

A Statement of Accounts
For the Three Months Ended June 30, 2016
1st Quarter in Fiscal Year 2016
(1Q-FY2016)

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, 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

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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)

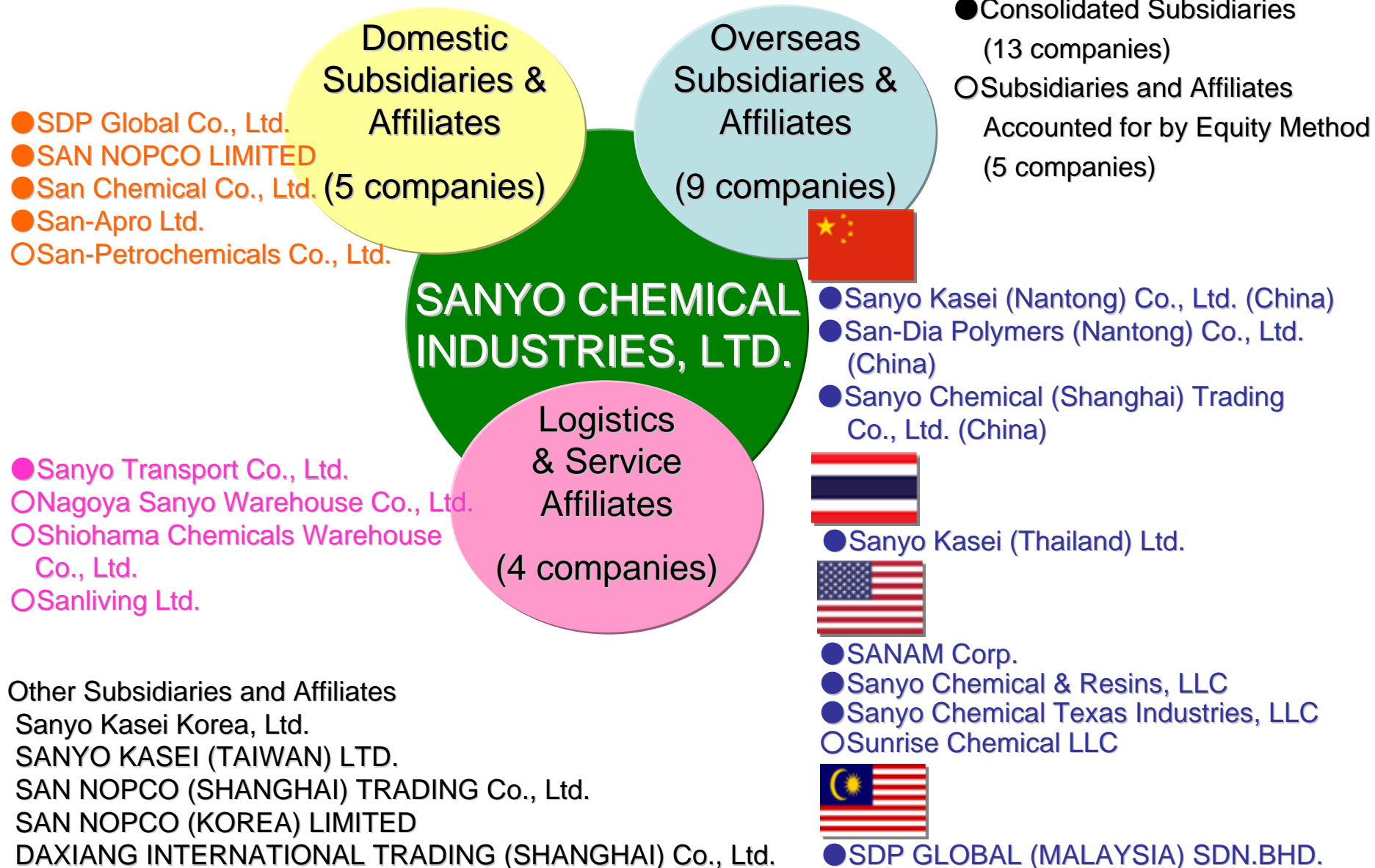
Consolidated Number of Employees:

2,030 (as of Jun. 30, 2016)

Line of Business:

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

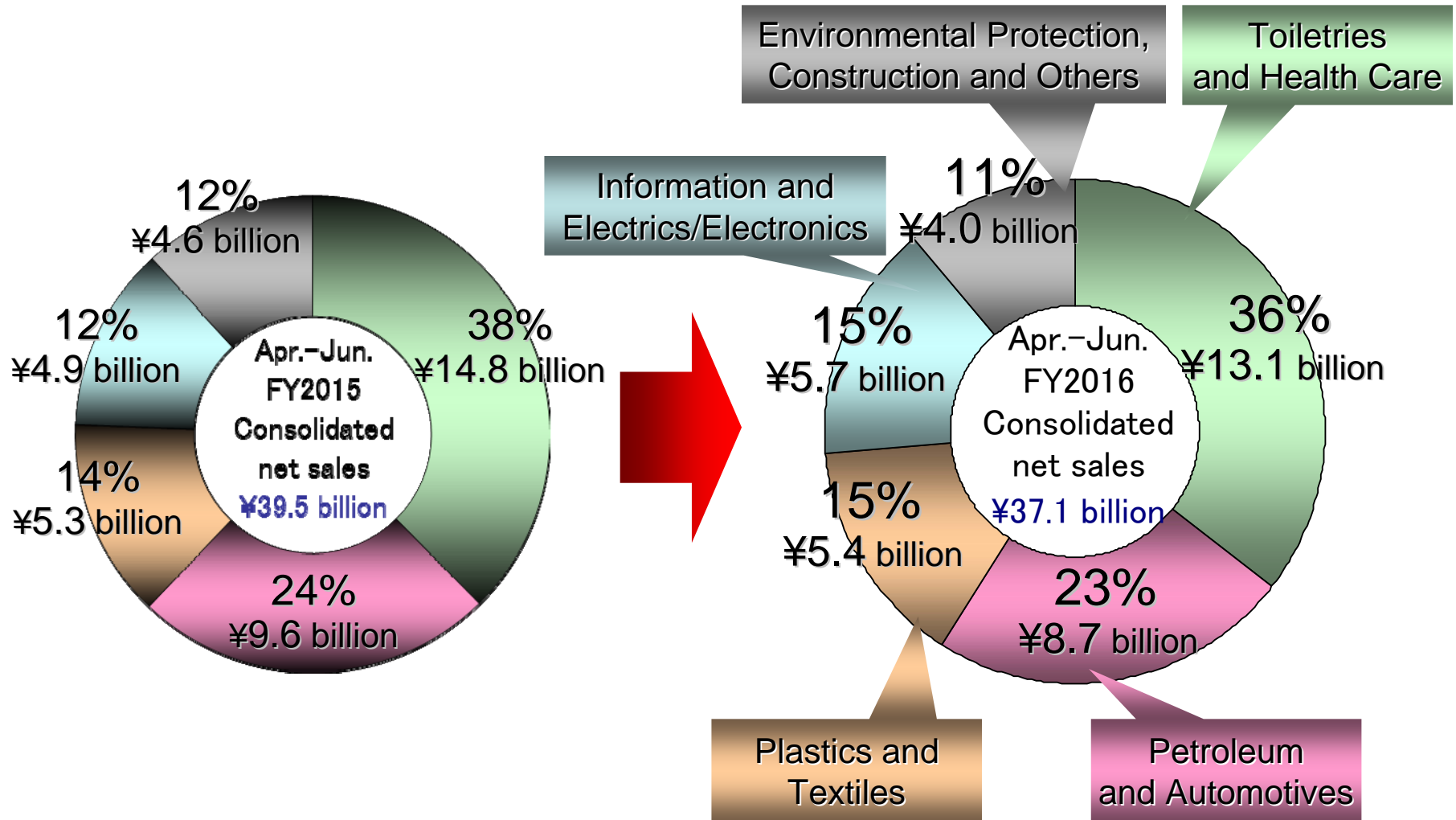
Sanyo Chemical Group



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



Net sales decreased mainly by appropriate sales price to respond to a fall in raw material costs.

Results of Operations for Cumulative 1Q in FY2016

(Billions of yen)

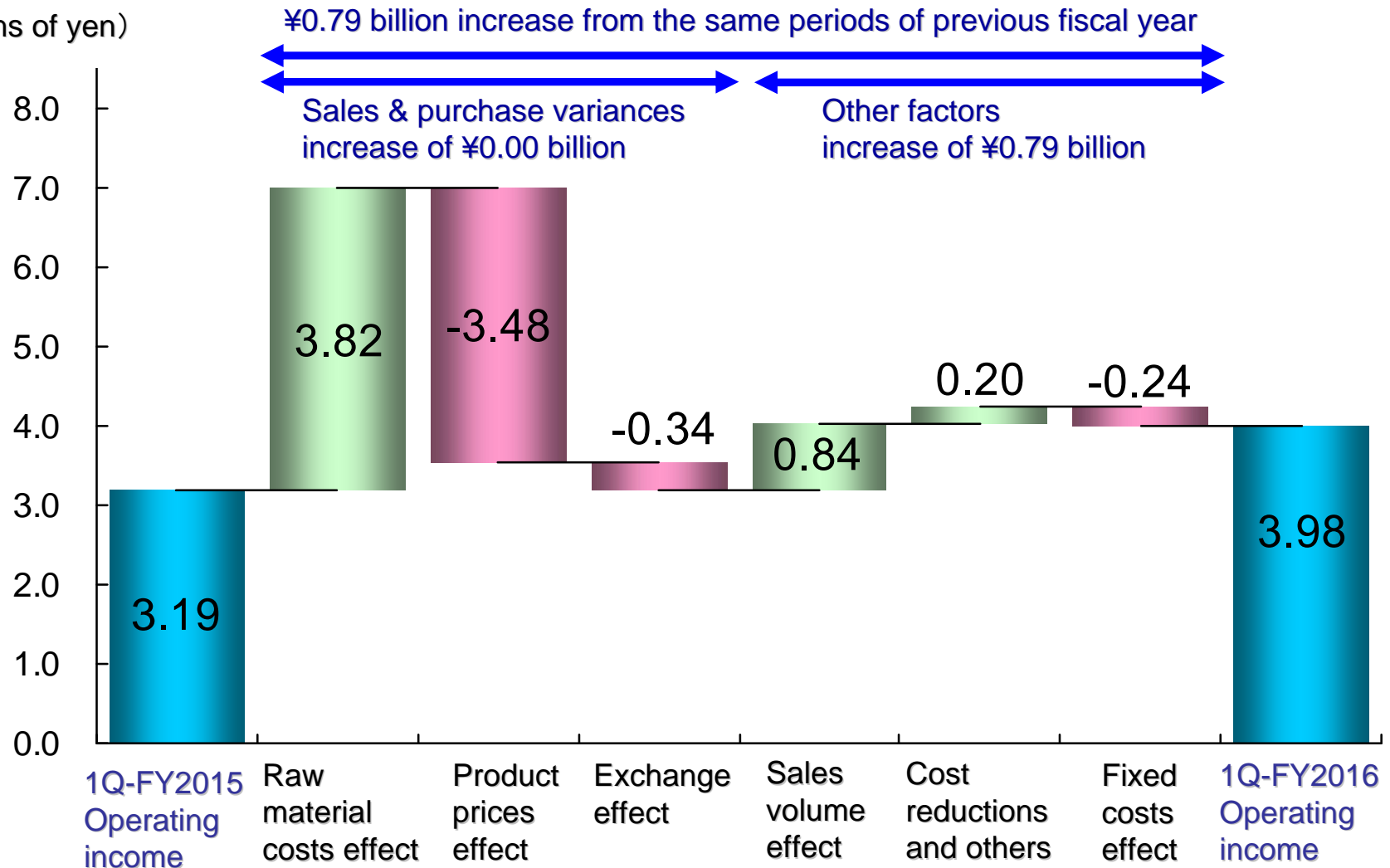
Consolidated	Apr.-Jun.		Year on Year Change	
	FY2015	FY2016	Amount	Ratio (%)
Net sales	39.50	37.14	(2.35)	(6)
Operating income	3.19	3.98	0.79	25
Ordinary income	3.57	3.81	0.23	6
Profit attributable to owners of parent	2.17	2.55	0.37	18
Comprehensive income	2.25	(2.04)	(4.30)	-

(Billions of yen)

Non-consolidated	Apr.-Jun.		Year on Year Change	
	FY2015	FY2016	Amount	Ratio (%)
Net sales	25.19	24.51	(0.67)	(3)
Operating income	1.37	2.11	0.73	53
Ordinary income	2.07	2.65	0.57	28
Net income	1.56	2.09	0.52	35

Change in Consolidated Operating Income

(Billions of yen)



Sanyo Chemical and its Japanese consolidated subsidiaries, which had mostly been using the declining balance method for depreciation of property, plant and equipment, adopted the straight-line method from this consolidated fiscal year.

Change in Consolidated Net Income

(Billions of yen)

	April-June		Year on Year Change
	FY2015	FY2016	
Operating income	3.19	3.98	0.79
Equity in losses or earnings of unconsolidated subsidiaries and affiliates	0.08	0.20	0.11
Gain or loss on foreign exchange	0.07	(0.74)	(0.82)
Other non-operating profit and loss	0.22	0.36	0.13
Ordinary income	3.57	3.81	0.23
Gain and Loss on disposal/sales of property, plant and equipment	(0.13)	(0.13)	(0.00)
Other extraordinary income or loss	0.00	0.00	(0.00)
Income before income taxes and minority interests	3.44	3.68	0.23
Income taxes, etc.	(0.96)	(0.90)	0.06
Profit attributable to non-controlling interests	(0.30)	(0.22)	0.07
Profit attributable to owners of parent	2.17	2.55	0.37

(Billions of yen)

Consolidated Balance Sheet

	Mar. 31 2016	Jun. 30 2016	Changed amount	Main Change Factor*
Current assets	80.9	79.3	(1.6)	Cash and deposits: (1.6), Notes and accounts receivable-trade, and Electronically recorded monetary claims-operating: (0.6)
Fixed assets	94.3	89.5	(4.7)	Property, plant and equipment: (2.4) Investment securities: (1.9)
Assets	175.3	168.9	(6.3)	
Current liabilities	42.7	40.7	(1.9)	Notes and accounts payable-trade, and Electronically recorded obligations-operating: (1.5), Provision for bonuses: (1.0), Notes payable-facilities and Electronically recorded obligations-non-operating: 0.7
Long-term liabilities	14.2	12.5	(1.6)	Long-term debt: (0.8), Deferred tax liabilities: (0.6)
Liabilities	57.0	53.3	(3.6)	
Shareholder's equity	99.6	101.5	1.8	Profit: 2.5, Cash dividends paid: (0.9), Retained earnings resulting from changes in the fiscal year-end of subsidiaries: 0.3
Other comprehensive income	12.3	8.4	(3.9)	Unrealized gains on other securities: (0.9), Foreign currency translation adjustment: (2.9)
Non-controlling interests	6.2	5.5	(0.6)	
Net assets	118.2	115.5	(2.7)	
Total Liabilities and net assets	175.3	168.9	(6.3)	

* Each figure indicates the changed amount.

Consolidated Cash Flows

(Billions of yen)

	April-June		Changed amount	Special Instruction
	FY2015	FY2016		
Operating activities	4.6	3.4	(1.2)	
Income before income taxes and minority interests	3.4	3.6	0.2	
Depreciation and amortization	2.1	1.7	(0.3)	
Equity in earning of unconsolidated subsidiaries and affiliates	(0.0)	(0.2)	(0.1)	
(Increase) decrease in operating capital	1.0	(0.6)	(1.6)	
Income taxes	(0.9)	(1.5)	(0.5)	
Others	(0.8)	0.4	1.2	
Investing activities	(2.0)	(2.7)	(0.7)	
Free cash flows	2.6	0.7	(1.9)	
Financing activities	(3.3)	(0.8)	2.5	(1Q in FY2015) Loans, Repayment: (2.3) (1Q in FY2016) Loans, Repayment: 0.2
Effect of exchange rate changes on cash and cash equivalents	0.0	(1.0)	(1.0)	
Increase (decrease) in cash and cash equivalents	(0.7)	(1.0)	(0.3)	
Cash and cash equivalents at beginning of period	16.0	19.3	3.3	
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	-	(0.6)	(0.6)	
Cash and cash equivalents at end of period	15.3	17.6	2.3	

Forecast for FY2016 and Progress in 1Q-FY2016 to Forecast

(Billions of yen)

Consolidated	FY2016 Annual	Apr.-Jun. FY2016		FY2015 Annual
	Forecast*	Result	Progress to Forecast(%)	Result
Net sales	158.00	37.14	24	157.99
Operating income	13.80	3.98	29	12.48
Ordinary income	14.50	3.81	26	13.29
Profit attributable to owners of parent	9.70	2.55	26	6.92

*Forecasts announced on April 28, 2016

Non-consolidated	FY2016 Annual	Apr.-Jun. FY2016		FY2015 Annual
	Forecast*	Result	Progress to Forecast(%)	Result
Net sales	99.00	24.51	25	99.69
Operating income	7.20	2.11	29	5.64
Ordinary income	9.80	2.65	27	7.88
Net income	7.80	2.09	27	5.82

*Forecasts announced on April 28, 2016

Sanyo Chemical and its Japanese consolidated subsidiaries adopt the straight-line method for depreciation from FY2016. This is expected to result in a decline of approx. ¥1.7 billion in consolidated depreciation and approx. ¥1.4 billion in unconsolidated one.

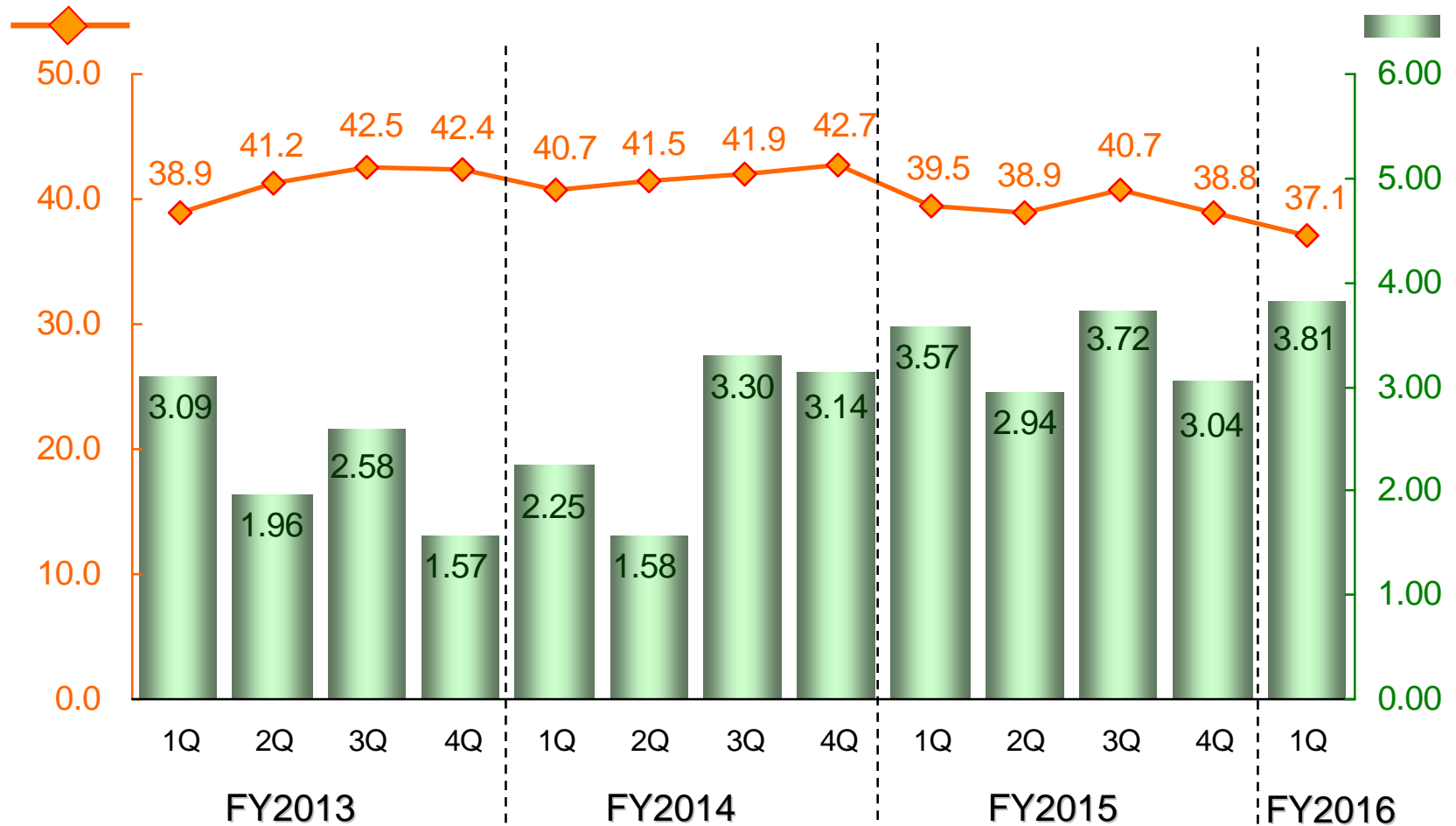
<Precondition for the forecast>

Domestic naphtha price: 35 thousand of Yen/kl, Exchange rate: 110 Yen/US\$

Consolidated Business Result Trend

Net sales
(Billions of yen)

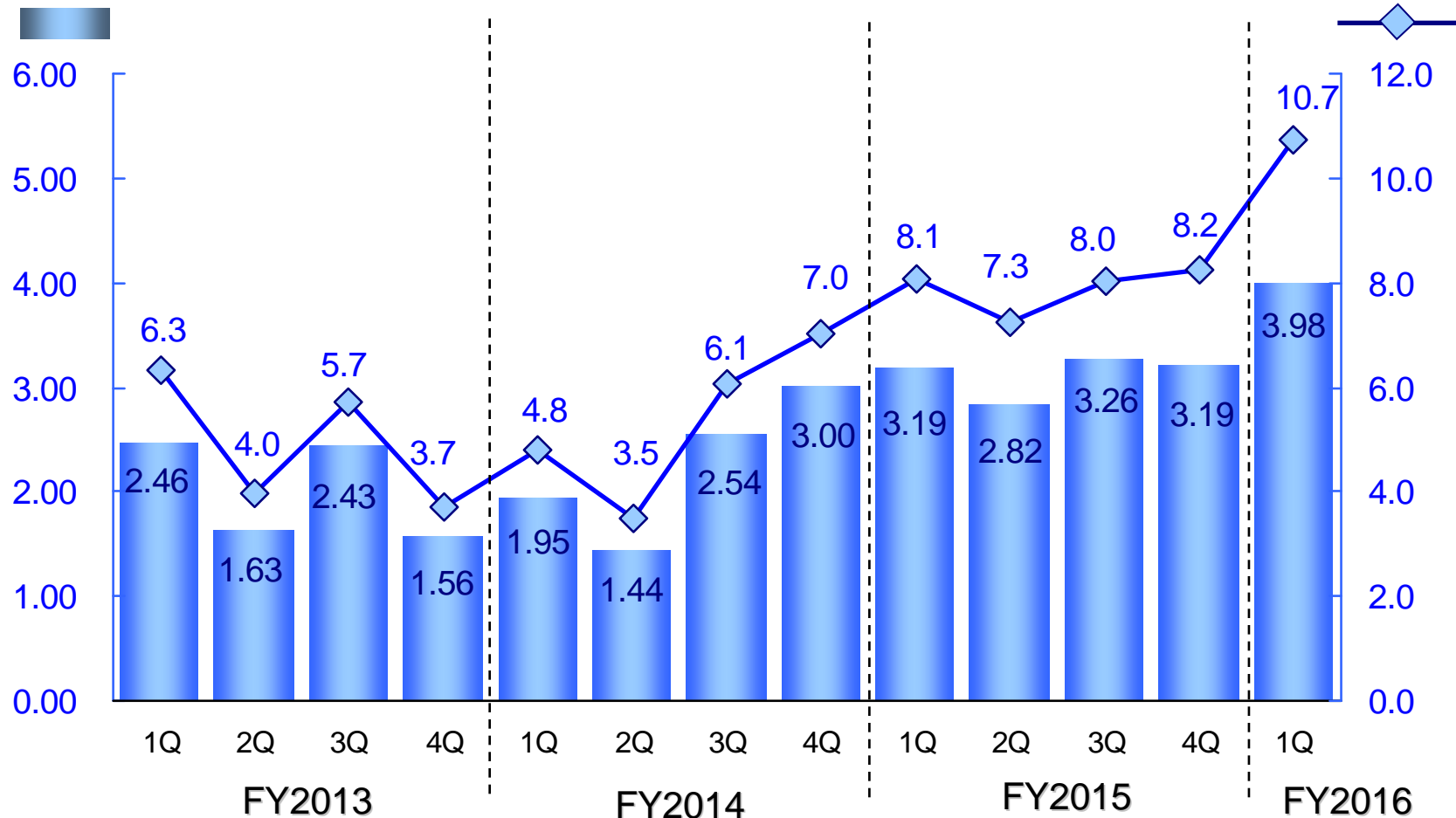
Ordinary income
(Billions of yen)



Consolidated Operating Income Trend

Operating income
(Billions of yen)

Operating income
ratio (%)



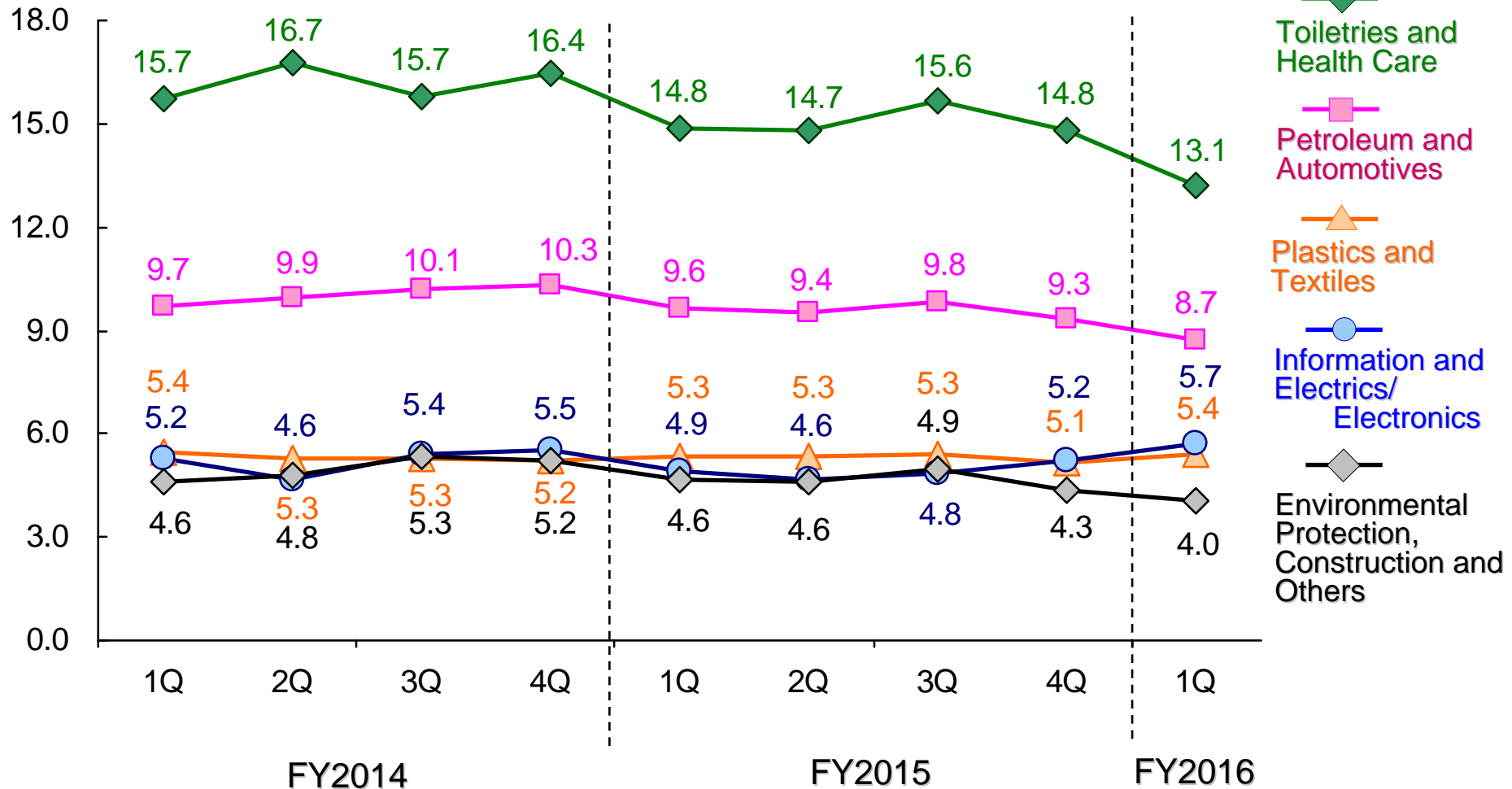
Results of Operations by Product Group for 1Q in FY2016

(Billions of yen)

Product Group	Net Sales			Operating Income		
	Apr.-Jun. FY2015	Apr.-Jun. FY2016	Changed Amount	Apr.-Jun. FY2015	Apr.-Jun. FY2016	Changed Amount
Toiletries and Health Care	14.85	13.19	(1.66)	1.39	1.30	(0.09)
Toiletries	3.23	3.21	(0.02)			
Health Care	11.62	9.98	(1.64)			
Petroleum and Automotives	9.67	8.71	(0.95)	0.43	0.33	(0.10)
Plastics and Textiles	5.35	5.40	0.05	0.74	1.08	0.34
Plastics	3.64	3.66	0.02			
Textiles	1.70	1.74	0.03			
Information and Electrics/Electronics	4.94	5.74	0.79	0.42	0.99	0.57
Information	3.45	4.01	0.56			
Electrics/Electronics	1.48	1.72	0.23			
Environmental Protection, Construction and Others	4.67	4.08	(0.59)	0.19	0.26	0.07
Total	39.50	37.14	(2.35)	3.19	3.98	0.79

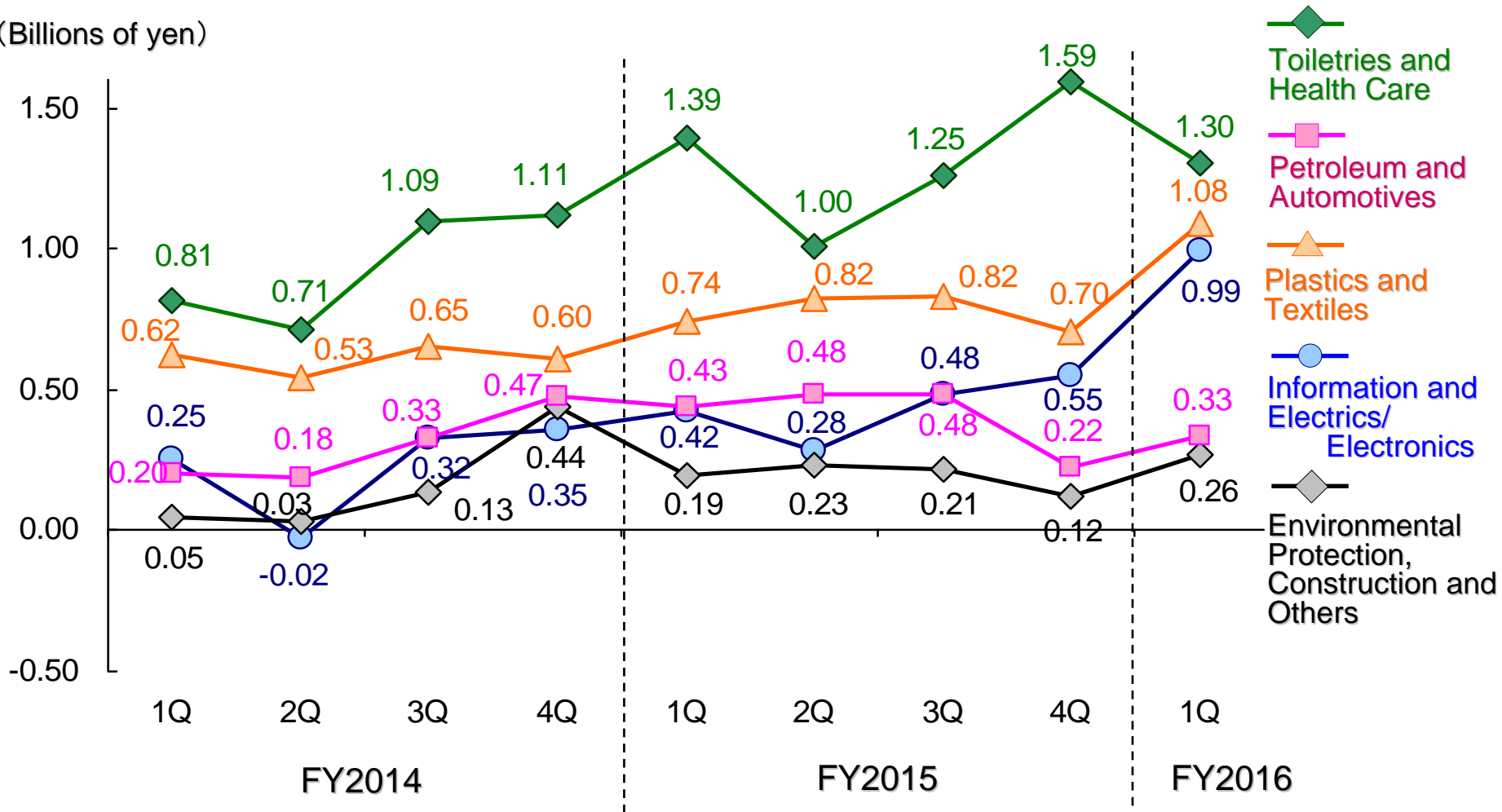
Consolidated Net Sales Trend by Product Group

(Billions of yen)



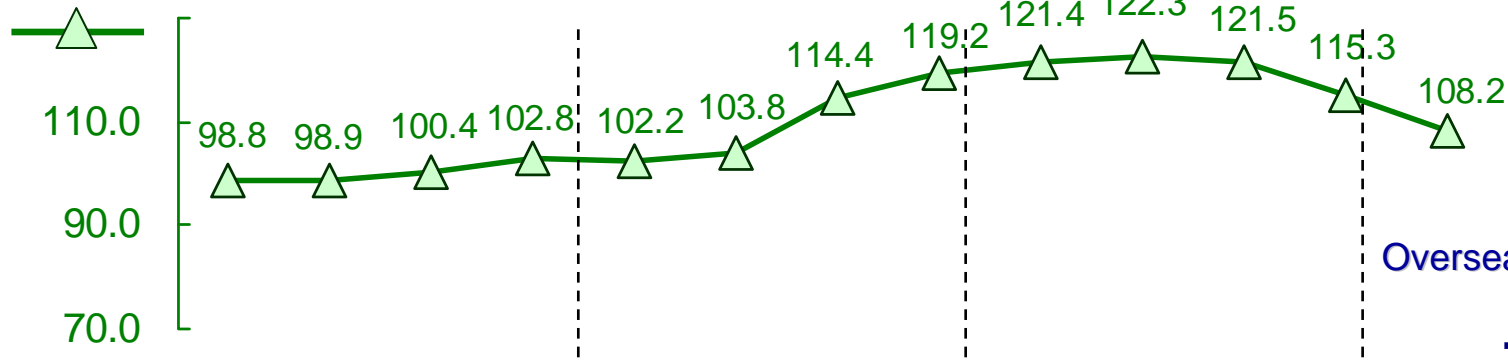
Consolidated Operating Income Trend by Product Group

(Billions of yen)

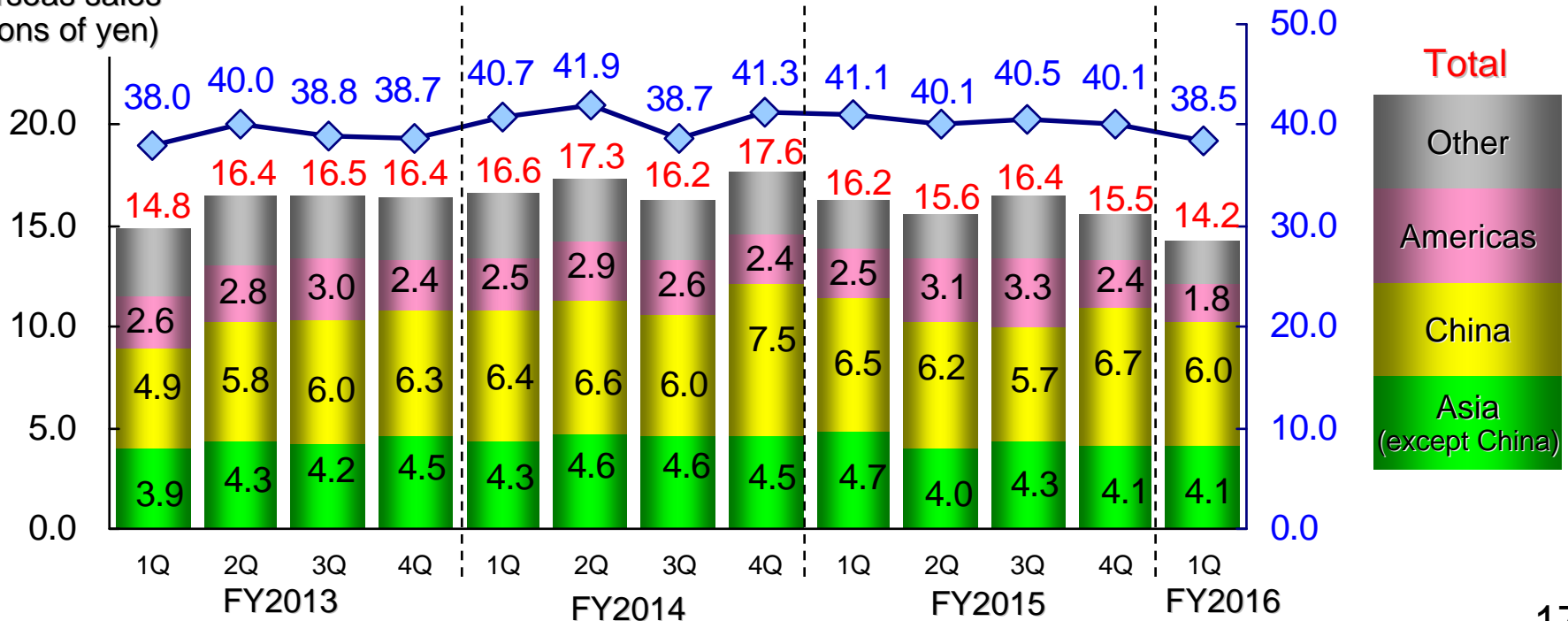


Consolidated Overseas Sales Trend

Average exchange rate
(Yen/US\$)



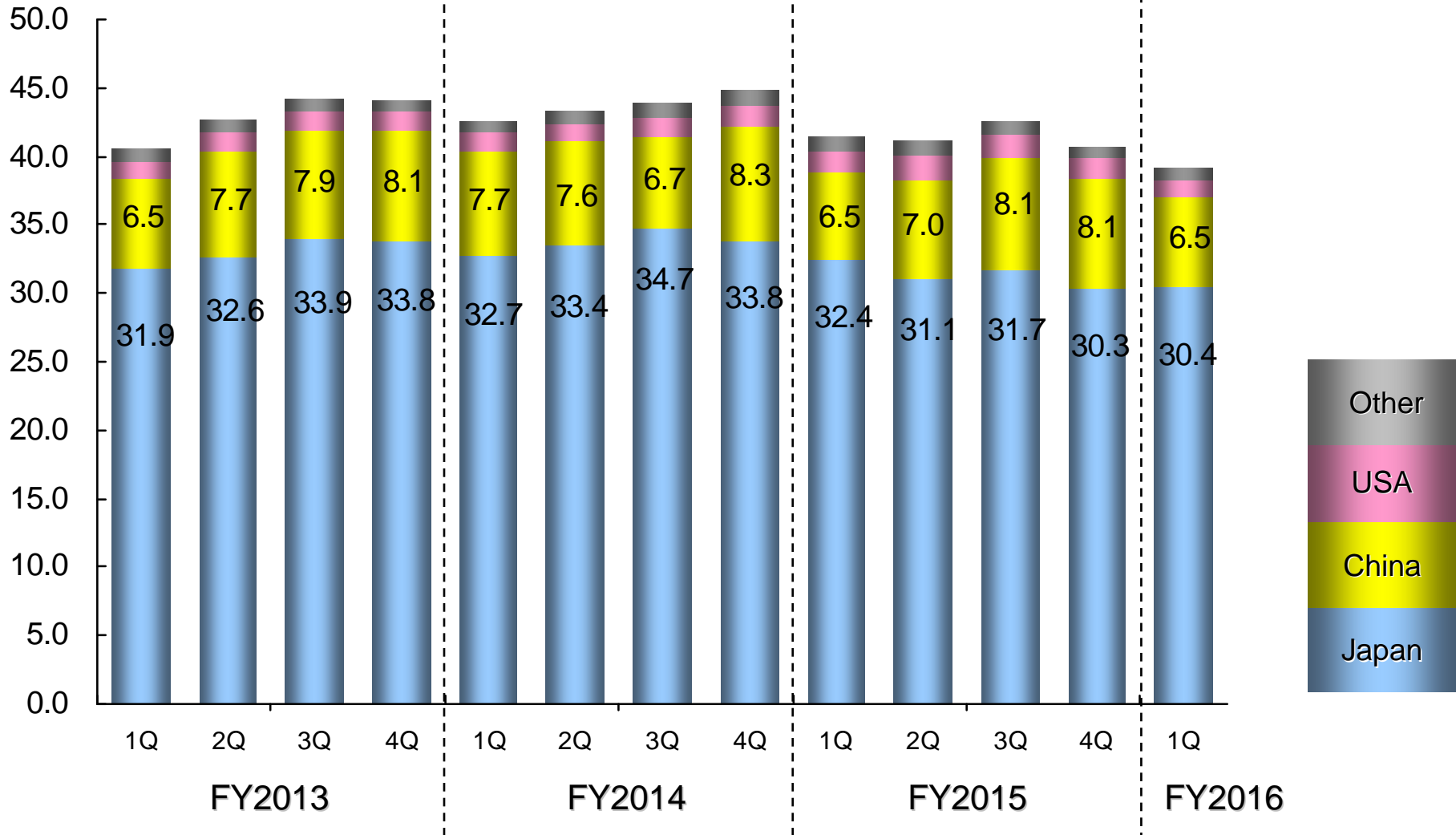
Overseas sales
(Billions of yen)



Consolidated Net Sales Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

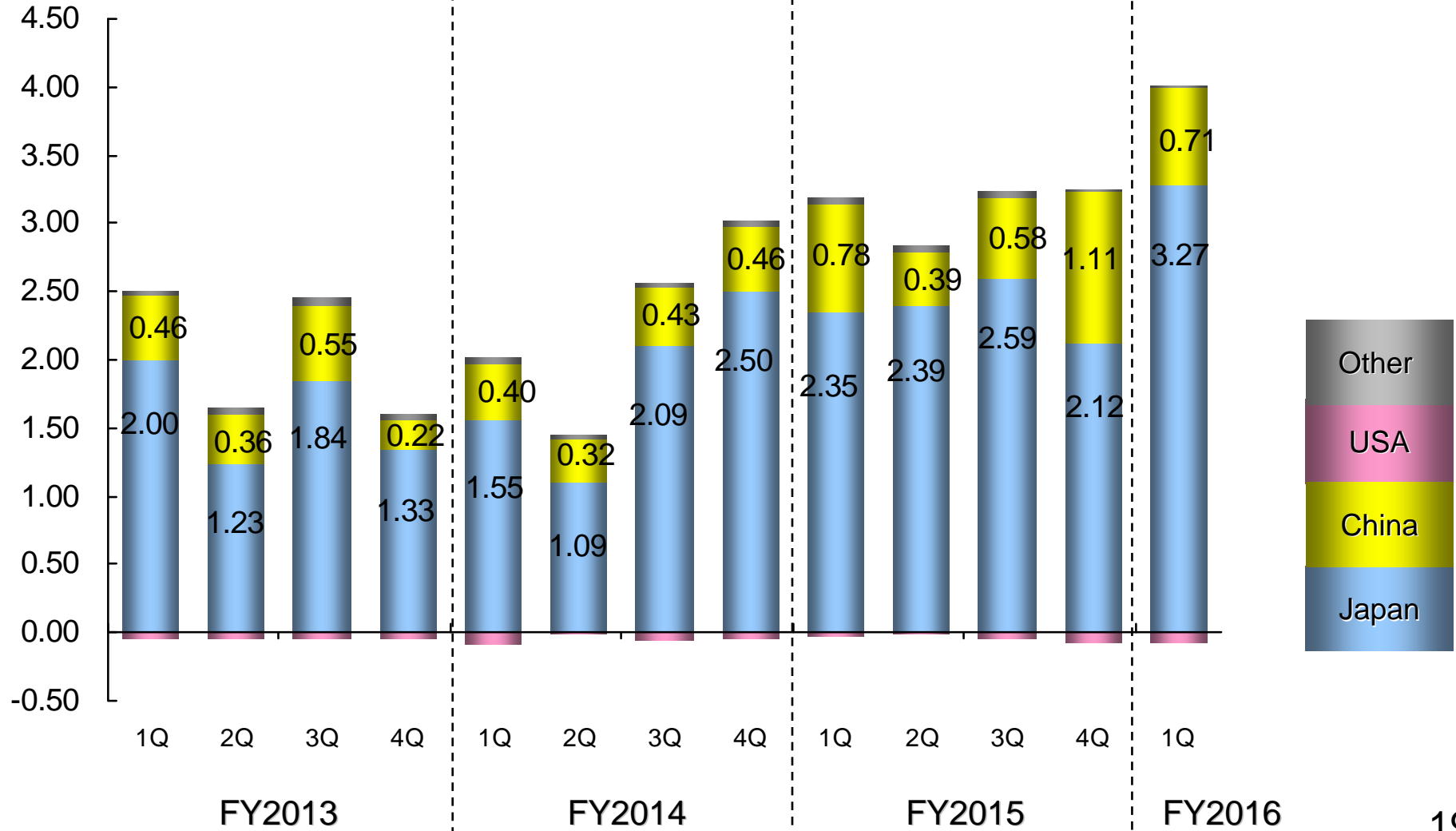
(Billions of yen)



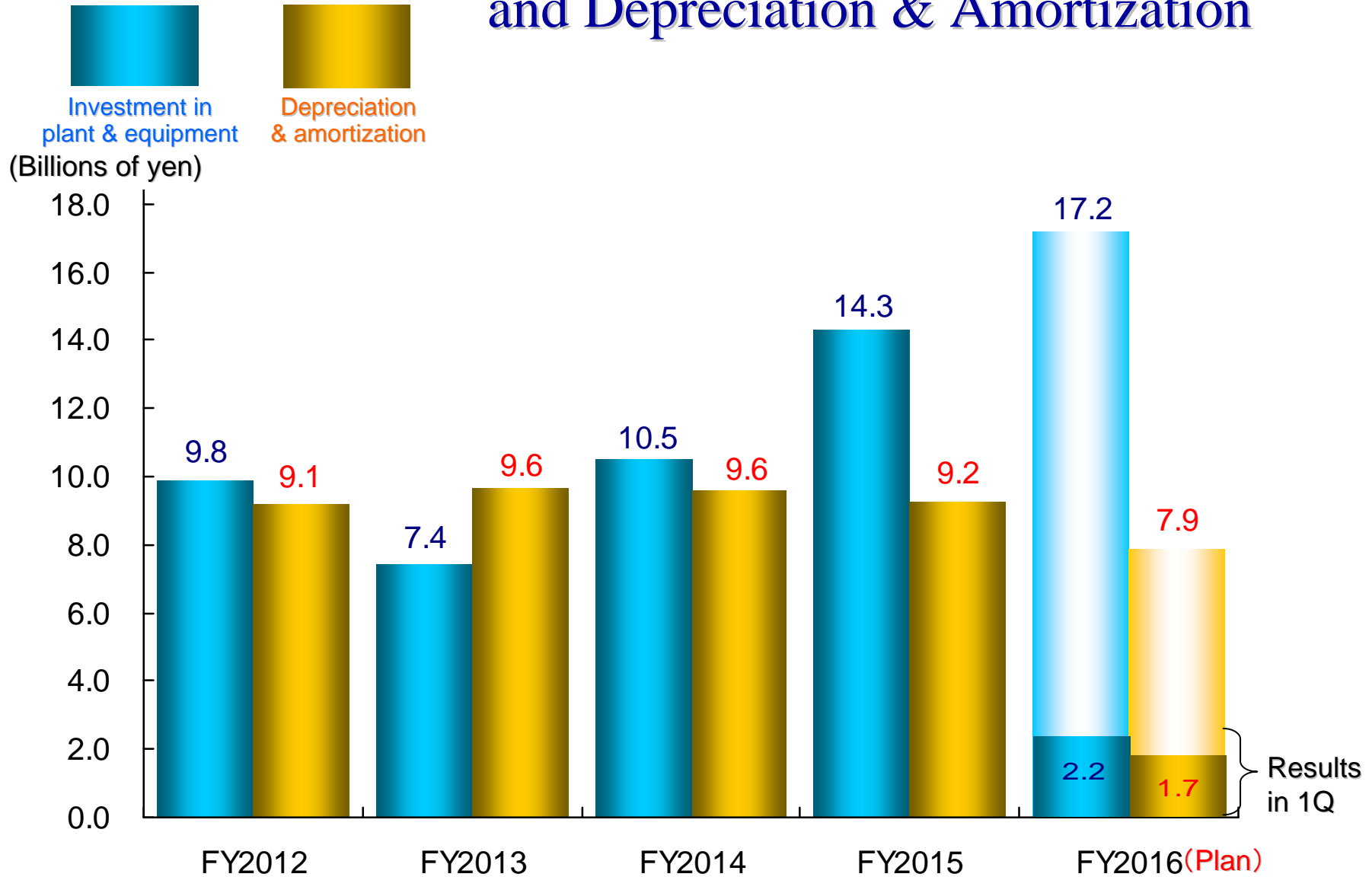
Consolidated Operating Income Trend by Geographic Segments

Internal sales among Sanyo Chemical Group are not eliminated.

(Billions of yen)



Consolidated Investment in Plant & Equipment, and Depreciation & Amortization

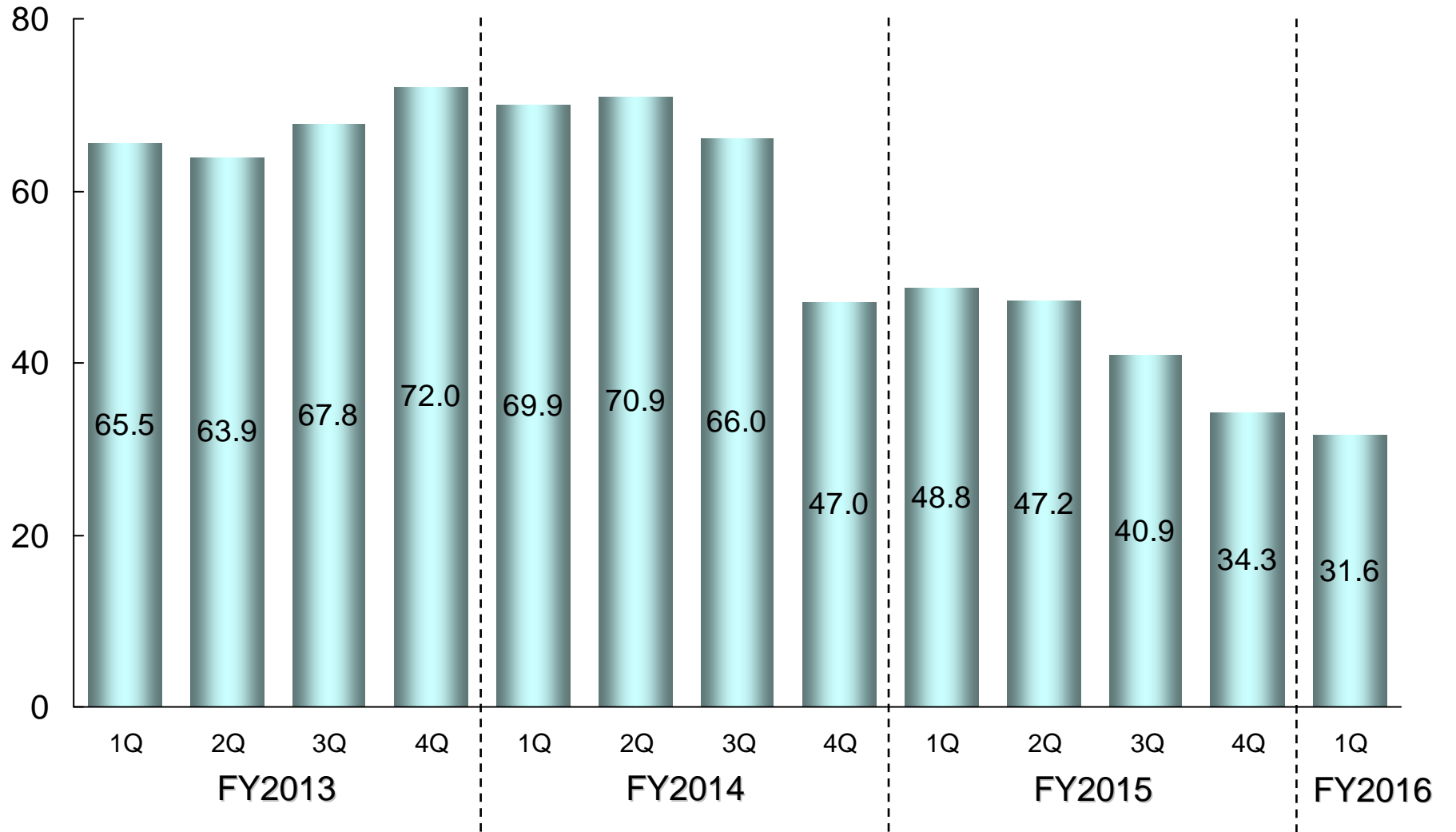


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Reference

Transition of Price of Domestically Produced Naphtha

Domestic naphtha price
(Thousands of yen/kl)



(Ref.-1)

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