

DATA BOOK 2014

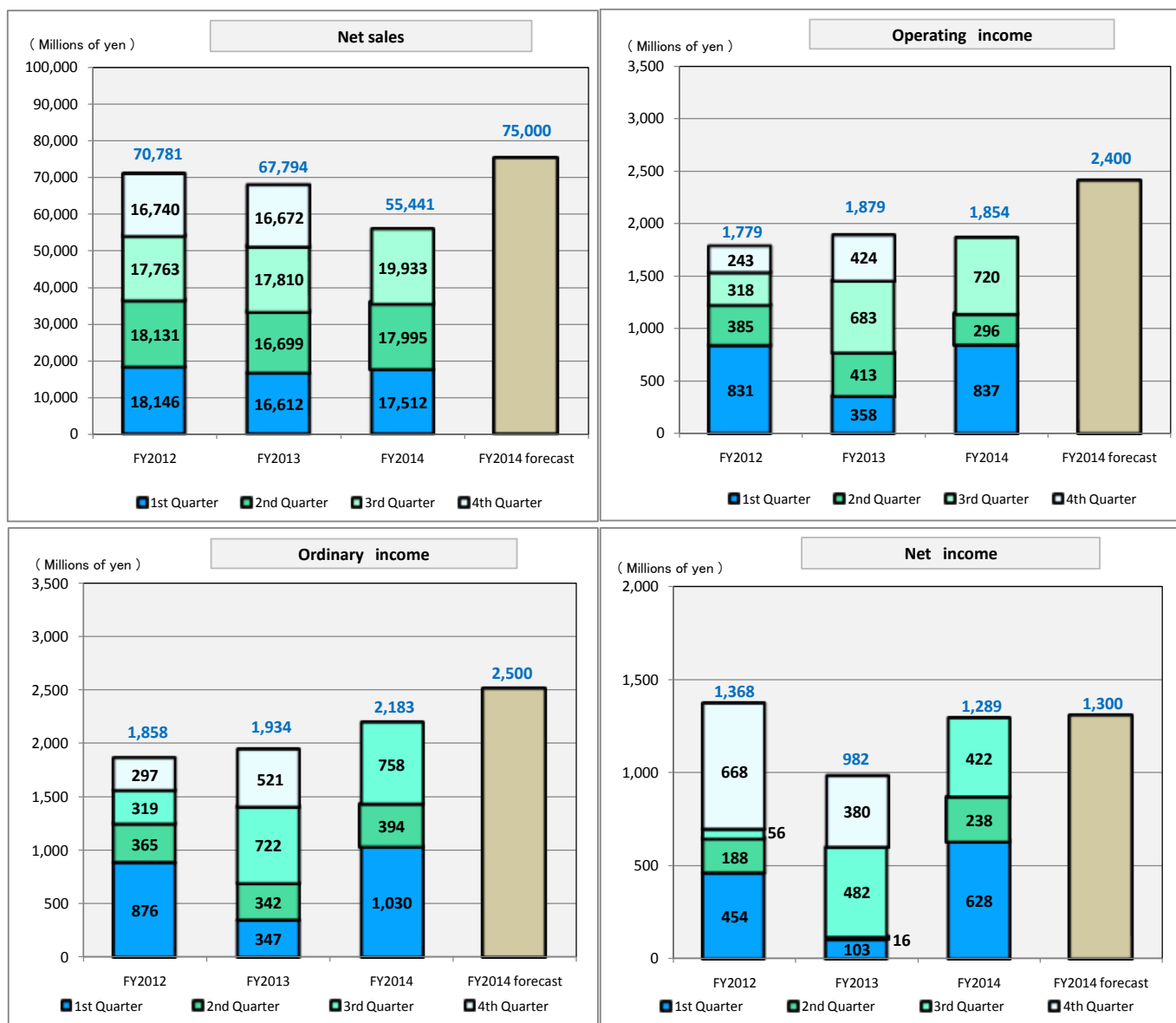
February 4th, 2014

3rd Quarter ended December 31, 2013



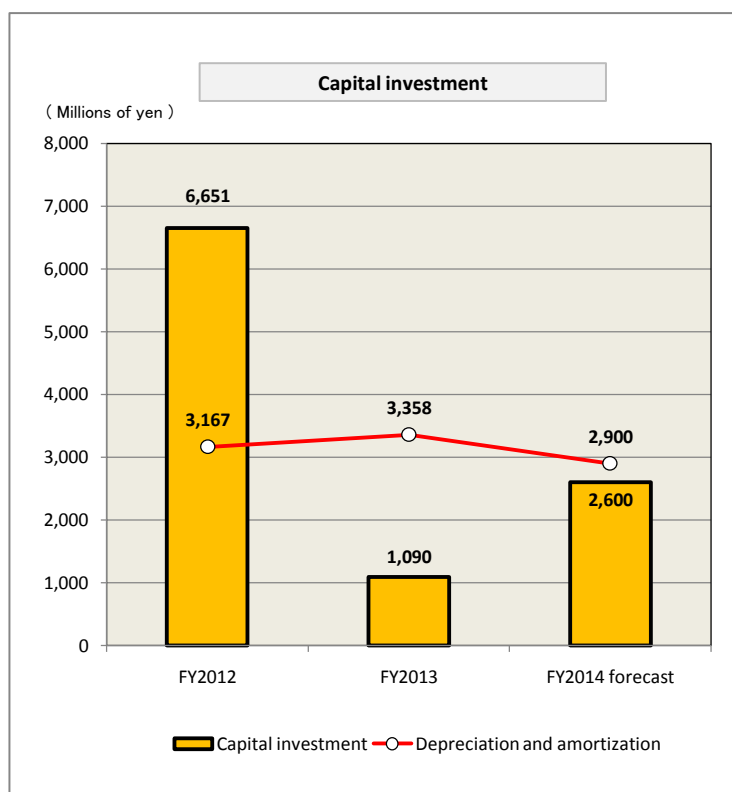
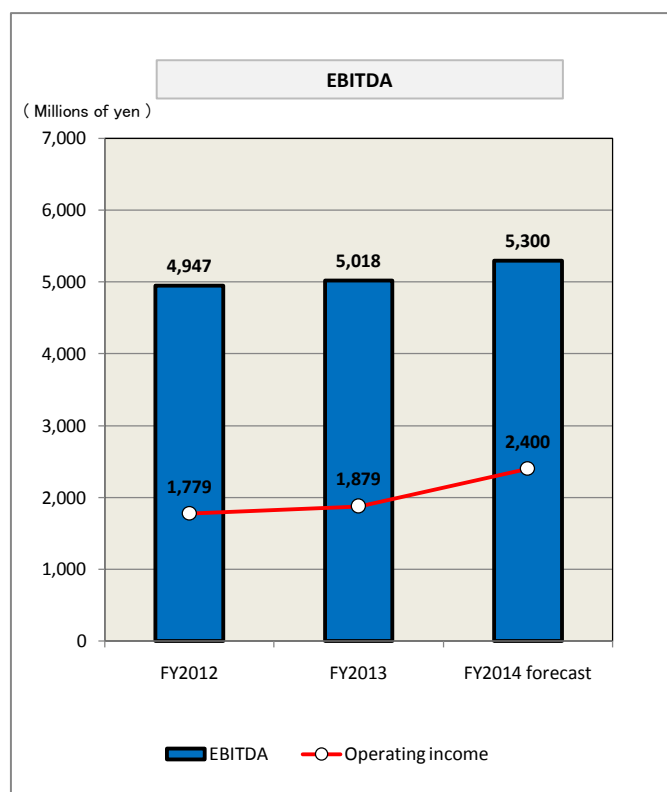
ARAKAWA CHEMICAL INDUSTRIES, LTD.

*** Achievement Transition (Consolidated)**



Consolidated	FY2012(3Q) ('11/4-'11/12)		FY2013(3Q) ('12/4-'12/12)		FY2014(3Q) ('13/4-'13/12)		FY2012 ('11/4-'12/3)		FY2013 ('12/4-'13/3)		FY2014 forecast ('13/4-'14/3)	
	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	54,040	9.7	51,122	△ 5.4	55,441	8.4	70,781	6.5	67,794	△ 4.2	75,000	10.6
Operating income	1,535	△ 32.4	1,455	△ 5.2	1,854	27.5	1,779	△ 36.0	1,879	5.6	2,400	27.7
Ordinary income	1,560	△ 36.2	1,412	△ 9.5	2,183	54.5	1,858	△ 37.6	1,934	4.1	2,500	29.2
Net income	700	△ 56.1	602	△ 13.9	1,289	114.0	1,368	△ 15.5	982	△ 28.2	1,300	32.3

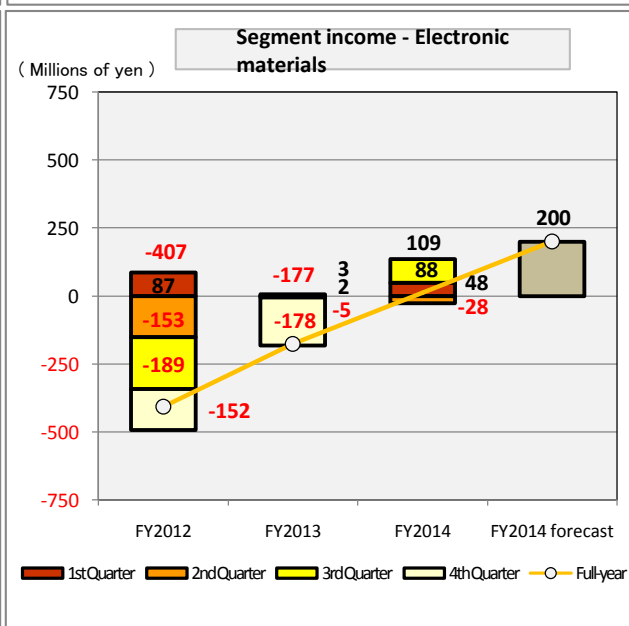
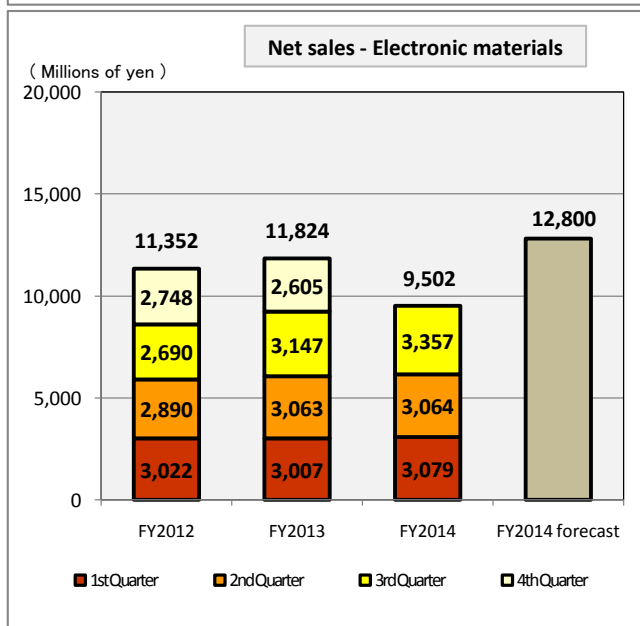
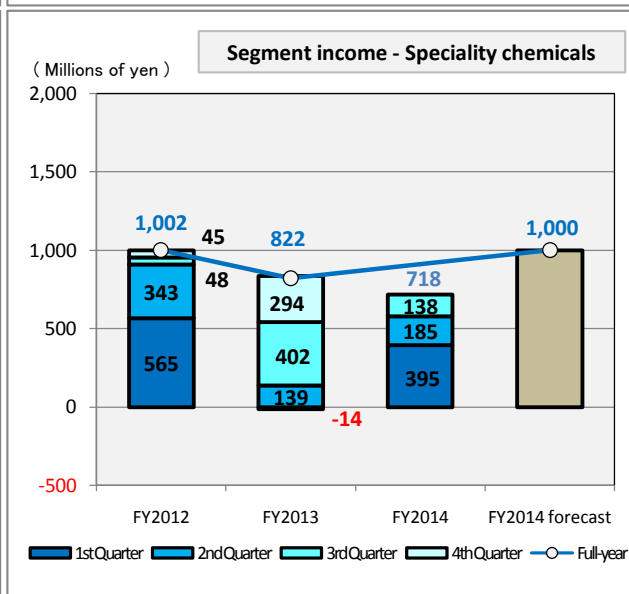
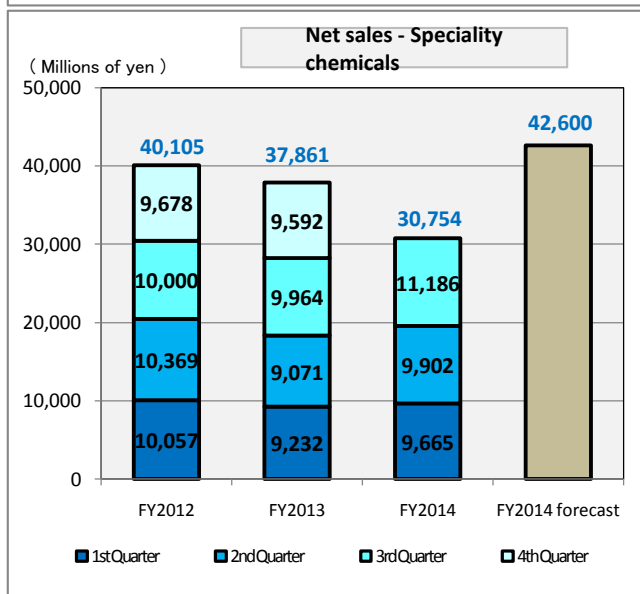
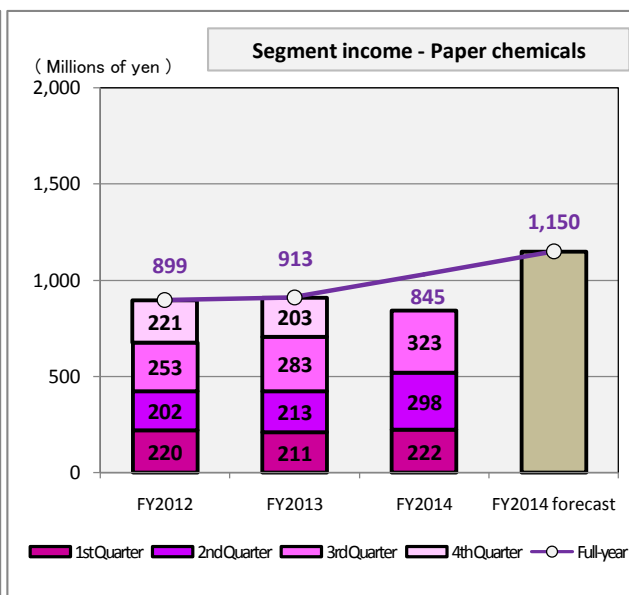
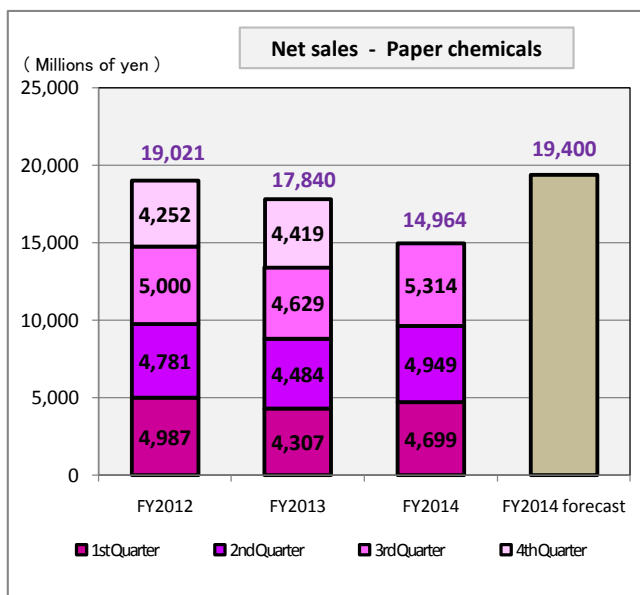
* Management Index Transition



Consolidated	FY2012(3Q) ('11/4-'11/12)		FY2013(3Q) ('12/4-'12/12)		FY2014(3Q) ('13/4-'13/12)		FY2012 ('11/4-'12/3)		FY2013 ('12/4-'13/3)		FY2014 forecast ('13/4-'14/3)	
	Millions of yen	%Change	Millions of yen	%Change	Millions of yen	%Change	Millions of yen	%Change	Millions of yen	%Change	Millions of yen	%Change
Capital investment	3,518	2,813	809	△ 2,709	1,638	829	6,651	3,392	1,090	△ 5,561	2,600	1,509
Depreciation and amortization	2,336	650	2,488	151	2,173	△ 314	3,167	758	3,358	190	2,900	△ 458
R & D expenses	2,136	85	2,073	△ 63	2,091	18	2,887	143	2,746	△ 141	2,850	103
Interest-bearing debt	19,671	1,867	18,031	△ 1,639	17,122	△ 909	20,211	814	18,407	△ 1,803	16,600	△ 1,807
EBITDA	3,871	△ 86	3,784	△ 87	4,028	243	4,947	△ 240	5,018	71	5,300	281

* EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

*** Segment Information(Consolidated)**



* Starting with this consolidated first quarter, we have changed the classification of the business segments of Functional fine chemical materials from Electronic materials to Speciality chemicals. Figures for previous financial years were recalculated for the new segment classification.

*** Segment Information(Consolidated)**

Consolidated		FY2012(3Q) ('11/4-'11/12)		FY2013(3Q) ('12/4-'12/12)		FY2014(3Q) ('13/4-'13/12)		FY2012 ('11/4-'12/3)		FY2013 ('12/4-'13/3)		FY2014 forecast ('13/4-'14/3)	
		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	Net sales	14,768	—	13,421	△ 9.1	14,964	11.5	19,021	—	17,840	△ 6.2	19,400	8.7
	Segment income	677	—	709	4.7	845	19.2	899	—	913	1.5	1,150	25.9
	Segment income/sales	4.6%		5.3%		5.6%		4.7%		5.1%		5.9%	
Speciality chemicals	Net sales	30,427	—	28,268	△ 7.1	30,754	8.8	40,105	—	37,861	△ 5.6	42,600	12.5
	Segment income	956	—	528	△ 44.8	718	36.1	1,002	—	822	△ 17.9	1,000	21.5
	Segment income/sales	3.1%		1.9%		2.3%		2.5%		2.2%		2.3%	
Electronic materials	Net sales	8,603	—	9,219	7.2	9,502	3.1	11,352	—	11,824	4.2	12,800	8.2
	Segment income	△ 255	—	1	—	109	—	△ 407	—	△ 177	—	200	—
	Segment income/sales	△ 3.0%		0.0%		1.1%		△ 3.6%		△ 1.5%		1.6%	
Others	Net sales	241	—	212	△ 11.9	220	3.7	301	—	267	△ 11.2	200	△ 25.3
	Segment income	5	—	△ 0	—	8	—	12	—	0	△ 94.7	10	—
	Segment income/sales	2.2%		△ 0.3%		3.6%		4.3%		0.3%		5.0%	
Consolidated total	Net sales	54,040	—	51,122	△ 5.4	55,441	8.4	70,781	—	67,794	△ 4.2	75,000	10.6
	Segment income	1,384	—	1,237	△ 10.6	1,681	35.8	1,506	—	1,559	3.5	2,400	53.9
	Segment income/sales	2.6%		2.4%		3.0%		2.1%		2.3%		3.2%	

* The sales of business segmentation do not include intersegment sales.

* Starting with this consolidated first quarter, we have changed the classification of the business segments of Functional fine chemical materials from Electronic materials to Speciality chemicals.

Figures for previous financial years were recalculated for the new segment classification.

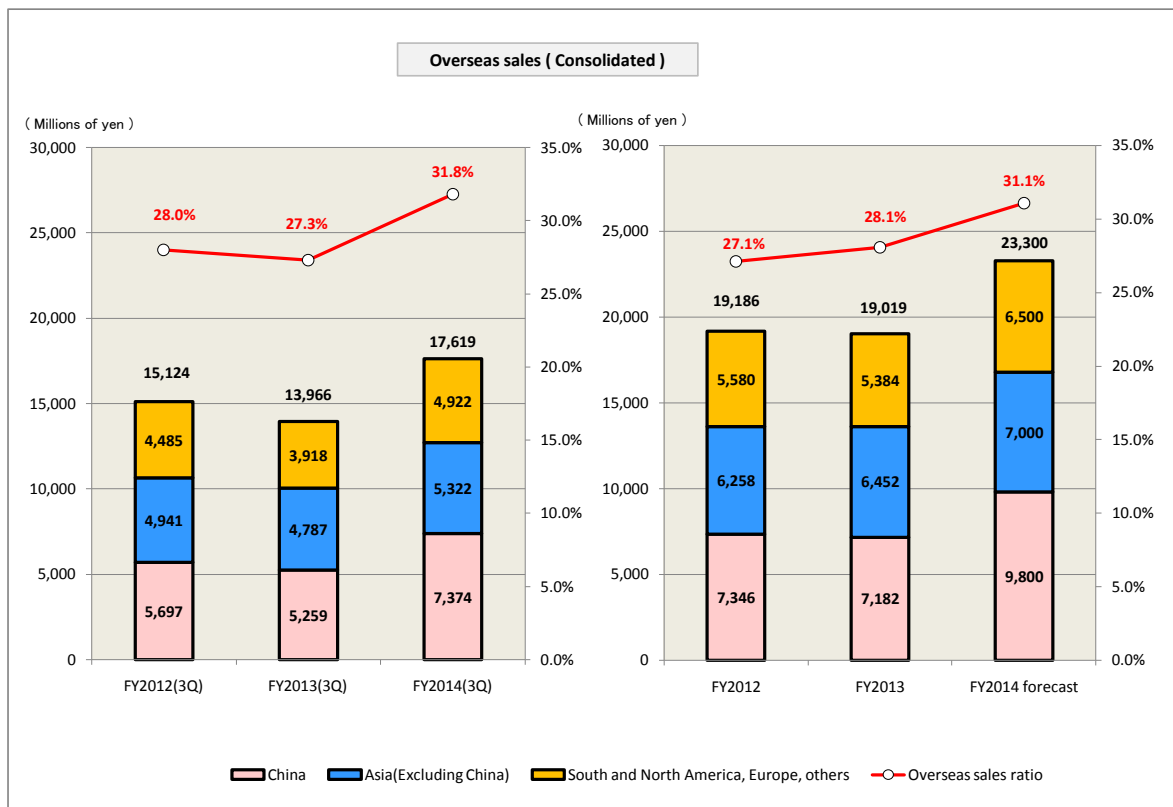
* Paper chemicals.....Size agent, Paper strengthening agent, Ratex, etc.

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

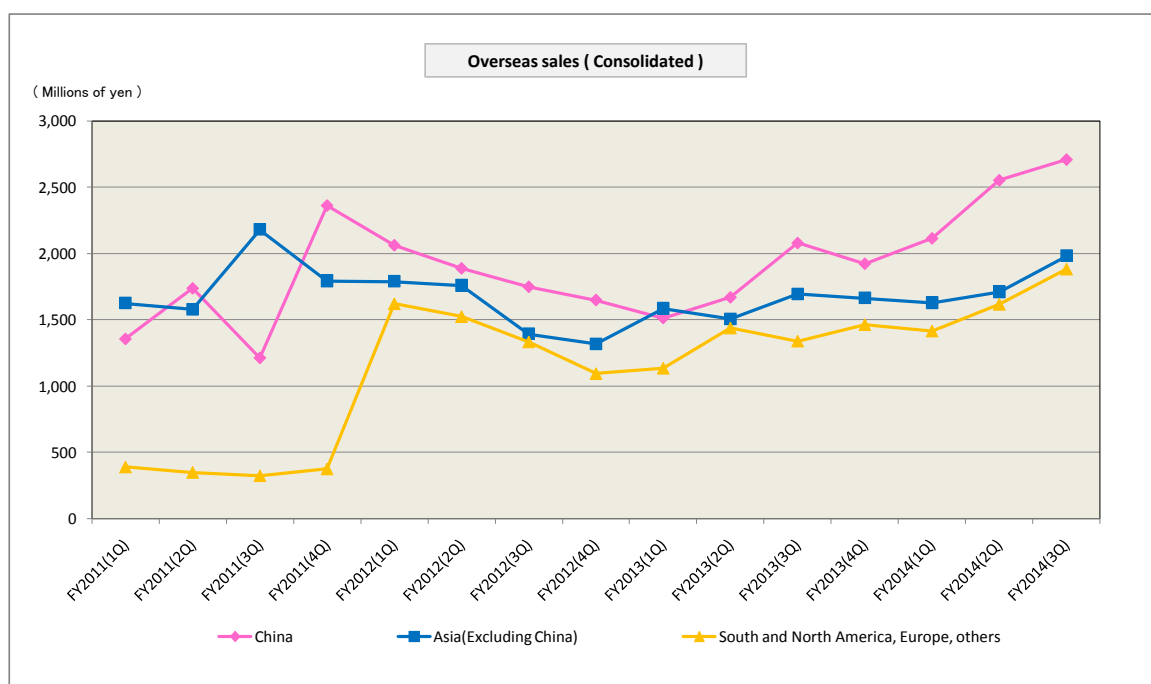
* Electronic materials.....UV/EB curable resin, Compound materials for electronics, Flux cleaning solvent, Flux cleaning system, etc.

* OthersInsurance business, Real estate agent, etc.

*** Overseas Sales (Consolidated)**



Consolidated	FY2012(3Q) ('11/4-'11/12)		FY2013(3Q) ('12/4-'12/12)		FY2014(3Q) ('13/4-'13/12)		FY2012 ('11/4-'12/3)		FY2013 ('12/4-'13/3)		FY2014 forecast ('13/4-'14/3)	
	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	15,124	40.7	13,966	△ 7.7	17,619	26.2	19,186	25.6	19,019	△ 0.9	23,300	22.5
Overseas sales in Asia	10,639	9.8	10,047	△ 5.6	12,696	26.4	13,605	△ 1.7	13,634	0.2	16,800	23.2
Overseas sales in China	5,697	16.5	5,259	△ 7.7	7,374	40.2	7,346	1.3	7,182	△ 2.2	9,800	36.4
Overseas sales ratio	28.0%		27.3%		31.8%		27.1%		28.1%		31.1%	



Balance Sheets(Consolidated)

(Unit: Millions of yen)

Item	FY2013(3Q)		FY2014(3Q)		FY2013		Increase /Decrease (A) - (B)
	(As of December 31, 2012)		(As of December 31, 2013)		(As of March 31, 2013)		
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	5,109		4,238		6,993		△ 2,755
2. Notes and accounts receivable-trade	27,582		30,640		27,121		3,518
3. Merchandise and finished goods	6,963		6,968		7,216		△ 247
4. Work in process	762		1,053		907		146
5. Raw materials and supplies	6,152		7,821		6,862		958
6. Deferred tax assets	491		539		778		△ 239
7. Other	990		1,297		886		410
Allowance for doubtful accounts	△ 125		△ 148		△ 131		△ 16
Total current assets	47,926	64.0	52,411	64.7	50,636	64.6	1,774
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	8,178		8,094		8,123		△ 28
(2) Machinery, equipment and vehicles	7,828		8,005		7,907		98
(3) Land	4,702		4,774		4,710		63
(4) Construction in progress	82		208		286		△ 77
(5) Other	381		329		353		△ 23
Total property, plant and equipment	21,172	28.3	21,412	26.4	21,381	27.3	31
2. Intangible assets							
(1) Goodwill	156		138		162		△ 23
(2) Other	615		580		615		△ 34
Total intangible assets	771	0.9	719	0.9	777	1.0	△ 58
3. Investments and other assets							
(1) Investment securities	4,290		5,776		4,783		993
(2) Deferred tax assets	366		213		217		△ 4
(3) Other	327		516		580		△ 63
Allowance for doubtful accounts	△ 8		△ 6		△ 4		△ 2
Total investments and other assets	4,976	6.6	6,500	8.0	5,577	7.1	922
Total noncurrent assets	26,921	36.0	28,632	35.3	27,735	35.4	896
Total assets	74,848	100.0	81,043	100.0	78,372	100.0	2,671

(Unit: Millions of yen)

Item	FY2013(3Q)		FY2014(3Q)		FY2013		Increase /Decrease (A) - (B)
	(As of December 31, 2012)		(As of December 31, 2013)		(As of March 31, 2013)		
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Liabilities)		%		%		%	
I Current liabilities							
1. Notes and accounts payable-trade	12,008		13,711		12,478		1,293
2. Short-term loans payable	10,953		11,326		11,581		△ 255
3. Current portion of bonds	5,000		-		5,000		△ 5,000
4. Income taxes payable	193		205		288		△ 83
5. Accrued consumption taxes	292		53		329		△ 276
6. Provision for bonuses	507		476		870		△ 393
7. Provision for directors' bonuses	30		28		38		△ 10
8. Provision for repairs	96		-		113		△ 113
9. Notes payable-facilities	93		212		43		168
10. Other	3,039		3,403		3,081		321
Total current liabilities	32,215	43.0	29,476	36.4	33,825	43.1	△ 4,349
II Noncurrent liabilities							
1. Bonds payable	-		5,000		-		5,000
2. Long-term loans payable	2,078		796		1,825		△ 1,029
3. Deferred tax liabilities	69		934		470		463
4. Provision for retirement benefits	1,791		1,540		1,783		△ 243
5. Provision for repairs	-		24		-		24
6. Asset retirement obligations	86		87		86		1
7. Other	261		462		270		192
Total noncurrent liabilities	4,287	5.8	8,846	10.9	4,437	5.7	4,408
Total liabilities	36,502	48.8	38,322	47.3	38,262	48.8	59
(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	31,204		32,401		31,585		816
4. Treasury stock	△ 11		△ 11		△ 11		△ 0
Total shareholders' equity	37,671	50.3	38,868	48.0	38,052	48.6	816
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	745		1,646		1,089		557
2. Foreign currency translation adjustment	△ 1,243		794		△ 253		1,048
Total accumulated other comprehensive income	△ 497	△ 0.7	2,441	3.0	836	1.1	1,605
III Subscription rights to shares	-	0.0	27	0.0	-	0.0	27
IV Minority interests	1,171	1.6	1,383	1.7	1,220	1.5	162
Total net assets	38,345	51.2	42,720	52.7	40,109	51.2	2,611
Total liabilities and net assets	74,848	100.0	81,043	100.0	78,372	100.0	2,671

Statements of Income(Consolidated)

(Unit: Millions of yen)

Item	FY2013(3Q)		FY2014(3Q)		Increase /Decrease		FY2013	
	'12/4-'12/12		'13/4-'13/12				12/4-'13/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of change	Amount	Ratio
I Net sales	51,122	100.0	55,441	100.0	4,318	8.4	67,794	100.0
II Cost of sales	41,425	81.0	44,900	81.0	3,475	8.4	54,879	80.9
Gross profit	9,696	19.0	10,540	19.0	843	8.7	12,915	19.1
III Selling, general and administrative expenses	8,241	16.1	8,685	15.7	444	5.4	11,036	16.3
Operating income	1,455	2.9	1,854	3.3	399	27.5	1,879	2.8
IV Non-operating income								
1. Interest income	13		7				8	
2. Dividends income	102		107				113	
3. Real estate rent	87		86				116	
4. Foreign exchange gains	25		262				144	
5. Compensation income for suspension of operation	50		-				98	
6. Other	109	388	146	611	1.1	222	161	642
Operating income		0.8						0.9
V Non-operating expenses								
1. Interest expenses	215		196				272	
2. Equity in losses of affiliates	0		12				1	
3. Bond issuance cost	-		28				-	
4. Expenses for suspension of operation	181		-				251	
5. Other	32	430	45	282	0.5	△ 148	60	587
Operating income		0.9						0.8
Ordinary income	1,412	2.8	2,183	3.9	770	54.5	1,934	2.9
VI Extraordinary income								
1. Gain on sales of noncurrent assets	0		1				1	
2. State subsidy	-	0	-	1	0.0	0	15	17
Operating income		0.0						0.0
VII Extraordinary loss								
1. Loss on sales and retirement of noncurrent assets	18		105				27	
2. Loss on valuation of noncurrent assets	0		-				-	
3. Loss on valuation of investment securities	306	325	-	105	0.2	△ 220	108	136
Operating income		0.7						0.2
Income before income taxes	1,088	2.1	2,079	3.7	991	91.1	1,815	2.7
Income taxes-current	292		346				547	
Income taxes-deferred	125	418	331	677	1.2	259	191	738
Income before minority interests	669	1.3	1,401	2.5	732	109.3	1,076	1.6
Minority interests in income	67	0.1	112	0.2	45	67.1	93	0.1
Net income	602	1.2	1,289	2.3	686	114.0	982	1.5

<Reference> Statements of Comprehensive Income(Consolidated)

Income before minority interests	669		1,401		732	109.3	1,076
Other comprehensive income							
Valuation difference on available-for-sale securities	167		557		390		511
Foreign currency translation adjustment	68		1,175		1,106		1,190
Share of other comprehensive income of associates accounted for using equity method	△ 7		16		23		3
Total other comprehensive income	228		1,748		1,520		1,705
Comprehensive income	898		3,150		2,252	250.8	2,782