

DATA BOOK 2011

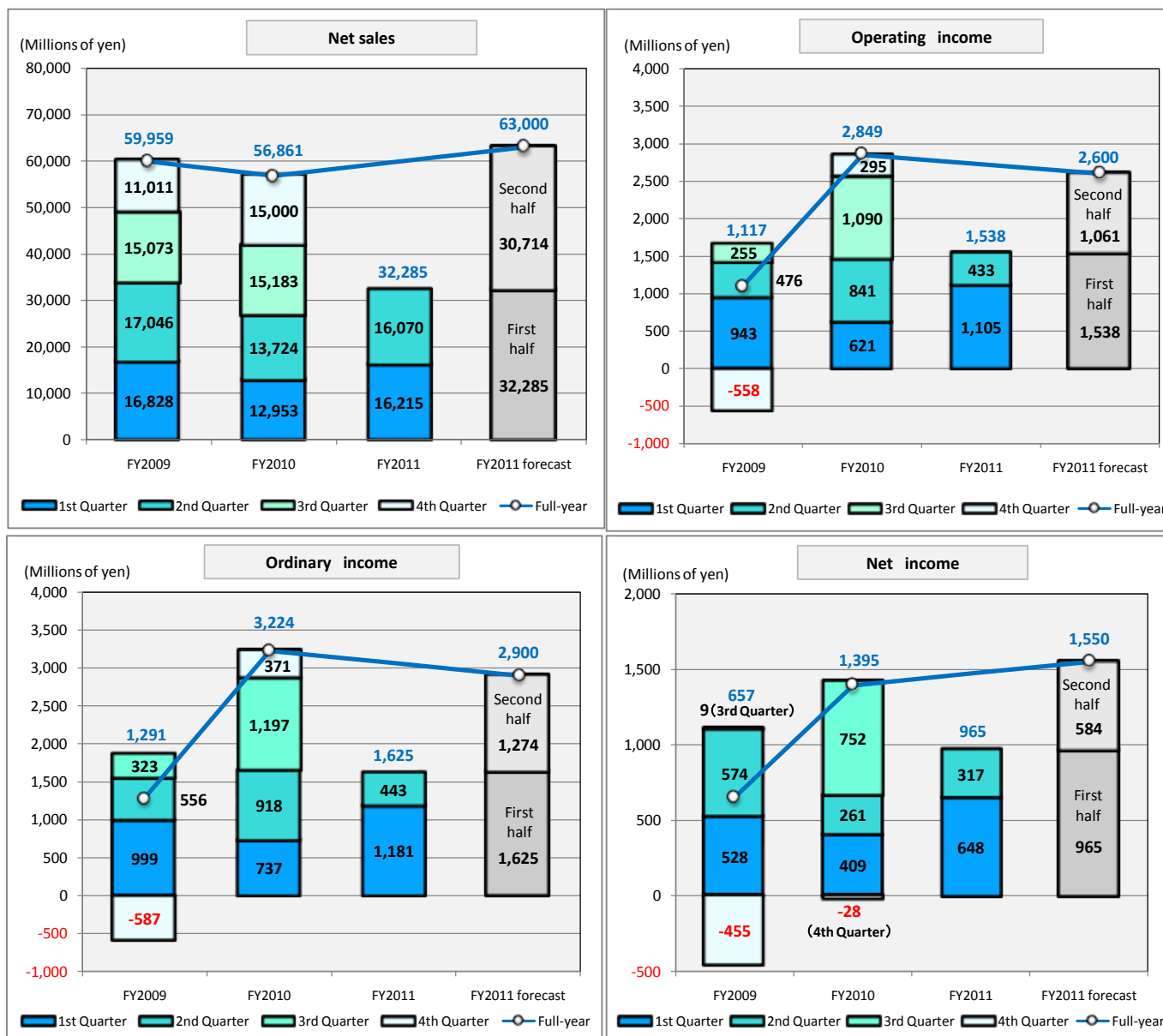
November 1st, 2010

2nd Quarter ended September 30, 2010



ARAKAWA CHEMICAL INDUSTRIES, LTD.

*** Achievement transition(Consolidated)**



Consolidated	FY2009(2Q) (‘08/4-‘08/9)		FY2010(2Q) (‘09/4-‘09/9)		FY2011(2Q) (‘10/4-‘10/9)		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	33,875	5.6	26,677	△ 21.2	32,285	21.0	59,959	△ 9.4	56,861	△ 5.2	63,000	10.8
Operating income	1,420	△ 2.1	1,463	3.0	1,538	5.1	1,117	△ 63.1	2,849	155.1	2,600	△ 8.8
Ordinary income	1,555	△ 5.9	1,656	6.5	1,625	△ 1.9	1,291	△ 59.9	3,224	149.6	2,900	△ 10.1
Net income	1,103	16.6	671	△ 39.2	965	43.9	657	△ 63.0	1,395	112.3	1,550	11.1

*** Management index(Consolidated)**

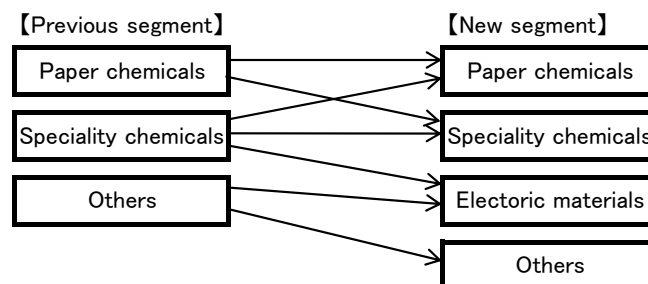
Consolidated	FY2009(2Q) (‘08/4-‘08/9)		FY2010(2Q) (‘09/4-‘09/9)		FY2011(2Q) (‘10/4-‘10/9)		FY2009 (‘08/4-‘09/3)		FY2010 (‘09/4-‘10/3)		FY2011 forecast (‘10/4-‘11/3)	
	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease	Millions of Yen	Increase /Decrease
Capital investment	670	△ 1,457	590	△ 80	523	△ 67	1,349	△ 1,642	3,106	1,756	4,660	1,553
Depreciation and amortization	1,042	53	1,028	△ 14	1,107	79	2,183	91	2,185	2	2,790	604
R & D expenses	1,342	122	1,308	△ 33	1,385	76	2,637	141	2,830	193	2,920	89
Interest-bearing debt	8,001	△ 162	8,455	453	10,362	1,907	10,147	1,872	9,109	△ 1,038	11,390	2,280

*** Segment information(Consolidated)**

Consolidated		FY2010(2Q) (‘09/4-‘09/9)		FY2011(2Q) (‘10/4-‘10/9)		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	7,885	—	8,679	10.1	16,471	—	17,500	6.2
	Segment income	486	—	419	△ 13.9	—	—	—	—
	Segment income/sales	6.2%		4.8%		—		—	
Speciality chemicals	Net sales	12,689	—	15,922	25.5	27,309	—	30,000	9.9
	Segment income	353	—	774	119.1	—	—	—	—
	Segment income/sales	2.8%		4.9%		—		—	
Electronic materials	Net sales	5,957	—	7,532	26.4	12,794	—	15,250	19.2
	Segment income	483	—	524	8.4	—	—	—	—
	Segment income/sales	8.1%		7.0%		—		—	
Others	Net sales	144	—	151	4.9	285	—	250	△ 12.3
	Segment income	4	—	0	△ 89.6	—	—	—	—
	Segment income/sales	2.8%		0.3%		—		—	
Consolidated total	Net sales	26,677	—	32,285	21.0	56,861	—	63,000	10.8
	Segment income	1,328	—	1,718	29.4	—	—	—	—
	Segment income/sales	5.0%		5.3%		—		—	

* As a result of the application of “Accounting Standard for Disclosure of Segment Information”, the segment information has been changed from 1st Quarter. The amounts for FY2010(2Q) 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.



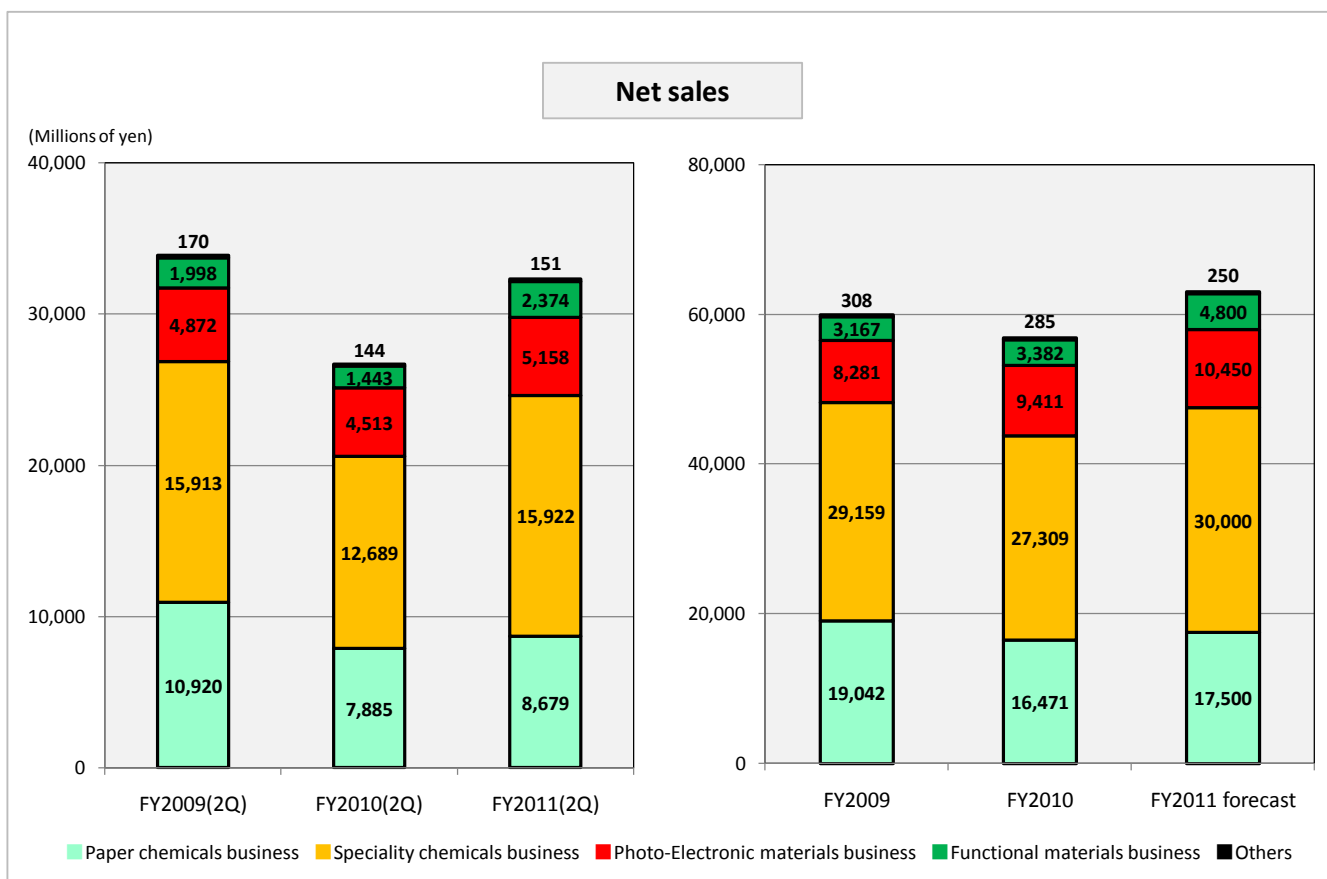
* Paper chemicals.....Size agent, Paper strengthening agent, Ratex, etc.

* 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(2Q) (‘08/4-‘08/9)		FY2010(2Q) (‘09/4-‘09/9)		FY2011(2Q) (‘10/4-‘10/9)		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	10,920	△ 1.1	7,885	△ 27.8	8,679	10.1	19,042	△ 15.3	16,471	△ 13.5	17,500	6.2
Speciality chemicals business	15,913	5.1	12,689	△ 20.3	15,922	25.5	29,159	△ 6.0	27,309	△ 6.3	30,000	9.9
Total Basis business	26,834	2.5	20,575	△ 23.3	24,601	19.6	48,202	△ 9.9	43,780	△ 9.2	47,500	8.5
Share	79.2%		77.1%		76.2%		80.4%		77.0%		75.4%	
Photo-Electronic materials business	4,872	19.1	4,513	△ 7.4	5,158	14.3	8,281	△ 3.5	9,411	13.7	10,450	11.0
Functional materials business	1,998	20.1	1,443	△ 27.8	2,374	64.4	3,167	△ 16.1	3,382	6.8	4,800	41.9
Total Expansion business	6,870	19.4	5,957	△ 13.3	7,532	26.4	11,448	△ 7.4	12,794	11.7	15,250	19.2
Share	20.3%		22.3%		23.3%		19.1%		22.5%		24.2%	
Others	170	6.3	144	△ 15.2	151	4.9	308	3.0	285	△ 7.7	250	△ 12.3
Total	33,875	5.6	26,677	△ 21.2	32,285	21.0	59,959	△ 9.4	56,861	△ 5.2	63,000	10.8

* Some manufactures belonging to the business segment have been restructured from 1st Quarter. The amounts for FY2010(2Q) 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.

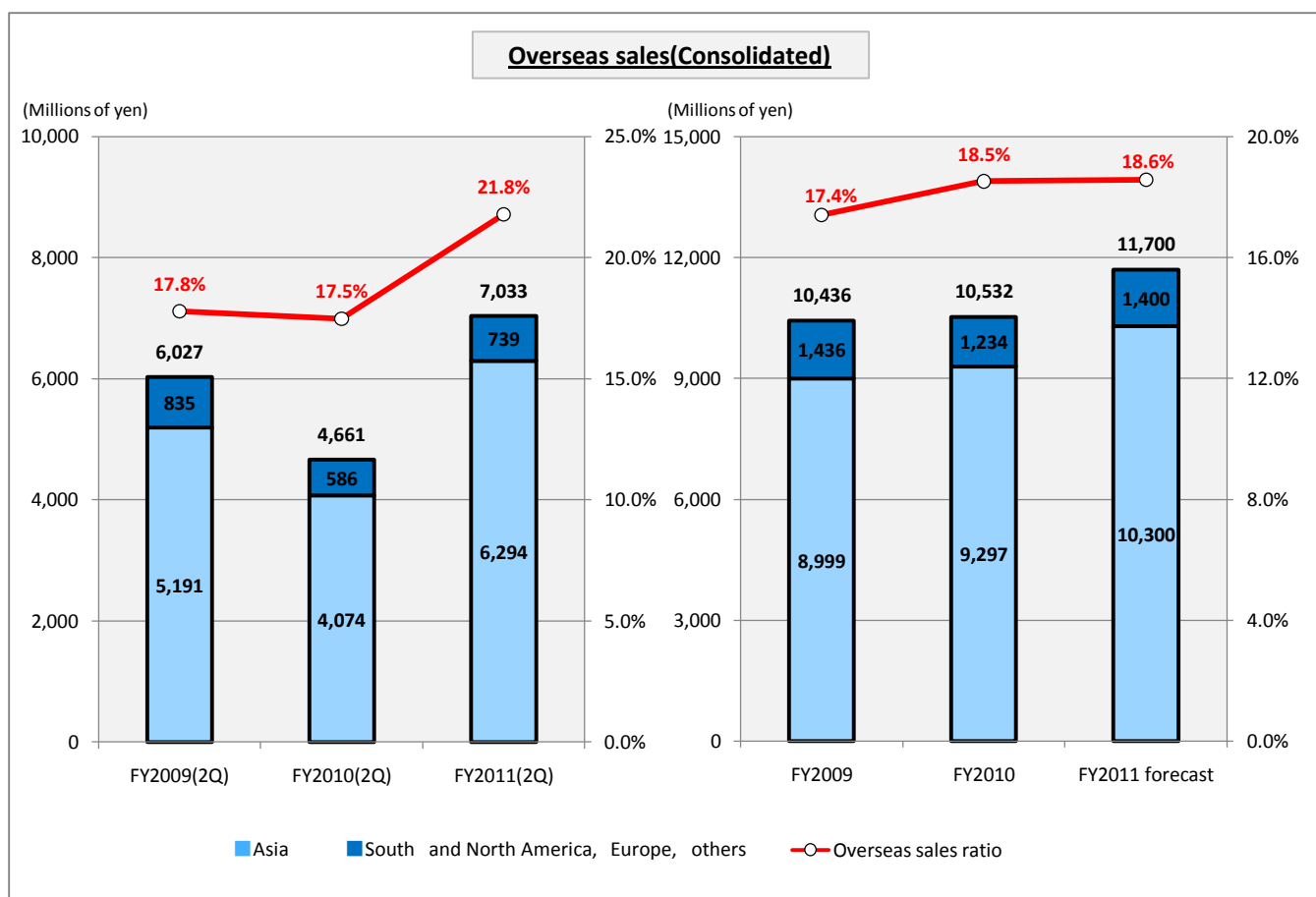
* Speciality chemicals business.....Printing ink resin, Paint resin, Adhesive resin, Polymerization emulsifier, Colorless rosin derivatives, etc.

* 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(2Q) (‘08/4-‘08/9)		FY2010(2Q) (‘09/4-‘09/9)		FY2011(2Q) (‘10/4-‘10/9)		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	6,027	△ 2.6	4,661	△ 22.7	7,033	50.9	10,436	△ 16.3	10,532	0.9	11,700	11.1
Overseas sales in Asia	5,191	△ 3.7	4,074	△ 21.5	6,294	54.5	8,999	△ 17.7	9,297	3.3	10,300	10.8
Overseas sales ratio	17.8%		17.5%		21.8%		17.4%		18.5%		18.6%	

Balance sheets(Consolidated)

(Unit: Millions of yen)

Item	FY2010(2Q) (As of September 30, 2009)		FY2011(2Q) (As of September 30, 2010)		FY2010 (As of March 31, 2010)		Increase /Decrease
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	(A) - (B)
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	7,825		6,547		6,857		△ 310
2. Notes and accounts receivable-trade	20,204		23,255		21,719		1,536
3. Merchandise and finished goods	5,140		5,891		5,679		211
4. Work in process	509		652		611		41
5. Raw materials and supplies	3,355		3,638		4,382		△ 744
6. Deferred tax assets	604		600		705		△ 105
7. Other	514		683		745		△ 61
Allowance for doubtful accounts	△ 113		△ 103		△ 116		13
Total Current assets	38,040	62.8	41,166	62.3	40,585	63.4	580
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	6,417		6,469		6,647		△ 177
(2) Machinery, equipment and vehicles	4,402		4,029		4,475		△ 446
(3) Land	5,065		5,423		5,424		△ 0
(4) Construction in progress	1,396		3,694		1,497		2,196
(5) Other	676		579		612		△ 33
Total Property, plant and equipment	17,958	29.7	20,196	30.6	18,657	29.1	1,538
2. Intangible assets	440	0.7	413	0.6	411	0.6	1
3. Investments and other assets							
(1) Investment securities	3,452		3,542		3,719		△ 177
(2) Deferred tax assets	168		283		169		113
(3) Other	502		521		526		△ 5
Allowance for doubtful accounts	△ 22		△ 23		△ 22		△ 1
Total Investments and other assets	4,101	6.8	4,323	6.5	4,393	6.9	△ 69
Total Noncurrent assets	22,501	37.2	24,933	37.7	23,462	36.6	1,470
Total Assets	60,541	100.0	66,099	100.0	64,048	100.0	2,051

(Unit: Millions of yen)

Item	FY2010(2Q) (As of September 30, 2009)		FY2011(2Q) (As of September 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	8,649		10,631		10,122		509
2. Short-term loans payable	6,221		9,530		7,673		1,857
3. Income taxes payable	725		508		1,179		△ 670
4. Provision for bonuses	955		967		1,050		△ 82
5. Provision for directors' bonuses	18		24		45		△ 21
6. Provision for repairs	-		62		-		62
7. Notes payable-facilities	58		117		93		23
8. Other	2,968		3,971		3,133		838
Total Current liabilities	19,597	32.4	25,815	39.0	23,297	36.4	2,517
II Noncurrent liabilities							
1. Long-term loans payable	2,233		832		1,436		△ 604
2. Deferred tax liabilities	40		-		129		△ 129
3. Provision for retirement benefits	2,067		2,062		2,064		△ 2
4. Provision for repairs	14		-		42		△ 42
5. Asset retirement obligations	-		82		-		82
6. Other	198		190		197		△ 7
Total Noncurrent liabilities	4,554	7.5	3,166	4.8	3,870	6.0	△ 703
Total Liabilities	24,151	39.9	28,982	43.8	27,167	42.4	1,814
(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	28,591		29,777		29,073		704
4. Treasury stock	△ 10		△ 11		△ 11		△ 0
Total Shareholders' equity	35,058	57.9	36,245	54.9	35,541	55.5	703
II Valuation and translation adjustments							
1. Valuation difference on available-for-sale securities	494		342		653		△ 310
2. Deferred losses on hedges	-		18		-		18
3. Foreign currency translation adjustment	△ 285		△ 621		△ 431		△ 189
Total Valuation and translation adjustments	208	0.3	△ 260	△ 0.4	221	0.4	△ 481
III Minority interests	1,122	1.9	1,132	1.7	1,117	1.7	14
Total Net assets	36,389	60.1	37,117	56.2	36,880	57.6	236
Total Liabilities and net assets	60,541	100.0	66,099	100.0	64,048	100.0	2,051

Statements of income(Consolidated)

(Unit: Millions of yen)

Item	FY2010(2Q) '09/4-'09/9		FY2011(2Q) '10/4-'10/9				Increase /Decrease		FY2010 '09/4-'10/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of change	Amount	Ratio		
									%	%
I Net sales	26,677	100.0	32,285	100.0	5,608	21.0	56,861	100.0		
II Cost of sales	20,258	75.9	25,249	78.2	4,990	24.6	43,499	76.5		
Gross profit	6,418	24.1	7,036	21.8	617	9.6	13,361	23.5		
III Selling, general and administrative expenses	4,955	18.6	5,498	17.0	542	11.0	10,511	18.5		
Operating income	1,463	5.5	1,538	4.8	75	5.1	2,849	5.0		
IV Non-operating income										
1. Interest income	4		3				8			
2. Dividends income	42		48				78			
3. Technical support fee	53		52				118			
4. Real estate rent	52		52				104			
5. Equity in earnings of affiliates	33		35				69			
6. Foreign exchange gains	12		-				23			
7. Other	98	297	64	256	0.8	△ 41	△ 13.8	170	573	
V Non-operating expenses										
1. Interest expenses	90		83				170			
2. Foreign exchange losses	-		57				-			
3. Other	13	104	28	169	0.6	64	62.0	28	198	
Ordinary income	1,656	6.2	1,625	5.0	△ 30	△ 1.9	3,224	5.7		
VI Extraordinary income										
1. Gain on sales of noncurrent assets	0		47				0			
2. Reversal of allowance for doubtful accounts	-		11				-			
3. State subsidy	-	0	-	58	0.2	58	-	42	42	
VII Extraordinary loss										
1. Loss on sales and retirement of	53		18				101			
2. Impairment loss	360		-				510			
3. Loss on valuation of noncurrent assets	1		0				6			
4. Loss on sales of investment securities	-		0				-			
5. Loss on valuation of investment securities	0		-				0			
6. Loss on adjustment for changes of accounting standard for asset retirement obligations	-	415	59	78	0.2	△ 337	△ 81.1	-	619	
Income before income taxes	1,240	4.6	1,605	5.0	364	29.4	2,647	4.7		
Income taxes-current	711		517				1,412			
Income taxes-deferred	△175	535	64	582	1.8	46	△287	1,124		
Income before minority interests	705	2.6	1,023	3.2	317	45.1	1,523	2.7		
Minority interests in income	34	0.1	57	0.2	22	66.8	128	0.2		
Net income	671	2.5	965	3.0	294	43.9	1,395	2.5		

Statements of cash flows (Consolidated)

(Unit: Millions of yen)

Item	FY2010(2Q)	FY2011(2Q)	Increase /Decrease /Decrease (B)–(A)	FY2010
	'09/4-'09/9	'10/4-'10/9		'09/4-'10/3
	Amount(A)	Amount(B)		Amount
I Operating activities				
Income before income taxes	1,240	1,605	364	2,647
Depreciation and amortization	1,028	1,107	79	2,185
Impairment loss	360	–	△ 360	510
Amortization of goodwill	18	–	△ 18	18
Loss on adjustment for changes of accounting standard	–	59	59	–
Increase (decrease) in allowance for doubtful accounts	4	△ 10	△ 15	7
Increase (decrease) in provision for bonuses	954	△ 82	△ 1,036	1,050
Increase (decrease) in provision for directors' bonuses	△ 7	△ 21	△ 14	20
Increase (decrease) in provision for retirement benefits	25	△ 1	△ 26	23
Loss (gain) on sales of investment securities	–	0	0	–
Loss (gain) on sales and retirement of noncurrent assets	53	△ 28	△ 81	100
Interest and dividends income	△ 46	△ 51	△ 4	△ 87
Interest expenses	90	83	△ 7	170
Equity in (earnings) losses of affiliates	△ 33	△ 35	△ 1	△ 69
Decrease (increase) in notes and accounts receivable-trade	△ 2,146	△ 1,639	507	△ 3,720
Decrease (increase) in inventories	1,853	426	△ 1,427	107
Increase (decrease) in notes and accounts payable-trade	624	566	△ 57	2,113
Other, net	△ 226	△ 212	13	121
Subtotal	3,791	1,765	△ 2,026	5,200
Interest and dividends income received	96	97	1	134
Interest expenses paid	△ 92	△ 85	7	△ 161
Income taxes paid	△ 68	△ 1,172	△ 1,104	△ 204
Net cash provided by (used in) operating activities	3,726	605	△ 3,121	4,969
II Investment activities				
Decrease (increase) in time deposits	4	–	△ 4	3
Purchase of property, plant and equipment	△ 748	△ 1,491	△ 742	△ 3,687
Proceeds from sales of property, plant and equipment	1	48	47	374
Purchase of investment securities	△ 9	△ 352	△ 342	△ 19
Proceeds from sales of investment securities	–	2	2	–
Purchase of intangible assets	△ 13	△ 54	△ 41	△ 38
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	55	–	△ 55	46
Purchase of investments in capital of subsidiaries	△ 122	–	122	△ 122
Decrease (increase) in other investments	4	△ 51	△ 56	15
Other, net	0	△ 5	△ 5	△ 24
Net cash provided by (used in) investment activities	△ 828	△ 1,905	△ 1,076	△ 3,451
III Financing activities				
Net increase (decrease) in short-term loans payable	△ 1,633	2,000	3,633	△ 978
Proceeds from long-term loans payable	–	–	–	273
Repayment of long-term loans payable	△ 192	△ 675	△ 483	△ 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	△ 2,027	1,062	3,090	△ 1,642
IV Effect of exchange rate change on cash and cash equivalents	29	△ 72	△ 101	57
V Net increase (decrease) in cash and cash equivalents	899	△ 309	△ 1,209	△ 67
VI Cash and cash equivalents, Beginning of term	6,812	6,745	△ 67	6,812
VII Cash and cash equivalents, End of term	7,712	6,436	△ 1,276	6,745