

DATA BOOK 2010

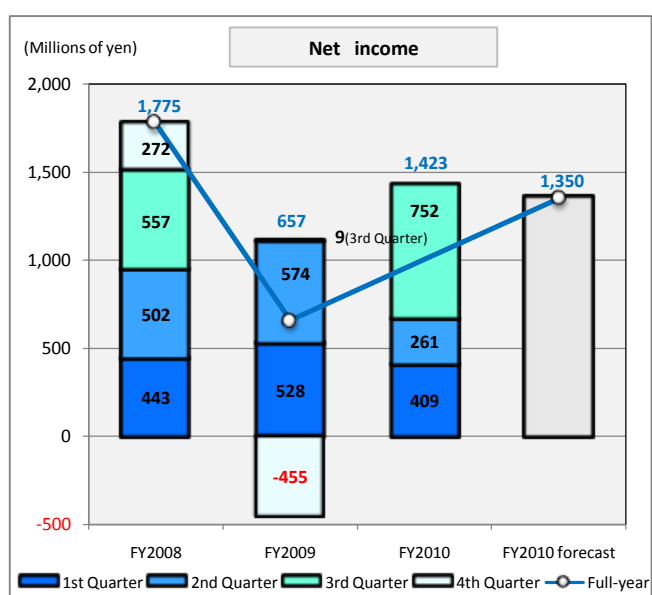
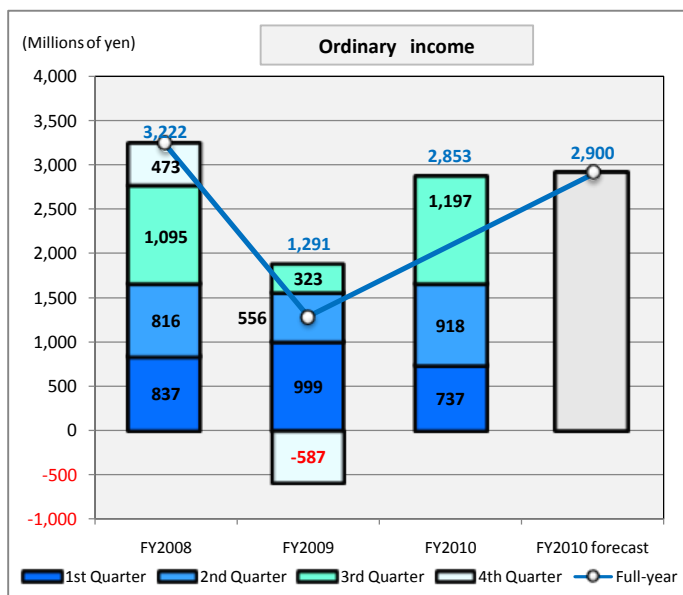
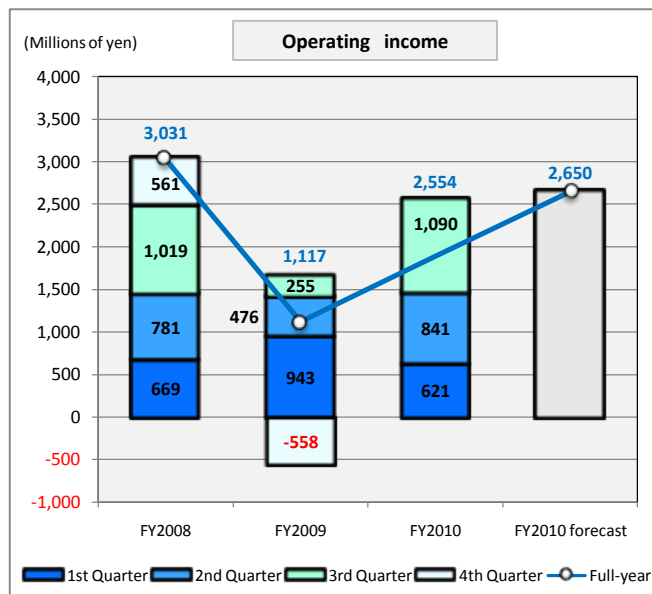
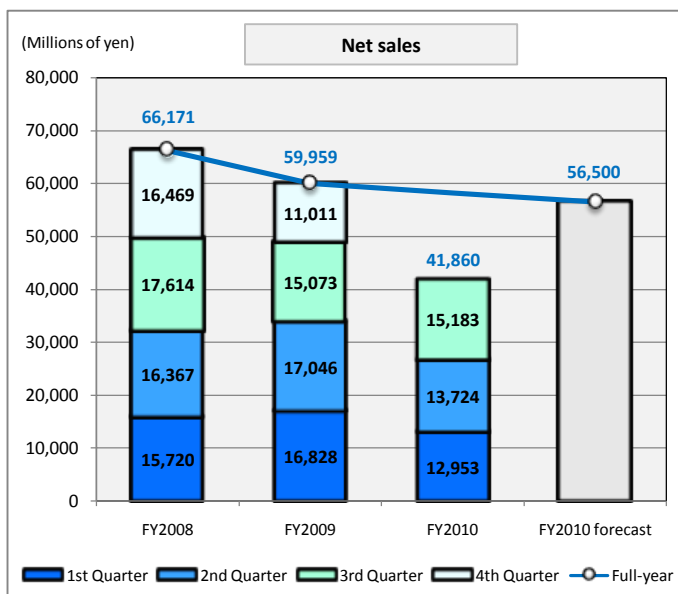
February 1st, 2010

3rd Quarter ended December 31, 2009



ARAKAWA CHEMICAL INDUSTRIES, LTD.

*** Achievement transition(Consolidated)**



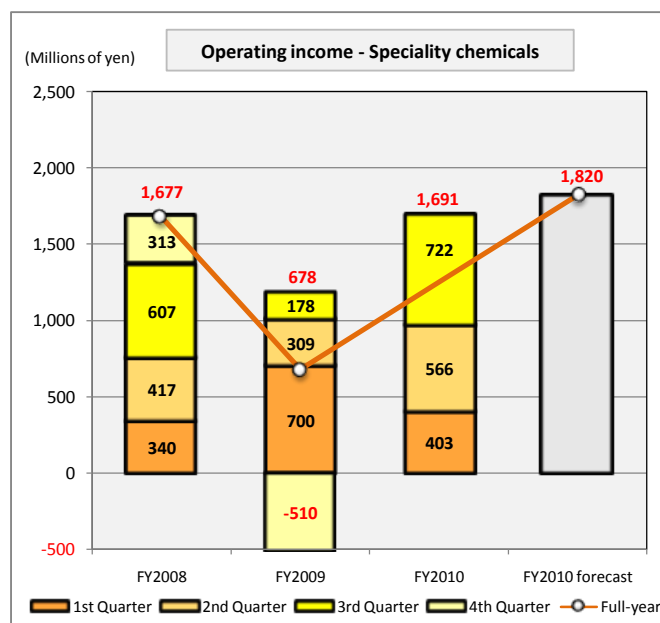
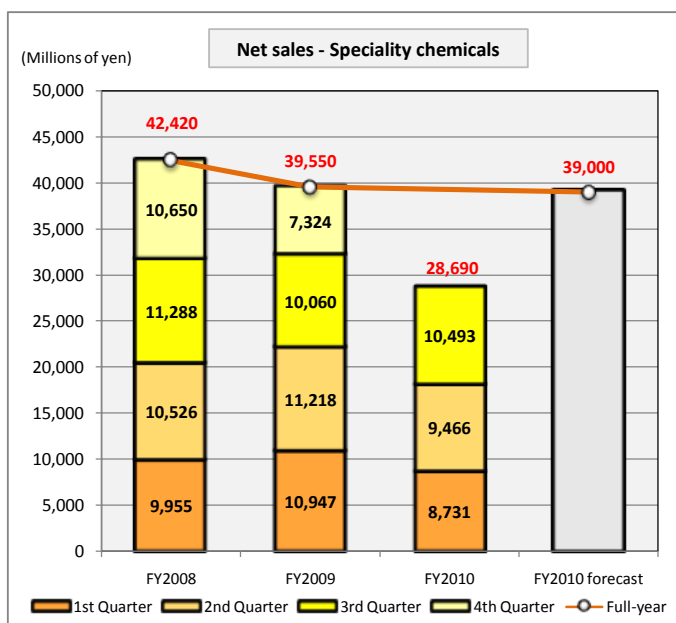
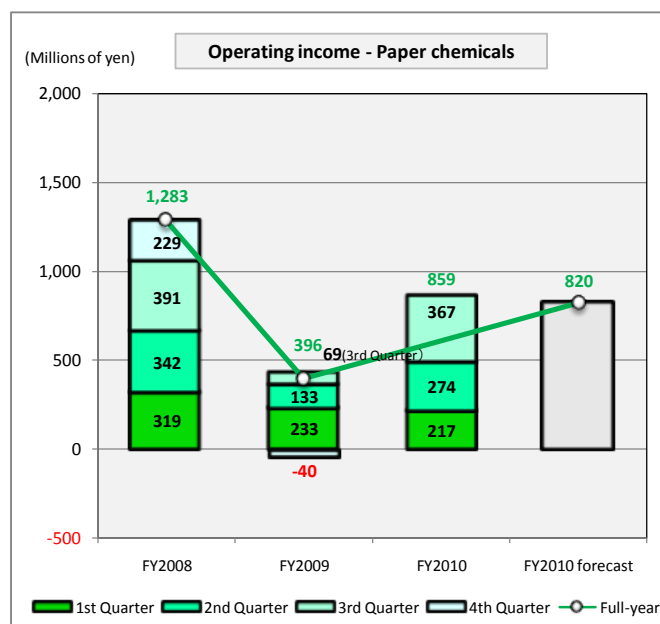
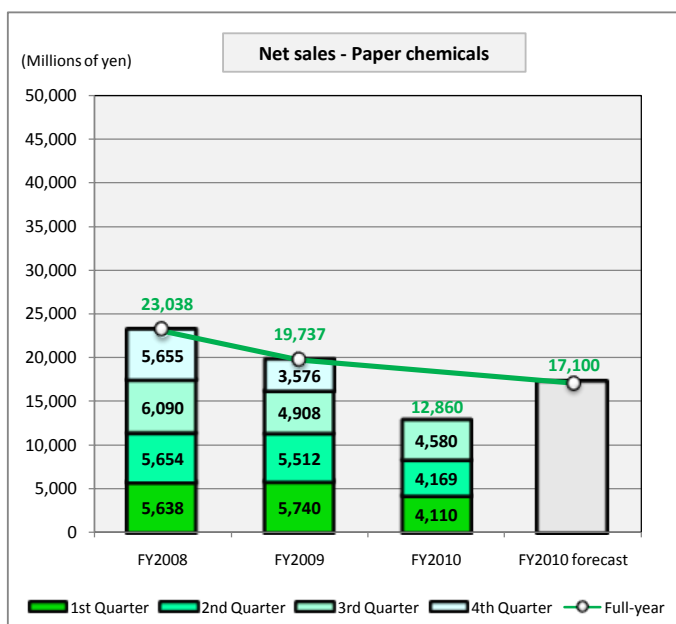
Consolidated	FY2008(3Q) (‘07/4-‘07/12)		FY2009(3Q) (‘08/4-‘08/12)		FY2010(3Q) (‘09/4-‘09/12)		FY2008 (‘07/4-‘08/3)		FY2009 (‘08/4-‘09/3)		FY2010 forecast (‘09/4-‘10/3)	
	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Net sales	49,702	7.4	48,948	△ 1.5	41,860	△ 14.5	66,171	7.3	59,959	△ 9.4	56,500	△ 5.8
Operating income	2,469	12.1	1,675	△ 32.1	2,554	52.4	3,031	7.1	1,117	△ 63.1	2,650	137.2
Ordinary income	2,749	15.9	1,878	△ 31.7	2,853	51.9	3,222	10.8	1,291	△ 59.9	2,900	124.5
Net income	1,503	8.7	1,112	△ 26.0	1,423	28.0	1,775	8.4	657	△ 63.0	1,350	105.4

*** Management index(Consolidated)**

Consolidated	FY2008(3Q) (‘07/4-‘07/12)		FY2009(3Q) (‘08/4-‘08/12)		FY2010(3Q) (‘09/4-‘09/12)		FY2008 (‘07/4-‘08/3)		FY2009 (‘08/4-‘09/3)		FY2010 forecast (‘09/4-‘10/3)	
	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	2,408	1,702	946	△ 1,461	964	17	2,991	1,417	1,349	△ 1,642	3,250	1,900
Depreciation and amortization	1,526	179	1,614	88	1,557	△ 57	2,091	259	2,183	91	2,250	66
R & D expenses	1,847	112	2,031	184	2,089	57	2,495	174	2,637	141	3,000	362
Interest-bearing debt	8,622	△ 761	9,868	1,246	8,011	△ 1,857	8,275	△ 1,553	10,147	1,872	8,500	△ 1,647

* The Quarter Performances of FY2008 in this appendix are for reference purpose only, due to the New Accounting Principles which came into effect in FY2009.

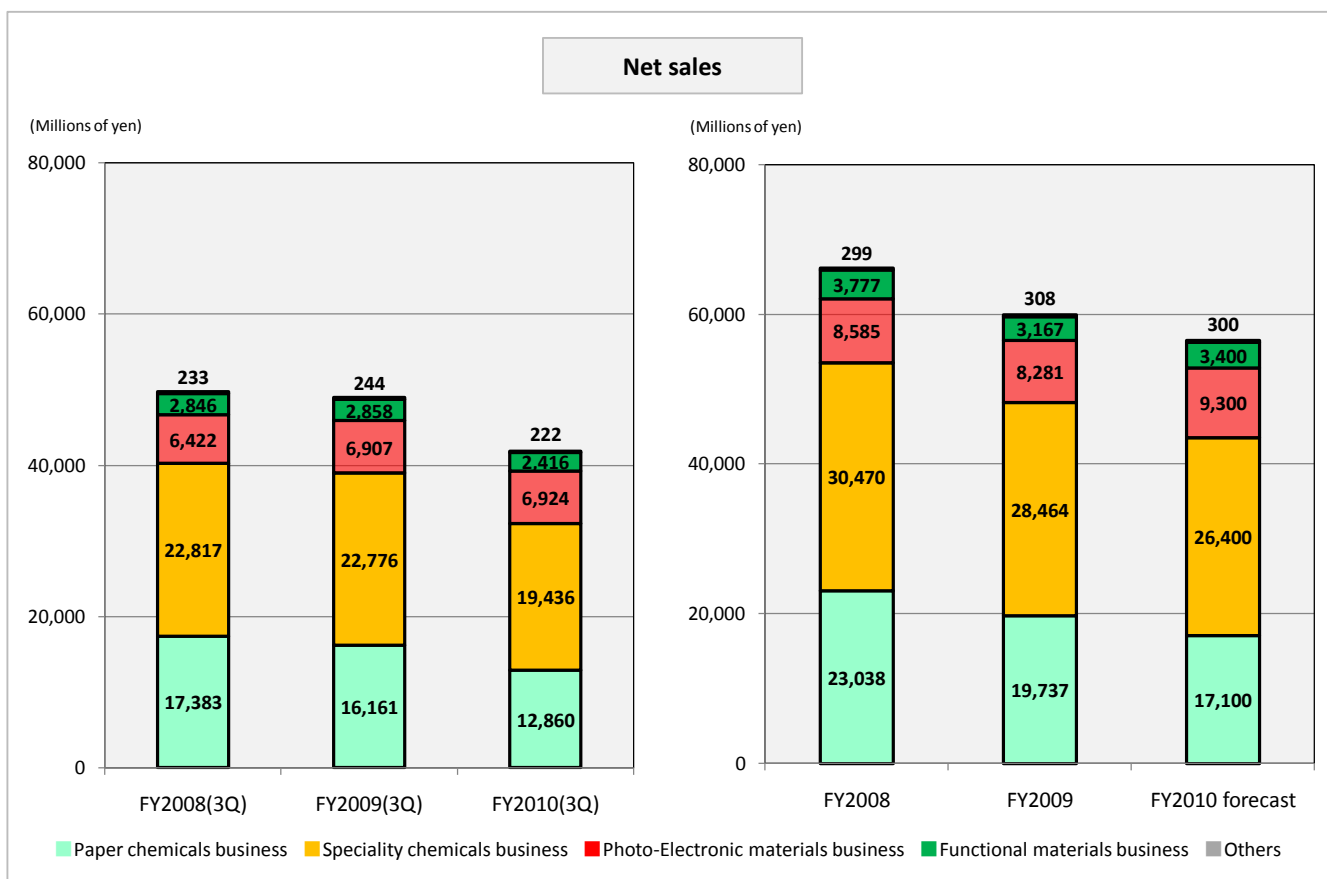
*** Segment information(Consolidated)**



Consolidated		FY2008(3Q) (‘07/4-‘07/12)		FY2009(3Q) (‘08/4-‘08/12)		FY2010(3Q) (‘09/4-‘09/12)		FY2008 (‘07/4-‘08/3)		FY2009 (‘08/4-‘09/3)		FY2010 forecast (‘09/4-‘10/3)	
		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	17,383	5.2	16,161	△ 7.0	12,860	△ 20.4	23,038	3.8	19,737	△ 14.3	17,100	△ 13.4
	Operating income	1,053	20.3	436	△ 58.6	859	96.7	1,283	13.1	396	△ 69.1	820	106.9
	Operating income/sales	6.1%		2.7%		6.7%		5.6%		2.0%		4.8%	
Speciality chemicals	Net sales	31,770	9.0	32,225	1.4	28,690	△ 11.0	42,420	10.0	39,550	△ 6.8	39,000	△ 1.4
	Operating income	1,364	6.4	1,188	△ 12.9	1,691	42.3	1,677	3.0	678	△ 59.6	1,820	168.3
	Operating income/sales	4.3%		3.7%		5.9%		4.0%		1.7%		4.7%	
Others	Net sales	549	△ 5.0	561	2.2	309	△ 44.9	712	△ 21.8	671	△ 5.7	400	△ 40.5
	Operating income	50	15.6	49	△ 1.4	3	△ 93.4	69	2.8	42	△ 39.2	10	△ 76.4
	Operating income/sales	9.2%		8.9%		1.1%		9.8%		6.3%		2.5%	
Consolidated total	Net sales	49,702	7.4	48,948	△ 1.5	41,860	△ 14.5	66,171	7.3	59,959	△ 9.4	56,500	△ 5.8
	Operating income	2,469	12.1	1,675	△ 32.1	2,554	52.4	3,031	7.1	1,117	△ 63.1	2,650	137.2
	Operating income/sales	5.0%		3.4%		6.1%		4.6%		1.9%		4.7%	

* The Quarter Performances of FY2008 in this appendix are for reference purpose only, due to the New Accounting Principles which came into effect in FY2009.

* Business segment information(consolidated)



Consolidated	FY2008(3Q) (‘07/4-‘07/12)		FY2009(3Q) (‘08/4-‘08/12)		FY2010(3Q) (‘09/4-‘09/12)		FY2008 (‘07/4-‘08/3)		FY2009 (‘08/4-‘09/3)		FY2010 forecast (‘09/4-‘10/3)	
	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	17,383	5.2	16,161	△ 7.0	12,860	△ 20.4	23,038	3.8	19,737	△ 14.3	17,100	△ 13.4
Speciality chemicals business	22,817	8.4	22,776	△ 0.2	19,436	△ 14.7	30,470	9.6	28,464	△ 6.6	26,400	△ 7.3
Total Basis business	40,200	7.0	38,937	△ 3.1	32,297	△ 17.1	53,509	7.0	48,202	△ 9.9	43,500	△ 9.8
Share	80.9%		79.5%		77.2%		80.9%		80.4%		77.0%	
Photo-Electronic materials business	6,422	7.9	6,907	7.6	6,924	0.2	8,585	10.5	8,281	△ 3.5	9,300	12.3
Functional materials business	2,846	13.9	2,858	0.4	2,416	△ 15.4	3,777	4.8	3,167	△ 16.1	3,400	7.3
Total Expansion business	9,268	9.7	9,765	5.4	9,341	△ 4.4	12,362	8.7	11,448	△ 7.4	12,700	10.9
Share	18.6%		20.0%		22.3%		18.7%		19.1%		22.5%	
Others	233	1.7	244	5.0	222	△ 9.2	299	2.0	308	3.0	300	△ 2.9
Total	49,702	7.4	48,948	△ 1.5	41,860	△ 14.5	66,171	7.3	59,959	△ 9.4	56,500	△ 5.8

* The Quarter Performances of FY2008 in this appendix are for reference purpose only, due to the New Accounting Principles which came into effect in FY2009.

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

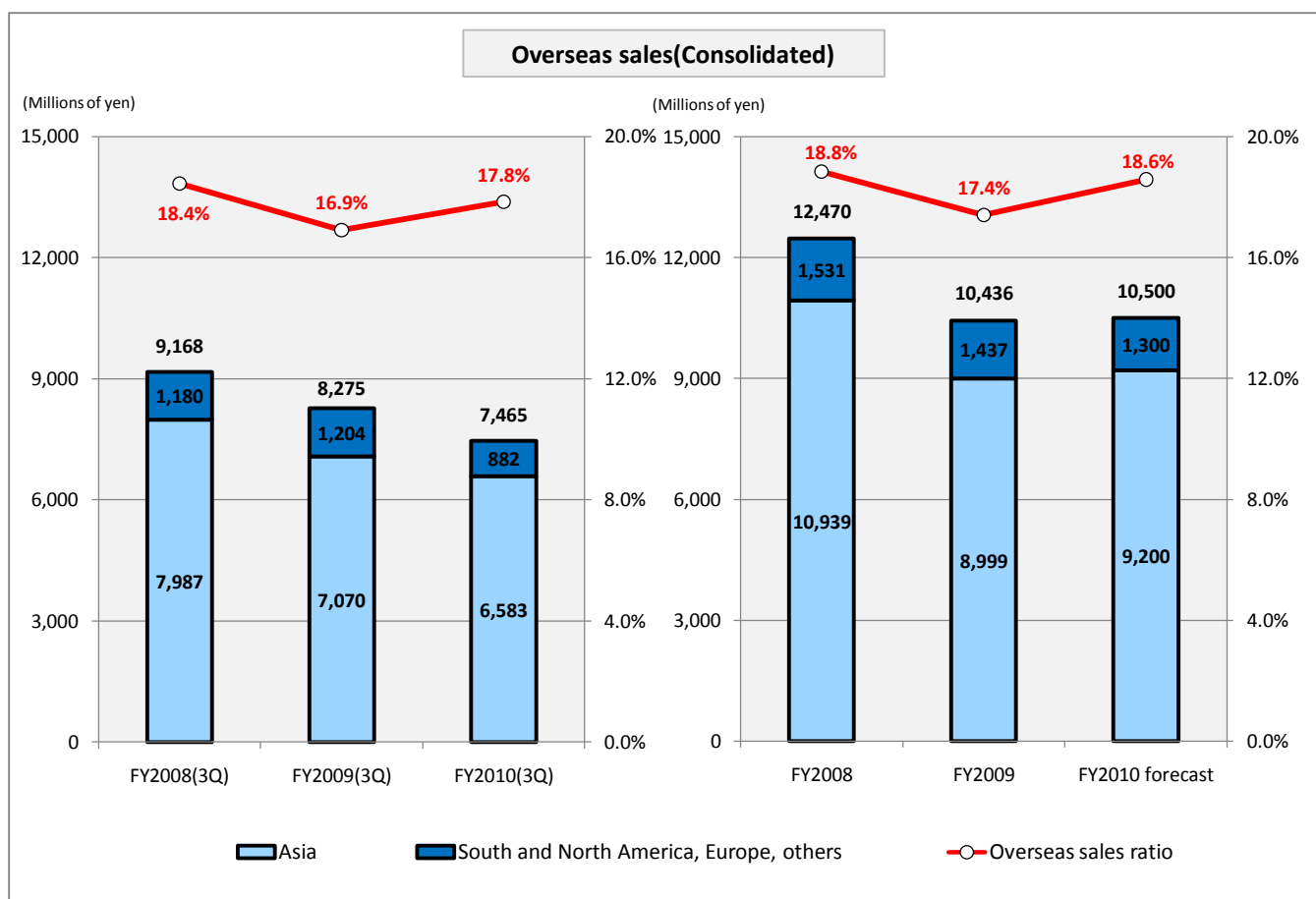
* Speciality chemicals business.....Printing ink resin, Paint resin, Adhesive resin, Polymerization emulsifier, Colorless rosin derivatives, etc.

* 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	FY2008(3Q) (‘07/4-‘07/12)		FY2009(3Q) (‘08/4-‘08/12)		FY2010(3Q) (‘09/4-‘09/12)		FY2008 (‘07/4-‘08/3)		FY2009 (‘08/4-‘09/3)		FY2010 forecast (‘09/4-‘10/3)	
	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	9,168	9.2	8,275	△ 9.7	7,465	△ 9.8	12,470	11.8	10,436	△ 16.3	10,500	0.6
Overseas sales in Asia	7,987	10.7	7,070	△ 11.5	6,583	△ 6.9	10,939	13.6	8,999	△ 17.7	9,200	2.2
Overseas sales ratio	18.4%		16.9%		17.8%		18.8%		17.4%		18.6%	

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Balance sheets(Consolidated)

(Unit: Millions of yen)

Item	FY2009(3Q)		FY2010(3Q)		FY2009		Increase /Decrease (A)–(B)
	(As of December 31, 2008)		(As of December 31, 2009)		(As of March 31, 2009)		
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	3,606		6,205		6,928		△ 723
2. Notes and accounts receivable-trade	26,496		24,109		17,906		6,203
3. Merchandise and finished goods	6,167		5,135		5,570		△ 435
4. Work in process	476		556		495		60
5. Raw materials and supplies	5,360		4,261		4,608		△ 346
6. Deferred tax assets	294		456		451		4
7. Other	706		843		709		134
Allowance for doubtful accounts	△ 116		△ 112		△ 107		△ 4
Total Current assets	42,993	65.2	41,455	64.5	36,563	62.5	4,892
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	6,720		6,270		6,465		△ 195
(2) Machinery, equipment and vehicles	4,997		4,092		4,644		△ 552
(3) Land	5,271		5,269		5,270		△ 0
(4) Construction in progress	555		2,092		612		1,479
(5) Other	720		613		692		△ 78
Total Property, plant and equipment	18,265	27.7	18,338	28.5	17,686	30.2	652
2. Intangible assets	491	0.7	405	0.7	460	0.8	△ 54
3. Investments and other assets							
(1) Investment securities	3,440		3,379		2,935		444
(2) Deferred tax assets	269		181		396		△ 215
(3) Other	521		515		497		17
Allowance for doubtful accounts	△ 11		△ 21		△ 8		△ 13
Total Investments and other assets	4,220	6.4	4,054	6.3	3,821	6.5	233
Total Noncurrent assets	22,977	34.8	22,799	35.5	21,968	37.5	831
Total Assets	65,970	100.0	64,255	100.0	58,531	100.0	5,723

(Unit: Millions of yen)

Item	FY2009(3Q)		FY2010(3Q)		FY2009		Increase /Decrease (A)–(B)
	(As of December 31, 2008)		(As of December 31, 2009)		(As of March 31, 2009)		
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Liabilities)		%		%		%	
I Current liabilities							
1. Notes and accounts payable–trade	13,676		12,000		7,964		4,035
2. Short-term loans payable	9,483		6,139		7,658		△ 1,519
3. Income taxes payable	26		763		75		688
4. Accrued consumption taxes	31		175		44		131
5. Provision for bonuses	–		610		–		610
6. Provision for directors' bonuses	25		30		25		4
7. Provision for repairs	76		–		91		△ 91
8. Notes payable–facilities	159		142		83		58
9. Other	3,007		3,639		2,595		1,043
Total Current liabilities	26,485	40.2	23,501	36.6	18,539	31.7	4,961
II Noncurrent liabilities							
1. Long-term loans payable	385		1,871		2,489		△ 617
2. Deferred tax liabilities	0		–		–		–
3. Provision for repairs	–		28		–		28
4. Provision for retirement benefits	2,054		2,078		2,039		38
5. Other	215		197		226		△ 28
Total Noncurrent liabilities	2,655	4.0	4,176	6.5	4,755	8.1	△ 578
Total Liabilities	29,141	44.2	27,677	43.1	23,294	39.8	4,383
(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	28,577		29,102		28,121		980
4. Treasury stock	△ 10		△ 10		△ 10		△ 0
Total Shareholders' equity	35,044	53.1	35,569	55.4	34,589	59.1	980
II Valuation and translation adjustments							
1. Valuation difference on available-for-sale securities	323		456		72		383
2. Foreign currency translation adjustment	120		△ 553		△ 513		△ 39
Total Valuation and translation adjustments	443	0.7	△ 96	△ 0.2	△ 440	△ 0.8	343
III Minority interests	1,341	2.0	1,104	1.7	1,088	1.9	16
Total Net assets	36,829	55.8	36,577	56.9	35,237	60.2	1,340
Total Liabilities and net assets	65,970	100.0	64,255	100.0	58,531	100.0	5,723

Statements of income(Consolidated)

(Unit: Millions of yen)

Item	FY2009(3Q) '08/4-'08/12		FY2010(3Q) '09/4-'09/12		Increase /Decrease		FY2009 '08/4-'09/3	
	Amount	Ratio	Amount	Ratio	Amount	Rate of change	Amount	Ratio
		%		%		%		%
I Net sales	48,948	100.0	41,860	100.0	△ 7,087	△ 14.5	59,959	100.0
II Cost of sales	39,350	80.4	31,603	75.5	△ 7,746	△ 19.7	48,585	81.0
Gross profit	9,598	19.6	10,256	24.5	658	6.9	11,374	19.0
III Selling, general and administrative expenses	7,922	16.2	7,702	18.4	△ 219	△ 2.8	10,257	17.1
Operating income	1,675	3.4	2,554	6.1	878	52.4	1,117	1.9
IV Non-operating income								
1. Interest income	11		6				16	
2. Dividends income	98		76				100	
3. Technical support fee	95		78				140	
4. Equity in earnings of affiliates	74		55				86	
5. Other	160	440	233	450	10	2.3	223	567
V Non-operating expenses								
1. Interest expenses	150		130				202	
2. Other	86	237	20	151	△ 85	△ 36.2	189	392
Ordinary income	1,878	3.8	2,853	6.8	974	51.9	1,291	2.2
VI Extraordinary income								
1. Gain on sales of noncurrent assets	282		0				282	
2. Gain on sales of investment securities	5		-				5	
3. Reversal of allowance for doubtful accounts	-		-				7	
4. Other	-	287	-	0	△ 286	△ 99.8	15	310
VII Extraordinary loss								
1. Loss on sales and retirement of noncurrent assets	37		63				52	
2. Impairment loss	-		360				-	
3. Loss on valuation of noncurrent assets	7		1				6	
4. Loss on valuation of investment securities	214	259	0	425	166	64.3	260	319
Income before income taxes	1,907	3.9	2,427	5.8	520	27.3	1,282	2.2
Income taxes-current	500		965				498	
Income taxes-deferred	272	772	△ 41	924	151	19.7	156	654
Minority interests in income	22	0.0	80	0.2	57	261.5	△ 29	△ 0.0
Net income	1,112	2.3	1,423	3.4	311	28.0	657	1.1

Statements of cash flows(Consolidated)

(Unit: Millions of yen)

Item	FY2009(3Q)	FY2010(3Q)	Increase /Decrease (B)-(A)	FY2009
	'08/4-'08/12	'09/4-'09/12		'08/4-'09/3
	Amount (A)	Amount (B)		Amount
I Net cash provided by (used in) operating				
Income before income taxes	1,907	2,427	520	1,282
Depreciation and amortization	1,614	1,557	△ 57	2,183
Impairment loss	-	360	360	-
Amortization of goodwill	108	18	△ 90	108
Increase (decrease) in allowance for doubtful accounts	1	4	3	△ 6
Increase (decrease) in provision for bonuses	-	609	609	-
Increase (decrease) in provision for directors' bonuses	△ 14	4	19	△ 14
Increase (decrease) in provision for retirement benefits	42	38	△ 4	33
Loss (gain) on sales of investment securities	△ 5	-	5	△ 5
Loss (gain) on valuation of investment securities	214	0	△ 213	260
Loss (gain) on sales and retirement of noncurrent assets	△ 244	62	307	△ 229
Interest and dividends income	△ 110	△ 82	27	△ 117
Interest expenses	150	130	△ 20	202
Equity in (earnings) losses of affiliates	△ 74	△ 55	19	△ 86
Decrease (increase) in notes and accounts receivable-trade	△ 2,230	△ 6,174	△ 3,944	6,079
Decrease (increase) in inventories	△ 1,454	798	2,253	△ 556
Increase (decrease) in notes and accounts payable-trade	1,583	4,021	2,438	△ 3,962
Other, net	△ 485	△ 158	326	△ 760
Subtotal	1,002	3,563	2,561	4,411
Interest and dividends income received	150	129	△ 20	158
Interest expenses paid	△ 150	△ 131	19	△ 200
Income taxes paid	△ 1,147	△ 268	878	△ 1,108
Net cash provided by (used in) operating activities	△ 145	3,292	3,438	3,261
II Net cash provided by (used in) investment activities				
Decrease (increase) in time deposits	△ 48	4	53	△ 45
Purchase of property, plant and equipment	△ 1,085	△ 1,310	△ 224	△ 1,520
Proceeds from sales of property, plant and equipment	369	7	△ 361	370
Purchase of investment securities	△ 66	△ 15	51	△ 70
Proceeds from sales of investment securities	11	-	△ 11	11
Purchase of intangible assets	△ 16	△ 15	0	△ 41
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	46	46	-
Purchase of investments in capital of subsidiaries	△ 173	△ 122	51	△ 173
Decrease (increase) in other investments	△ 7	3	10	△ 4
Other, net	△ 232	0	232	△ 383
Net cash provided by (used in) investment activities	△ 1,249	△ 1,401	△ 152	△ 1,858
III Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable	1,843	△ 1,867	△ 3,710	363
Proceeds from long-term loans payable	-	-	-	2,200
Repayment of long-term loans payable	△ 295	△ 288	6	△ 384
Purchase of treasury stock	△ 0	△ 0	0	△ 0
Cash dividends paid	△ 513	△ 443	70	△ 513
Cash dividends paid to minority shareholders	-	-	-	△ 20
Net cash provided by (used in) financing activities	1,033	△ 2,599	△ 3,632	1,645
IV Effect of exchange rate change on cash and cash equivalents	△ 62	△ 10	52	△ 146
V Net increase (decrease) in cash and cash equivalents	△ 423	△ 718	△ 295	2,901
VI Cash and cash equivalents, Beginning of term	3,911	6,812	2,901	3,911
VII Cash and cash equivalents, End of term	3,487	6,094	2,606	6,812