

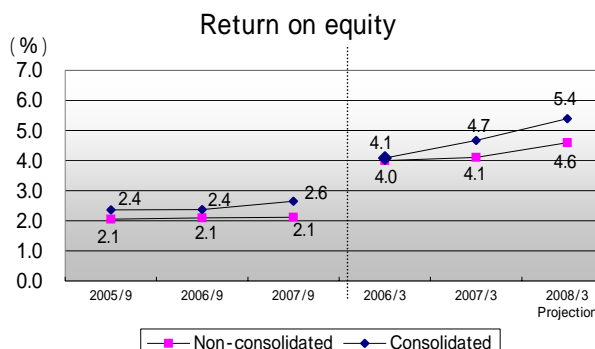
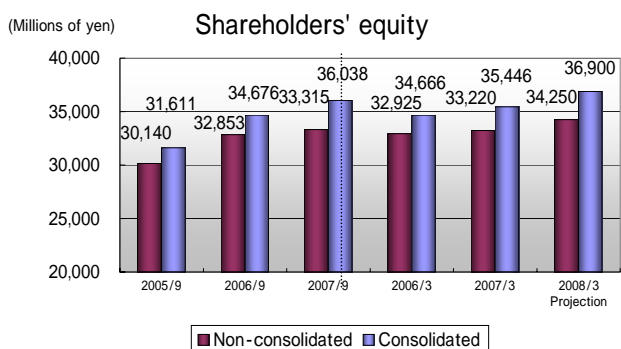
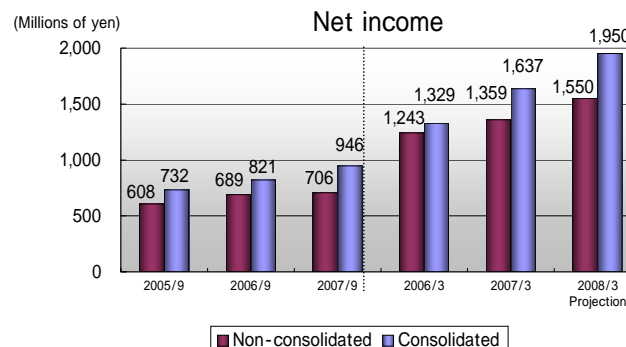
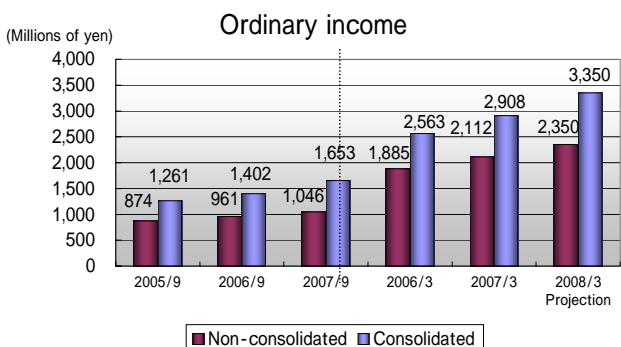
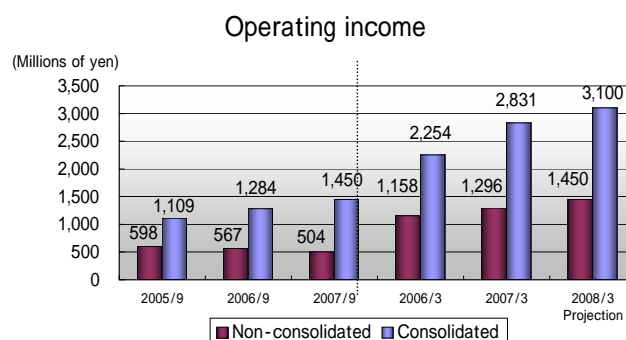
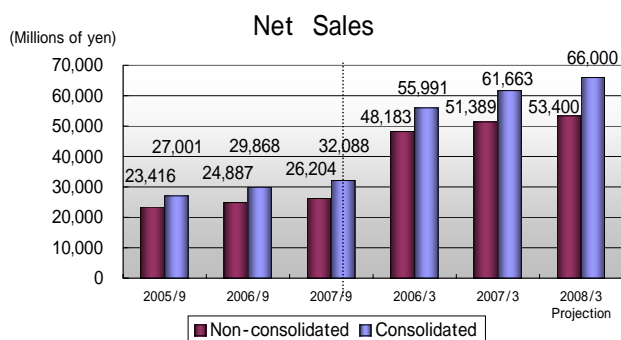
# DATA BOOK 2008

November 5th, 2007

Half Year ended September 30, 2007



**ARAKAWA CHEMICAL INDUSTRIES, LTD.**



		2005/9		2006/9		2007/9		2006/3		2007/3		2008/3 Projection	
		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	Consolidated	27,001	6.4	29,868	10.6	32,088	7.4	55,991	8.8	61,663	10.1	66,000	7.0
	Non-consolidated	23,416	8.6	24,887	6.3	26,204	5.3	48,183	9.7	51,389	6.7	53,400	3.9
Operating income	Consolidated	1,109	34.5	1,284	15.7	1,450	12.9	2,254	24.9	2,831	25.6	3,100	9.5
	Non-consolidated	598	44.4	567	5.2	504	11.1	1,158	35.9	1,296	11.9	1,450	11.8
Ordinary income	Consolidated	1,261	29.9	1,402	11.2	1,653	17.9	2,563	20.8	2,908	13.5	3,350	15.2
	Non-consolidated	874	32.6	961	10.0	1,046	8.8	1,885	22.4	2,112	12.1	2,350	11.3
Net income	Consolidated	732	24.7	821	12.2	946	15.2	1,329	27.2	1,637	23.2	1,950	19.1
	Non-consolidated	608	24.7	689	13.4	706	2.4	1,243	23.9	1,359	9.4	1,550	14.0
Total assets	Consolidated	56,724	7.3	63,378	11.7	65,386	3.2	62,012	13.5	67,732	9.2	66,300	2.1
	Non-consolidated	50,483	8.2	55,733	10.4	56,677	1.7	53,659	11.1	58,203	8.5	57,400	1.4
Shareholders' equity	Consolidated	31,611	7.4	34,676	9.7	36,038	3.9	34,666	14.3	35,446	2.2	36,900	4.1
	Non-consolidated	30,140	6.7	32,853	9.0	33,315	1.4	32,925	12.8	33,220	0.9	34,250	3.1
Return on equity (%)	Consolidated	2.4		2.4		2.6		4.1		4.7		5.4	
	Non-consolidated	2.1		2.1		2.1		4.0		4.1		4.6	

Note to 2007 and 2008 Projection

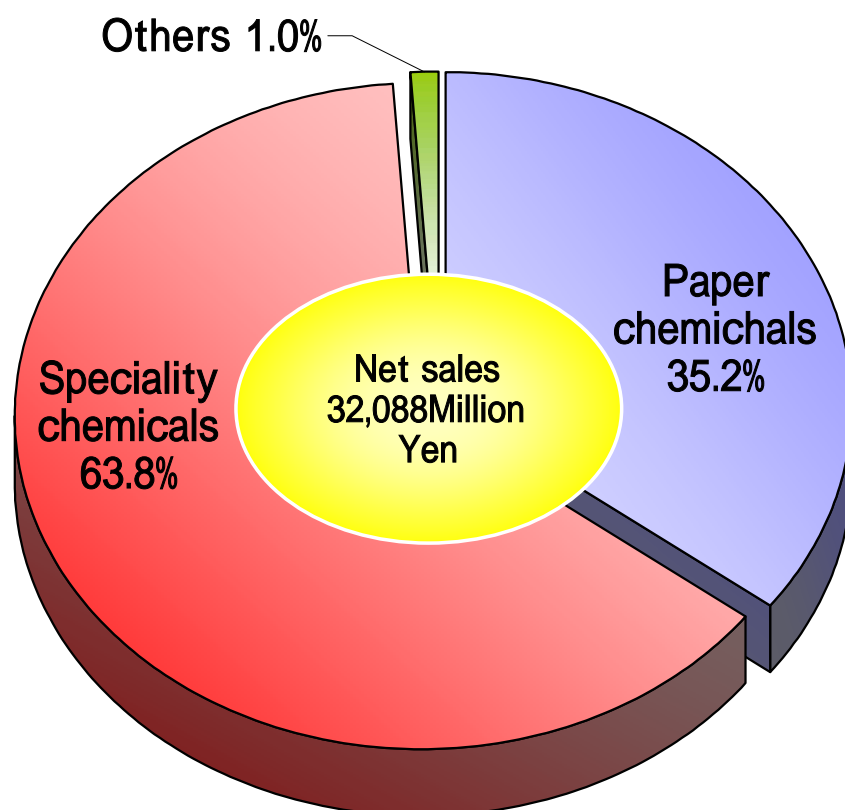
"Shareholders' equity" is obtained by totaling owners' equity and valuation and translation adjustments in "Accounting Standard for Presentation of Net Assets in the Balance Sheet, ASBJ Statement No.5."

Note to Half Year ended September 30, 2007

The influence of revised the depreciation system for the past depreciated assets, due to the FY2007 tax reform, are 125 million Yen as consolidated basis and 115 million Yen as non-consolidated basis.

## Segment Information (Consolidated)

Net Sales  
(Half year ended September 30, 2007)



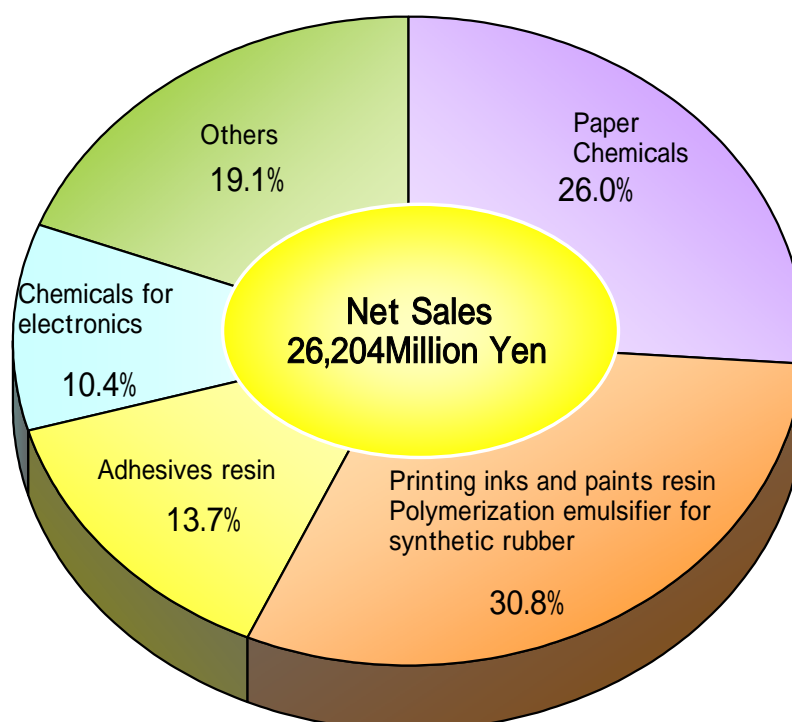
		2005/9		2006/9		2007/9		2006/3		2007/3		2008 Projection	
		Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change	Millions of Yen	%Change
Paper chemicals	Net sales	10,532	10.5	10,641	1.0	11,292	6.1	21,374	9.1	22,193	3.8	23,620	6.4
	Operating income	372	30.6	510	37.1	662	29.8	742	23.0	1,134	52.9	1,280	12.8
	Operating income/sales	3.5%		4.8%		5.9%		3.5%		5.1%		5.4%	
Speciality chemicals	Net sales	16,050	4.5	18,825	17.3	20,481	8.8	33,677	8.0	38,559	14.5	41,270	7.0
	Operating income	700	37.9	743	6.1	757	1.8	1,417	29.4	1,628	14.9	1,740	6.8
	Operating income/sales	4.4%		4.0%		3.7%		4.2%		4.2%		4.2%	
Others	Net sales	419	14.3	400	4.4	313	21.7	939	34.5	910	3.0	1,110	21.9
	Operating income	36	28.4	29	17.8	30	1.5	94	216.8	67	28.1	80	18.0
	Operating income/sales	8.7%		7.5%		9.7%		10.0%		7.4%		7.2%	
Consolidated total	Net sales	27,001	6.4	29,868	10.6	32,088	7.4	55,991	8.8	61,663	10.1	66,000	7.0
	Operating income	1,109	34.5	1,284	15.7	1,450	12.9	2,254	24.9	2,831	25.6	3,100	9.5
	Operating income/sales	4.1%		4.3%		4.5%		4.0%		4.6%		4.7%	

Note to Half Year ended September 30, 2007

The influence of revised the depreciation system for the past depreciated assets, due to the FY2007 tax reform, are 33 million Yen for the segment of Paper Chemicals and 92 million Yen for the segment of Speciality Chemicals.

## Segment Information (Non-consolidated)

**Net Sales**  
(Half year ended September 30, 2007)



	2005/9		2006/9		2007/9		2006/3		2007/3		2008/3 Projection	
	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	6,572	4.2	6,683	1.7	6,812	1.9	13,335	5.9	13,603	2.0	14,100	3.7
Printing inks and paints resin	6,355	9.3	7,514	18.2	8,069	7.4	13,462	12.7	15,562	15.6	16,450	5.7
Adhesives resin	2,952	1.3	3,203	8.5	3,581	11.8	6,050	2.8	6,530	7.9	6,800	4.1
Chemicals for electronics	2,111	9.5	2,650	25.5	2,720	2.6	4,423	15.5	5,378	21.6	5,850	8.8
Sub-total	17,992	5.6	20,052	11.5	21,183	5.6	37,271	8.8	41,074	10.2	43,200	5.2
Others	5,423	20.0	4,834	10.9	5,021	3.9	10,911	12.9	10,314	5.5	10,200	1.1
Non-consolidated total	23,416	8.6	24,887	6.3	26,204	5.3	48,183	9.7	51,389	6.7	53,400	3.9

## Management index

		2005/9	2006/9	2007/9	2006/3	2007/3	2008/3 Projection	
Capital investment (Completion basis) (Millions of Yen)	Consolidated	1,313	529	2,128	4,919	1,574	3,700	
	Non-consolidated	1,186	266	399	2,110	989	1,520	
Capital investment (Cash flows basis) (Millions of Yen)	Consolidated	2,433	1,393	1,234	4,467	2,624	2,570	
	Non-consolidated	1,499	530	429	1,966	1,070	1,385	
Depreciation and amortization (Millions of Yen)	Consolidated	747	883	989	1,655	1,832	2,270	Note
	Non-consolidated	549	554	654	1,208	1,150	1,530	
R & D expenses (Millions of Yen)	Consolidated	1,168	1,150	1,220	2,257	2,321	2,650	
	Non-consolidated	982	972	1,053	1,899	1,971	2,330	
Interest-bearing debt (Millions of Yen)	Consolidated	6,657	7,414	8,164	6,785	9,829	8,015	
	Non-consolidated	5,876	6,137	6,813	5,572	7,286	6,745	
Shareholders' equity to total assets (%)	Consolidated	55.7	54.7	55.1	55.9	52.3	55.7	Note
	Non-consolidated	59.7	58.9	58.8	61.4	57.1	59.7	
Return on equity (%)	Consolidated	2.4	2.4	2.6	4.1	4.7	5.4	Note
	Non-consolidated	2.1	2.1	2.1	4.0	4.1	4.6	
Operating income to net sales (%)	Consolidated	4.1	4.3	4.5	4.0	4.6	4.7	
	Non-consolidated	2.6	2.3	1.9	2.4	2.5	2.7	
Ordinary income to net sales (%)	Consolidated	4.7	4.7	5.2	4.6	4.7	5.1	
	Non-consolidated	3.7	3.9	4.0	3.9	4.1	4.4	
Earnings per share-Basic (Yen)	Consolidated	46.38	40.79	46.98	81.80	81.31	96.82	Note
	Non-consolidated	38.53	34.25	35.05	76.59	67.51	76.96	
Book-value per share (Yen)	Consolidated	2,002.35	1,721.66	1,789.40	2,063.56	1,759.95	1,830.00	Note
	Non-consolidated	1,909.21	1,631.14	1,654.19	1,959.90	1,649.44	1,700.00	
Price to earnings ratio	Consolidated	37.4	30.6	27.9	16.1	18.0	-	
	Non-consolidated	45.0	36.4	37.3	17.2	21.7	-	
Annual Dividends per share (Yen)		10.00	10.00	12.00	20.00	24.00	24.00	
Payout ratio (%)	Consolidated	21.6	24.5	25.5	24.4	29.5	24.8	
	Non-consolidated	26.0	29.2	34.2	26.1	35.6	31.2	
Number of employees	Consolidated	969	1,130	1,172	1,084	1,128	1,165	
	Non-consolidated	650	650	653	645	642	645	

### Note to 2007 and 2008 Projection

"Shareholders' equity" is obtained by totaling owners' equity and valuation and translation adjustments in "Accounting Standard for Presentation of Net Assets in the Balance Sheet, ASBJ Statement No.5."

"Book-value per share" is obtained by deducting minority interests from net assets.

A 1.2-for-1 stock split was carried out as of April 1st, 2006.

### Note to Half Year ended September 30, 2007

The influence of revised the depreciation system for the past depreciated assets, due to the FY2007 tax reform, are 125 million Yen as consolidated basis and 115 million Yen as non-consolidated basis.

## Balance Sheets (Consolidated)

Assets	(Unit : Millions of Yen)				
	2005/9	2006/9	2007/9	2006/3	2007/3
Current Assets	32,601	37,233	39,008	35,451	41,172
Cash and time deposits	4,791	2,465	2,316	4,187	2,457
Trade notes and accounts receivable	20,041	24,562	26,308	21,167	25,846
Marketable securities	507	3	-	506	-
Inventories	6,275	9,008	9,235	8,492	11,685
Other current assets	1,106	1,311	1,270	1,219	1,302
Allowance for doubtful receivables	120	118	118	122	120
Fixed Assets	24,123	26,145	26,378	26,561	26,560
· Tangible Fixed Assets	16,843	18,431	19,163	17,988	18,765
Building and structures	5,367	5,911	7,244	6,088	5,988
Machinery and material-handling equipment	3,996	5,636	5,850	5,871	5,807
Land	5,110	5,241	5,241	5,240	5,241
Other fixed assets	2,369	1,641	826	788	1,727
· Intangible Fixed Assets	960	800	713	924	830
· Investments and Other Assets	6,319	6,912	6,501	7,648	6,964
Investments in securities	5,704	6,287	5,793	7,036	6,320
Others	915	904	724	892	721
Allowance for doubtful receivables	300	279	17	280	77
<b>Total Assets</b>	<b>56,724</b>	<b>63,378</b>	<b>65,386</b>	<b>62,012</b>	<b>67,732</b>
Liabilities					
Current Liabilities	19,513	23,491	23,946	21,455	26,589
Trade notes and accounts payable	9,677	12,165	12,327	10,910	13,346
Short-term bank loans	5,980	7,204	7,460	6,530	8,958
Accrued income taxes	428	612	371	698	717
Notes for capital investment	63	73	230	84	78
Other current liabilities	3,364	3,435	3,557	3,231	3,488
Long-term Liabilities	3,646	3,396	3,667	3,833	4,080
Long-term bank loans	677	210	703	254	870
Provision for retirement benefits	1,917	1,997	1,993	1,976	2,016
Provision for retirement allowances for directors	252	294	-	272	316
Other long-term liabilities	798	894	970	1,328	877
<b>Total Liabilities</b>	<b>23,159</b>	<b>26,888</b>	<b>27,613</b>	<b>25,289</b>	<b>30,670</b>
Net Assets					
Owners' equity	29,994	32,581	33,858	31,956	33,194
Common stock	2,365	3,128	3,128	3,128	3,128
Additional paid-in capital	2,587	3,350	3,350	3,350	3,350
Retained earnings	25,045	26,110	27,389	25,482	26,725
Cost of treasury stock	3	7	9	3	9
Valuation and translation adjustments	1,616	2,095	2,180	2,709	2,251
Gain/loss from revaluation of other investments in securities	1,831	2,053	1,621	2,625	1,952
Foreign currency translation adjustments	214	41	558	84	299
Minority Interests	1,953	1,813	1,734	2,057	1,616
<b>Total Net Assets</b>	<b>33,564</b>	<b>36,490</b>	<b>37,772</b>	<b>36,723</b>	<b>37,062</b>
<b>Total Liabilities and Net Assets</b>	<b>56,724</b>	<b>63,378</b>	<b>65,386</b>	<b>62,012</b>	<b>67,732</b>

\* Conventional "Shareholders' Equity" section is reclassified into "Net Assets."

## Statements of Income (Consolidated)

(Unit : Millions of Yen)

	2005/9	2006/9	2007/9	2006/3	2007/3
Net sales	27,001	29,868	32,088	55,991	61,663
Cost of sales	21,188	23,643	25,605	44,212	48,882
Gross profit	5,813	6,224	6,482	11,778	12,781
Selling, general and administrative expenses	4,703	4,940	5,032	9,524	9,950
Operating Income	1,109	1,284	1,450	2,254	2,831
Other Income	191	206	352	440	500
Interest income	9	10	8	19	17
Dividend income	29	38	51	56	74
Equity in earnings of non-consolidated subsidiaries	23	39	53	49	86
Miscellaneous income	128	118	238	314	323
Other Expenses	39	88	149	131	423
Interest expense	33	45	93	67	130
Miscellaneous expenses	5	43	55	64	292
Ordinary income	1,261	1,402	1,653	2,563	2,908
Extraordinary Gains	4	10	3	53	9
Gains on disposal of fixed assets	2	3	0	50	3
Reversal of provision for credit losses	2	6	3	3	5
Extraordinary Losses	18	10	148	69	28
Losses on disposal of fixed assets	18	10	52	34	28
Losses on sales of investments in securities	-	-	-	13	-
Office Relocation expense	-	-	96	-	-
Losses from fixed asset revaluation	0	-	-	0	0
Others	-	-	-	22	-
Income before provision for income taxes	1,247	1,402	1,508	2,547	2,888
Corporate income, local and business taxes	355	570	381	1,021	1,207
Adjustments to income taxes	69	89	130	0	74
Minority interest in net income of consolidated subsidiaries	90	100	50	196	117
Net Income	732	821	946	1,329	1,637

## Statements of Cash Flows (consolidated)

(Unit : Millions of Yen)

	2005/9	2006/9	2007/9	2006/3	2007/3
. Cash Flows from Operating Activities					
Net income before adjustments to reconcile income to net cash provided by operating activities	1,247	1,402	1,508	2,547	2,888
Depreciation and amortization	747	883	989	1,655	1,832
amortization of consolidation difference	108	140	108	216	248
Increase(decrease) in provision of allowance for doubtful receivables	6	3	65	13	205
Increase(decrease) in provision for retirement benefits	30	21	23	29	40
Gains on disposal of fixed assets	16	6	52	15	24
Interest and dividends received	38	48	60	76	91
Interest expenses	33	45	93	67	130
Office Relocation expense	-	-	96	-	-
Increase(decrease) of accounts receivable	797	3,417	365	1,858	4,643
Increase(decrease) of inventories	824	548	2,624	1,336	3,124
Increase(decrease) of trade notes	265	1,273	1,074	930	2,408
Others, net	258	37	40	105	435
Sub-total	1,594	207	3,922	2,039	54
Interest and dividends received	45	91	128	83	132
Interest paid	33	42	99	65	126
Office relocation expense paid	-	-	42	-	-
Income taxes paid	622	635	709	1,042	1,189
Net cash provided by operating activities	983	794	3,199	1,015	1,238
. Cash Flows from Investing Activities					
Acquisition of fixed assets	2,433	1,393	1,234	4,467	2,624
Purchase of investment in securities	9	209	10	37	366
Additional acquisition of shares of consolidated subsidiaries	-	345	-	-	528
Increase(decrease) of notes for capital investment	41	11	151	20	5
Others, net	7	973	180	112	887
Net cash used in investing activities	2,476	986	1,274	4,637	2,637
. Cash Flows from Financing Activities					
Increase(decrease) in short-term debt	700	793	1,614	651	2,899
Proceeds from long-term debt	-	-	-	328	966
Repayment of long-term debt	135	156	223	217	883
Proceeds from stock issuance	-	-	-	1,525	-
Dividends paid	173	167	281	331	369
Dividends paid to minority interest	4	4	-	121	105
Others, net	88	4	0	88	5
Net cash used in financing activities	475	460	2,120	1,923	2,502
. Effect of Exchange-rate Change on Cash and Cash Equivale	142	11	33	269	23
. Net Increase in Cash and Cash Equivalents	875	1,332	161	1,429	1,350
. Cash and Cash Equivalents, Beginning of Year	5,175	3,746	2,396	5,175	3,746
. Cash and Cash Equivalents, End of Year	4,300	2,414	2,234	3,746	2,396



## Balance Sheets (Non-consolidated)

## Assets

(Unit : Millions of Yen)

	2005/9	2006/9	2007/9	2006/3	2007/3
<b>Current Assets</b>	25,900	30,543	32,422	28,011	33,118
Cash and time deposits	1,546	1,110	829	2,081	1,008
Trade notes and accounts receivable	17,761	21,521	22,899	18,716	22,806
Inventories	4,835	6,615	6,428	5,704	7,395
Other current assets	1,846	1,384	2,355	1,598	1,998
Allowance for doubtful receivables	90	90	90	90	90
<b>Fixed Assets</b>	24,582	25,190	24,254	25,648	25,084
· <b>Tangible Fixed Assets</b>	13,082	12,747	12,313	12,794	12,548
Buildings	3,546	3,430	3,342	3,256	4,262
Machinery	3,120	3,093	3,108	3,255	3,244
Land	4,453	4,584	4,584	4,583	4,584
Other fixed assets	1,962	1,638	1,278	1,429	457
· <b>Intangible Fixed Assets</b>	97	150	252	155	276
· <b>Investments and Other Assets</b>	11,403	12,292	11,689	12,698	12,260
Investments in securities	5,353	5,911	5,349	6,658	5,897
Others	6,285	6,587	6,347	6,246	6,371
Allowance for doubtful receivables	235	206	8	206	8
<b>Total Assets</b>	50,483	55,733	56,677	53,659	58,203

## Liabilities

<b>Current Liabilities</b>	17,613	19,815	20,261	17,237	21,524
Trade notes and accounts payable	8,678	10,676	10,801	9,169	11,467
Short-term bank loans	5,600	5,800	6,100	5,100	6,450
Due within one year long-term bank loans	208	127	233	225	239
Accrued income taxes	226	355	176	434	449
Notes for capital investment	63	69	134	84	52
Others	2,835	2,786	2,816	2,223	2,864
<b>Long-term Liabilities</b>	2,728	3,064	3,101	3,496	3,459
Long-term bank loans	67	210	480	246	596
Provision for retirement benefits	1,641	1,707	1,701	1,686	1,717
Provision for retirement allowances for directors	225	258	-	241	275
Others	794	888	919	1,321	869
<b>Total Liabilities</b>	20,342	22,880	23,362	20,733	24,983

## Net Assets

<b>Owners' equity</b>	28,316	30,812	31,702	30,319	31,279
Common stock	2,365	3,128	3,128	3,128	3,128
Capital surplus	2,587	3,350	3,350	3,350	3,350
Earned surplus	23,367	24,341	25,234	23,845	24,810
Cost of treasury stocks	3	7	9	3	9
<b>Valuation and translation adjustments</b>	1,824	2,040	1,612	2,606	1,940
Gain/loss from revaluation of other investments in securities	1,824	2,040	1,612	2,606	1,940
<b>Total Net Assets</b>	30,140	32,853	33,315	32,925	33,220
<b>Total Liabilities and Net Assets</b>	50,483	55,733	56,677	53,659	58,203

\* Conventional "Shareholders' Equity" section is reclassified into "Net Assets."

Statements of Income (Non-consolidated)

(Unit : Millions of Yen)

	2005/9	2006/9	2007/9	2006/3	2007/3
Net sales	23,416	24,887	26,204	48,183	51,389
Cost of sales	19,106	20,546	21,753	39,612	42,444
Gross profit	4,309	4,341	4,451	8,570	8,945
Selling, general and administrative expenses	3,711	3,773	3,947	7,412	7,648
Operating Income	598	567	504	1,158	1,296
Other Income	298	446	589	805	1,032
Other Expenses	22	52	47	79	216
Ordinary income	874	961	1,046	1,885	2,112
Extraordinary Gains	2	3	-	52	3
Extraordinary Losses	15	7	56	50	20
Income before provision for income taxes	861	958	990	1,886	2,095
Corporate income, local and business taxes	206	340	190	650	760
Adjustments to income taxes	47	71	94	6	24
Net Income	608	689	706	1,243	1,359

The statements concerning future performance that are presented in this document are based on information available to issuing date of this report, and therefore the actual results may differ from these forecasted figures due to various unknown factors.