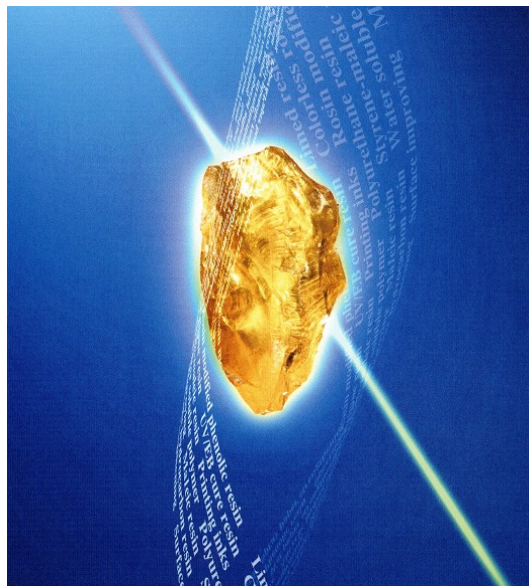


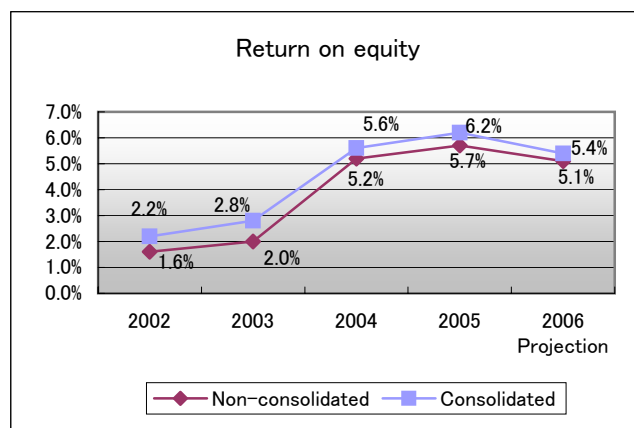
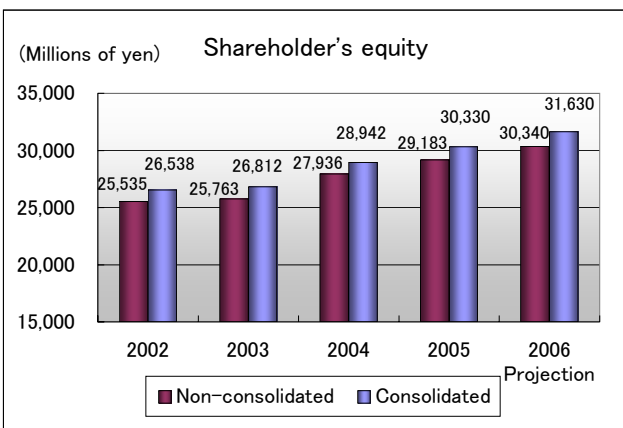
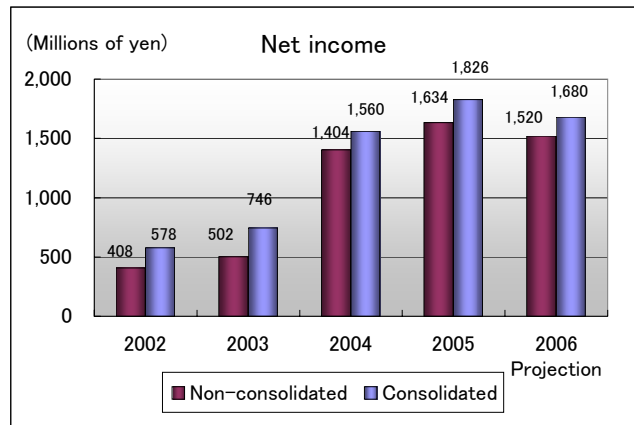
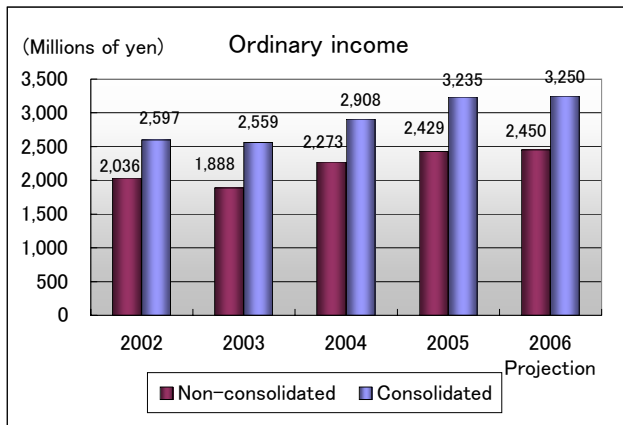
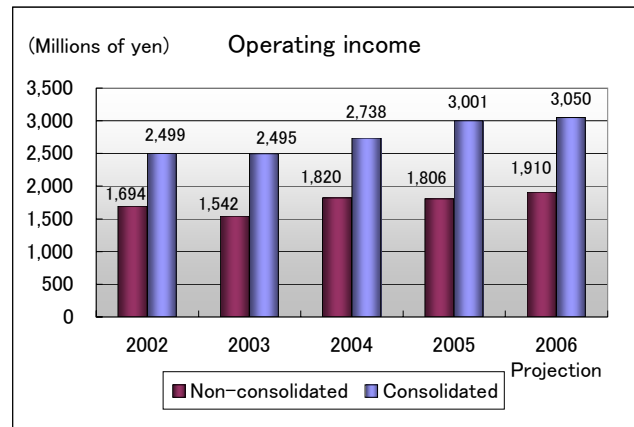
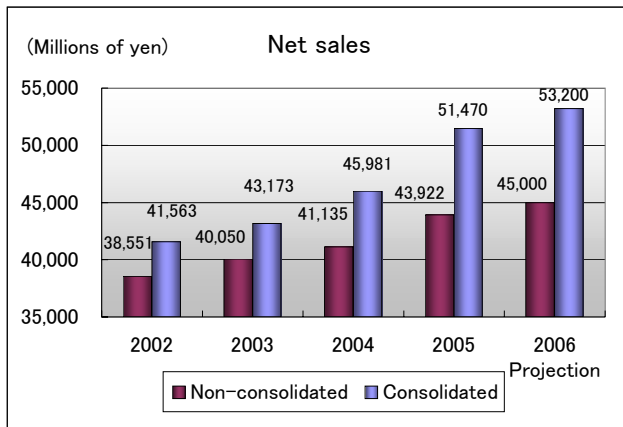
# **DATA BOOK 2005**

May 9th, 2005

Year ended March 31, 2005



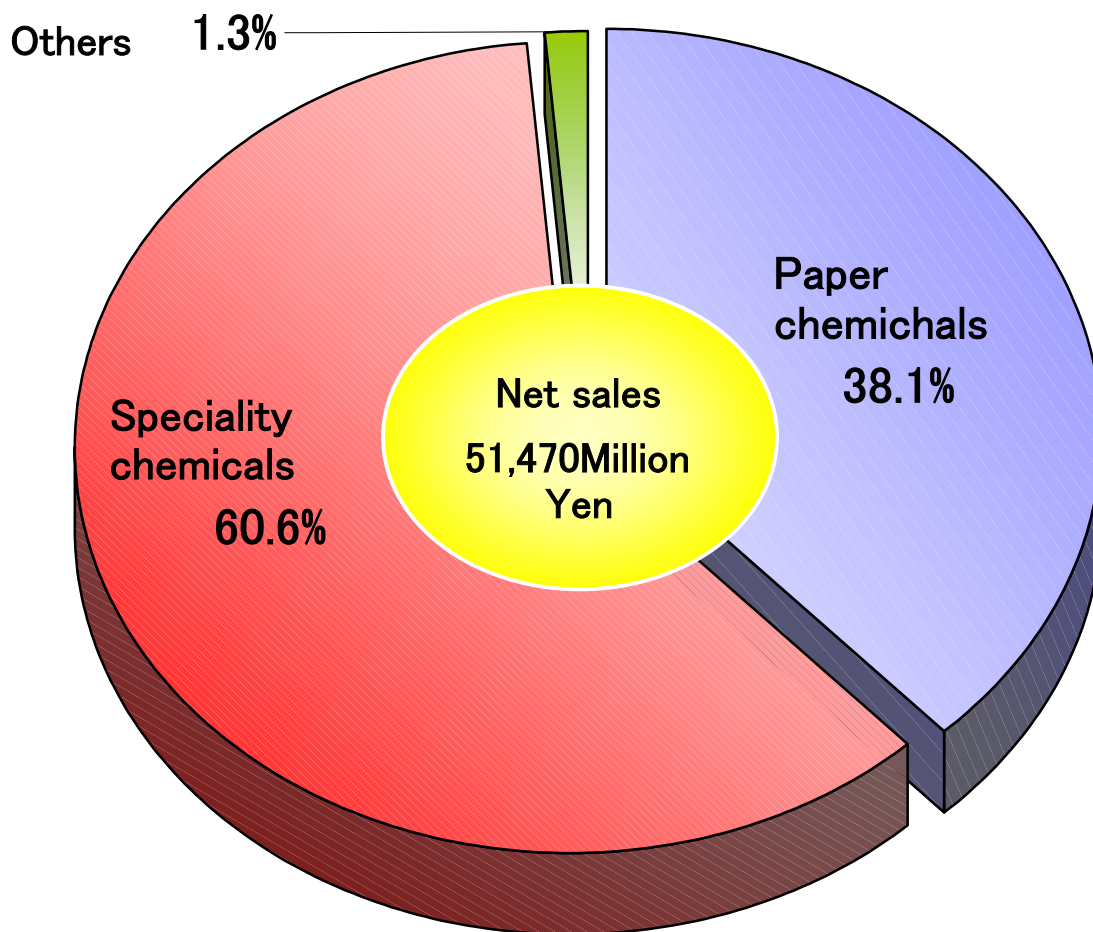
**ARAKAWA CHEMICAL INDUSTRIES, LTD.**



Year ended March 31		2002		2003		2004		2005		2006 Projection	
		Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Net sales	Consolidated	41,563	△ 5.6	43,173	3.9	45,981	6.5	51,470	11.9	53,200	3.4
	Non-consolidated	38,551	△ 6.2	40,050	3.9	41,135	2.7	43,922	6.8	45,000	2.5
Operating income	Consolidated	2,499	△ 13.3	2,495	△ 0.1	2,738	9.7	3,001	9.6	3,050	1.6
	Non-consolidated	1,694	△ 18.5	1,542	△ 9.0	1,820	18.1	1,806	△ 0.8	1,910	5.7
Ordinary income	Consolidated	2,597	△ 10.0	2,559	△ 1.5	2,908	13.6	3,235	11.2	3,250	0.4
	Non-consolidated	2,036	△ 13.6	1,888	△ 7.2	2,273	20.4	2,429	6.8	2,450	0.9
Net income	Consolidated	578	△ 62.0	746	29.2	1,560	109.0	1,826	17.0	1,680	△ 8.0
	Non-consolidated	408	△ 69.5	502	23.0	1,404	179.6	1,634	16.4	1,520	△ 7.0
Total assets	Consolidated	48,344	△ 3.2	46,827	△ 3.1	52,117	11.3	54,640	4.8	56,450	3.3
	Non-consolidated	45,037	△ 4.7	43,411	△ 3.6	46,305	6.7	48,284	4.3	50,010	3.6
Shareholders' equity	Consolidated	26,538	2.8	26,812	1.0	28,942	7.9	30,330	4.8	31,630	4.3
	Non-consolidated	25,535	0.9	25,763	0.9	27,936	8.4	29,183	4.5	30,340	4.0
Return on equity	Consolidated	2.2%		2.8%		5.6%		6.2%		5.4%	
	Non-consolidated	1.6%		2.0%		5.2%		5.7%		5.1%	

## Segment Information (Consolidated)

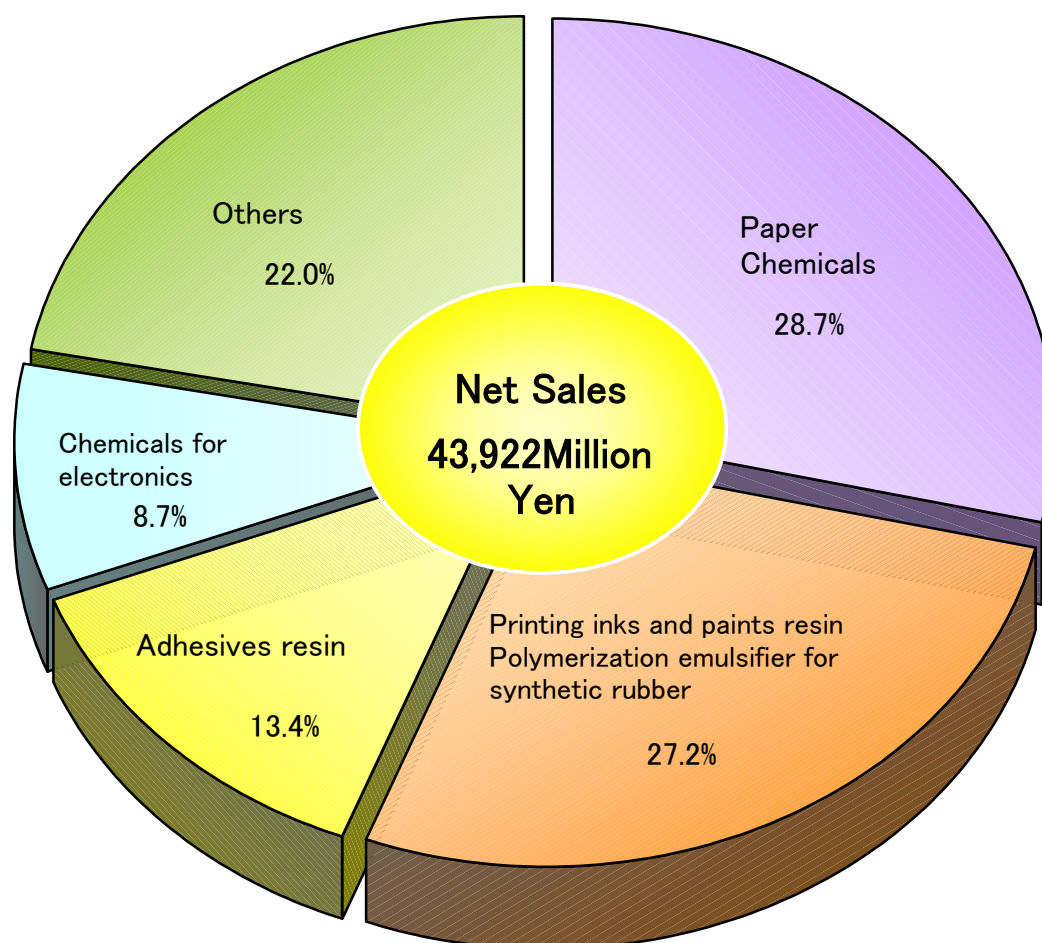
Net Sales  
Year Ended March 31, 2005



Year ended March 31		2002		2003		2004		2005		2006 Projection	
		Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Paper chemicals	Net sales	16,414	△ 8.3	16,954	3.3	17,444	2.9	19,593	12.3	20,160	2.9
	Operating income	1,035	△ 27.2	860	△ 16.9	902	4.9	964	6.8	970	0.6
	Operating income/sales	6.3%		5.1%		5.2%		4.9%		4.8%	
Speciality chemicals	Net sales	24,102	△ 2.9	25,535	5.9	27,645	8.3	31,178	12.8	32,130	3.1
	Operating income	1,426	4.6	1,624	13.8	1,803	11.1	2,007	11.3	2,040	1.6
	Operating income/sales	5.9%		6.4%		6.5%		6.4%		6.3%	
Others	Net sales	1,046	△ 20.2	682	△ 34.8	892	30.7	698	△ 21.7	910	30.3
	Operating income	36	△ 61.1	10	△ 70.4	31	193.0	29	△ 6.1	40	34.3
	Operating income/sales	3.5%		1.6%		3.6%		4.3%		4.4%	
Consolidated total	Net sales	41,563	△ 5.6	43,173	3.9	45,981	6.5	51,470	11.9	53,200	3.4
	Operating income	2,499	△ 13.3	2,495	△ 0.1	2,738	9.7	3,001	9.6	3,050	1.6
	Operating income/sales	6.0%		5.8%		6.0%		5.8%		5.7%	

## Segment Information (Non-consolidated)

## Net Sales Year Ended March 31, 2005



Year ended March 31	2002		2003		2004		2005		2006 Projection	
	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Paper chemicals	12,060	△ 4.5	11,934	△ 1.0	12,194	2.2	12,592	3.3	12,900	2.4
Printing inks and paints resin	10,665	2.1	11,082	3.9	11,566	4.4	11,948	3.3	12,500	4.6
Adhesives resin	5,837	△ 7.2	6,190	6.0	5,873	△ 5.1	5,885	0.2	5,800	△ 1.5
Chemicals for electronics	2,663	4.0	3,219	20.9	3,350	4.1	3,828	14.3	4,400	14.9
Sub-total	31,226	△ 2.2	32,427	3.8	32,985	1.7	34,255	3.9	35,600	3.9
Others	7,324	△ 20.3	7,622	4.1	8,150	6.9	9,667	18.6	9,400	△ 2.8
Non-consolidated total	38,551	△ 6.2	40,050	3.9	41,135	2.7	43,922	6.8	45,000	2.5

Management index

	Year ended March 31	2002	2003	2004	2005	2006 Projection
Capital investment (Completion basis) (Millions of Yen)	Consolidated	1,213	2,065	1,068	1,621	4,930
	Non-consolidated	1,007	1,909	816	990	2,480
Capital investment (Cash flows basis) (Millions of Yen)	Consolidated	1,931	1,303	1,131	1,975	4,460
	Non-consolidated	1,736	1,116	805	1,160	2,310
Depreciation and amortization (Millions of Yen)	Consolidated	1,710	1,607	1,572	1,587	1,750
	Non-consolidated	1,450	1,376	1,285	1,170	1,300
R & D expenses (Millions of Yen)	Consolidated	—	—	2,162	2,340	2,410
	Non-consolidated	1,764	1,894	1,986	1,991	2,070
Interest-bearing debt (Millions of Yen)	Consolidated	7,880	6,785	6,798	6,084	6,280
	Non-consolidated	7,400	6,402	5,581	5,280	5,570
Shareholders' equity to total assets (%)	Consolidated	54.9	57.3	55.5	55.5	56.0
	Non-consolidated	56.7	59.3	60.3	60.4	60.6
Return on equity (%)	Consolidated	2.2	2.8	5.6	6.2	5.4
	Non-consolidated	1.6	2.0	5.2	5.7	5.1
Ordinary income to net sales (%)	Consolidated	6.3	5.9	6.3	6.3	6.1
	Non-consolidated	5.3	4.7	5.5	5.5	5.4
Net income per share-Basic (Yen)	Consolidated	36.62	45.62	97.02	113.33	104.05
	Non-consolidated	25.88	30.36	87.33	101.45	94.19
Shareholders' equity per share (Yen)	Consolidated	1,681.00	1,696.93	1,831.65	1,919.12	2,000.00
	Non-consolidated	1,617.44	1,630.49	1,767.91	1,846.46	1,920.00
Price earnings ratio	Consolidated	19.6	18.6	15.2	14.5	—
	Non-consolidated	27.8	28.0	16.8	16.2	—
Annual Dividends per share (Yen)		15.00	18.00	18.00	20.00	20.00
Payout ratio (%)		58.0	59.3	20.6	19.7	21.2
Number of employees	Consolidated	741	760	923	923	1,090
	Non-consolidated	615	623	635	638	645

## Balance Sheets (Consolidated)

### Assets

(Unit : Millions of Yen)

	Year ended March 31	2001	2002	2003	2004	2005
◇ Current Assets		29,724	28,913	28,548	30,390	32,585
Cash and time deposits		3,654	4,157	5,999	5,152	5,513
Trade notes and accounts receivable		19,161	17,816	15,837	18,247	19,170
Marketable securities		210	150	5	1	2
Inventories		6,228	6,203	6,098	6,203	7,014
Deferred tax assets		200	202	351	459	438
Other current assets		340	439	343	431	562
Allowance for doubtful receivables		△ 72	△ 55	△ 86	△ 105	△ 115
◇ Fixed Assets		20,223	19,430	18,278	21,727	22,054
• Tangible Fixed Assets		14,165	14,489	13,994	14,942	15,151
Building and structures		5,162	5,050	5,484	5,642	5,448
Machinery and material-handling equipment		4,417	4,113	3,818	3,844	3,935
Land		3,918	3,917	3,917	4,569	4,535
Construction in progress		98	820	57	116	467
Other fixed assets		567	586	716	769	764
• Intangible Fixed Assets		216	169	142	1,166	1,021
• Investments and Other Assets		5,841	4,771	4,142	5,617	5,881
Investments in securities		4,591	3,555	2,989	4,984	5,254
Deferred tax assets		476	453	500	134	142
Others		893	891	1,000	838	777
Allowance for doubtful receivables		△ 119	△ 129	△ 347	△ 339	△ 293
<b>Total Assets</b>		<b>49,947</b>	<b>48,344</b>	<b>46,827</b>	<b>52,117</b>	<b>54,640</b>

### Liabilities

◇ Current Liabilities		18,322	18,047	16,629	18,224	19,171
Trade notes and accounts payable		9,626	8,395	7,552	8,706	9,863
Short-term bank loans		5,419	6,945	6,304	5,800	5,281
Accrued income taxes		543	112	433	833	712
Accrued consumption taxes		73	43	37	153	25
Notes for capital investment		173	194	69	95	104
Other current liabilities		2,485	2,356	2,231	2,634	3,183
◇ Long-term Liabilities		4,965	2,842	2,443	3,647	3,457
Long-term bank loans		2,870	935	481	998	802
Deferred tax liabilities		—	—	—	409	384
Provision for retirement benefits		1,840	1,672	1,692	1,945	1,947
Provision for retirement allowances for directors		251	233	268	289	323
Other long-term liabilities		2	1	1	3	0
<b>Total Liabilities</b>		<b>23,287</b>	<b>20,890</b>	<b>19,073</b>	<b>21,871</b>	<b>22,629</b>
◇ Minority Interests		851	915	941	1,303	1,680

### Shareholders' Equity

◇ Common stock		2,365	2,365	2,365	2,365	2,365
◇ Additional paid-in capital		2,587	2,587	2,587	2,587	2,587
◇ Retained earnings		21,138	21,413	21,899	23,023	24,519
◇ Gain/loss from revaluation of other investments in securities		31	149	130	1,342	1,273
◇ Foreign currency translation adjustments		△ 312	26	△ 166	△ 372	△ 412
◇ Cost of treasury stock		△ 0	△ 3	△ 3	△ 3	△ 3
<b>Total Shareholders' Equity</b>		<b>25,809</b>	<b>26,538</b>	<b>26,812</b>	<b>28,942</b>	<b>30,330</b>
<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>		<b>49,947</b>	<b>48,344</b>	<b>46,827</b>	<b>52,117</b>	<b>54,640</b>

## Statements of Income (Consolidated)

(Unit : Millions of Yen)

	Year ended March 31	2001	2002	2003	2004	2005
◇ Net sales		44,033	41,563	43,173	45,981	51,470
◇ Cost of sales		33,563	31,476	33,022	34,916	39,280
Gross profit		10,470	10,086	10,150	11,064	12,190
Selling, general and administrative expenses		7,589	7,587	7,655	8,326	9,188
Operating Income		2,880	2,499	2,495	2,738	3,001
◇ Other Income		298	272	273	333	352
Interest income		51	35	24	17	19
Dividend income		37	27	30	31	44
Loyalty income		41	30	48	89	74
Rent on real estate income		39	38	43	55	56
Foreign exchange profit		37	9	—	—	—
Equity in earnings of non-consolidated subsidiaries		14	52	72	59	38
Miscellaneous income		76	78	54	81	117
◇ Other Expenses		292	173	209	163	118
Interest expense		133	100	85	47	57
Listing of stock expenses		42	—	—	—	—
Losses on securities sold		0	7	—	—	—
Losses on sales of investments in securities		—	—	42	2	—
Foreign exchange loss		—	—	14	12	7
Miscellaneous expenses		116	65	67	100	53
Ordinary income		2,886	2,597	2,559	2,908	3,235
◇ Extraordinary Gains		155	58	0	0	143
Gains on disposal of fixed assets		25	27	0	0	141
Gains on loyalty		122	—	—	—	—
Reversal of provision for credit losses		7	30	0	—	2
◇ Extraordinary Losses		134	1,386	1,018	43	66
Losses on disposal of fixed assets		50	41	178	40	61
Losses from revaluation of investments in securities		—	1,233	526	0	—
Losses from bad debts		—	—	197	—	—
Losses from fixed asset revaluation		83	111	114	2	4
Income before provision for income taxes		2,907	1,269	1,541	2,865	3,312
Corporate income, local and business taxes		998	538	742	1,168	1,238
Adjustments to income taxes		195	△ 64	△ 179	△ 53	36
Minority interest in net income of consolidated subsidiaries		193	217	232	190	210
Net Income		1,519	578	746	1,560	1,826

## Statements of Cash Flows (consolidated)

(Unit : Millions of Yen)

Year ended March 31	2001	2002	2003	2004	2005
<b>I. Cash Flows from Operating Activities</b>					
Net income before adjustments to reconcile income to net cash provided by operating activities	2,907	1,269	1,541	2,865	3,312
Depreciation and amortization	1,785	1,710	1,607	1,572	1,587
amortization of consolidation difference	—	—	—	121	216
Increase(decrease) in provision of allowance for doubtful receivables	△ 11	△ 16	259	11	15
Increase(decrease) in provision for retirement benefits	△ 342	△ 167	20	47	1
Losses from revaluation of investments in securities	—	1,233	526	0	—
Gains on disposal of investments in securities	—	—	42	2	△ 12
Interest and dividends received	△ 88	△ 63	△ 54	△ 48	△ 64
Interest expenses	133	100	85	47	57
Increase(decrease) of accounts receivable	△ 2,391	1,421	1,681	△ 1,080	△ 920
Increase(decrease) of trade notes	△ 20	△ 1,296	△ 792	385	1,144
Others, net	662	△ 81	365	238	△ 1,050
Sub-total	2,635	4,109	5,282	4,165	4,285
Interest and dividends received	119	87	80	72	73
Interest paid	△ 135	△ 96	△ 75	△ 45	△ 60
Income taxes paid	△ 1,859	△ 1,030	△ 413	△ 908	△ 1,323
Net cash provided by operating activities	760	3,069	4,874	3,283	2,975
<b>II. Cash Flows from Investing Activities</b>					
Acquisition of fixed assets	△ 1,640	△ 1,931	△ 1,303	△ 1,131	△ 1,975
Purchase of investment in securities	△ 261	△ 124	△ 101	△ 21	△ 387
Proceeds from sales of investments in securities	0	—	57	197	20
Additional acquisition of shares of consolidated subsidiaries	—	—	—	△ 1,972	—
Increase(decrease) of notes for capital investment	△ 70	20	△ 124	26	8
Others, net	679	△ 61	△ 324	420	448
Net cash used in investing activities	△ 1,294	△ 2,097	△ 1,795	△ 2,481	△ 1,885
<b>III. Cash Flows from Financing Activities</b>					
Increase(decrease) in short-term debt	△ 1,558	△ 300	1,540	△ 392	△ 494
Proceeds from long-term debt	—	700	—	—	98
Repayment of long-term debt	△ 956	△ 809	△ 2,635	△ 495	△ 314
Dividends paid	△ 197	△ 268	△ 236	△ 410	△ 299
Dividends paid to minority interest	△ 87	△ 111	△ 117	△ 102	△ 120
Others, net	△ 0	△ 3	△ 0	△ 0	299
Net cash used in financing activities	△ 2,801	△ 792	△ 1,449	△ 1,400	△ 832
IV. Effect of Exchange-rate Change on Cash and Cash Equivalents	50	70	△ 68	△ 61	△ 18
V. Net Increase in Cash and Cash Equivalents	△ 3,284	250	1,561	△ 659	239
VI. Cash and Cash Equivalents, Beginning of Year	7,068	3,783	4,034	5,596	4,936
VII. Cash and Cash Equivalents, End of Year	3,783	4,034	5,596	4,936	5,175



## Balance Sheets (Non-consolidated)

Assets		(Unit : Millions of Yen)				
	Year ended March 31	2001	2002	2003	2004	2005
◇	<b>Current Assets</b>	27,470	26,135	25,543	25,437	25,728
	Cash and time deposits	2,937	3,157	4,848	3,722	2,124
	Trade notes and accounts receivable	18,561	17,056	15,099	16,116	17,055
	Marketable securities	210	150	—	—	—
	Inventories	5,300	5,213	5,059	4,949	5,337
	Other current assets	528	595	606	728	1,301
	Allowance for doubtful receivables	△ 69	△ 38	△ 70	△ 80	△ 90
◇	<b>Fixed Assets</b>	19,799	18,902	17,868	20,867	22,555
▪	<b>Tangible Fixed Assets</b>	12,831	13,140	12,775	12,294	12,157
	Buildings and structures	4,712	4,557	5,033	4,814	4,570
	Machinery and material-handling equipment	3,700	3,403	3,258	3,037	3,049
	Land	3,913	3,911	3,911	3,910	3,875
	Other fixed assets	505	1,267	571	533	662
▪	<b>Intangible Fixed Assets</b>	162	110	74	52	98
▪	<b>Investments and Other Assets</b>	6,804	5,651	5,018	8,520	10,299
	Investments in securities	4,387	3,337	2,781	4,632	4,907
	Investments in subsidiaries	1,265	1,265	1,265	3,292	3,292
	Investments in affiliates	239	264	264	329	1,558
	Deferred tax assets	414	393	440	—	—
	Others	506	398	503	504	776
	Allowance for doubtful receivables	△ 8	△ 8	△ 236	△ 238	△ 235
	<b>Total Assets</b>	47,269	45,037	43,411	46,305	48,284
<b>Liabilities</b>						
◇	<b>Current Liabilities</b>	17,164	16,772	15,282	15,758	16,623
	Trade notes and accounts payable	9,371	8,120	7,101	7,570	8,450
	Short-term bank loans	4,200	3,900	5,500	5,100	4,900
	Due within one year long-term bank loans	728	2,598	420	174	208
	Accrued payable	1,384	1,139	1,101	1,246	1,758
	Accrued income taxes	463	16	319	609	404
	Accrued consumption taxes	62	40	30	143	13
	Accrued expenses	704	690	684	763	753
	Deposits payable	74	71	53	54	49
	Notes for capital investment	173	194	69	95	84
◇	<b>Long-term Liabilities</b>	4,802	2,730	2,365	2,610	2,477
	Long-term bank loans	2,800	902	481	306	172
	Deferred tax liabilities	—	—	—	406	382
	Provision for retirement benefits	1,749	1,594	1,615	1,675	1,676
	Provision for retirement allowances for directors	251	233	268	221	246
	<b>Total Liabilities</b>	21,966	19,502	17,648	18,368	19,100
<b>Shareholders' Equity</b>						
◇	<b>Common stock</b>	2,365	2,365	2,365	2,365	2,365
◇	<b>Capital surplus</b>	2,587	2,587	2,587	2,587	2,587
◇	<b>Earned surplus</b>	20,326	20,440	20,686	21,657	22,966
◇	Gain/loss from revaluation of other investments in securities	23	145	128	1,329	1,268
◇	<b>Cost of treasury stocks</b>	—	△ 3	△ 3	△ 3	△ 3
	<b>Total Shareholders' Equity</b>	25,302	25,535	25,763	27,936	29,183
	<b>Total Liabilities and Shareholders' Equity</b>	47,269	45,037	43,411	46,305	48,284

Statements of Income (Non-consolidated)

(Unit : Millions of Yen)

	Year ended March 31	2001	2002	2003	2004	2005
◇ Net sales		41,121	38,551	40,050	41,135	43,922
◇ Cost of sales		31,993	29,935	31,427	32,109	34,811
Gross profit		9,128	8,616	8,622	9,026	9,110
Selling, general and administrative expenses		7,049	6,921	7,080	7,205	7,304
Operating Income		2,078	1,694	1,542	1,820	1,806
◇ Other Income		494	491	497	569	681
Interest income		31	13	8	7	12
Dividend income		206	228	236	220	254
Loyalty income		92	97	108	143	161
Rent on real estate income		40	39	44	55	55
Foreign exchange profit		47	38	8	19	33
Miscellaneous income		75	73	90	123	164
◇ Other Expenses		217	149	151	116	59
Interest expense		125	94	80	33	29
Listing of stock expenses		42	—	—	—	—
Losses on securities sold		0	7	—	—	—
Losses on sales of investments in securities		—	—	42	2	—
Losses on disposal of inventories		25	15	13	58	14
Miscellaneous expenses		24	32	15	22	15
Ordinary income		2,355	2,036	1,888	2,273	2,429
◇ Extraordinary Gains		154	57	0	0	143
Gains on disposal of fixed assets		25	26	0	0	141
Gains on loyalty		122	—	—	—	—
Reversal of provision for credit losses		6	31	—	—	2
◇ Extraordinary Losses		131	1,376	1,006	24	60
Losses on disposal of fixed assets		48	33	168	22	56
Losses from revaluation of investments in securities		—	1,231	525	0	—
Losses from bad debts		—	—	197	—	—
Losses from fixed asset revaluation		83	111	114	2	4
Income before provision for income taxes		2,378	717	882	2,248	2,511
Corporate income, local and business taxes		860	365	540	900	820
Adjustments to income taxes		176	△ 56	△ 159	△ 55	56
Net Income		1,341	408	502	1,404	1,634

※The statements concerning future performance that are presented in this document are based on information available to issuing date of this report, and therefore the actual results may differ from these forecasted figures due to various unknown factors.