

DATA BOOK 2011

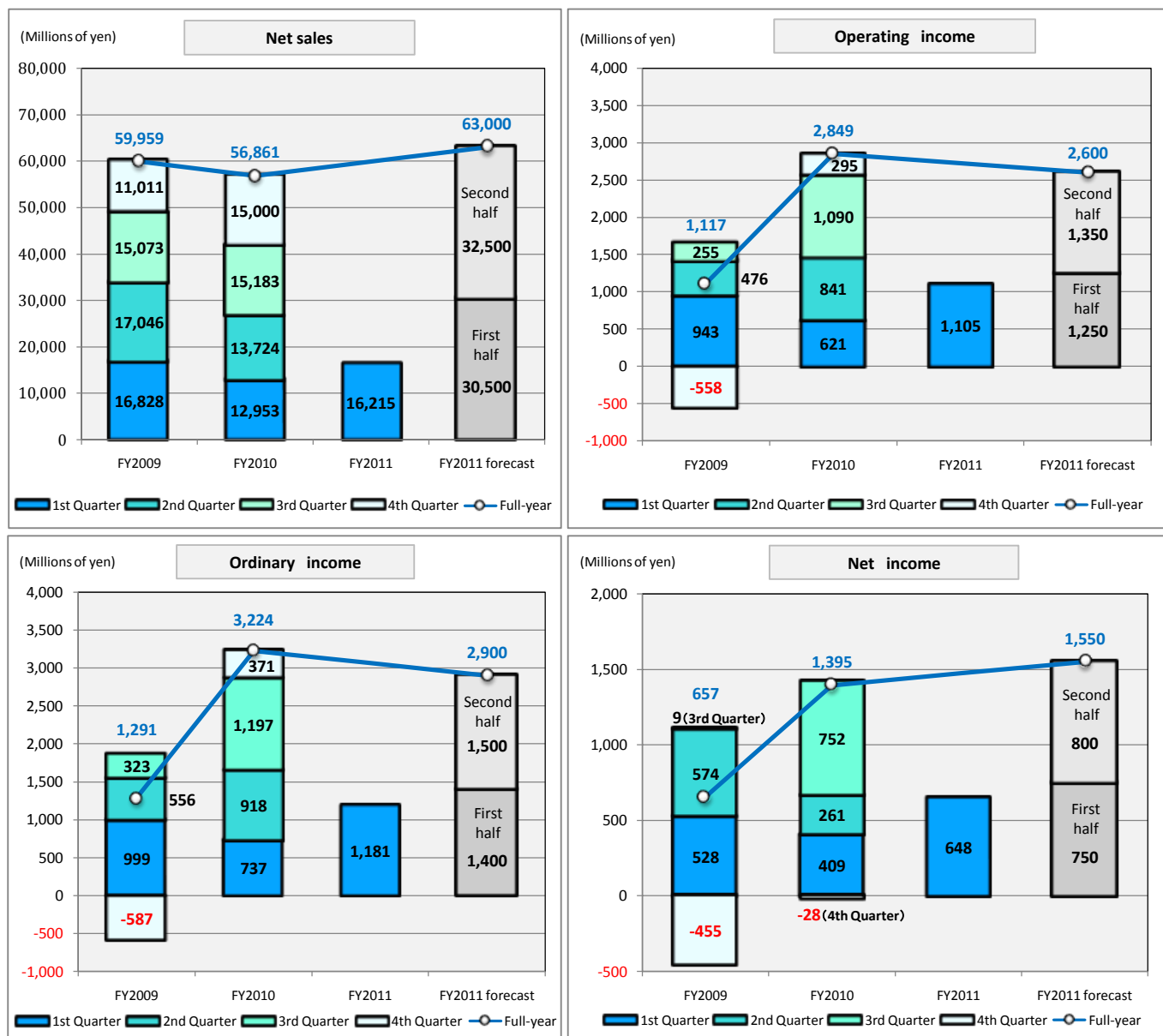
July 29th, 2010

1st Quarter ended June 30, 2010



ARAKAWA CHEMICAL INDUSTRIES, LTD.

*** Achievement transition(Consolidated)**



Consolidated	FY2009(1Q) (‘08/4-‘08/6)		FY2010(1Q) (‘09/4-‘09/6)		FY2011(1Q) (‘10/4-‘10/6)		FY2009 (‘08/4-‘09/3)		FY2010 (‘09/4-‘10/3)		FY2011 forecast (‘10/4-‘11/3)	
	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Net sales	16,828	7.0	12,953	△ 23.0	16,215	25.2	59,959	△ 9.4	56,861	△ 5.2	63,000	10.8
Operating income	943	41.0	621	△ 34.2	1,105	77.9	1,117	△ 63.1	2,849	155.1	2,600	△ 8.8
Ordinary income	999	19.4	737	△ 26.1	1,181	60.2	1,291	△ 59.9	3,224	149.6	2,900	△ 10.1
Net income	528	19.2	409	△ 22.6	648	58.3	657	△ 63.0	1,395	112.3	1,550	11.1

*** Management index(Consolidated)**

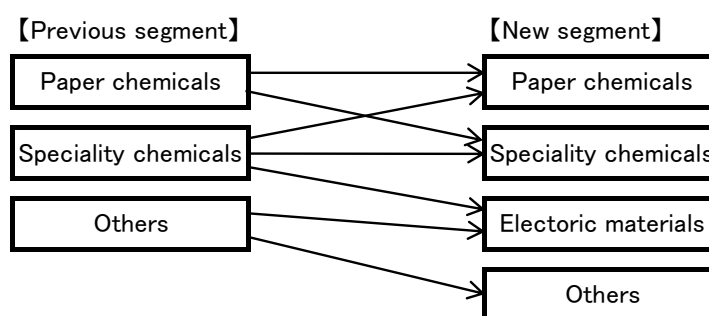
Consolidated	FY2009(1Q) (‘08/4-‘08/6)		FY2010(1Q) (‘09/4-‘09/6)		FY2011(1Q) (‘10/4-‘10/6)		FY2009 (‘08/4-‘09/3)		FY2010 (‘09/4-‘10/3)		FY2011 forecast (‘10/4-‘11/3)	
	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease
Capital investment	115	△ 164	346	230	177	△ 168	1,349	△ 1,642	3,106	1,756	4,660	1,553
Depreciation and amortization	503	31	503	△ 0	544	41	2,183	91	2,185	2	2,790	604
R & D expenses	624	39	647	22	702	55	2,637	141	2,830	193	2,920	89
Interest-bearing debt	7,958	△ 1,006	9,598	1,639	9,367	△ 230	10,147	1,872	9,109	△ 1,038	11,390	2,280

*** Segment information(Consolidated)**

Consolidated		FY2010(1Q) (‘09/4-‘09/6)		FY2011(1Q) (‘10/4-‘10/6)		FY2010 (‘09/4-‘10/3)		FY2011 forecast (‘10/4-‘11/3)	
		Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Paper chemicals	Net sales	3,912	—	4,279	9.4	16,471	—	17,500	6.2
	Segment income	200	—	223	11.4	—	—	—	—
	Segment income/sales	5.1%		5.2%		—		—	
Speciality chemicals	Net sales	6,188	—	7,908	27.8	27,309	—	30,000	9.9
	Segment income	128	—	399	210.1	—	—	—	—
	Segment income/sales	2.1%		5.1%		—		—	
Electronic materials	Net sales	2,775	—	3,968	43.0	12,794	—	15,250	19.2
	Segment income	183	—	357	95.4	—	—	—	—
	Segment income/sales	6.6%		9.0%		—		—	
Others	Net sales	77	—	58	△ 24.7	285	—	250	△ 12.3
	Segment income(loss)	1	—	△ 3	—	—	—	—	—
	Segment income/sales	1.8%		△ 5.4%		—		—	
Consolidated total	Net sales	12,953	—	16,215	25.2	56,861	—	63,000	10.8
	Segment income	513	—	977	90.3	—	—	—	—
	Segment income/sales	4.0%		6.0%		—		—	

* As a result of the application of “Accounting Standard for Disclosure of Segment Information”, the segment information has been changed from this Quarter. The amounts for FY2010(1Q) and FY2010 stated above have been modified to reflect the operating results based on the segments after the change for reference purposes.

* Relationship between new segment and previous segment is stated as follows.



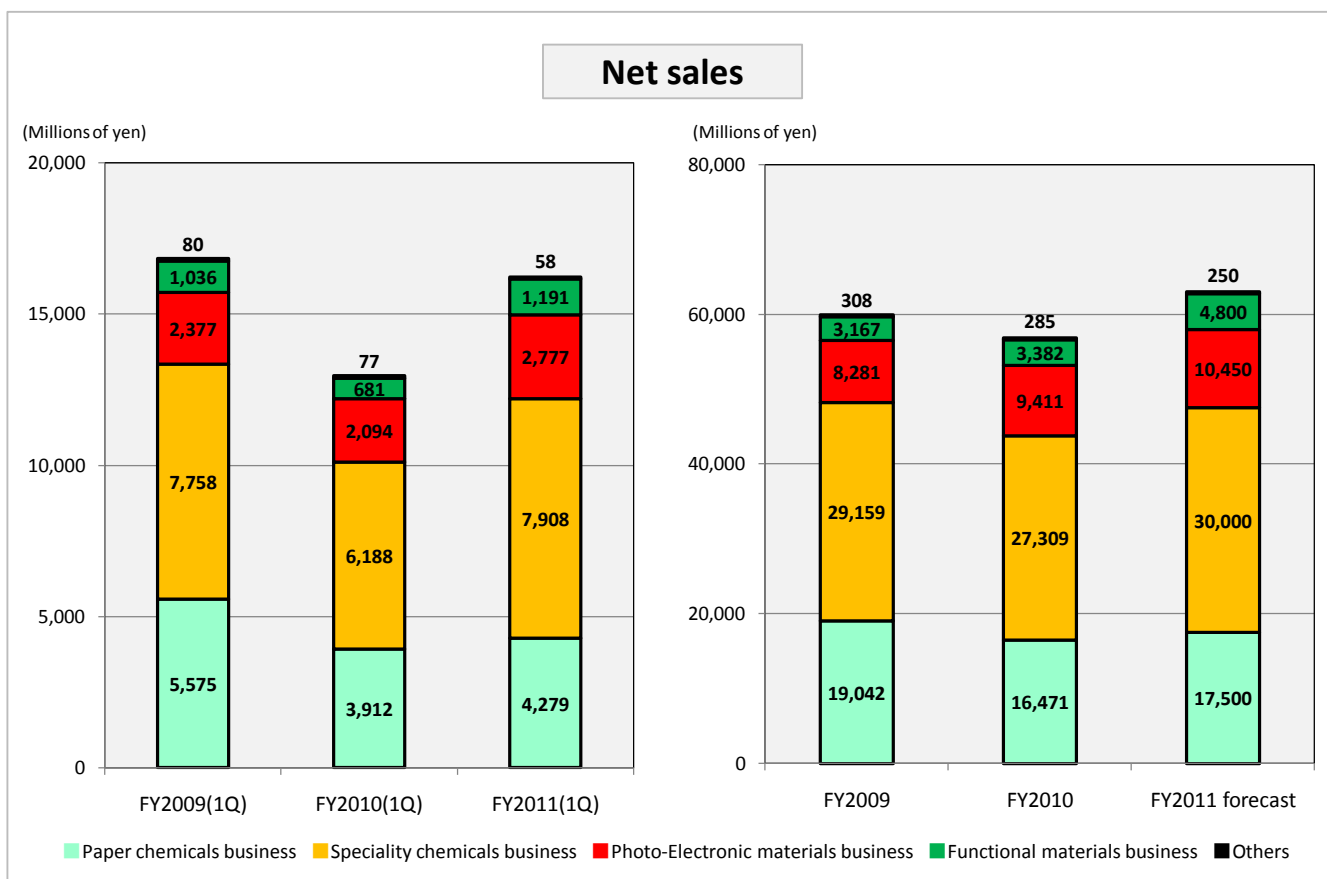
* Paper chemicals.....Size agent, Paper strengthening agent, Ratex, etc.

* Speciality chemicals.....Printing ink resin, Paint resin, Adhesive resin,
Polymerization emulsifier, Colorless rosin derivatives, etc.

* Electronic materials.....UV/EB curable resin, Compound materials for electronics,
Flux cleaning solvent, Flux cleaning system, Functional fine chemical materials etc.

* OthersReal estate agent, Insurance business, etc.

* Business segment information(consolidated)



Consolidated	FY2009(1Q) (‘08/4-‘08/6)		FY2010(1Q) (‘09/4-‘09/6)		FY2011(1Q) (‘10/4-‘10/6)		FY2009 (‘08/4-‘09/3)		FY2010 (‘09/4-‘10/3)		FY2011 forecast (‘10/4-‘11/3)	
	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Paper chemicals business	5,575	1.1	3,912	△ 29.8	4,279	9.4	19,042	△ 15.3	16,471	△ 13.5	17,500	6.2
Speciality chemicals business	7,758	6.9	6,188	△ 20.2	7,908	27.8	29,159	△ 6.0	27,309	△ 6.3	30,000	9.9
Total Basis business	13,334	4.4	10,100	△ 24.3	12,188	20.7	48,202	△ 9.9	43,780	△ 9.2	47,500	8.5
Share	79.2%		78.0%		75.2%		80.4%		77.0%		75.4%	
Photo-Electronic materials business	2,377	14.3	2,094	△ 11.9	2,777	32.6	8,281	△ 3.5	9,411	13.7	10,450	11.0
Functional materials business	1,036	30.4	681	△ 34.3	1,191	74.9	3,167	△ 16.1	3,382	6.8	4,800	41.9
Total Expansion business	3,414	18.8	2,775	△ 18.7	3,968	43.0	11,448	△ 7.4	12,794	11.7	15,250	19.2
Share	20.3%		21.4%		24.5%		19.1%		22.5%		24.2%	
Others	80	8.2	77	△ 3.3	58	△ 24.7	308	3.0	285	△ 7.7	250	△ 12.3
Total	16,828	7.0	12,953	△ 23.0	16,215	25.2	59,959	△ 9.4	56,861	△ 5.2	63,000	10.8

* Some manufactures belonging to the business segment have been restructured from this Quarter. The amounts for FY2010(1Q) and FY2010 stated above have been modified to reflect the operating results based on the business segment after the change.

* Paper chemicals business.....Size agent, Paper strengthening agent, Ratex, etc.

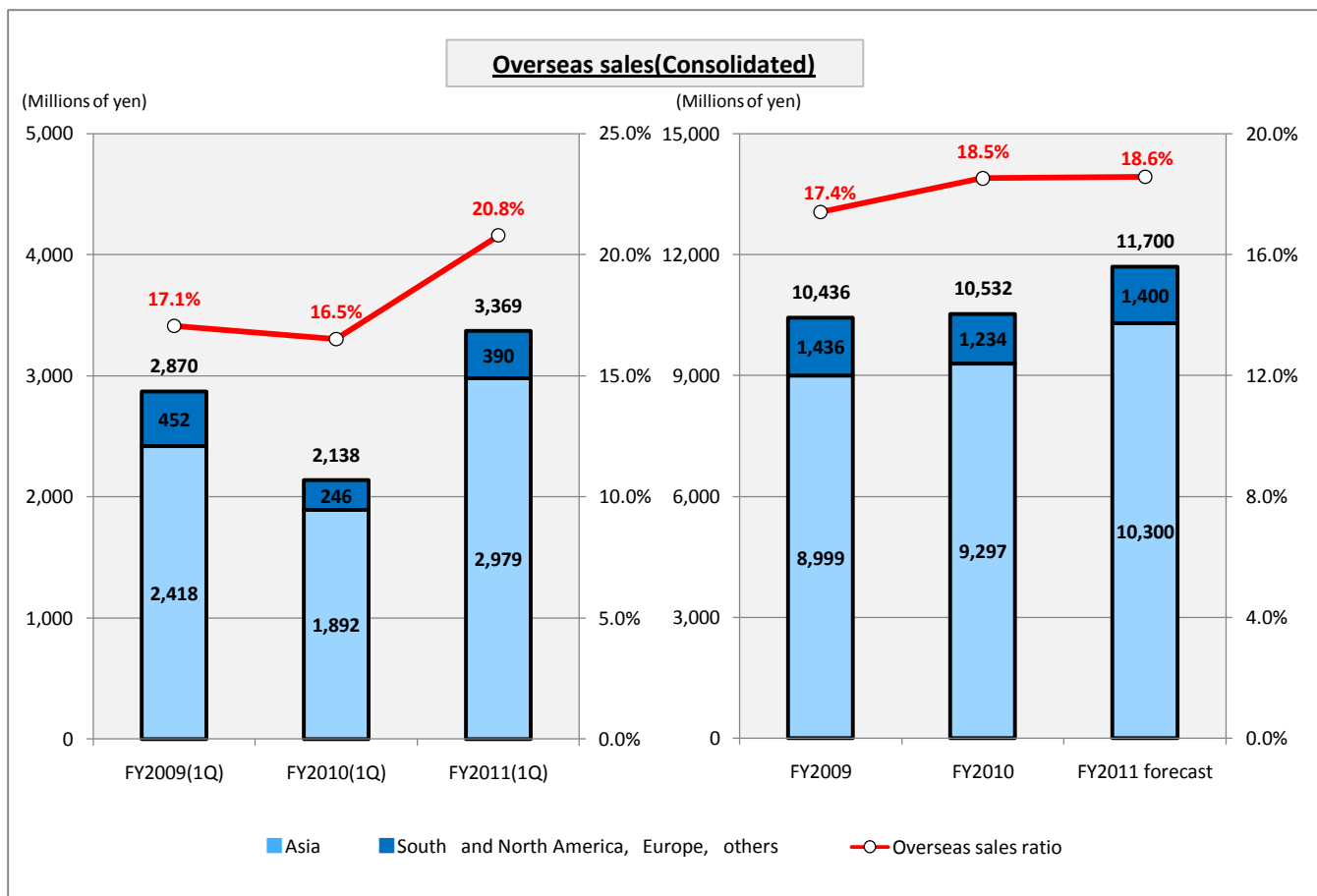
* Speciality chemicals business.....Printing ink resin, Paint resin, Adhesive resin, Polymerization emulsifier, Colorless rosin derivatives, etc.

* Photo-Electronic materials business.....UV/EB curable resin, Compound materials for electronics, Organic/inorganic hybrid resin, etc.

* Functional materials business.....Flux cleaning solvent, Flux cleaning system, Functional fine chemical materials, Solder paste, etc.

* OthersReal estate agent, Insurance business, etc.

*** Overseas sales(Consolidated)**



Consolidated	FY2009(1Q) (‘08/4-‘08/6)		FY2010(1Q) (‘09/4-‘09/6)		FY2011(1Q) (‘10/4-‘10/6)		FY2009 (‘08/4-‘09/3)		FY2010 (‘09/4-‘10/3)		FY2011 forecast (‘10/4-‘11/3)	
	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Overseas sales	2,870	2.3	2,138	△ 25.5	3,369	57.6	10,436	△ 16.3	10,532	0.9	11,700	11.1
Overseas sales in Asia	2,418	0.9	1,892	△ 21.8	2,979	57.5	8,999	△ 17.7	9,297	3.3	10,300	10.8
Overseas sales ratio	17.1%		16.5%		20.8%		17.4%		18.5%		18.6%	

Balance sheets(Consolidated)

(Unit: Millions of yen)

Item	FY2010(1Q) (As of June 30, 2009)		FY2011(1Q) (As of June 30, 2010)		FY2010 (As of March 31, 2010)		Increase /Decrease (A) - (B)
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	7,843		5,931		6,857		△ 926
2. Notes and accounts receivable-trade	18,274		23,021		21,719		1,301
3. Merchandise and finished goods	5,144		5,715		5,679		36
4. Work in process	510		661		611		49
5. Raw materials and supplies	3,576		3,511		4,382		△ 871
6. Deferred tax assets	305		361		705		△ 344
7. Other	655		867		745		122
Allowance for doubtful accounts	△ 109		△ 106		△ 116		10
Total Current assets	36,200	61.6	39,963	62.6	40,585	63.4	△ 621
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	6,523		6,564		6,647		△ 82
(2) Machinery, equipment and vehicles	4,651		4,256		4,475		△ 219
(3) Land	5,270		5,428		5,424		3
(4) Construction in progress	606		2,617		1,497		1,120
(5) Other	697		610		612		△ 2
Total Property, plant and equipment	17,748	30.2	19,476	30.5	18,657	29.1	819
2. Intangible assets	461	0.8	392	0.6	411	0.6	△ 18
3. Investments and other assets							
(1) Investment securities	3,703		3,297		3,719		△ 421
(2) Deferred tax assets	164		247		169		77
(3) Other	466		482		526		△ 43
Allowance for doubtful accounts	△ 8		△ 24		△ 22		△ 2
Total Investments and other assets	4,326	7.4	4,003	6.3	4,393	6.9	△ 390
Total Noncurrent assets	22,536	38.4	23,872	37.4	23,462	36.6	410
Total Assets	58,736	100.0	63,836	100.0	64,048	100.0	△ 211

(Unit: Millions of yen)

Item	FY2010(1Q) (As of June 30, 2009)		FY2011(1Q) (As of June 30, 2010)		FY2010 (As of March 31, 2010)		Increase /Decrease (A) - (B)
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Liabilities)		%		%		%	
I Current liabilities							
1. Notes and accounts payable-trade	7,478		10,435		10,122		313
2. Short-term loans payable	7,446		8,225		7,673		552
3. Income taxes payable	175		161		1,179		△ 1,017
4. Provision for bonuses	473		500		1,050		△ 549
5. Provision for directors' bonuses	8		12		45		△ 33
6. Notes payable-facilities	87		123		93		29
7. Other	2,348		3,738		3,133		605
Total Current liabilities	18,018	30.7	23,197	36.3	23,297	36.4	△ 100
II Noncurrent liabilities							
1. Long-term loans payable	2,151		1,142		1,436		△ 294
2. Deferred tax liabilities	60		-		129		△ 129
3. Provision for retirement benefits	2,053		2,063		2,064		△ 1
4. Provision for repairs	-		52		42		10
5. Asset retirement obligations	-		75		-		75
6. Other	198		190		197		△ 7
Total Noncurrent liabilities	4,464	7.6	3,524	5.5	3,870	6.0	△ 346
Total Liabilities	22,482	38.3	26,721	41.8	27,167	42.4	△ 446
(Net assets)							
I Shareholders' equity							
1. Capital stock	3,128		3,128		3,128		-
2. Capital surplus	3,350		3,350		3,350		-
3. Retained earnings	28,329		29,460		29,073		386
4. Treasury stock	△ 10		△ 11		△ 11		△ 0
Total Shareholders' equity	34,797	59.2	35,927	56.3	35,541	55.5	386
II Valuation and translation adjustments							
1. Valuation difference on available-for-sale securities	515		404		653		△ 248
2. Foreign currency translation adjustment	△ 233		△ 365		△ 431		65
3. Deferred losses on hedges	-		△ 31		-		△ 31
Total Valuation and translation adjustments	282	0.5	6	0.0	221	0.4	△ 214
III Minority interests	1,173	2.0	1,181	1.9	1,117	1.7	63
Total Net assets	36,253	61.7	37,115	58.1	36,880	57.6	235
Total Liabilities and net assets	58,736	100.0	63,836	100.0	64,048	100.0	△ 211

Statements of income(Consolidated)

(Unit: Millions of yen)

Item	FY2010(1Q) '09/4-'09/6		FY2011(1Q) '10/4-'10/6		Increase /Decrease		FY2010 '09/4-'10/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of change	Amount	Ratio
I Net sales	12,953	100.0	16,215	100.0	3,261	25.2	56,861	100.0
II Cost of sales	9,938	76.7	12,455	76.8	2,517	25.3	43,499	76.5
Gross profit	3,015	23.3	3,759	23.2	744	24.7	13,361	23.5
III Selling, general and administrative expenses	2,394	18.5	2,654	16.4	260	10.9	10,511	18.5
Operating income	621	4.8	1,105	6.8	483	77.9	2,849	5.0
IV Non-operating income								
1. Interest income	2		1				8	
2. Dividends income	39		44				78	
3. Technical support fee	24		32				118	
4. Equity in earnings of affiliates	15		22				69	
5. Foreign exchange gains	41		-				23	
6. Other	50	174	54	155	1.0	△ 18	274	573
△ 10.9								1.0
V Non-operating expenses								
1. Interest expenses	50		41				170	
2. Foreign exchange losses	-		24				-	
3. Other	7	57	12	78	0.5	20	28	198
36.4								0.3
Ordinary income	737	5.7	1,181	7.3	443	60.2	3,224	5.7
VI Extraordinary income								
1. Gain on sales of noncurrent assets	0		43				0	
2. Reversal of allowance for doubtful accounts	0		9				-	
3. State subsidy	-	0	-	52	0.3	52	-	42
42								0.1
VII Extraordinary loss								
1. Loss on sales and retirement of noncurrent assets	9		12				101	
2. Impairment loss	-		-				510	
3. Loss on valuation of noncurrent assets	1		0				6	
4. Loss on sales of investment securities	-		0				-	
5. Loss on adjustment for changes of accounting standard for asset retirement obligations	-	11	59	71	0.4	60	-	619
535.7								1.1
Income before income taxes	726	5.6	1,162	7.2	435	60.0	2,647	4.7
Income taxes-current	167		144				1,412	
Income taxes-deferred	131	298	333	478	3.0	179	△287	1,124
60.4								2.0
Income before minority interests	-	-	684	4.2	684	-	-	-
Minority interests in income	19	0.1	36	0.2	17	90.1	128	0.2
Net income	409	3.2	648	4.0	238	58.3	1,395	2.5

Statements of cash flows (Consolidated)

(Unit: Millions of yen)

Item	FY2010(1Q)	FY2011(1Q)	Increase /Decrease	FY2010
	'09/4-'09/6	'10/4-'10/6		'09/4-'10/3
	Amount	Amount		Amount
I Operating activities				
Income before income taxes	726	1,162	435	2,647
Depreciation and amortization	503	544	42	2,185
Impairment loss	-	-	-	510
Amortization of goodwill	-	-	-	18
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	59	59	-
Increase (decrease) in allowance for doubtful accounts	0	△ 9	△ 10	7
Increase (decrease) in provision for bonuses	473	△ 549	△ 1,023	1,050
Increase (decrease) in provision for directors' bonuses	△ 17	△ 33	△ 16	20
Increase (decrease) in provision for retirement benefits	12	△ 2	△ 14	23
Loss (gain) on sales of investment securities	-	0	0	-
Loss (gain) on sales and retirement of noncurrent assets	9	△ 30	△ 40	100
Interest and dividends income	△ 41	△ 45	△ 3	△ 87
Interest expenses	50	41	△ 8	170
Equity in (earnings) losses of affiliates	△ 15	△ 22	△ 6	△ 69
Decrease (increase) in notes and accounts receivable-trade	△ 254	△ 1,248	△ 993	△ 3,720
Decrease (increase) in inventories	1,605	815	△ 789	107
Increase (decrease) in notes and accounts payable-trade	△ 519	292	812	2,113
Other, net	△ 394	△ 100	294	113
Subtotal	2,139	873	△ 1,265	5,200
Interest and dividends income received	92	94	1	134
Interest expenses paid	△ 45	△ 36	9	△ 161
Income taxes paid	△ 59	△ 1,136	△ 1,076	△ 204
Net cash provided by (used in) operating activities	2,126	△ 204	△ 2,330	4,969
II Investment activities				
Purchase of property, plant and equipment	△ 302	△ 754	△ 452	△ 3,687
Proceeds from sales of property, plant and equipment	1	44	43	374
Purchase of investment securities	△ 4	△ 4	△ 0	△ 19
Proceeds from sales of investment securities	-	2	2	-
Purchase of intangible assets	△ 7	△ 1	5	△ 38
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-	-	46
Purchase of investments in capital of subsidiaries	-	-	-	△ 122
Decrease (increase) in other investments	0	1	1	15
Other, net	0	△ 5	△ 5	△ 24
Net cash provided by (used in) investment activities	△ 312	△ 717	△ 405	△ 3,451
III Financing activities				
Net increase (decrease) in short-term loans payable	△ 644	566	1,210	△ 978
Proceeds from long-term loans payable	-	-	-	273
Repayment of long-term loans payable	△ 96	△ 337	△ 241	△ 428
Purchase of treasury stock	△ 0	△ 0	0	△ 0
Cash dividends paid	△ 201	△ 261	△ 60	△ 443
Cash dividends paid to minority shareholders	-	-	-	△ 64
Net cash provided by (used in) financing activities	△ 941	△ 33	908	△ 1,642
IV Effect of exchange rate change on cash and cash equivalents	40	28	△ 11	57
V Net increase (decrease) in cash and cash equivalents	912	△ 926	△ 1,839	△ 67
VI Cash and cash equivalents, Beginning of term	6,812	6,745	△ 67	6,812
VII Cash and cash equivalents, End of term	7,725	5,818	△ 1,906	6,745