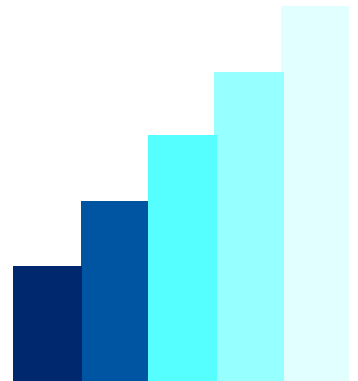




DATA BOOK



FY2017

1st Quarter ended June 30, 2016

August 2nd, 2016

ARAKAWA CHEMICAL INDUSTRIES, LTD.

Achievement Transition (Consolidated)



| consolidated | FY 2015 (1Q) | | FY 2016 (1Q) | | FY 2017 (1Q) | | FY 2015 | | FY 2016 | | FY 2017 forecast | |
|--|-----------------|----------|-----------------|----------|-----------------|-------------|-----------------|----------|-----------------|----------|------------------|----------|
| | 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 | 19,826 | 13.2 | 19,329 | △ 2.5 | 19,000 | △ 1.7 | 81,742 | 9.0 | 79,119 | △ 3.2 | 80,000 | 1.1 |
| Operating income | 1,007 | 20.2 | 734 | △ 27.0 | 1,414 | 92.5 | 2,961 | 26.8 | 3,639 | 22.9 | 3,800 | 4.4 |
| Ordinary income | 1,062 | 3.1 | 786 | △ 26.0 | 1,361 | 73.0 | 3,431 | 27.2 | 3,851 | 12.2 | 4,050 | 5.2 |
| Profit attributable to owners of parent | 857 | 36.3 | 496 | △ 42.1 | 937 | 88.7 | 2,224 | 49.5 | 2,311 | 3.9 | 2,400 | 3.8 |

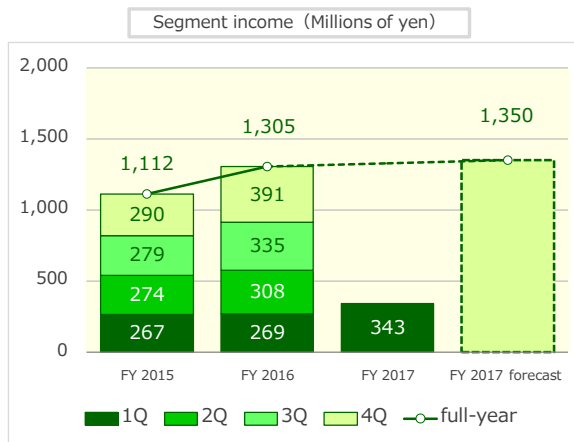
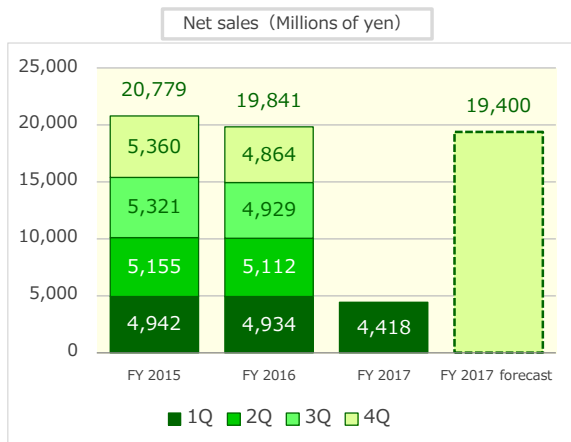
Management index transition

| consolidated | FY 2015 (1Q) | | FY 2016 (1Q) | | FY 2017 (1Q) | | FY 2015 | | FY 2016 | | FY 2017 forecast | |
|--------------------------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|------------------|--------------------|
| | 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 | 221 | △ 58 | 341 | 120 | 761 | 419 | 1,807 | △ 189 | 2,993 | 1,185 | 2,700 | △ 293 |
| Depreciation and amortization | 644 | △ 51 | 619 | △ 24 | 640 | 21 | 2,700 | △ 252 | 2,717 | 17 | 2,800 | 82 |
| R&D expenses | 675 | △ 68 | 685 | 10 | 755 | 70 | 2,703 | △ 87 | 2,819 | 116 | 3,100 | 280 |
| Interest-bearing debt | 18,378 | 1,115 | 19,339 | 961 | 15,579 | △ 3,759 | 17,275 | △ 1,329 | 17,426 | 151 | 16,200 | △ 1,226 |
| EBITDA | 1,651 | 117 | 1,354 | △ 297 | 2,055 | 701 | 5,661 | 373 | 6,357 | 695 | 6,600 | 242 |

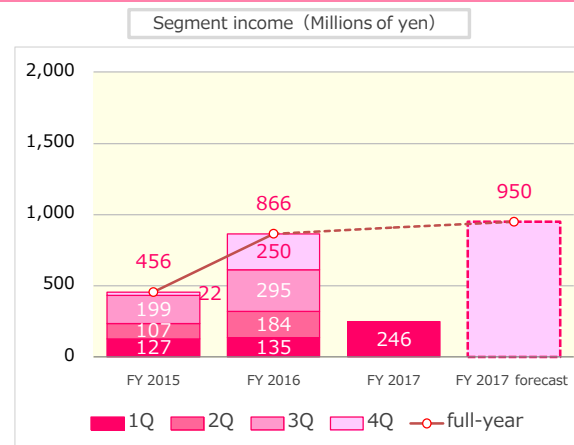
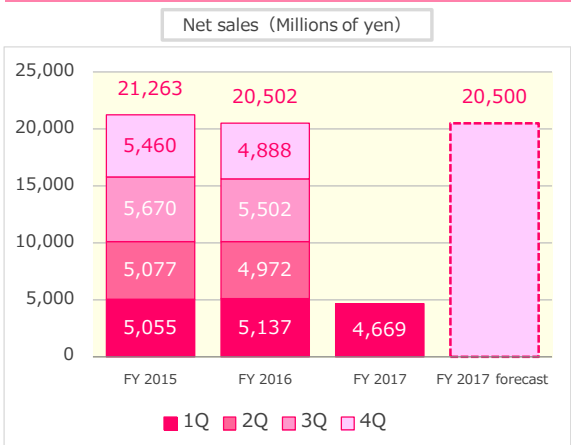
[EBITDA] Earnings Before Interest , Taxes , Depreciation , and Amortization

Segment Information (Consolidated)

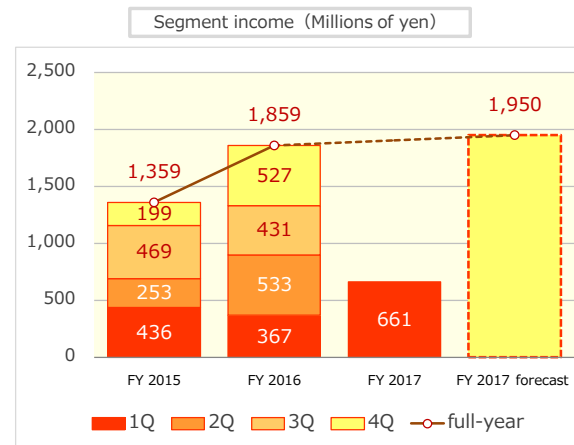
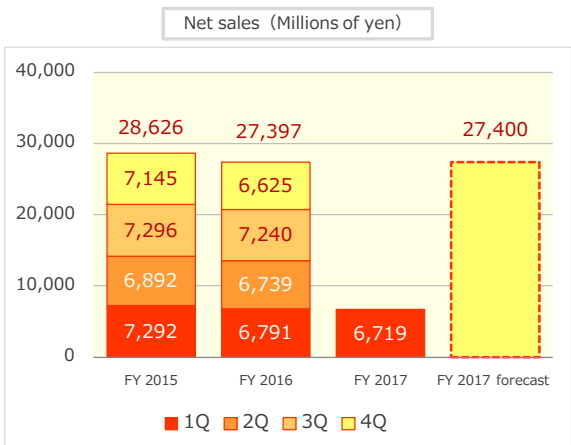
Paper chemicals



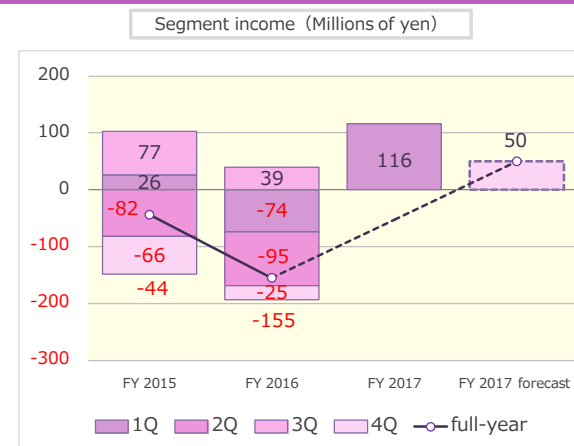
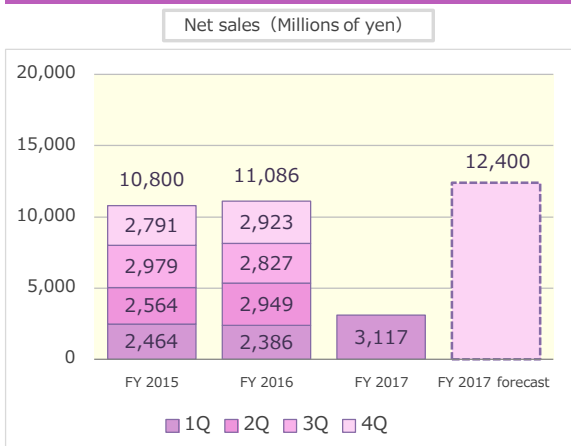
Coating chemicals



Adhesive Materials



Functional Materials



Segment Information (Consolidated)

| Consolidated | | FY 2015 (1Q) | | FY 2016 (1Q) | | FY 2017 (1Q) | | FY 2015 | | FY 2016 | | FY 2017 forecast | |
|----------------------|------------------------|-----------------|----------|-----------------|----------|-----------------|---------------|-----------------|----------|-----------------|----------|------------------|----------|
| | | 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 | 4,942 | – | 4,934 | △ 0.1 | 4,418 | △ 10.5 | 20,779 | – | 19,841 | △ 4.5 | 19,400 | △ 2.2 |
| | Segment income | 267 | – | 269 | 0.7 | 343 | 27.5 | 1,112 | – | 1,305 | 17.3 | 1,350 | 3.4 |
| | Segment income/sales | 5.4% | | 5.5% | | 7.8% | | 5.4% | | 6.6% | | 7.0% | |
| Coating chemicals | Net sales | 5,055 | – | 5,137 | 1.6 | 4,669 | △ 9.1 | 21,263 | – | 20,502 | △ 3.6 | 20,500 | △ 0.0 |
| | Segment income | 127 | – | 135 | 6.5 | 246 | 81.1 | 456 | – | 866 | 89.7 | 950 | 9.7 |
| | Segment income/sales | 2.5% | | 2.6% | | 5.3% | | 2.1% | | 4.2% | | 4.6% | |
| Adhesive Materials | Net sales | 7,292 | – | 6,791 | △ 6.9 | 6,719 | △ 1.1 | 28,626 | – | 27,397 | △ 4.3 | 27,400 | 0.0 |
| | Segment income | 436 | – | 367 | △ 15.8 | 661 | 80.1 | 1,359 | – | 1,859 | 36.8 | 1,950 | 4.8 |
| | Segment income/sales | 6.0% | | 5.4% | | 9.9% | | 4.7% | | 6.8% | | 7.1% | |
| Functional Materials | Net sales | 2,464 | – | 2,386 | △ 3.2 | 3,117 | 30.7 | 10,800 | – | 11,086 | 2.7 | 12,400 | 11.8 |
| | Segment income | 26 | – | △ 74 | – | 116 | – | △ 44 | – | △ 155 | – | 50 | – |
| | Segment income/sales | 1.1% | | △ 3.1% | | 3.7% | | △ 0.4% | | △ 1.4% | | 0.4% | |
| Others | Net sales | 72 | – | 79 | 9.8 | 74 | △ 6.3 | 272 | – | 291 | 6.9 | 300 | 3.0 |
| | Segment income | 5 | – | 6 | 10.4 | 5 | △ 11.1 | 12 | – | 13 | 11.0 | 10 | △ 25.4 |
| | Segment income/sales | 7.8% | | 7.8% | | 7.5% | | 4.4% | | 4.6% | | 3.3% | |
| Subtotal | Net sales | 19,826 | – | 19,329 | △ 2.5 | 19,000 | △ 1.7 | 81,742 | – | 79,119 | △ 3.2 | 80,000 | 1.1 |
| | Segment income | 864 | – | 704 | △ 18.5 | 1,374 | 95.0 | 2,896 | – | 3,889 | 34.3 | 4,310 | 10.8 |
| | Segment income/sales | 4.4% | | 3.6% | | 7.2% | | 3.5% | | 4.9% | | 5.4% | |
| Consolidated total | Development Investment | △ 70 | – | △ 71 | – | △ 79 | – | △ 318 | – | △ 302 | – | △ 400 | – |
| | Segment income | 793 | – | 633 | △ 20.2 | 1,294 | 104.4 | 2,577 | – | 3,586 | 39.2 | 3,910 | 9.0 |
| | Segment income/sales | 4.0% | | 3.3% | | 6.8% | | 3.2% | | 4.5% | | 4.9% | |

The sales of business segmentation do not include intersegment sales.

[Paper chemicals] Size agent, Paper strengthening agent, Latex, etc.

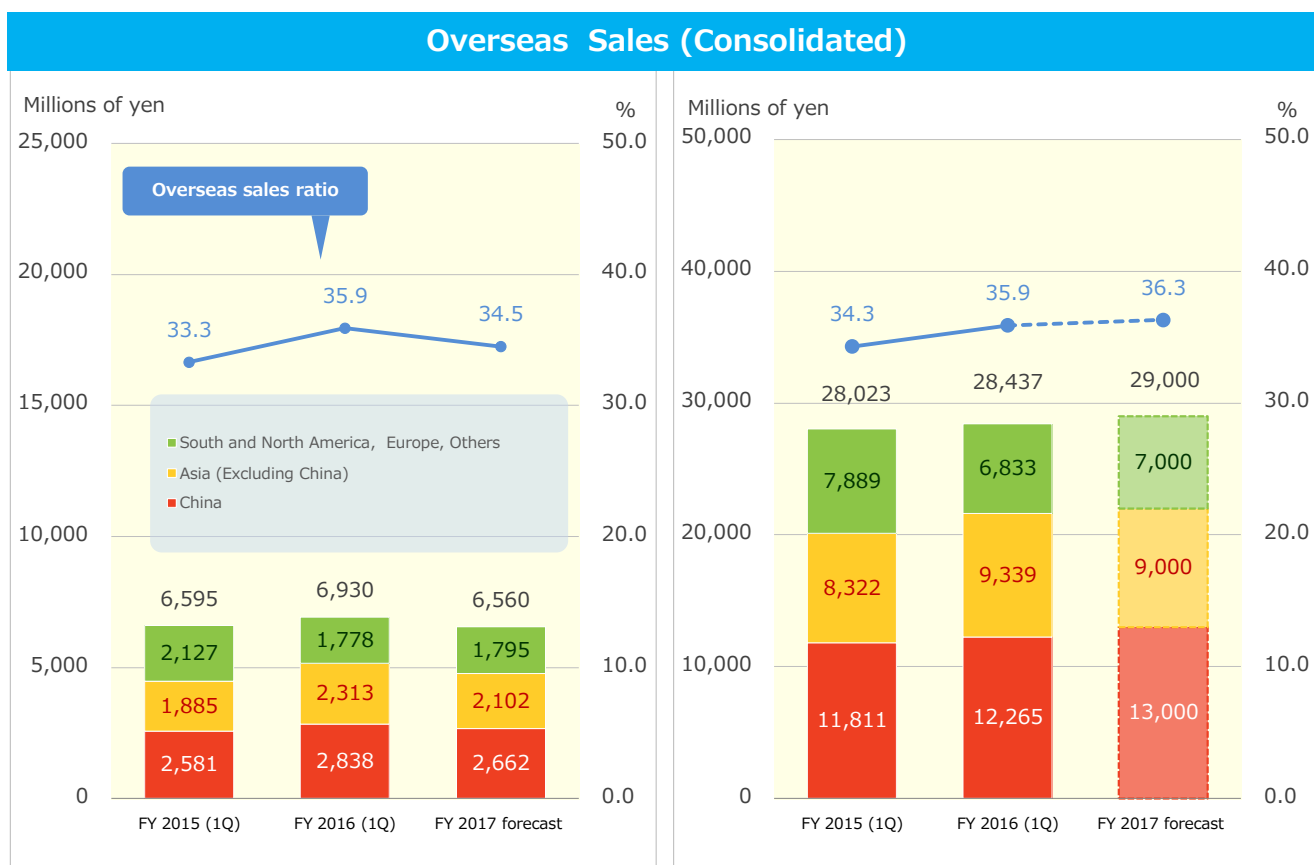
[Coating chemicals] Printing ink resin, Paint resin, Polymerization emulsifier, UV/EB curable resin, etc.

[Adhesive Materials] Adhesive resin, Colorless rosin derivatives, etc.

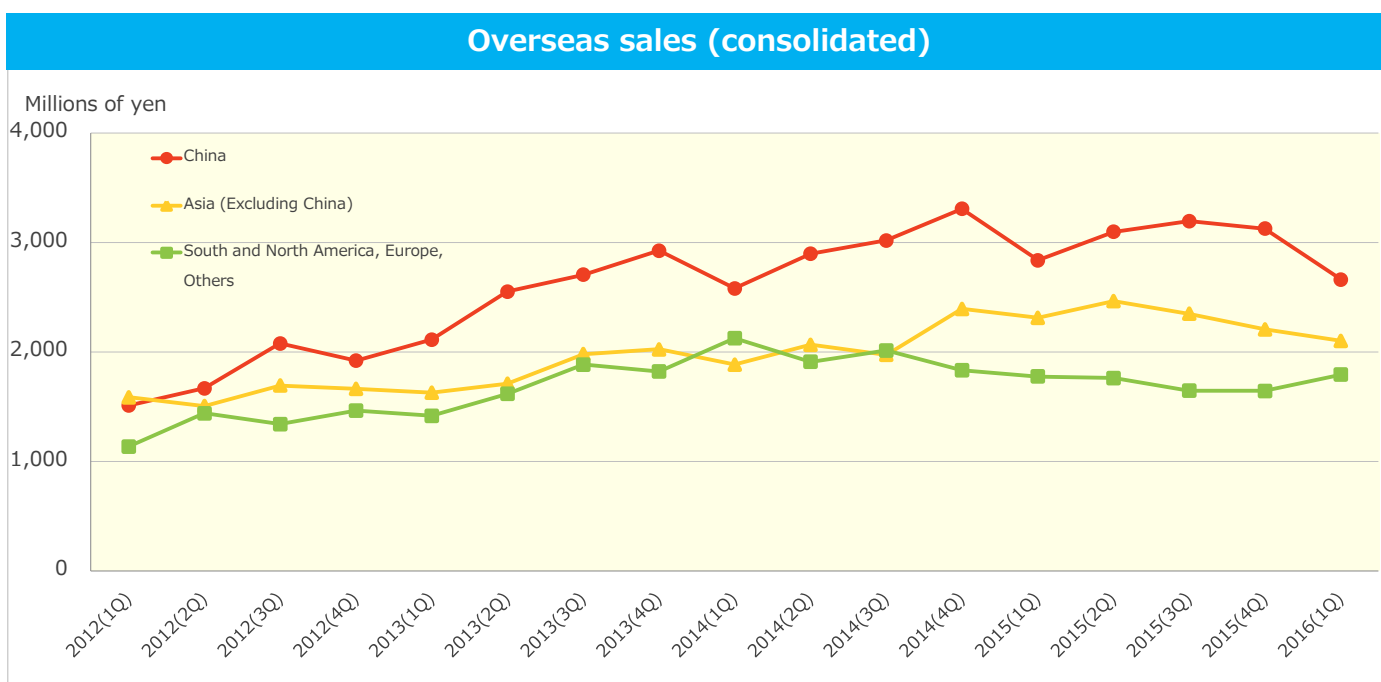
[Functional Materials] Compound materials for electronics, Functional fine chemical materials, Polishing agent for hard disk substrates, Flux cleanig System, etc.

[Others] Insurance business, Real estate agent, etc.

Overseas Sales (Consolidated)



| Consolidated | FY 2015 (1Q) | | FY 2016 (1Q) | | FY 2017 (1Q) | | FY 2015 | | FY 2016 | | FY 2017 forecast | |
|-----------------------------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|-----------------|----------|------------------|----------|
| | 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 | 6,595 | 27.8 | 6,930 | 5.1 | 6,560 | △ 5.3 | 28,023 | 14.9 | 28,437 | 1.5 | 29,000 | 2.0 |
| Overseas sales in Asia | 4,467 | 19.4 | 5,152 | 15.3 | 4,765 | △ 7.5 | 20,133 | 14.1 | 21,604 | 7.3 | 22,000 | 1.8 |
| Overseas sales in China | 2,581 | 22.1 | 2,838 | 10.0 | 2,662 | △ 6.2 | 11,811 | 14.7 | 12,265 | 3.8 | 13,000 | 6.0 |
| Overseas sales ratio | 33.3% | | 35.9% | | 34.5% | | 34.3% | | 35.9% | | 36.3% | |



Balance Sheets (Consolidated)

(Unit : Millions of yen)

| Item | FY2016(1Q) (As of June 30, 2015) | | FY2017(1Q) (As of June 30, 2016) | | FY2016 (As of March 31, 2016) | | Increase /Decrease (A) - (B) |
|--|-------------------------------------|---------------------------|-------------------------------------|---------------------------|----------------------------------|---------------------------|--|
| | Amount | Com- position ratio | Amount(A) | Com- position ratio | Amount(B) | Com- position ratio | |
| (Assets) | | % | | % | | % | |
| I Current assets | | | | | | | |
| 1. Cash and deposits | 8,702 | | 8,895 | | 9,620 | | △ 725 |
| 2. Notes and accounts receivable-trade | 27,813 | | 25,499 | | 26,529 | | △ 1,029 |
| 3. Electronically recorded monetary claims - operating | 562 | | 1,055 | | 935 | | 120 |
| 4. Securities | 232 | | 232 | | 232 | | 0 |
| 5. Merchandise and finished goods | 7,960 | | 7,564 | | 7,911 | | △ 346 |
| 6. Work in process | 1,382 | | 1,028 | | 1,122 | | △ 93 |
| 7. Raw materials and supplies | 7,220 | | 6,374 | | 7,133 | | △ 759 |
| 8. Deferred tax assets | 352 | | 355 | | 532 | | △ 176 |
| 9. Other | 985 | | 621 | | 655 | | △ 34 |
| 10. Allowance for doubtful accounts | △ 146 | | △ 131 | | △ 131 | | △ 0 |
| Total current assets | 55,067 | 64.6 | 51,496 | 64.7 | 54,541 | 65.4 | △ 3,045 |
| II Noncurrent assets | | | | | | | |
| 1. Property, plant and equipment | | | | | | | |
| (1) Buildings and structures | 7,944 | | 8,033 | | 8,105 | | △ 71 |
| (2) Machinery, equipment and vehicles | 6,979 | | 6,985 | | 7,032 | | △ 47 |
| (3) Land | 5,163 | | 5,202 | | 5,204 | | △ 2 |
| (4) Construction in progress | 680 | | 205 | | 739 | | △ 534 |
| (5) Other | 413 | | 487 | | 471 | | 16 |
| Total property, plant and equipment | 21,180 | 24.8 | 20,914 | 26.3 | 21,553 | 25.8 | △ 639 |
| 2. Intangible assets | | | | | | | |
| (1) Goodwill | 690 | | 517 | | 550 | | △ 33 |
| (2) Other | 475 | | 403 | | 432 | | △ 29 |
| Total intangible assets | 1,165 | 1.4 | 920 | 1.2 | 983 | 1.2 | △ 62 |
| 3. Investments and other assets | | | | | | | |
| (1) Investment securities | 7,062 | | 5,469 | | 5,549 | | △ 79 |
| (2) Deferred tax assets | 216 | | 206 | | 204 | | 2 |
| (3) Other | 568 | | 634 | | 635 | | △ 1 |
| Allowance for doubtful accounts | △ 14 | | △ 83 | | △ 87 | | 4 |
| Total investments and other assets | 7,832 | 9.2 | 6,227 | 7.8 | 6,301 | 7.6 | △ 74 |
| Total noncurrent assets | 30,178 | 35.4 | 28,061 | 35.3 | 28,839 | 34.6 | △ 777 |
| Total assets | 85,246 | 100.0 | 79,557 | 100.0 | 83,380 | 100.0 | △ 3,822 |

(Unit: Millions of yen)

| Item | FY2016(1Q) (As of June 30, 2015) | | FY2017(1Q) (As of June 30, 2016) | | FY2016 (As of March 31, 2016) | | 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 | 10,589 | | 9,204 | | 10,286 | | △ 1,081 |
| 2. Short-term loans payable | 11,836 | | 8,524 | | 9,993 | | △ 1,468 |
| 3. Current portion of bonds | - | | 5,000 | | 5,000 | | - |
| 4. Income taxes payable | 394 | | 419 | | 650 | | △ 230 |
| 5. Accrued consumption taxes | 146 | | 206 | | 219 | | △ 12 |
| 6. Deferred tax liabilities | 68 | | 57 | | 60 | | △ 3 |
| 7. Provision for bonuses | 517 | | 562 | | 1,086 | | △ 523 |
| 8. Provision for directors' bonuses | 10 | | 14 | | 57 | | △ 43 |
| 9. Provision for repairs | 12 | | 41 | | - | | 41 |
| 10. Notes payable-facilities | 144 | | 56 | | 54 | | 2 |
| 11. Other | 3,559 | | 3,550 | | 3,588 | | △ 38 |
| Total current liabilities | 27,278 | 32.0 | 27,638 | 34.7 | 30,996 | 37.2 | △ 3,358 |
| II Noncurrent liabilities | | | | | | | |
| 1. Bonds payable | 5,000 | | - | | - | | - |
| 2. Long-term loans payable | 2,503 | | 2,055 | | 2,433 | | △ 378 |
| 3. Deferred tax liabilities | 1,446 | | 889 | | 895 | | △ 5 |
| 4. Provision for repairs | - | | 51 | | 37 | | 13 |
| 5. Net defined benefit liability | 742 | | 693 | | 764 | | △ 71 |
| 6. Asset retirement obligations | 90 | | 103 | | 92 | | 10 |
| 7. Other | 486 | | 347 | | 416 | | △ 69 |
| Total noncurrent liabilities | 10,269 | 12.0 | 4,139 | 5.2 | 4,639 | 5.5 | △ 500 |
| Total liabilities | 37,547 | 44.0 | 31,778 | 39.9 | 35,636 | 42.7 | △ 3,858 |
| (Net assets) | | | | | | | |
| I Shareholders' equity | | | | | | | |
| 1. Capital stock | 3,201 | | 3,294 | | 3,293 | | 0 |
| 2. Capital surplus | 3,422 | | 3,515 | | 3,514 | | 0 |
| 3. Retained earnings | 34,515 | | 36,651 | | 36,022 | | 629 |
| 4. Treasury stock | △ 11 | | △ 12 | | △ 12 | | △ 0 |
| Total shareholders' equity | 41,127 | 48.2 | 43,450 | 54.6 | 42,819 | 51.4 | 631 |
| II Accumulated other comprehensive income | | | | | | | |
| 1. Valuation difference on available-for-sale securities | 2,622 | | 1,560 | | 1,619 | | △ 59 |
| 2. Foreign currency translation adjustment | 2,162 | | 1,234 | | 1,746 | | △ 511 |
| 3. Remeasurements of defined benefit plans | 162 | | △ 56 | | △ 56 | | 0 |
| Total accumulated other comprehensive income | 4,947 | 5.9 | 2,739 | 3.5 | 3,310 | 4.0 | △ 570 |
| III Subscription rights to shares | 22 | 0.0 | 3 | 0.0 | 16 | 0.0 | △ 13 |
| IV Minority interests | 1,600 | 1.9 | 1,587 | 2.0 | 1,598 | 1.9 | △ 11 |
| Total net assets | 47,698 | 56.0 | 47,779 | 60.1 | 47,744 | 57.3 | 35 |
| Total liabilities and net assets | 85,246 | 100.0 | 79,557 | 100.0 | 83,380 | 100.0 | △ 3,822 |

Statements of Income(Consolidated)

(Unit : Millions of yen)

| Item | FY2016(1Q) '15/4-'15/6 | | FY2017(1Q) '16/4-'16/6 | | Increase/ Decrease | | FY2016 '15/4-'16/3 | |
|--|---------------------------|-------|---------------------------|-------|-----------------------|-------------------|-----------------------|-------|
| | Amount | Ratio | Amount | Ratio | Amount | Rate of Change | Amount | Ratio |
| I Net sales | 19,329 | 100.0 | 19,000 | 100.0 | △ 329 | △ 1.7 | 79,119 | 100.0 |
| II Cost of sales | 15,614 | 80.8 | 14,417 | 75.9 | △ 1,197 | △ 7.7 | 62,757 | 79.3 |
| Gross profit | 3,715 | 19.2 | 4,582 | 24.1 | 867 | 23.4 | 16,361 | 20.7 |
| III Selling, general and administrative expenses | 2,980 | 15.4 | 3,168 | 16.7 | 187 | 6.3 | 12,722 | 16.1 |
| Operating income | 734 | 3.8 | 1,414 | 7.4 | 679 | 92.5 | 3,639 | 4.6 |
| IV Non-operating income | | | | | | | | |
| Interest income | 8 | | 3 | | | | 30 | |
| Dividends income | 57 | | 57 | | | | 156 | |
| Real estate rent | 30 | | 31 | | | | 121 | |
| Foreign exchange gains | 51 | | - | | | | 28 | |
| Other | 92 | 240 | 38 | 130 | △ 109 | △ 45.5 | 338 | 674 |
| V Non-operating expenses | | | | | | | | |
| Interest expenses | 59 | | 50 | | | | 239 | |
| Equity in losses of affiliates | 26 | | - | | | | 26 | |
| Foreign exchange losses | - | | 101 | | | | - | |
| Commission fee | 89 | | - | | | | 89 | |
| Other | 12 | 188 | 32 | 184 | △ 4 | △ 2.2 | 106 | 463 |
| Ordinary income | 786 | 4.1 | 1,361 | 7.1 | 574 | 73.0 | 3,851 | 4.9 |
| VI Extraordinary income | | | | | | | | |
| Gain on sales of noncurrent assets | - | | 0 | | | | 45 | |
| Gain on sales of investment securities | 126 | | - | | | | 126 | |
| Compensation income | - | | 13 | | | | - | |
| State subsidy | - | 126 | - | 14 | △ 112 | △ 88.7 | 15 | 188 |
| VII Extraordinary loss | | | | | | | | |
| Loss on sales of non-current assets | 0 | | 12 | | | | 25 | |
| Provision of allowance for doubtful accounts | - | | - | | | | 70 | |
| Loss on valuation of non-current assets | - | 0 | - | 12 | 12 | - | 81 | 177 |
| Income before income taxes | 913 | 4.7 | 1,363 | 7.2 | 449 | 49.2 | 3,862 | 4.9 |
| Income taxes-current | 171 | | 158 | | | | 1,166 | |
| Income taxes-deferred | 218 | 389 | 191 | 350 | △ 39 | △ 10.1 | 133 | 1,299 |
| Net income | 523 | 2.7 | 1,012 | 5.3 | 488 | 93.3 | 2,562 | 3.2 |
| Profit Attributable to noncontrolling interests | 27 | 0.1 | 75 | 0.4 | 48 | 178.4 | 251 | 0.3 |
| Profit Attributable to owners of parent | 496 | 2.6 | 937 | 4.9 | 440 | 88.7 | 2,311 | 2.9 |

<Reference> Statements of Comprehensive Income(Consolidated)

| | | | | | |
|---|-------|-------|-------|-------|---------|
| Net income | 523 | 1,012 | 488 | 93.3 | 2,562 |
| Other comprehensive income | | | | | |
| Valuation difference on available-for-sale securities | 49 | △ 59 | △ 109 | | △ 952 |
| Foreign currency translation adjustment | △ 417 | △ 598 | △ 180 | | △ 900 |
| Remeasurements of defined benefit plans | △ 2 | 0 | 3 | | △ 221 |
| Share of other comprehensive income of associates accounted for using equity method | △ 23 | - | 23 | | △ 25 |
| Total other comprehensive income | △ 394 | △ 657 | △ 262 | | △ 2,100 |
| Comprehensive income | 129 | 355 | 225 | 174.3 | 462 |