

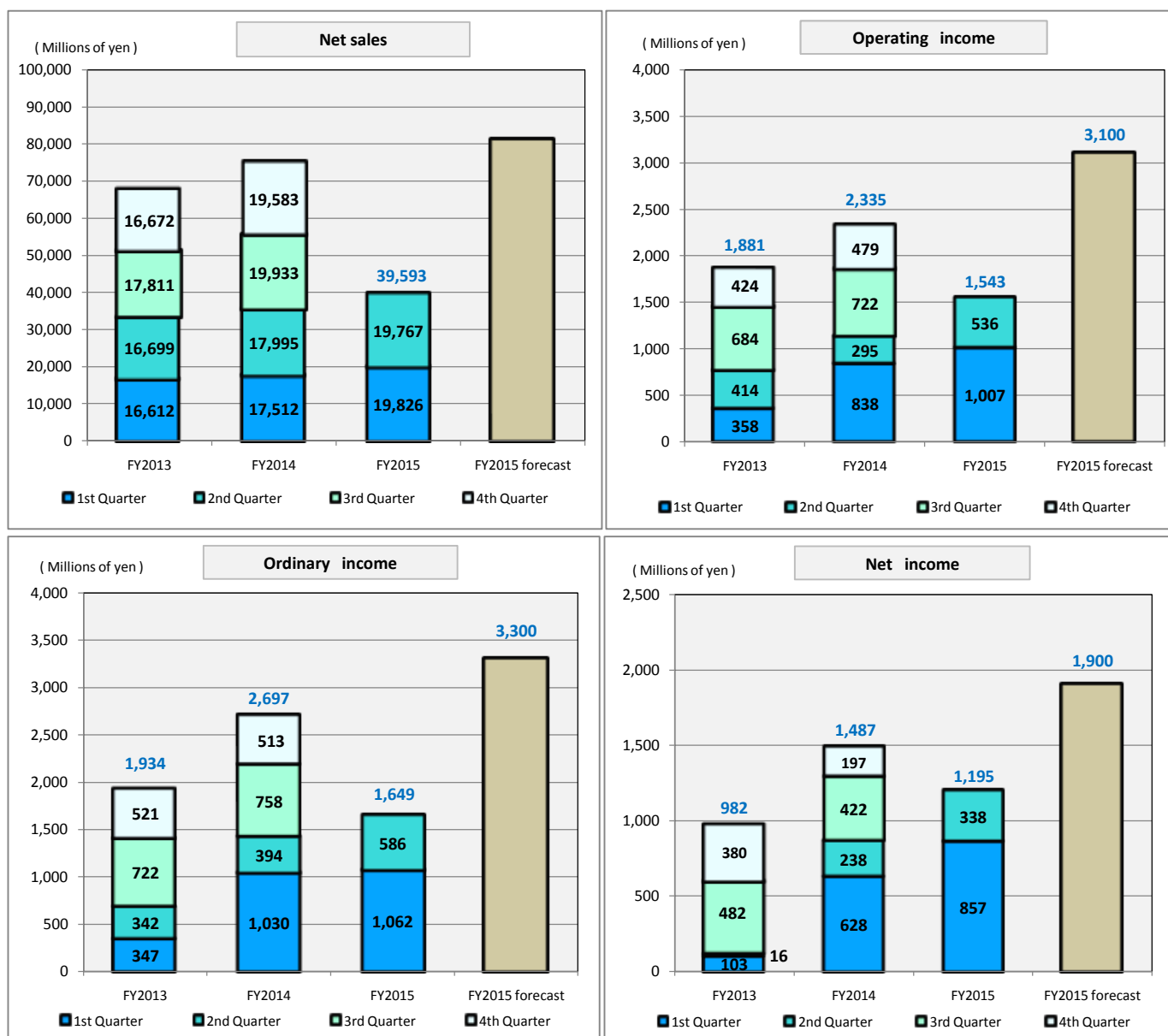
DATA BOOK 2015

November 4th, 2014

2nd Quarter ended September 30, 2014

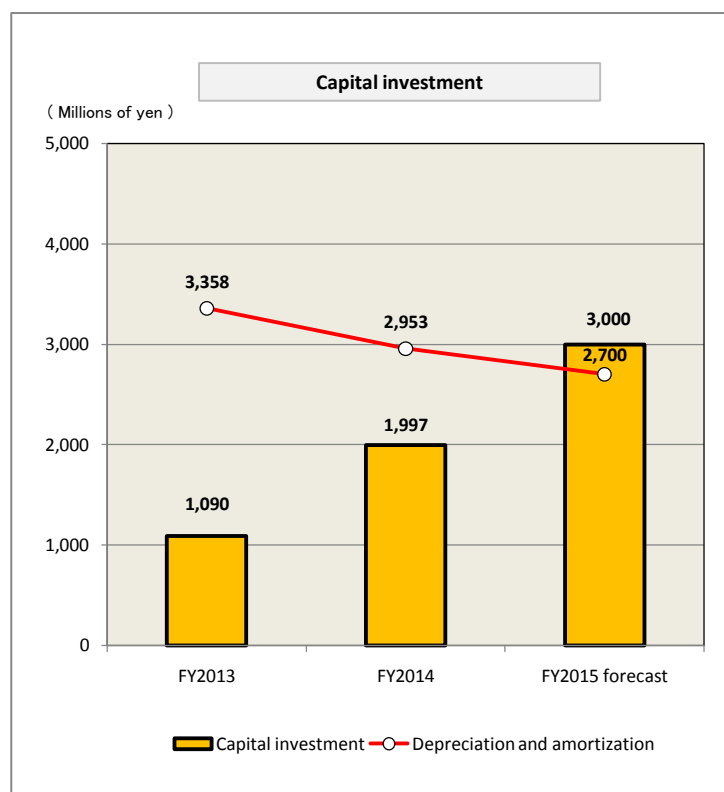
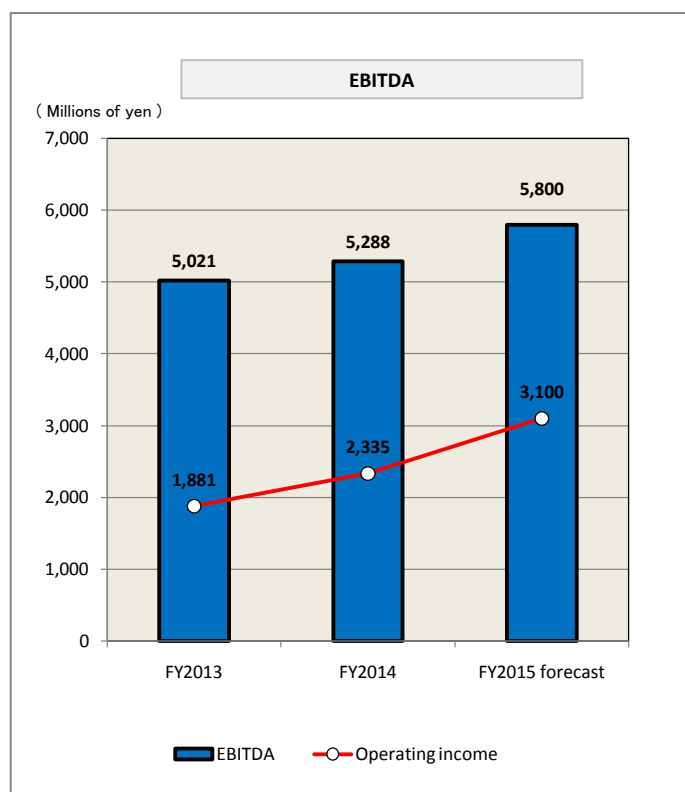


ARAKAWA CHEMICAL INDUSTRIES, LTD.

*** Achievement Transition(Consolidated)**

Consolidated	FY2013(2Q) (‘12/4-‘12/9)		FY2014(2Q) (‘13/4-‘13/9)		FY2015(2Q) (‘14/4-‘14/9)		FY2013 (‘12/4-‘13/3)		FY2014 (‘13/4-‘14/3)		FY2015 forecast (‘14/4-‘15/3)	
	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	33,312	△ 8.2	35,508	6.6	39,593	11.5	67,796	△ 4.2	75,025	10.7	81,000	8.0
Operating income	772	△ 36.5	1,135	46.9	1,543	36.0	1,881	5.6	2,335	24.1	3,100	32.8
Ordinary income	690	△ 44.4	1,424	106.3	1,649	15.8	1,934	4.1	2,697	39.4	3,300	22.4
Net income	119	△ 81.4	867	623.3	1,195	37.9	982	△ 28.2	1,487	51.3	1,900	27.7

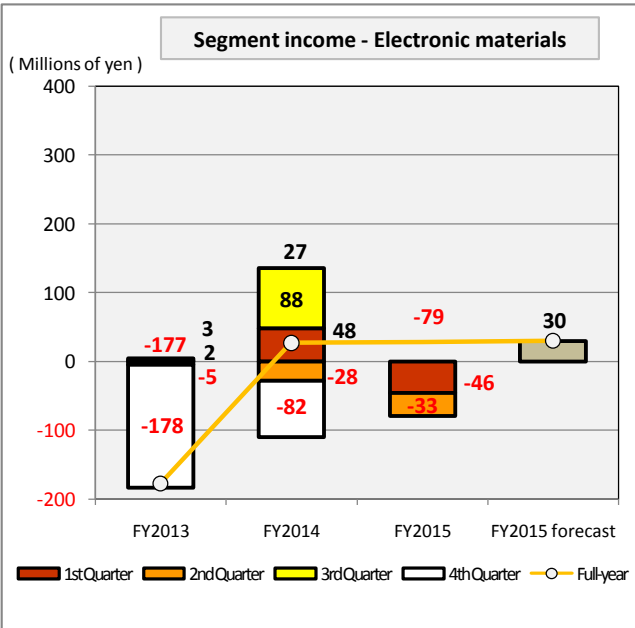
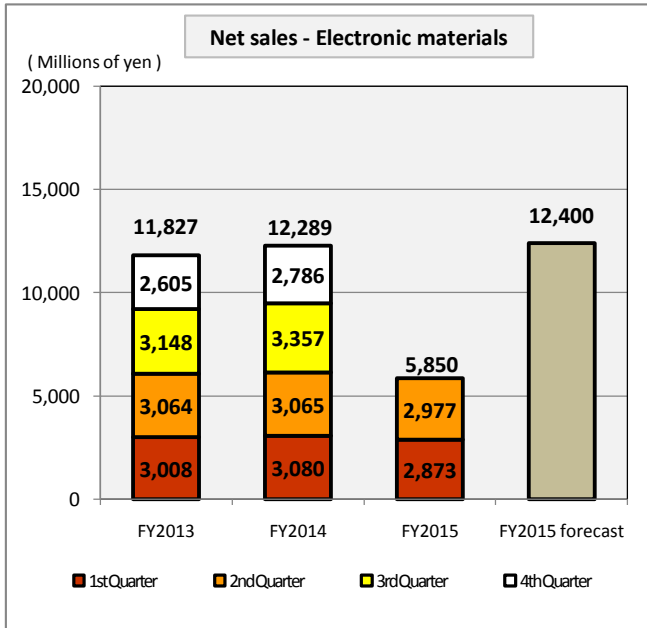
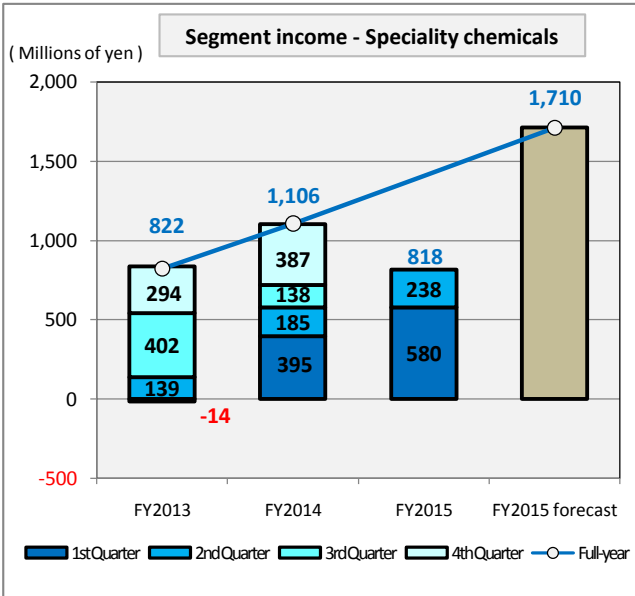
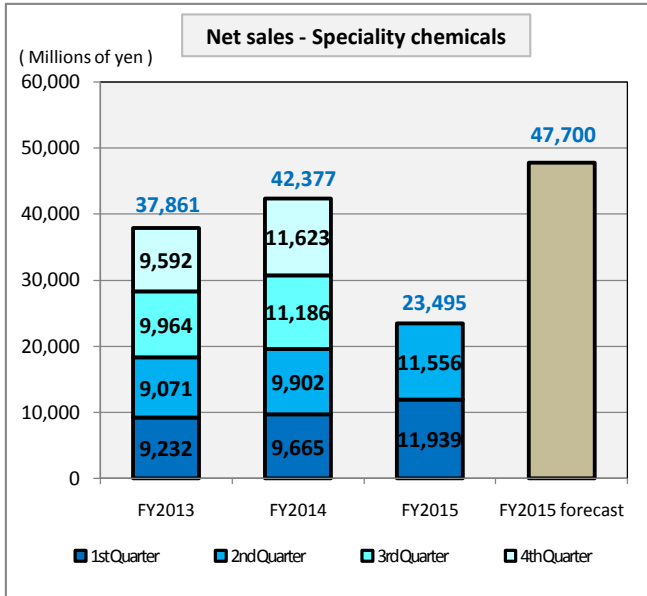
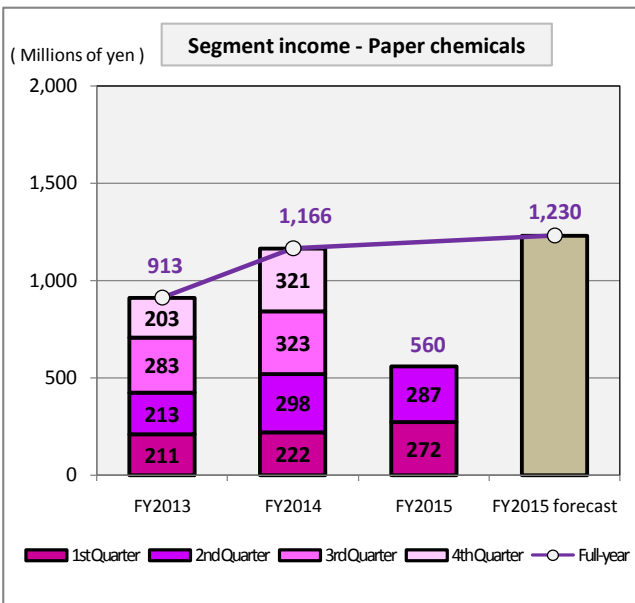
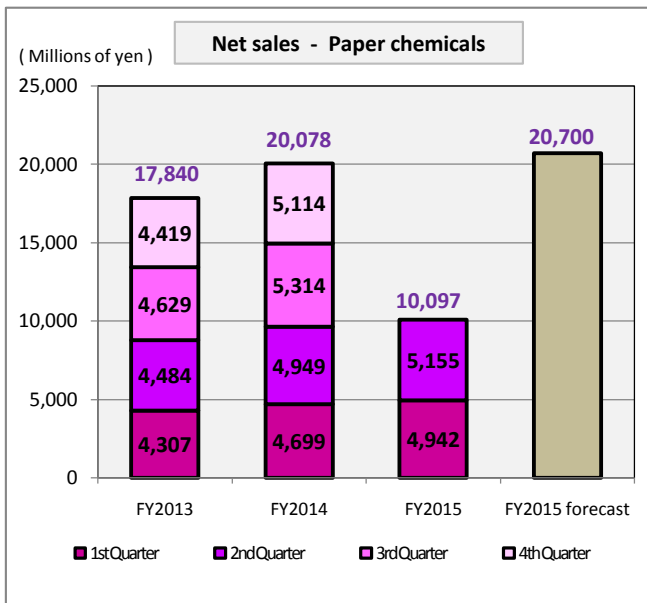
* Management Index Transition



Consolidated	FY2013(2Q) (‘12/4-‘12/9)		FY2014(2Q) (‘13/4-‘13/9)		FY2015(2Q) (‘14/4-‘14/9)		FY2013 (‘12/4-‘13/3)		FY2014 (‘13/4-‘14/3)		FY2015 forecast (‘14/4-‘15/3)	
	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	527	△ 2,073	1,054	526	737	△ 316	1,090	△ 5,561	1,997	906	3,000	1,002
Depreciation and amortization	1,650	138	1,423	△ 226	1,280	△ 143	3,358	190	2,953	△ 405	2,700	△ 253
R & D expenses	1,347	△ 87	1,386	39	1,316	△ 70	2,746	△ 141	2,790	44	2,900	109
Interest-bearing debt	18,695	△ 2,155	17,515	△ 1,179	17,612	97	18,407	△ 1,803	18,605	197	17,700	△ 905
EBITDA	2,306	△ 422	2,559	252	2,823	264	5,021	71	5,288	267	5,800	511

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

*** Segment Information(Consolidated)**



*** Segment Information(Consolidated)**

Consolidated		FY2013(2Q) ('12/4-'12/9)		FY2014(2Q) ('13/4-'13/9)		FY2015(2Q) ('14/4-'14/9)		FY2013 ('12/4-'13/3)		FY2014 ('13/4-'14/3)		FY2015 forecast ('14/4-'15/3)	
		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	8,791	△ 10.0	9,649	9.8	10,097	4.6	17,840	△ 6.2	20,078	12.5	20,700	3.1
	Segment income	425	0.3	521	22.6	560	7.4	913	1.5	1,166	27.8	1,230	5.4
	Segment income/sales	4.8%		5.4%		5.5%		5.1%		5.8%		5.9%	
Speciality chemicals	Net sales	18,304	△ 10.4	19,567	6.9	23,495	20.1	37,861	△ 5.6	42,377	11.9	47,700	12.6
	Segment income	125	△ 86.2	580	363.2	818	41.0	822	△ 17.9	1,106	34.5	1,710	54.5
	Segment income/sales	0.0%		3.0%		3.5%		2.2%		2.6%		3.6%	
Electronic materials	Net sales	6,072	2.7	6,145	1.2	5,850	△ 4.8	11,827	4.2	12,289	3.9	12,400	0.9
	Segment income(loss)	△ 2	—	20	—	△ 79	—	△ 177	—	27	—	30	10.7
	Segment income/sales	△ 0.0%		0.3%		△ 1.4%		△ 1.5%		0.2%		0.2%	
Others	Net sales	144	△ 14.8	145	1.1	150	3.0	267	△ 11.2	279	4.3	200	△ 28.4
	Segment income	1	△ 72.1	4	176.4	9	126.1	0	△ 94.7	9	—	10	2.0
	Segment income/sales	0.0%		0.0%		6.5%		0.3%		3.5%		5.0%	
Consolidated total	Net sales	33,312	△ 8.2	35,508	6.6	39,593	11.5	67,796	△ 4.2	75,025	10.7	81,000	8.0
	Segment income	549	△ 56.8	1,126	105.0	1,309	16.2	1,559	3.3	2,310	48.2	2,980	29.0
	Segment income/sales	1.6%		3.2%		3.3%		2.3%		3.1%		3.7%	

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

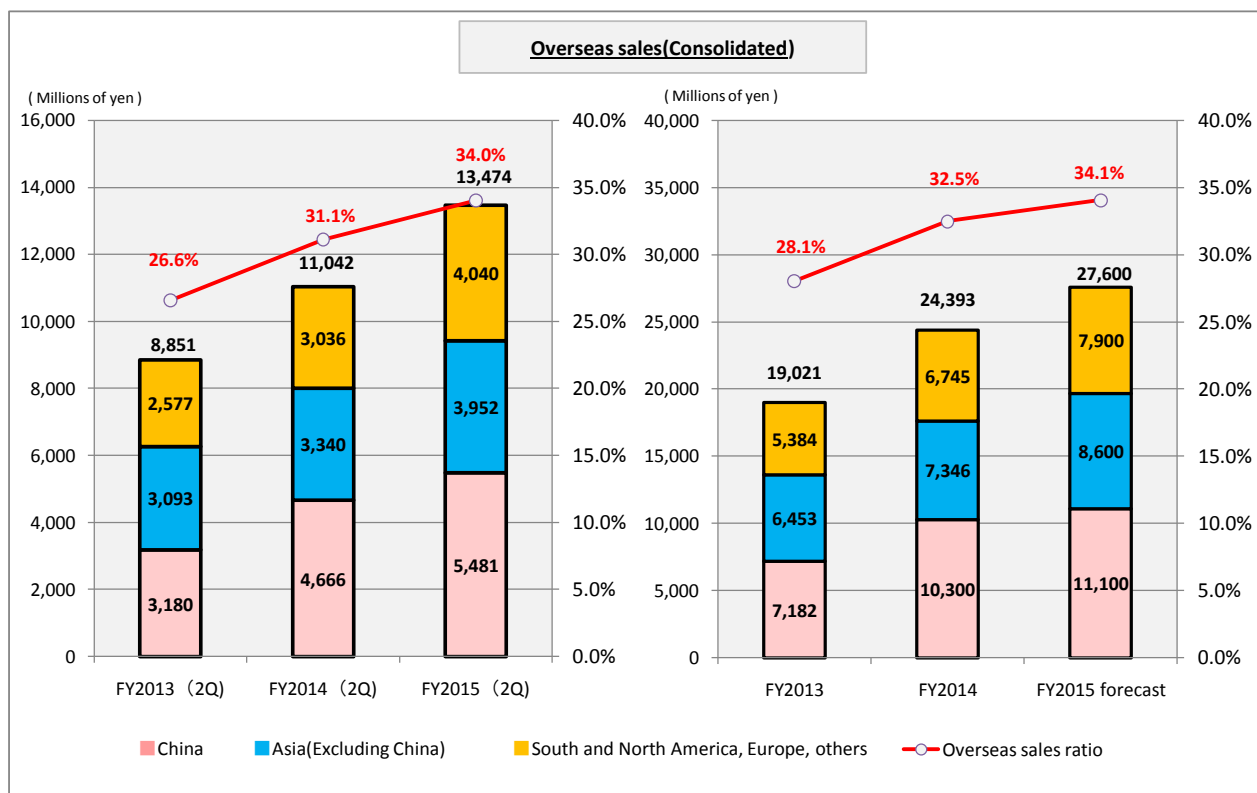
* Paper chemicals.....Size agent, Paper strengthening agent, Ratex, etc.

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

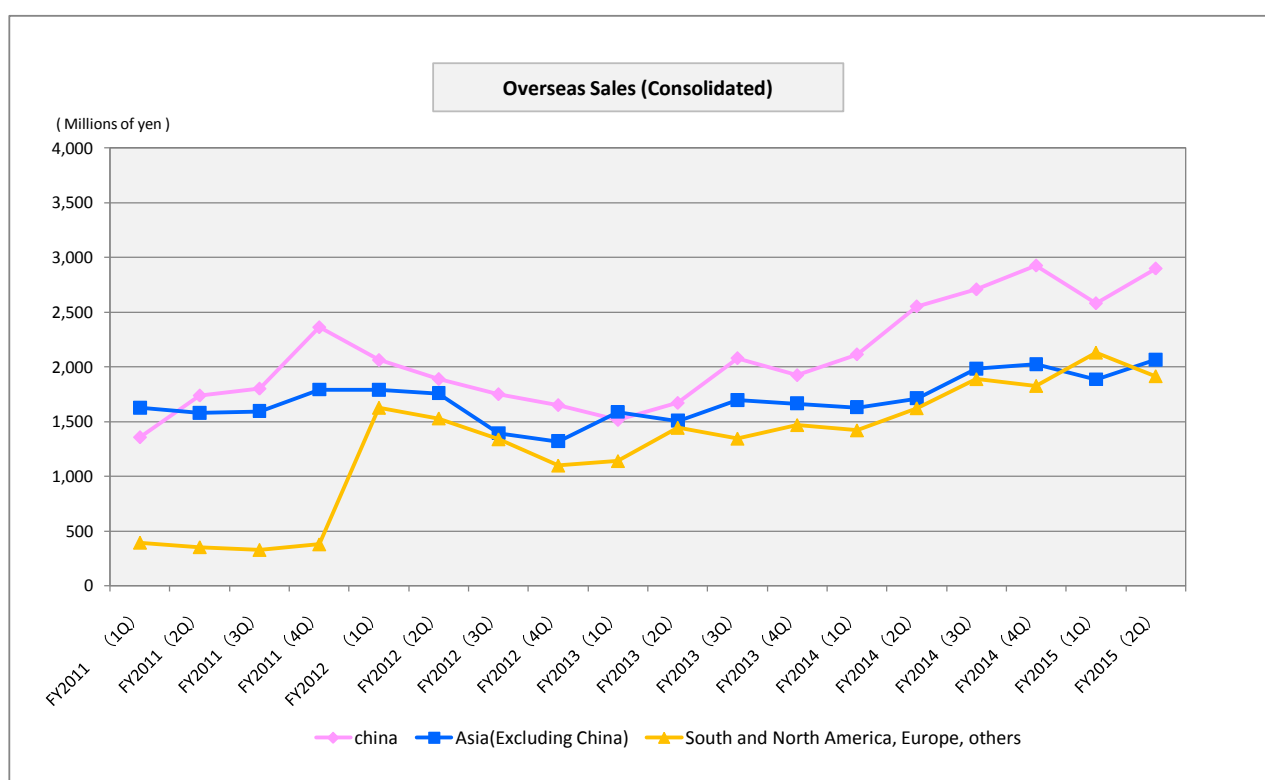
* Electronic materials.....UV/EB curable resin, Compound materials for electronics, Flux cleaning solvent, Flux cleaning system, etc.

* OthersInsurance business, Real estate agent, etc.

*** Overseas Sales(Consolidated)**



Consolidated	FY2013(2Q) (‘12/4-‘12/9)		FY2014(2Q) (‘13/4-‘13/9)		FY2015(2Q) (‘14/4-‘14/9)		FY2013 (‘12/4-‘13/3)		FY2014 (‘13/4-‘14/3)		FY2015 forecast (‘14/4-‘15/3)	
	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	8,851	△ 16.9	11,042	24.8	13,474	22.0	19,021	△ 0.9	24,393	28.2	27,600	13.1
Overseas sales in Asia	6,274	△ 16.3	8,006	27.6	9,433	17.8	13,636	0.2	17,647	29.4	19,700	11.6
Overseas sales in China	3,180	△ 19.4	4,666	46.7	5,481	17.5	7,182	△ 2.2	10,300	43.4	11,100	7.8
Overseas sales ratio	26.6%		31.1%		34.0%		28.1%		32.5%		34.1%	



Balance Sheets(Consolidated)

(Unit: Millions of yen)

Item	FY2014(2Q)		FY2015(2Q)		FY2014		Increase /Decrease (A) - (B)
	(As of September 30, 2013)		(As of September 30, 2014)		(As of March 31, 2014)		
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Assets)		%		%		%	
I Current assets							
1. Cash and deposits	8,075		7,670		6,668		1,002
2. Notes and accounts receivable-trade	25,047		27,969		28,167	△	197
3. Merchandise and finished goods	7,088		8,009		8,530	△	520
4. Work in process	961		1,048		1,069	△	21
5. Raw materials and supplies	6,381		7,405		7,878	△	473
6. Deferred tax assets	618		542		579	△	37
7. Other	1,202		951		1,670	△	719
Allowance for doubtful accounts	△ 147		△ 156		△ 157		1
Total current assets	49,229	63.3	53,441	65.9	54,406	66.1	△ 965
II Noncurrent assets							
1. Property, plant and equipment							
(1) Buildings and structures	8,092		7,652		7,933	△	280
(2) Machinery, equipment and vehicles	8,152		7,244		7,828	△	584
(3) Land	4,775		4,781		4,724		56
(4) Construction in progress	270		336		266		69
(5) Other	333		294		318	△	23
Total property, plant and equipment	21,624	27.8	20,309	25.1	21,072	25.6	△ 762
2. Intangible assets							
(1) Goodwill	150		98		134	△	35
(2) Other	603		485		540	△	55
Total intangible assets	753	1.0	583	0.7	674	0.8	△ 91
3. Investments and other assets							
(1) Investment securities	5,411		6,017		5,480		536
(2) Deferred tax assets	213		178		193	△	14
(3) Other	582		518		523	△	4
Allowance for doubtful accounts	△ 7		△ 11		△ 8	△	3
Total investments and other assets	6,200	7.9	6,702	8.3	6,189	7.5	513
Total noncurrent assets	28,579	36.7	27,596	34.1	27,936	33.9	△ 340
Total assets	77,808	100.0	81,037	100.0	82,342	100.0	△ 1,305

(Unit : Millions of yen)

Item	FY2014 (2Q)		FY2015 (2Q)		FY2014		Increase /Decrease (A) - (B)
	As of September 30, 2013		As of September 30, 2014		As of March 31, 2014		
	Amount	Com- position ratio	Amount(A)	Com- position ratio	Amount(B)	Com- position ratio	
(Liabilities)		%		%		%	
I Current liabilities							
1. Notes and accounts payable-trade	11,090		11,781		12,867		△ 1,085
2. Short-term loans payable	10,962		10,441		11,525		△ 1,084
3. Current portion of bonds	5,000		-		-		-
4. Income taxes payable	209		331		272		58
5. Accrued consumption taxes	66		124		36		88
6. Provision for bonuses	923		943		989		△ 45
7. Provision for directors' bonuses	18		21		40		△ 19
8. Provision for repairs	14		85		-		85
9. Notes payable-facilities	56		46		212		△ 165
10. Other	2,573		2,922		3,103		△ 181
Total current liabilities	30,916	39.7	26,698	32.9	29,047	35.3	△ 2,349
II Noncurrent liabilities							
1. Bonds payable	-		5,000		5,000		-
2. Long-term loans payable	1,553		2,171		2,079		91
3. Deferred tax liabilities	760		1,146		968		177
4. Provision for retirement benefits	1,626		-		-		-
5. Net defined benefit liability	-		858		1,015		△ 157
6. Provision for repairs	12		-		37		△ 37
7. Asset retirement obligations	87		89		88		0
8. Other	310		443		470		△ 27
Total noncurrent liabilities	4,349	5.6	9,708	12.0	9,660	11.7	47
Total liabilities	35,266	45.3	36,406	44.9	38,708	47.0	△ 2,301
(Net assets)							
I Shareholders' equity							
1. Capital stock	3,128		3,184		3,128		55
2. Capital surplus	3,350		3,405		3,350		55
3. Retained earnings	32,220		33,533		32,599		933
4. Treasury stock	△ 11		△ 11		△ 11		△ 0
Total shareholders' equity	38,687	49.7	40,111	49.5	39,066	47.5	1,044
II Accumulated other comprehensive income							
1. Valuation difference on available-for-sale securities	1,480		1,721		1,370		350
2. Foreign currency translation adjustment	873		1,147		1,714		△ 566
3. Remeasurements of defined benefit plans	-		244		256		△ 12
Total accumulated other comprehensive income	2,353	3.0	3,113	3.8	3,342	4.1	△ 228
III Subscription rights to shares	27	0.0	23	0.0	27	0.0	△ 3
IV Minority interests	1,473	2.0	1,382	1.8	1,199	1.4	183
Total net assets	42,542	54.7	44,630	55.1	43,634	53.0	996
Total liabilities and net assets	77,808	100.0	81,037	100.0	82,342	100.0	△ 1,305

Statements of Income(Consolidated)

(Unit: Millions of yen)

Item	FY2014(2Q)		FY2015(2Q)				Increase /Decrease		FY2014		
	'13/4-'13/9		'14/4-'14/9		Amount	Rate of change	'13/4-'14/3				
	Amount	Ratio	Amount	Ratio			Amount	Ratio			
I Net sales		35,508	100.0		39,593	100.0	4,085	11.5		75,025	100.0
II Cost of sales		28,672	80.7		32,238	81.4	3,565	12.4		61,028	81.3
Gross profit		6,836	19.3		7,355	18.6	519	7.6		13,997	18.7
III Selling, general and administrative expenses		5,700	16.1		5,812	14.7	111	2.0		11,662	15.5
Operating income		1,135	3.2		1,543	3.9	408	36.0		2,335	3.1
IV Non-operating income											
Interest income	4			11						11	
Dividends income	62			64						119	
Real estate rent	58			60						116	
Foreign exchange gains	197			6						291	
Other	126	449	1.3	130	273	0.7	△ 176	△ 39.2	208	747	1.0
V Non-operating expenses											
Interest expenses	127			129						262	
Equity in losses of affiliates	6			17						20	
Bond issuance cost	-			-						28	
Other	27	160	0.5	20	167	0.4	6	4.3	74	386	0.4
Ordinary income		1,424	4.0		1,649	4.2	225	15.8		2,697	3.6
VI Extraordinary income											
Gain on sales of noncurrent assets	1			20						75	
Compensation income	-			440						-	
State subsidy	-	1	0.0	-	461	1.1	459	-	15	91	0.1
VII Extraordinary loss											
Loss on sales and retirement of noncurrent assets	6	6	0.0	11	11	0.0	4	68.3	113	113	0.2
Income before income taxes		1,419	4.0		2,099	5.3	680	47.9		2,674	3.6
Income taxes-current	243			535					678		
Income taxes-deferred	228	472	1.3	132	667	1.7	195	41.3	348	1,026	1.4
Income before minority interests		946	2.7		1,432	3.6	485	51.3		1,647	2.2
Minority interests in income		79	0.2		236	0.6	156	196.6		160	0.2
Net income		867	2.4		1,195	3.0	328	37.9		1,487	2.1

<Reference> Statements of Comprehensive Income(Consolidated)

Income before minority interests		946			1,432		485	51.3		1,647	
Other comprehensive income											
Valuation difference on available-for-sale securities		390			350		△ 39			280	
Foreign currency translation adjustment		1,277			△ 612		△ 1,890			2,199	
Remeasurements of defined benefit plans		-			△ 12		△ 12			-	
Share of other comprehensive income of associates accounted for using equity method		9			△ 7		△ 16			15	
Total other comprehensive income		1,677			△ 281		△ 1,959			2,495	
Comprehensive income		2,624			1,150		△ 1,474	△ 56.2		4,142	

Statements of Cash Flows (Consolidated)

(Unit: Millions of yen)

	FY2014 (2Q)	FY2015 (2Q)	Increase /Decrease (B) - (A)	FY2014
	'13/4-'13/9 Amount (A)	'14/4-'14/9 Amount (B)		'13/4-'14/3 Amount
I Net cash provided by (used in) operating				
Income before income taxes	1,419	2,099	680	2,674
Depreciation and amortization	1,423	1,280	△ 143	2,953
Impairment loss	-	0	0	-
Amortization of goodwill	28	30	2	58
Increase (decrease) in allowance for doubtful accounts	11	5	△ 5	17
Increase (decrease) in provision for bonuses	49	△ 43	△ 93	112
Increase (decrease) in provision for directors' bonuses	△ 20	△ 19	1	2
Increase (decrease) in provision for retirement benefits	△ 165	-	165	△ 1,796
Increase (decrease) in net defined benefit liability	-	△ 155	△ 155	1,015
Loss (gain) on sales and retirement of noncurrent assets	5	△ 9	△ 14	38
Interest and dividends income	△ 66	△ 75	△ 8	△ 131
Interest expenses	127	129	2	262
Equity in (earnings) losses of affiliates	6	17	10	20
Decrease (increase) in notes and accounts receivable-trade	2,847	△ 240	△ 3,088	405
Decrease (increase) in inventories	1,155	703	△ 452	△ 1,331
Increase (decrease) in notes and accounts payable-trade	△ 1,746	△ 855	△ 890	△ 379
Other, net	△ 1,200	497	1,697	△ 468
Subtotal	3,874	3,363	△ 511	3,453
Interest and dividends income received	65	72	7	133
Interest expenses paid	△ 119	△ 149	△ 29	△ 235
Income taxes (paid) refund	△ 332	△ 427	△ 94	△ 679
Net cash provided by (used in) operating activities	3,487	2,859	△ 628	2,671
II Net cash provided by (used in) investing activities				
Purchase of property, plant and equipment	△ 1,071	△ 873	197	△ 1,900
Proceeds from sales of property, plant and equipment	78	42	△ 35	239
Purchase of investment securities	△ 12	△ 12	0	△ 24
Purchase of intangible assets	△ 1	△ 19	△ 17	△ 13
Purchase of shares of subsidiaries and associates	-	-	-	△ 139
Decrease (increase) in other investments	△ 16	0	17	△ 53
Other, net	-	-	-	△ 34
Net cash provided by (used in) investing activities	△ 1,023	△ 861	161	△ 1,926
III Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable	△ 1,104	△ 477	627	△ 1,121
Proceeds from long-term loans payable	-	494	494	2,000
Repayment of long-term loans payable	△ 401	△ 734	△ 332	△ 1,500
Proceeds from issuance of bonds	-	-	-	4,971
Redemption of bonds	-	-	-	△ 5,000
Proceeds from issuance of subscription rights to shares	27	-	△ 27	27
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	-	107	107	-
Purchase of treasury stock	△ 0	△ 0	△ 0	△ 0
Cash dividends paid	△ 231	△ 261	△ 30	△ 473
Cash dividends paid to minority shareholders	-	-	-	△ 441
Net cash provided by (used in) financing activities	△ 1,710	△ 870	840	△ 1,538
IV Effect of exchange rate change on cash and cash equivalents	327	△ 124	△ 451	468
V Net increase (decrease) in cash and cash equivalents	1,081	1,002	△ 79	△ 325
VI Cash and cash equivalents at beginning of period	6,901	6,576	△ 325	6,901
VII Cash and cash equivalents at end of period	7,983	7,578	△ 404	6,576