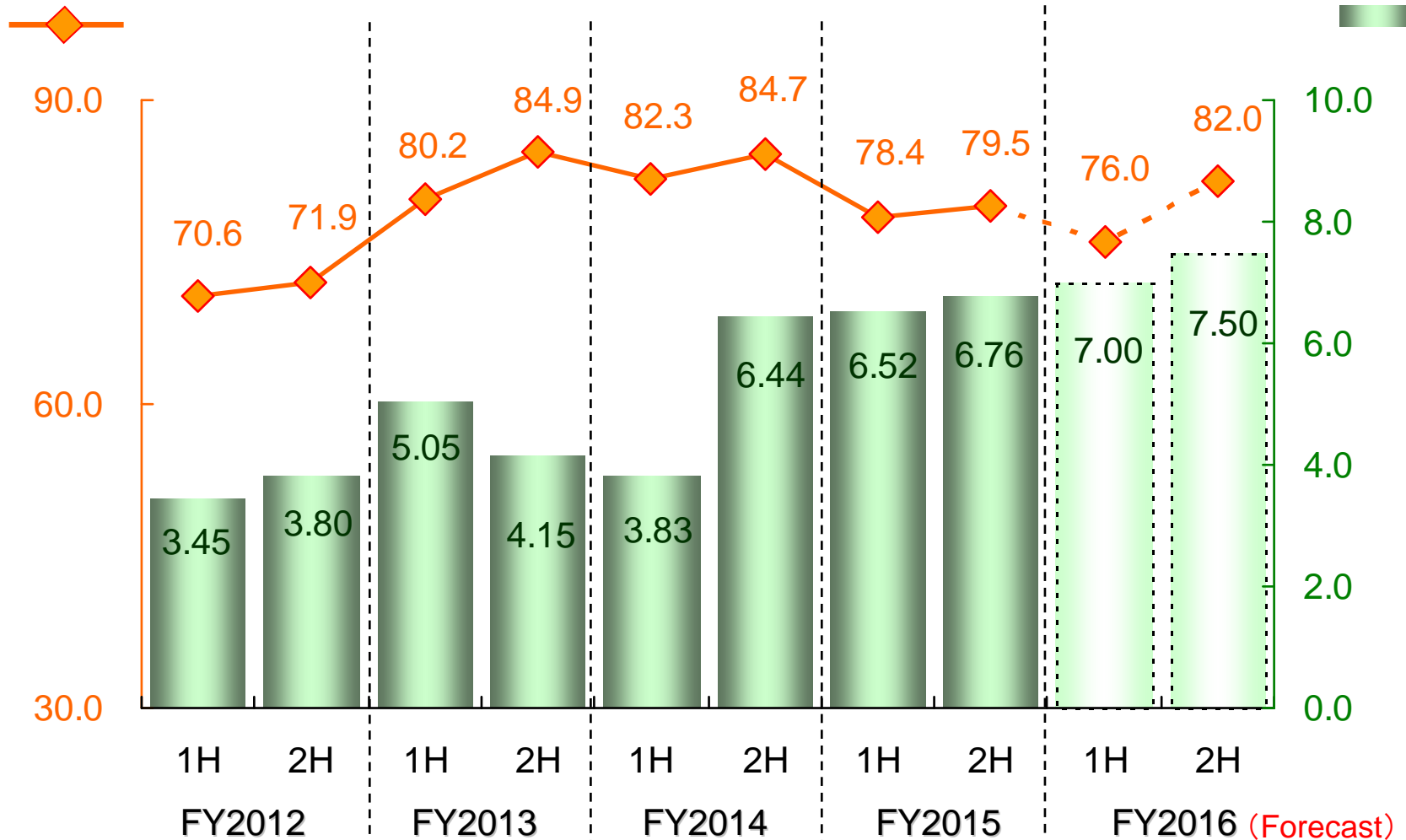
Financial Highlights

	Unit	FY2014	FY2015	Year on Year Change	FY2016 (Forecast)
Total assets	Billions of yen	181.0	175.3	(5.7)	191.0
Return on assets	%	3.2	3.9	+0.7pt	5.1
Total assets operating income ratio	%	4.9	7.1	+2.2pt	7.2
Shareholder's equity	Billions of yen	111.8	112.0	+0.1	117.8
Shareholder's equity ratio	%	61.8	63.9	+2.1pt	61.7
Return on equity	%	5.6	6.2	+0.6pt	8.4
Interest-bearing debt	Billions of yen	18.4	14.8	(3.6)	19.4
Debt/equity ratio (D/E ratio)	Times	0.16	0.13	(0.03)	0.16

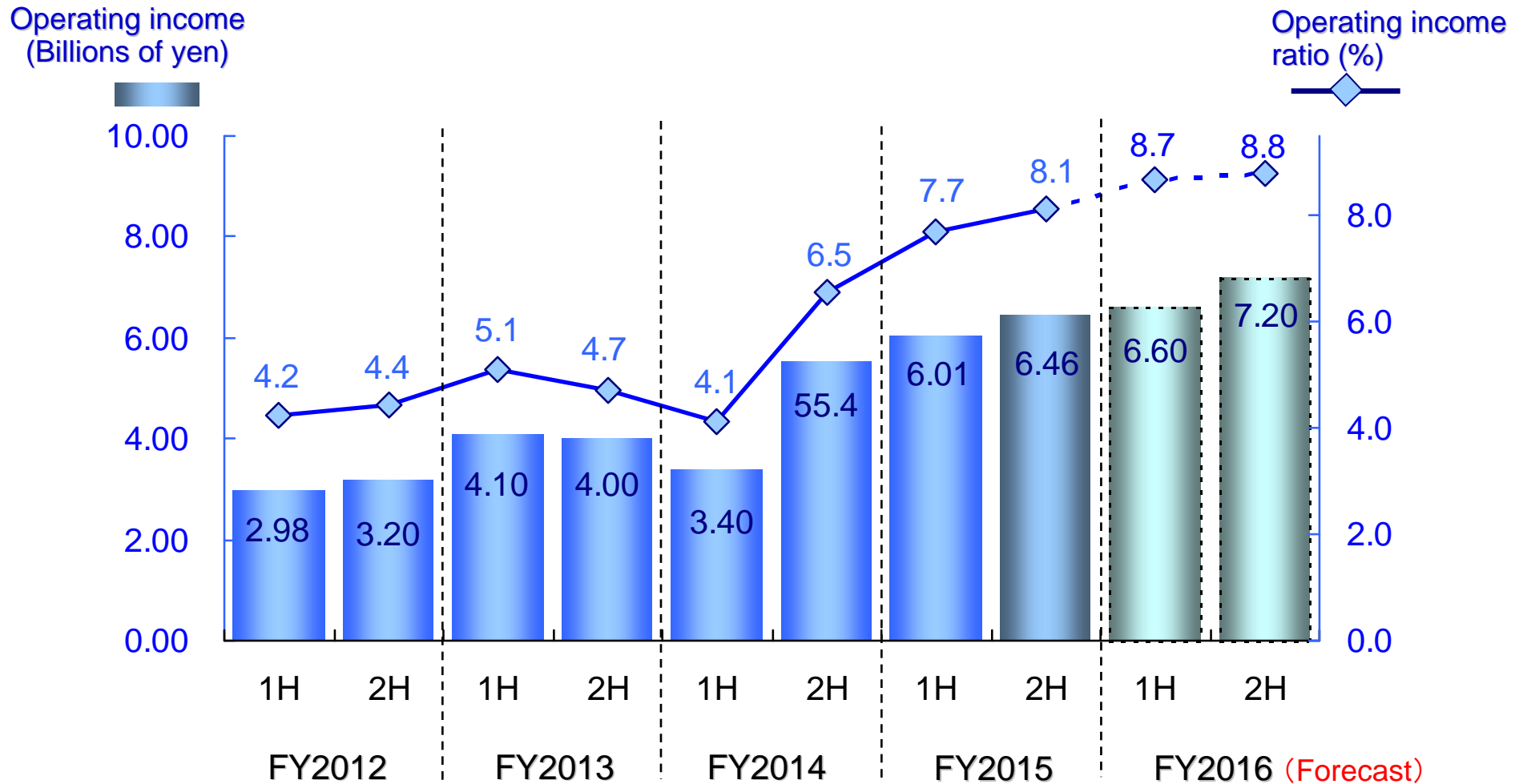
Consolidated Business Trend

Net sales
(Billions of yen)

Ordinary income
(Billions of yen)



Consolidated Operating Income Trend



Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, will adopt the straight-line method from the next fiscal year. Its impact has been incorporated into the forecast.

Business Results by Product Group

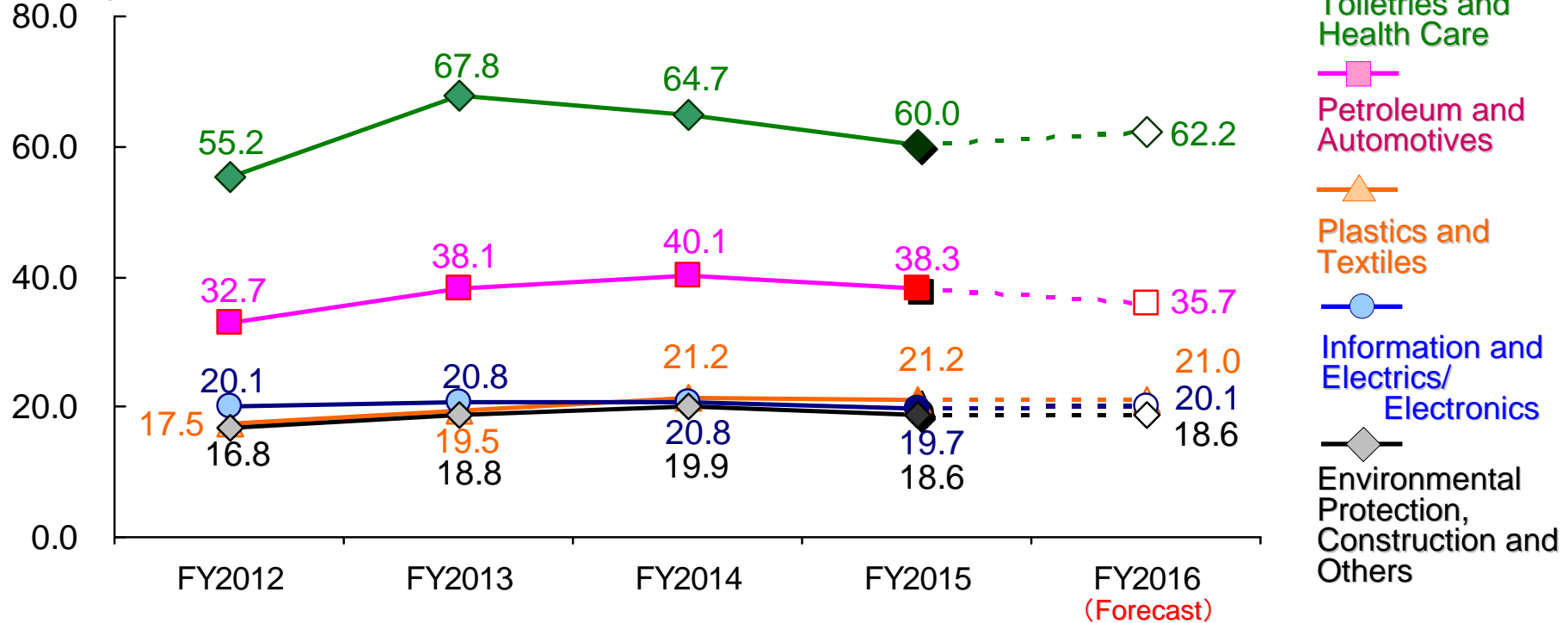
(Billions of yen)

Product Group	Net Sales			Operating Income		
	FY2014	FY2015	Year on Year Change	FY2014	FY2015	Year on Year Change
Toiletries and Health Care	64.72	60.08	(4.63)	3.74	5.25	1.51
Toiletries	12.95	12.79	(0.16)			
Health Care	51.76	47.29	(4.46)			
Petroleum and Automotives	40.16	38.34	(1.82)	1.20	1.62	0.42
Plastics and Textiles	21.28	21.23	(0.05)	2.42	3.10	0.67
Plastics	13.81	14.42	0.60			
Textiles	7.47	6.80	(0.66)			
Information and Electrics/Electronics	20.87	19.70	(1.16)	0.91	1.73	0.82
Information	14.36	13.63	(0.73)			
Electrics/Electronics	6.50	6.06	(0.43)			
Environmental Protection, Construction and Others	19.99	18.62	(1.37)	0.66	0.76	0.10
Total	167.04	157.99	(9.05)	8.94	12.48	3.54

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

Consolidated Net Sales Trend by Product Group

(Billions of yen)

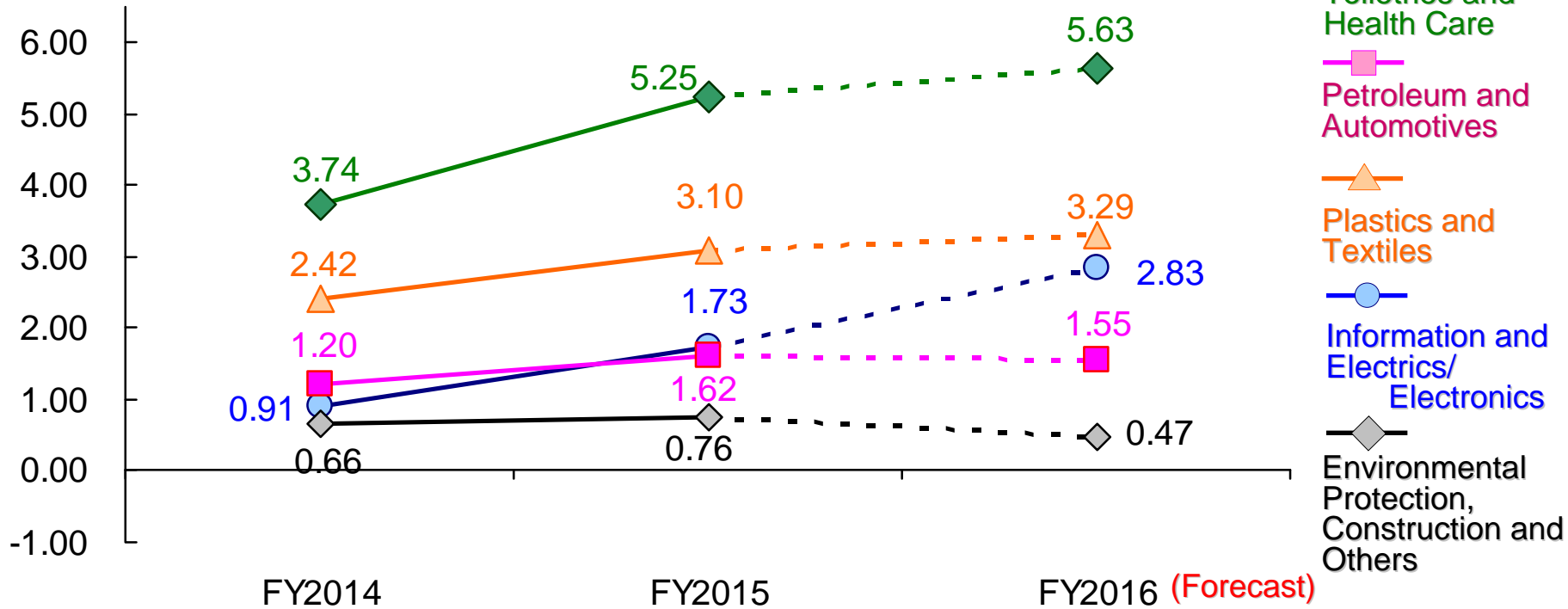


The Main Factor of Change in FY2015 Business Results by Product Group (Compared with the Previous Fiscal Year)

- Toiletries and Health Care** : Sales of hair care products were steady. Sales of household detergents were flat due to sales expansion of the new one. Sales of superabsorbent polymers were weak due to appropriate sales price to respond to a fall in raw materials costs, despite steady demand.
- Petroleum and Automotives**: Sales of TUB increased substantially due to sales expansion of the new one. Sales of PPG and lubricating oil additives decreased due to price revision to respond to a fall in their raw materials costs.
- Plastics and Textiles** : Sales of permanent antistatic agents were brisk. Demand for agents used in textile decreased substantially due to a stagnation in Chinese market.
- Information and Electrics / Electronics** : Sales in the Information segment were weak. Sales of electrolytes for aluminum electrolytic capacitors were flat. Sales of flat panel display resins and pressure-sensitive adhesives using for electronic components were weak due to substantial demand decrease.
- Environmental Protection, Construction and Others** : Sales of raw materials of polyurethane foams used in furniture and heat insulating materials were brisk in overseas. Sales of raw materials of building sealants were weak due to price revision to respond to a fall in their raw materials costs.

Consolidated Operating Income Trend by Product Group

(Billions of yen)



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

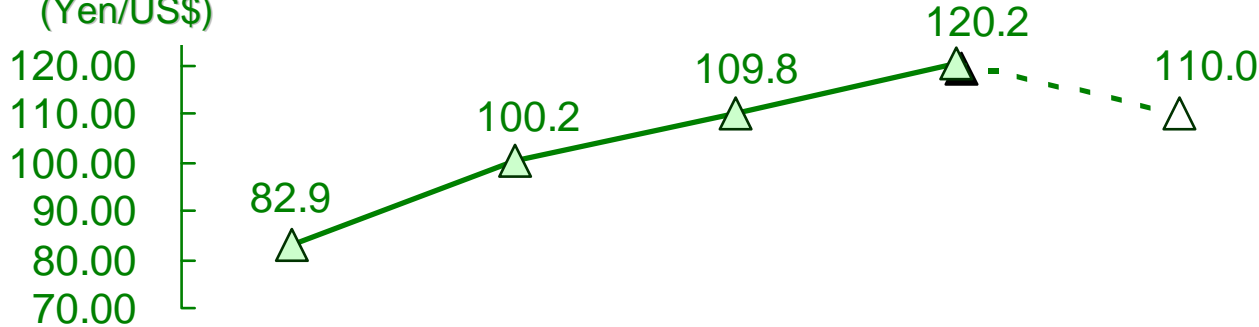
Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, will adopt the straight-line method from the next fiscal year. Its impact has been incorporated into the forecast.

The Main Factor of Change in FY2015 Business Results by Product Group (Compared with the Previous Fiscal Year)

We recorded increases in each segment because of a fall in raw material costs and depreciation of the yen.

Consolidated Overseas Sales Trend

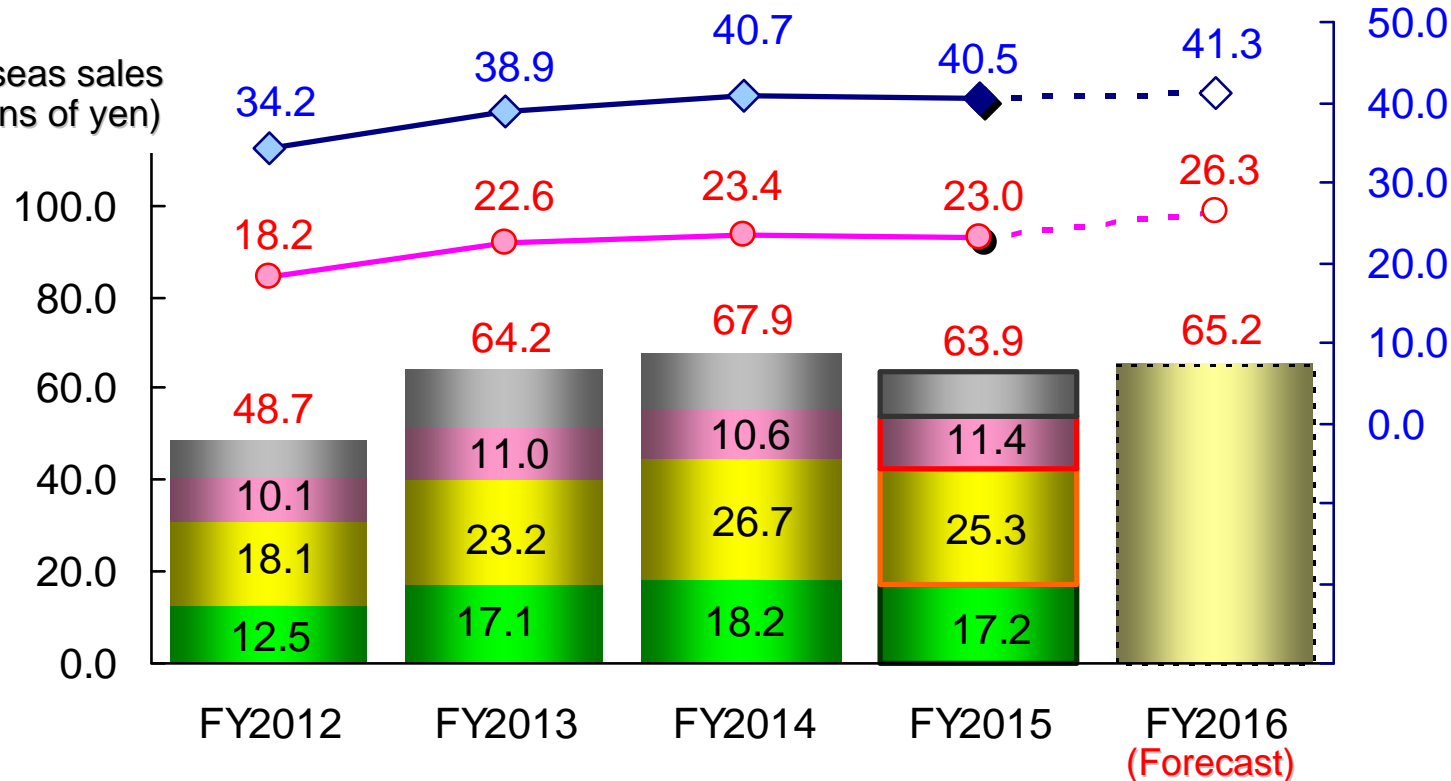
Average exchange rate
(Yen/US\$)



Overseas sales ratio (%)

Overseas production sales ratio (%)

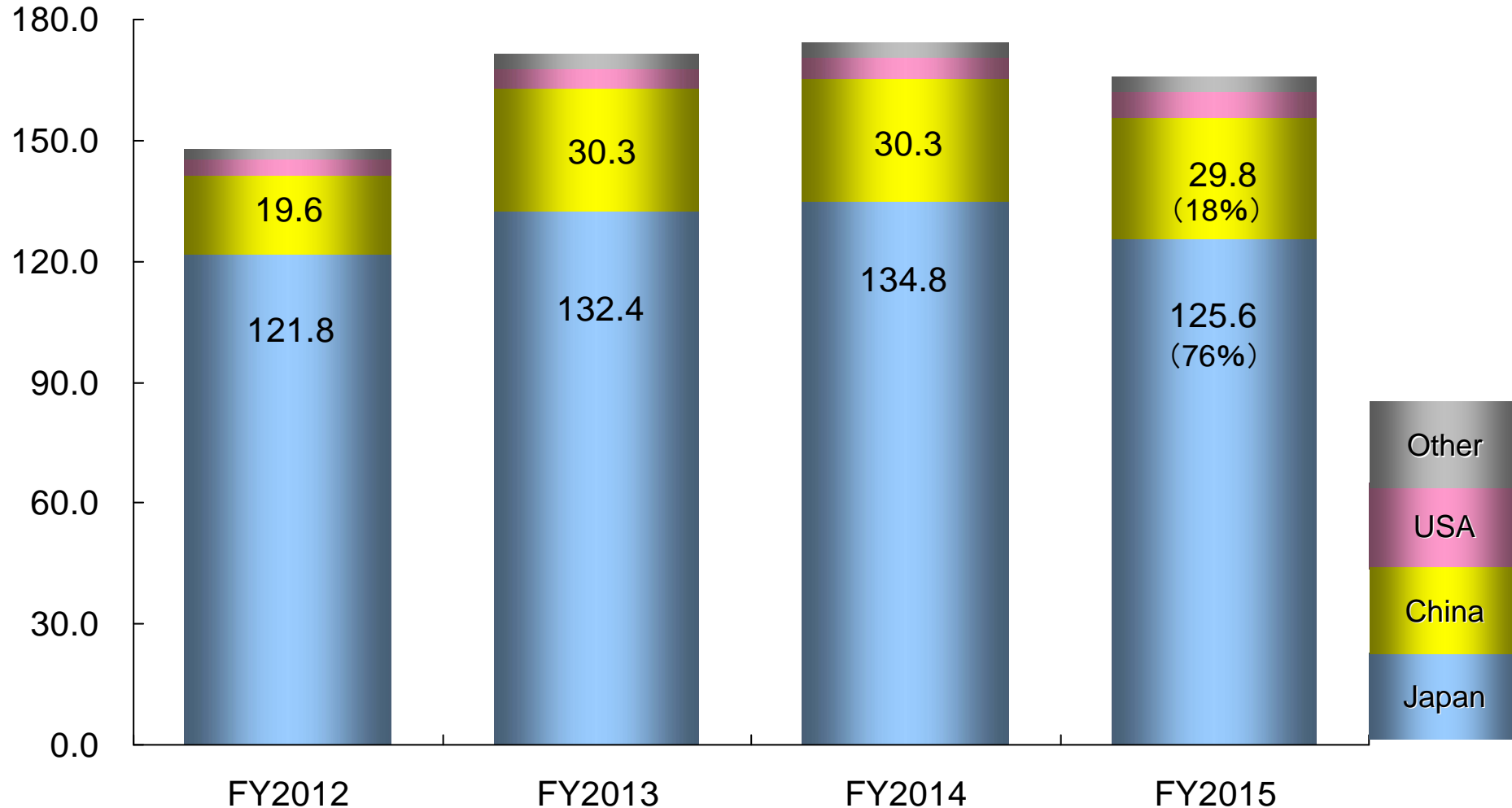
Overseas sales
(Billions of yen)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

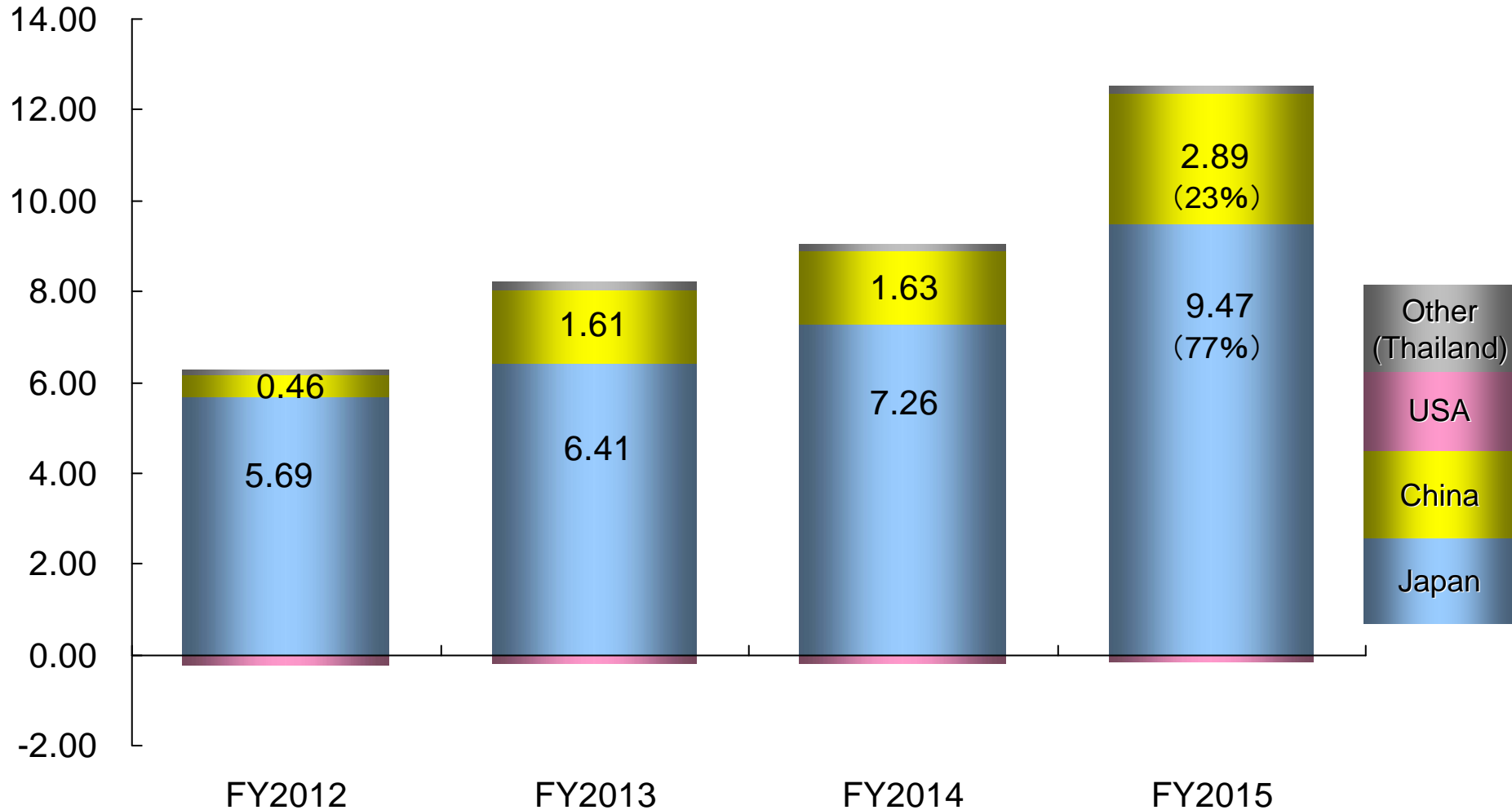
(Billions of yen)



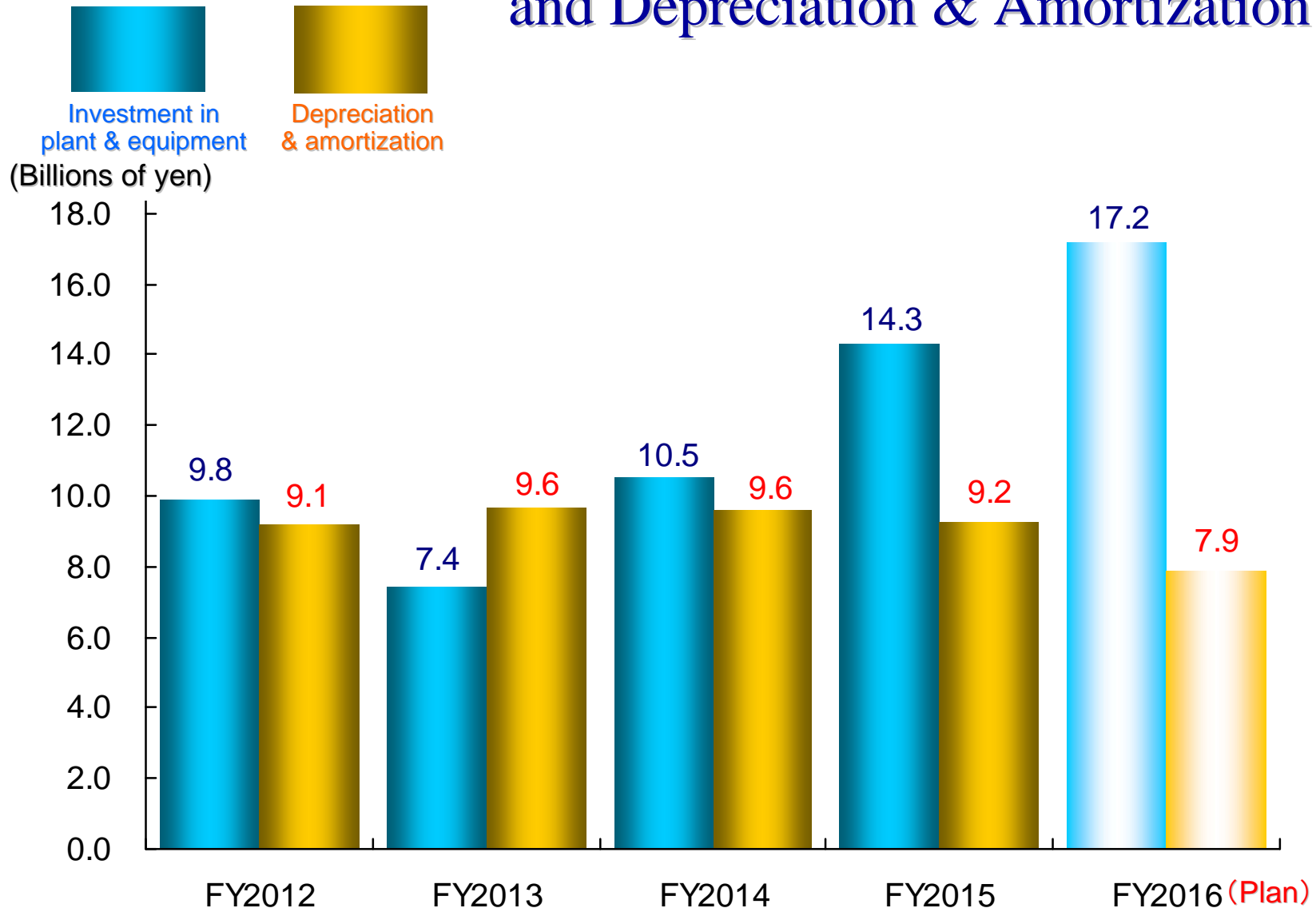
Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Consolidated Investment in Plant & Equipment, and Depreciation & Amortization



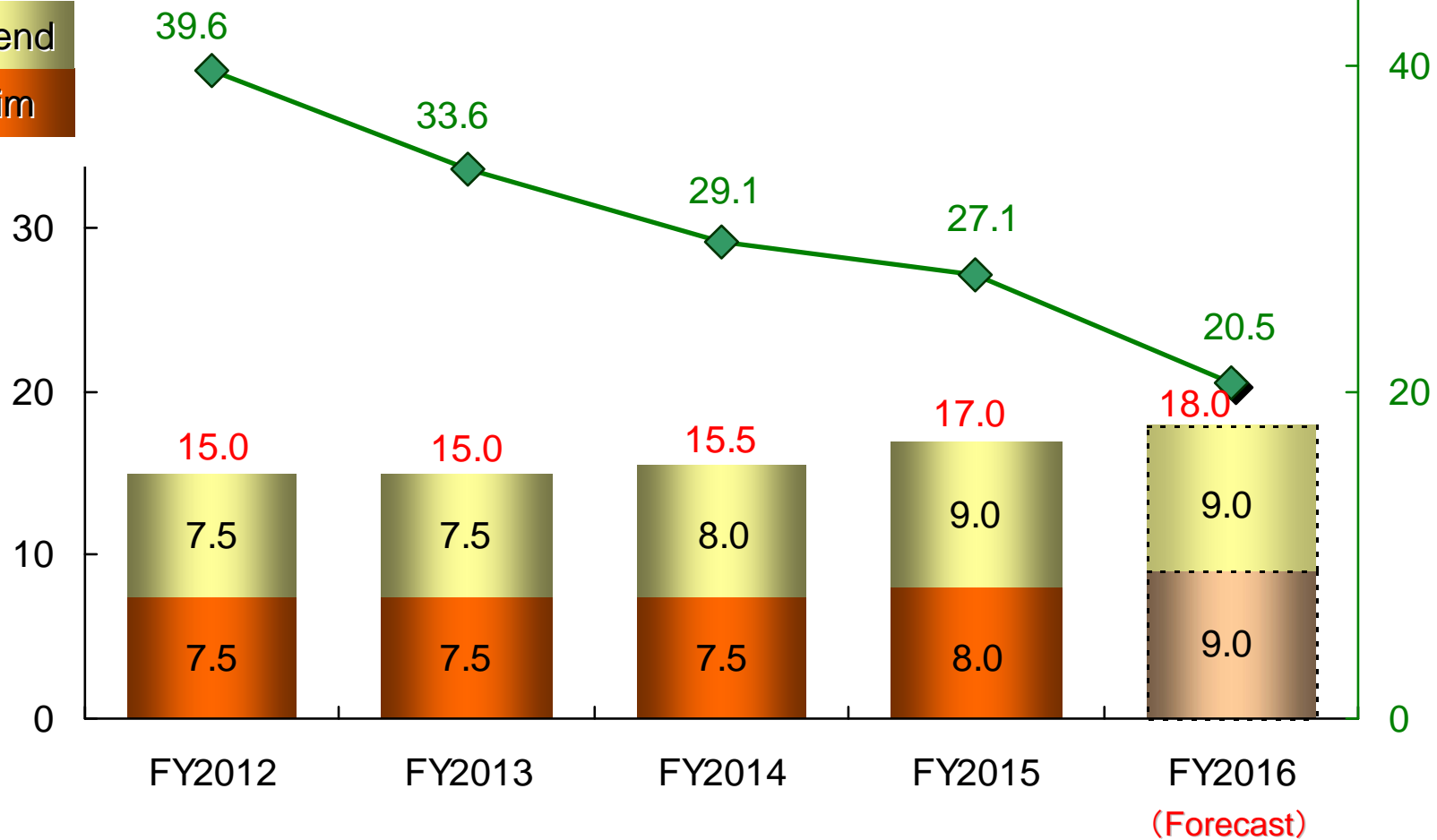
Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, will adopt the straight-line method from the next fiscal year. Its impact has been incorporated into the forecast.

Consolidated Dividends per Share & Payout Ratio Trend

Dividends
(Yen/share)

Payout ratio
(%)

Annual
Year-end
Interim



TOPICS (1)

Execution of the Ninth Medium-Term Management Plan: Basic Businesses

1. 4 Basic businesses

① SAP business

- Completion of the fourth production expansion in SDN
- Establishment of the new production base in Malaysia (construction started on May, 2016 and planning to begin operation in summer of 2018)



Site for the plant

② Lubricating oil additive business

- Establishment of Lubricating Oil Additives Division
- Newly establishment and operation of its production plant in SKN
- Investigation of the new production base in ASEAN and U.S.A (the second production base)

TOPICS (1)

Execution of the Ninth Medium-Term Management Plan: Basic Businesses

1. 4 Basic businesses

③ Imaging materials business

- Intermediates for polymerization toners planning to expand the capacity of the new products (FY2016)
- Consideration of application of supercritical technology

④ AOA* business *AOA is the acronym for the products of alkylene oxide adducts.

- Joint study on potential development of polyols with PTT Global Chemical (Thailand)
- Development acceleration of high-value-added PPG

2. High-value-added products

- Achievement of the business results of TUB to reduce the skin thickness of automobile interior parts
- Development, sales expansion, etc. of the new permanent antistatic agents

TOPICS (2)

Execution of the Ninth Medium-Term Management Plan: New Businesses

New establishment of research facilities for battery material in Kinuura Factory along with existing laboratories at head office and Katsura

Feature as battery cell: **Large capacity** and **compact**

Location: Kinuura Factory (Handa city, Aichi prf.)

Research content: R&D of battery material

Investment value: Approx. ¥0.5 billion

Beginning of construction: May, 2016 (plan)

Beginning of operation: October, 2016 (plan)

TOPICS (3)

Execution of the Ninth Medium-Term Management Plan: New Businesses

Project promotion
in biotechnology and medical businesses

A 3-month extension of project team activity
(until the end of June)

Inventory clearance of in-company seeds,
setting priorities and development of business plan



We are also developing to expand the lineup of diagnostic reagent kits, which enable quick measurements, dedicated to immunological analyzer, “Accuraseed” (10 items available for sale)

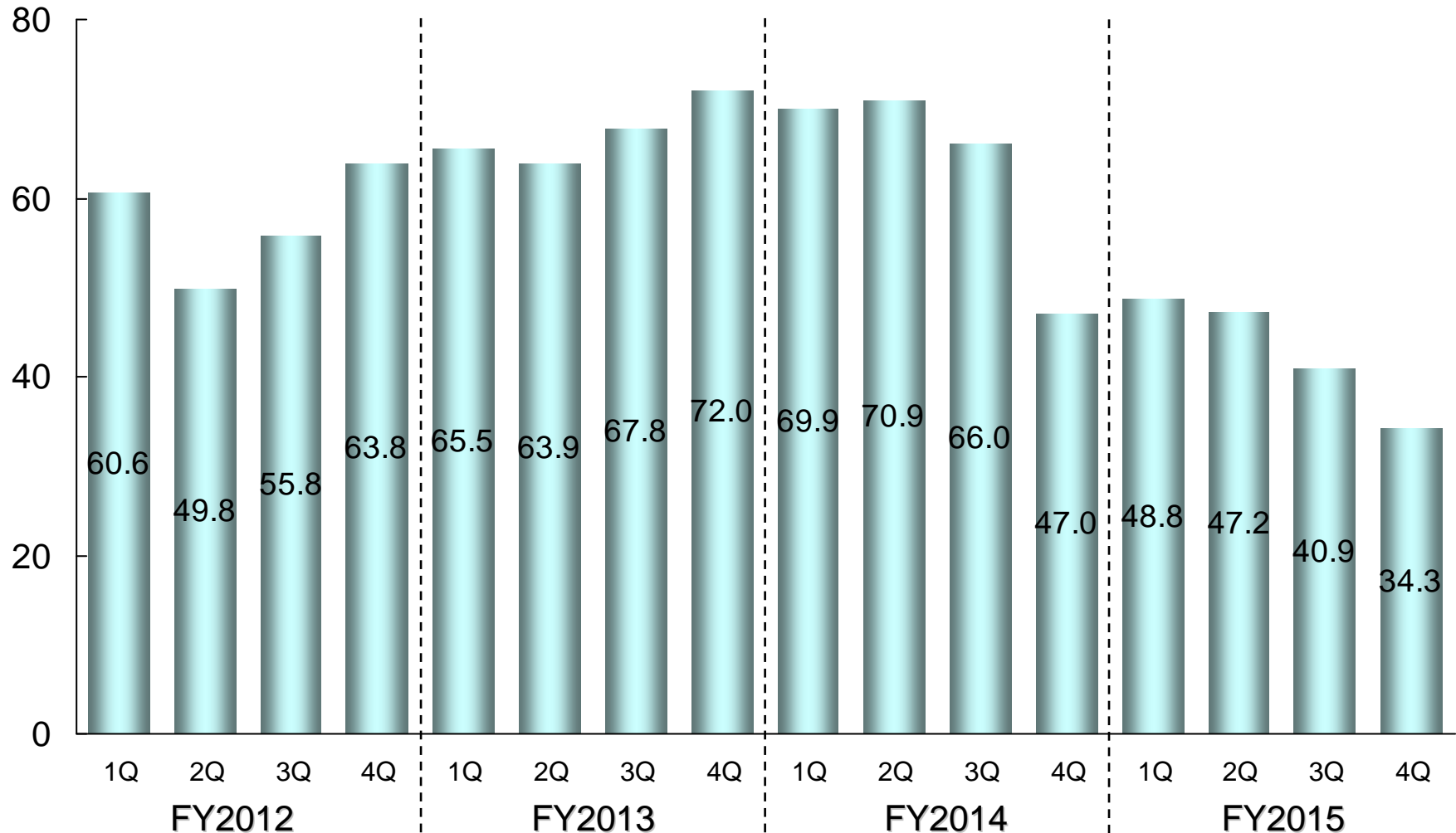
Sanyo Global Innovation 200



Reference

Transition of Price of Domestically Produced Naphtha

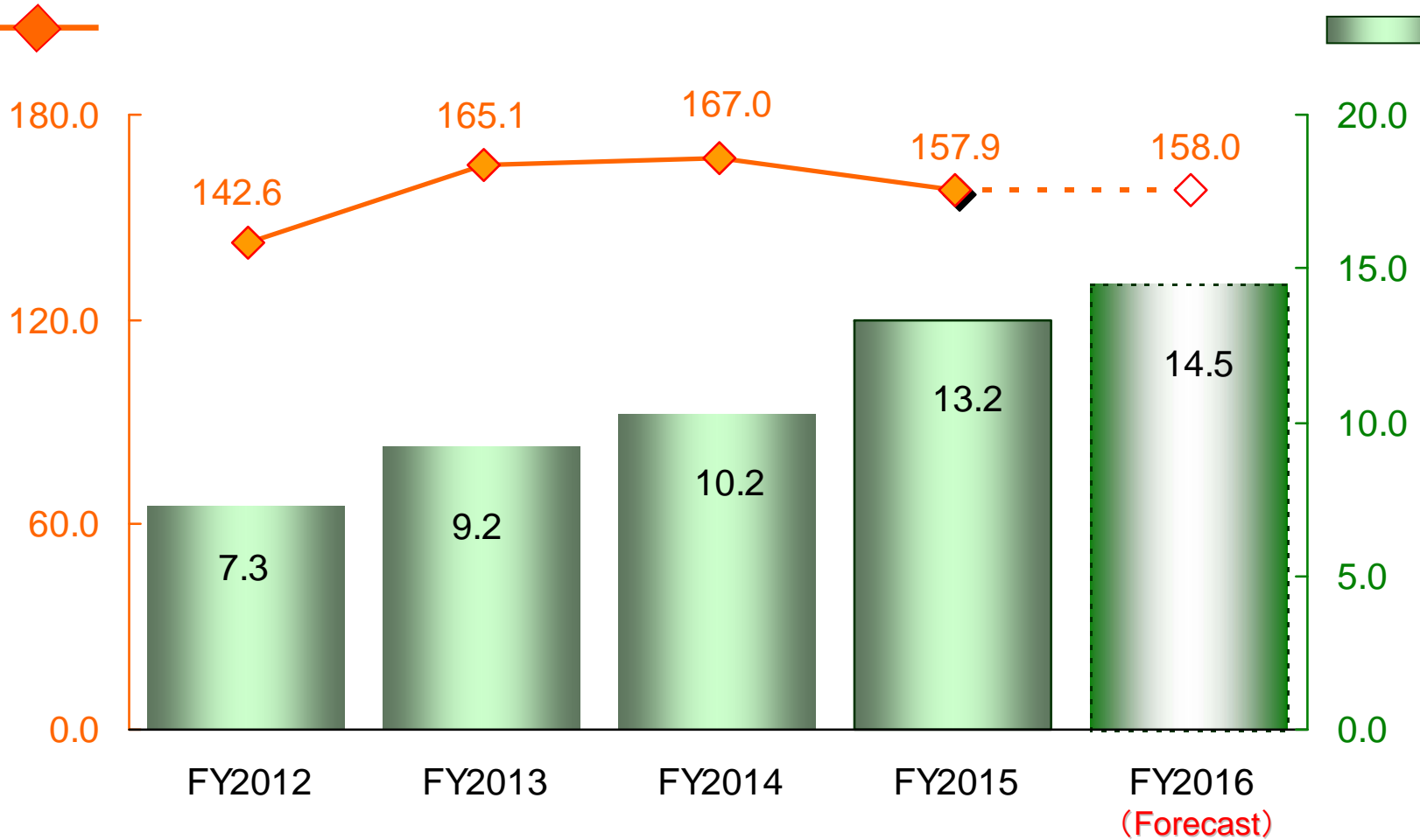
Domestic naphtha price
(Thousands of yen/kl)



Consolidated Business Trend

Net sales
(Billions of yen)

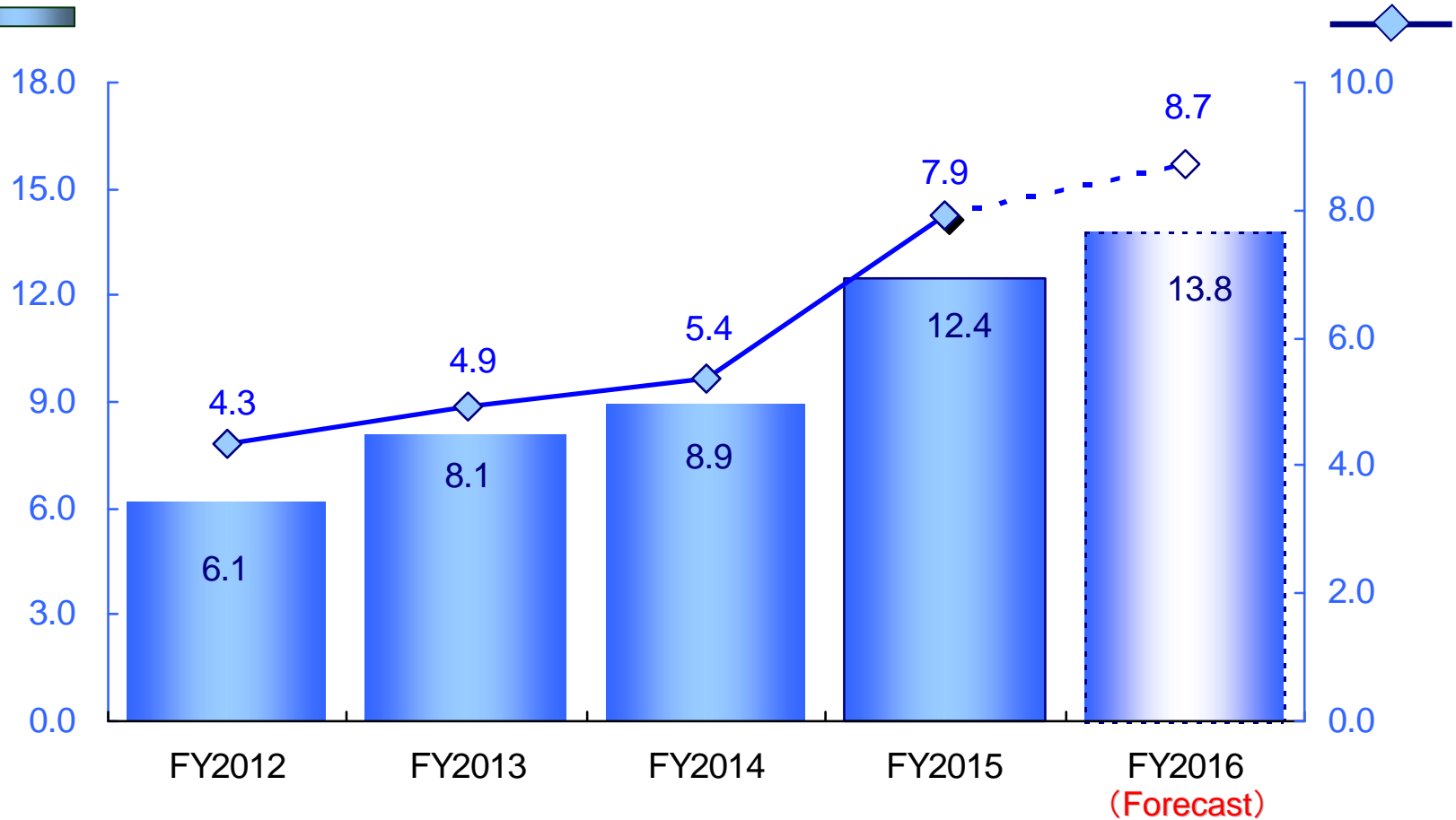
Ordinary income
(Billions of yen)



Consolidated Operating Income Trend

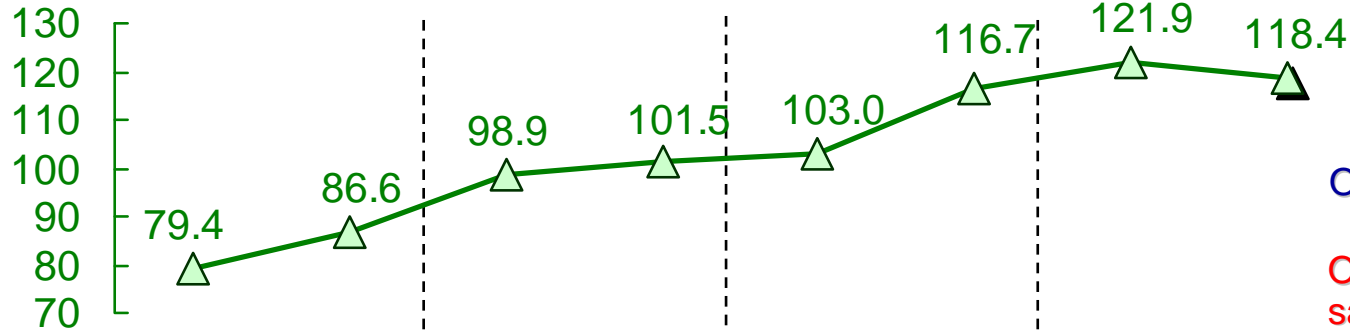
Operating income
(Billions of yen)

Operating income ratio
(%)



Consolidated Overseas Sales Trend

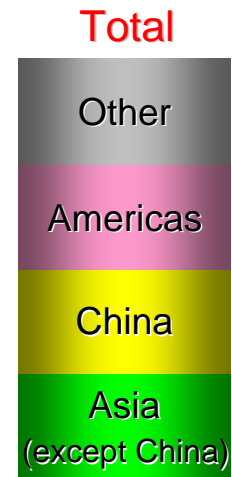
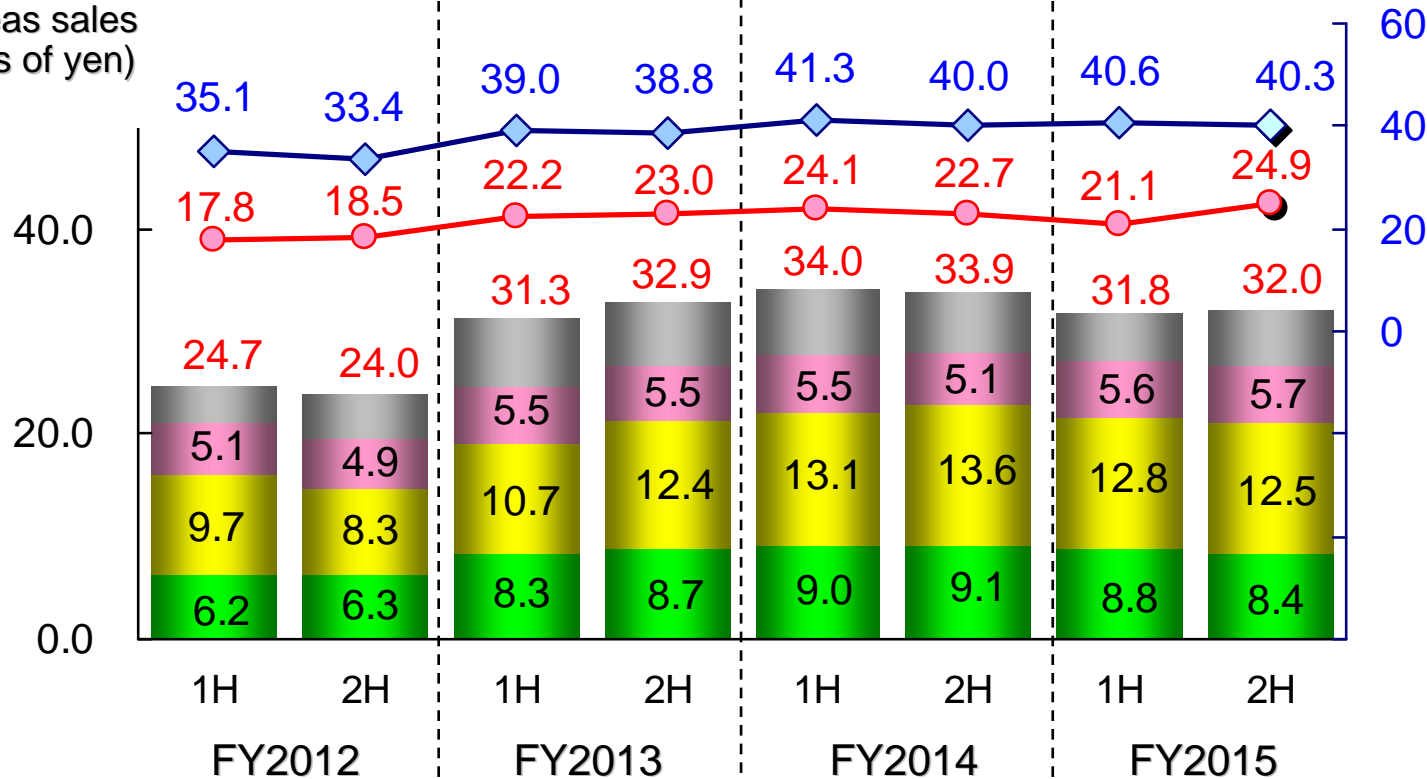
Average exchange rate
(Yen/US\$)



Overseas sales ratio (%)

Overseas production sales ratio (%)

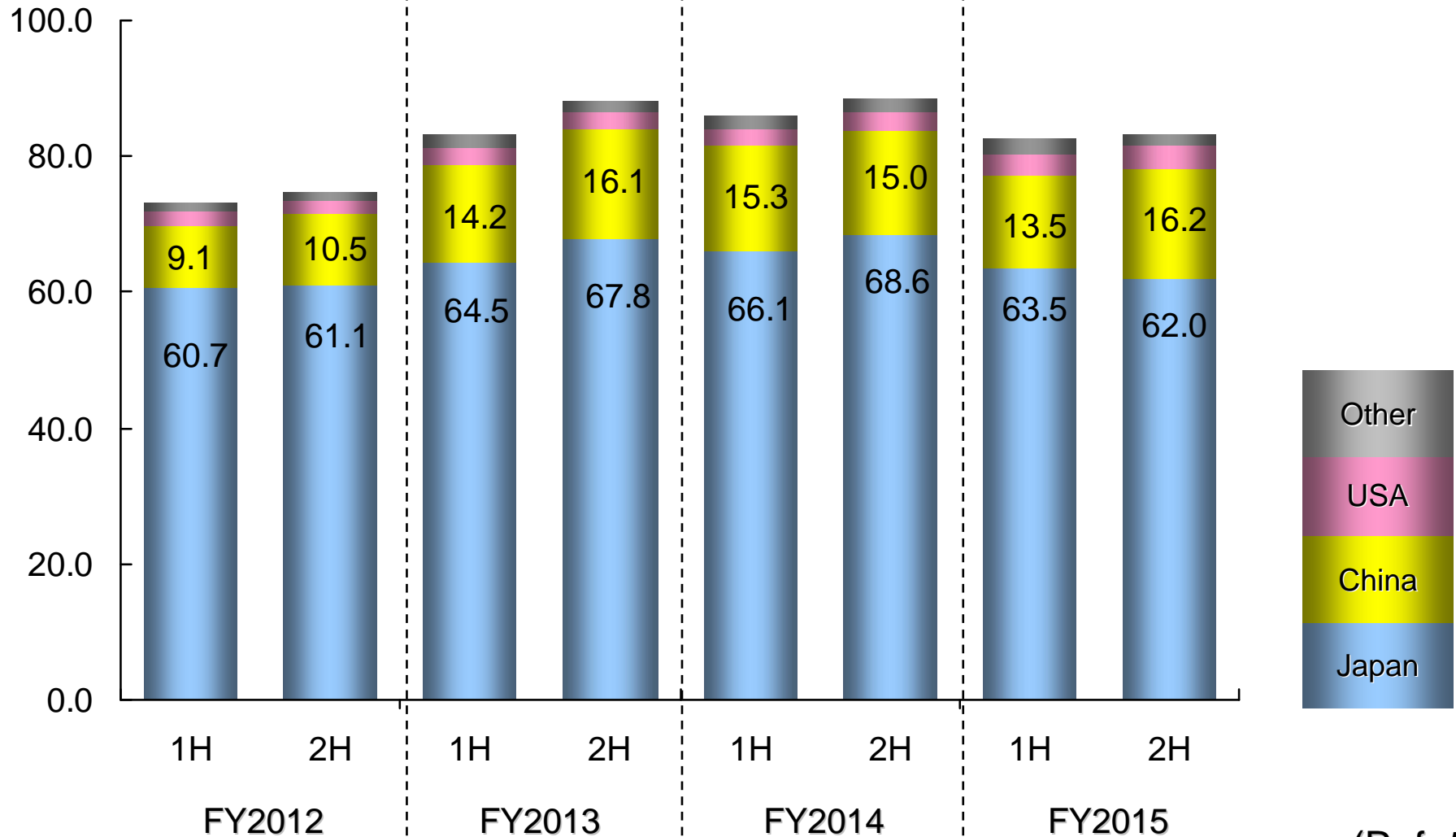
Overseas sales
(Billions of yen)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

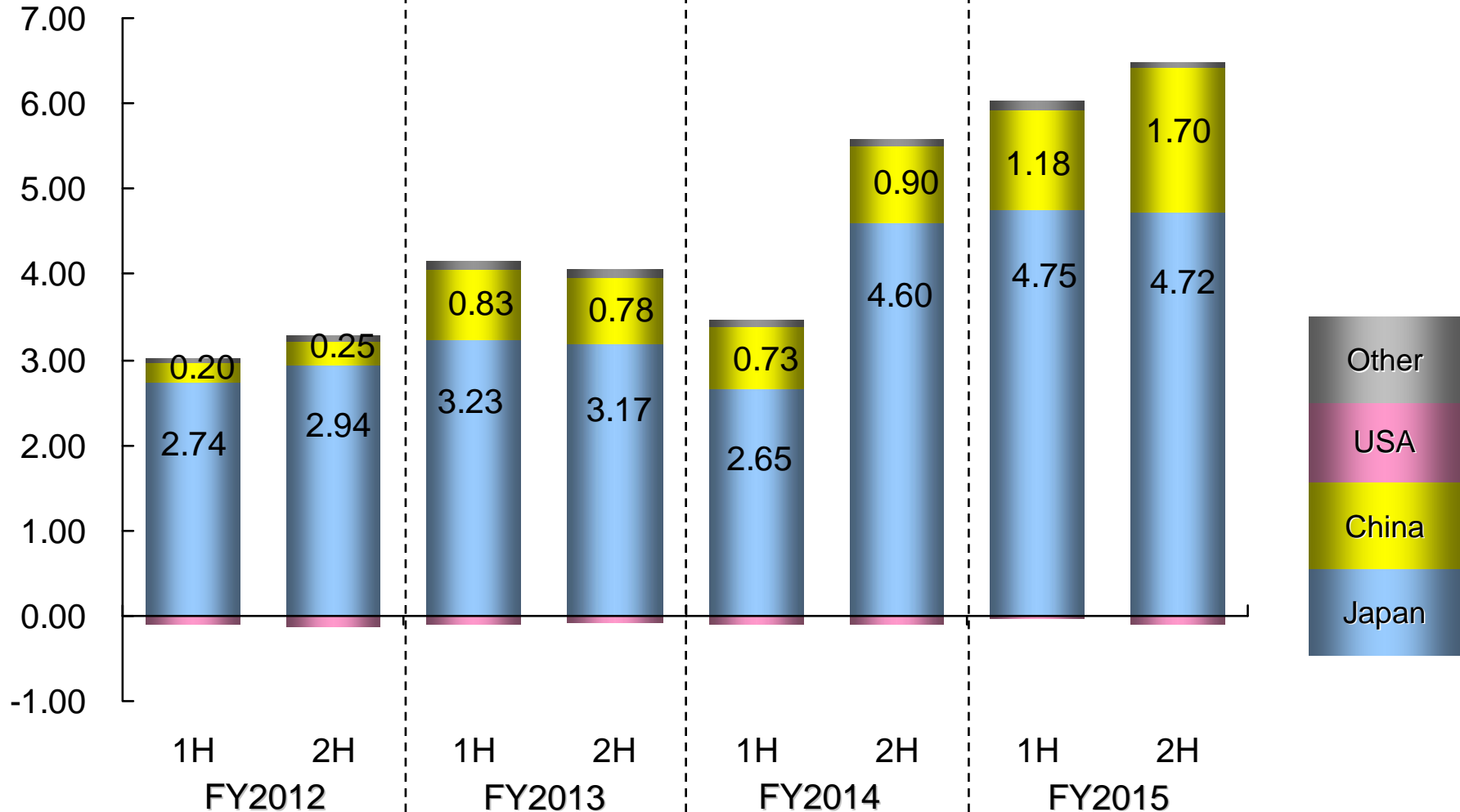
(Billions of yen)



Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



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 (8 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
SDP GLOBAL (MALAYSIA) SDN.BHD. [Malaysia]	SDPM	SDP Global	100%	Manufacture and sales of superabsorbent polymers

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