

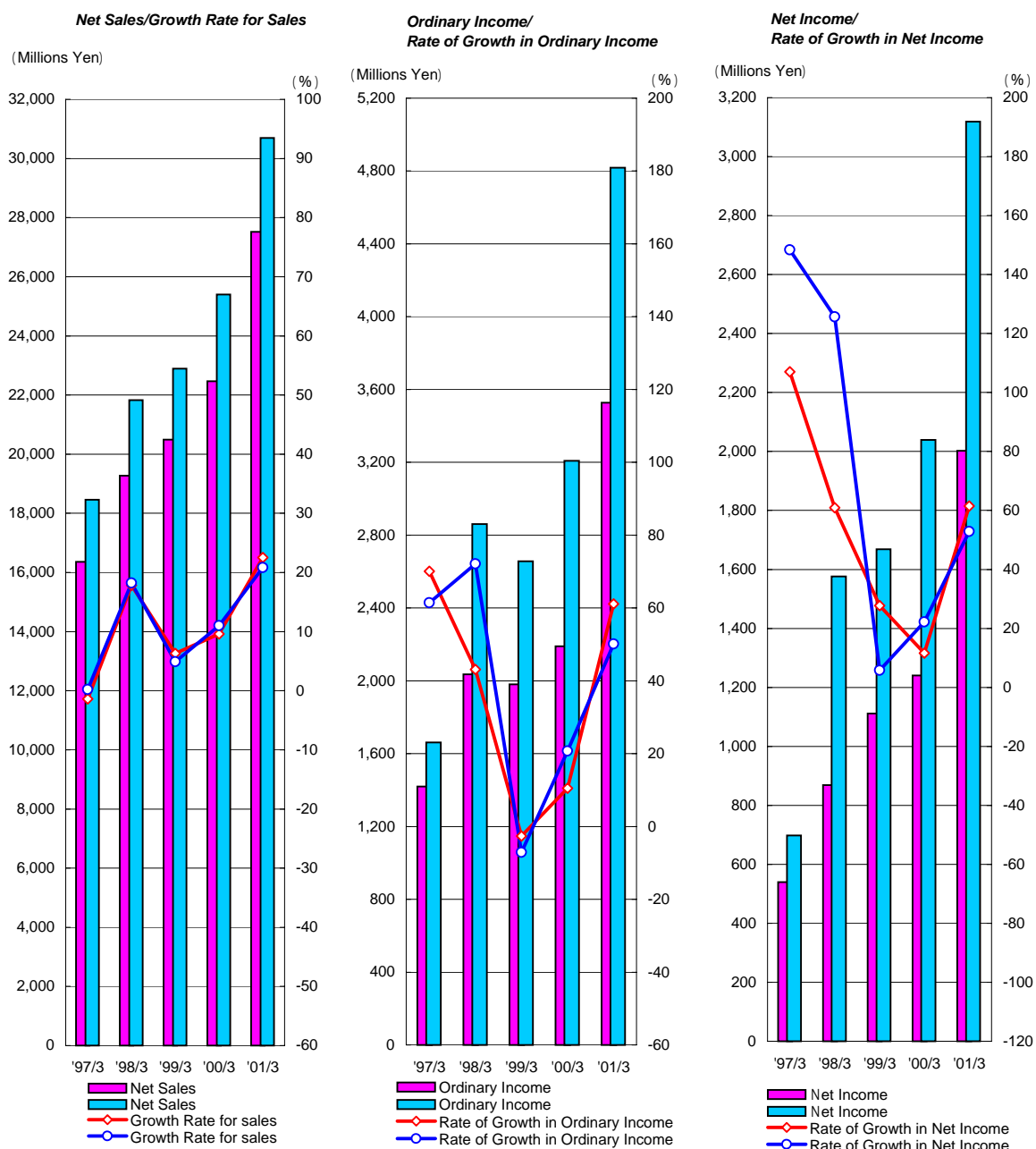
# Arisawa Manufacturing Co., Ltd.

## 2001.3 Report

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## Operating results



Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
Net Sales(Millions Yen)	16,354	19,275	20,493	22,465	27,518
Growth Rate for sales (%)	-1.4	17.8	6.3	9.6	22.5
Operating Income(Millions Yen)	1,360	2,051	1,859	1,989	3,298
Rate of Growth for Operating Profits(%)	50.9	50.7	-9.3	6.9	65.8
Ordinary Income(Millions Yen)	1,420	2,035	1,981	2,190	3,528
Rate of Growth in Ordinary Income(%)	70.1	43.1	-2.6	10.5	61.1
Net Income(Millions Yen)	540	869	1,111	1,240	2,002
Rate of Growth in Net Income(%)	107	60.9	27.7	11.6	61.5
Ratio of Gross Profit to Sales(%)	19.5	20.8	19.1	18.3	20.1
Sales Management Cost Ratio(%)	11.1	10.2	10.0	9.5	8.1

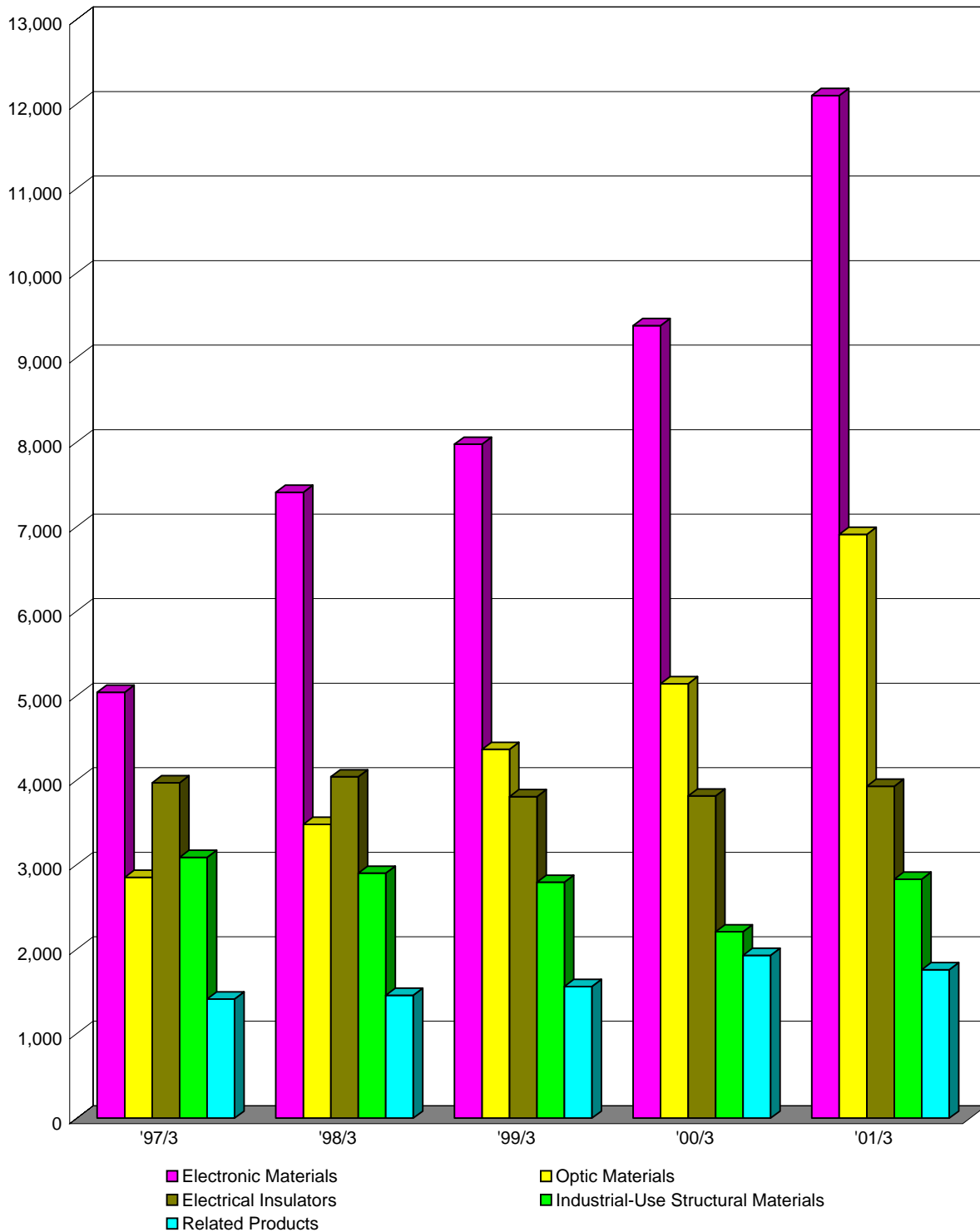
Consolidated	'97/3	'98/3	'99/3	'00/3	'01/3
Net Sales(Millions Yen)	18,461	21,824	22,887	25,398	30,691
Growth Rate for sales (%)	0.2	18.2	4.9	11.0	20.8
Operating Income(Millions Yen)	1,545	2,325	2,239	2,430	3,822
Rate of Growth for Operating Profits(%)	27	50.4	-3.7	8.5	57.3
Ordinary Income(Millions Yen)	1,661	2,861	2,657	3,208	4,818
Rate of Growth in Ordinary Income(%)	61.4	72.1	-7.1	20.7	50.1
Net Income(Millions Yen)	698	1,576	1,668	2,039	3,118
Rate of Growth in Net Income(%)	148.4	125.7	5.8	22.2	52.9
Ratio of Gross Profit to Sales(%)	21.1	22	20.7	19.9	21.9
Sales Management Cost Ratio(%)	12.8	12.2	10.9	10.3	9.4

Note: Amounts less than one million yen are omitted

The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology, Forms and Method of Preparation of Financial Statements, etc

### Sales as Classified by Items

(Millions Yen)

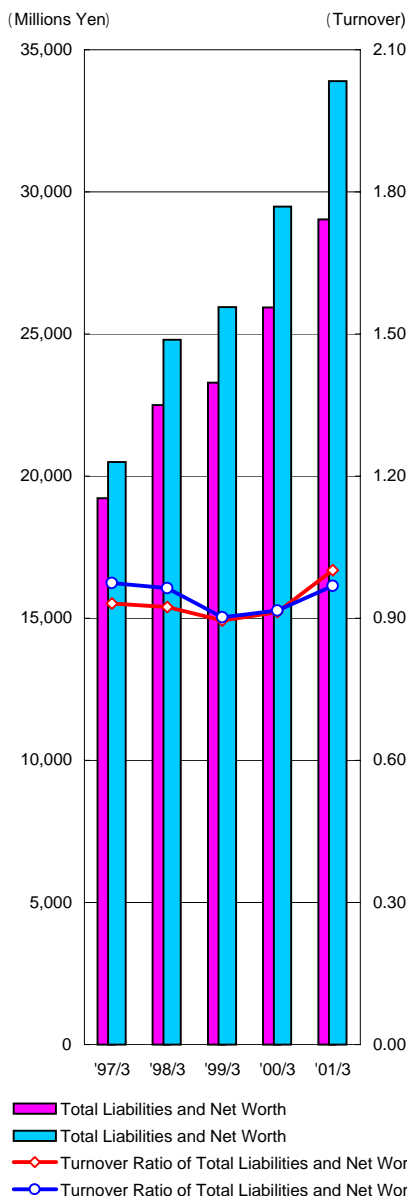


(Millions Yen)

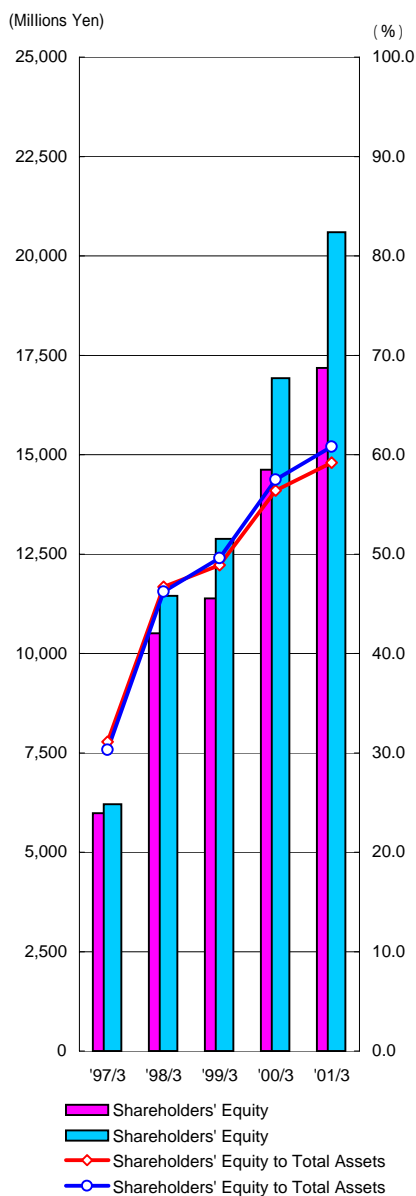
Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
Electronic Materials	5,040	7,405	7,974	9,378	12,101
Optic Materials	2,849	3,477	4,364	5,140	6,907
Electrical Insulators	3,969	4,039	3,804	3,813	3,927
Industrial-Use Structural Materials	3,086	2,899	2,792	2,206	2,827
Related Products	1,410	1,455	1,559	1,928	1,756
<b>Total</b>	<b>16,354</b>	<b>19,275</b>	<b>20,493</b>	<b>22,465</b>	<b>27,518</b>

## Shareholders' Equity/Financial

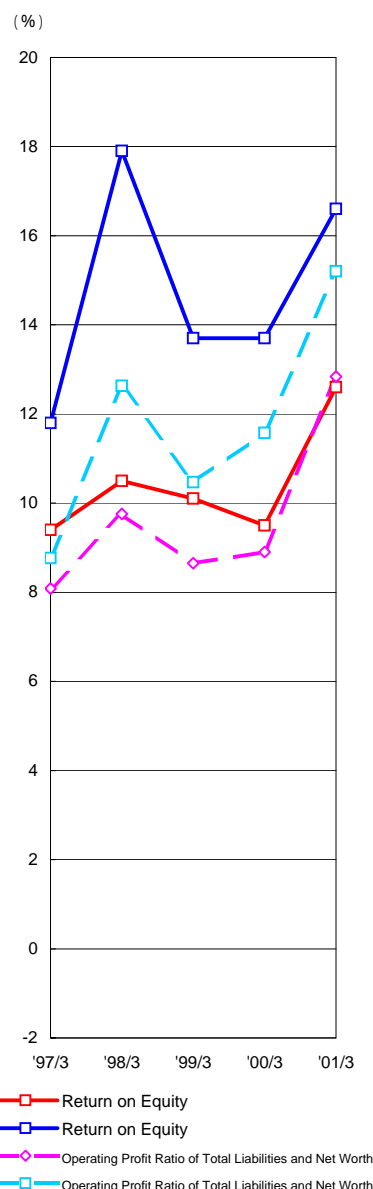
Total Liabilities and Net Worth/  
Turnover Ratio of Total Liabilities and Net Worth



Shareholders' Equity/  
Shareholders' Equity to Total



Return on Equity/Operating Profit Ratio  
of Total Liabilities and Net Worth



Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
Total Liabilities and Net Worth(Millions Yen)	19,225	22,500	23,286	25,930	29,034
Turnover Ratio of Total Liabilities and Net Worth(Turnover)	0.93	0.92	0.90	0.91	1.00
Operating Profit Ratio of Total Liabilities and Net Worth(%)	8.1	9.8	8.7	8.9	12.8
Shareholders' Equity(Millions Yen)	5,980	10,511	11,387	14,618	17,183
Shareholders' Equity to Total Assets(%)	31.1	46.7	48.9	56.4	59.2
Return on Equity(%)	9.4	10.5	10.1	9.5	12.6
Number of Shares Outstanding at Term End(1000)	14,300	17,150	17,150	17,860	19,792
<b>Consolidated</b>					
Total Liabilities and Net Worth(Millions Yen)	20,496	24,802	25,950	29,478	33,896
Turnover Ratio of Total Liabilities and Net Worth(Turnover)	0.97	0.96	0.90	0.92	0.97
Operating Profit Ratio of Total Liabilities and Net Worth(%)	8.8	12.6	10.5	11.6	15.2
Shareholders' Equity(Millions Yen)	6,208	11,448	12,880	16,928	20,599
Shareholders' Equity to Total Assets(%)	30.3	46.2	49.6	57.5	60.8
Return on Equity(%)	11.8	17.9	13.7	13.7	16.6

Note: Turnover Ratio of Total Liabilities and Net Worth = Net Sales/Total Liabilities and Net Worth(Mid-term Average)

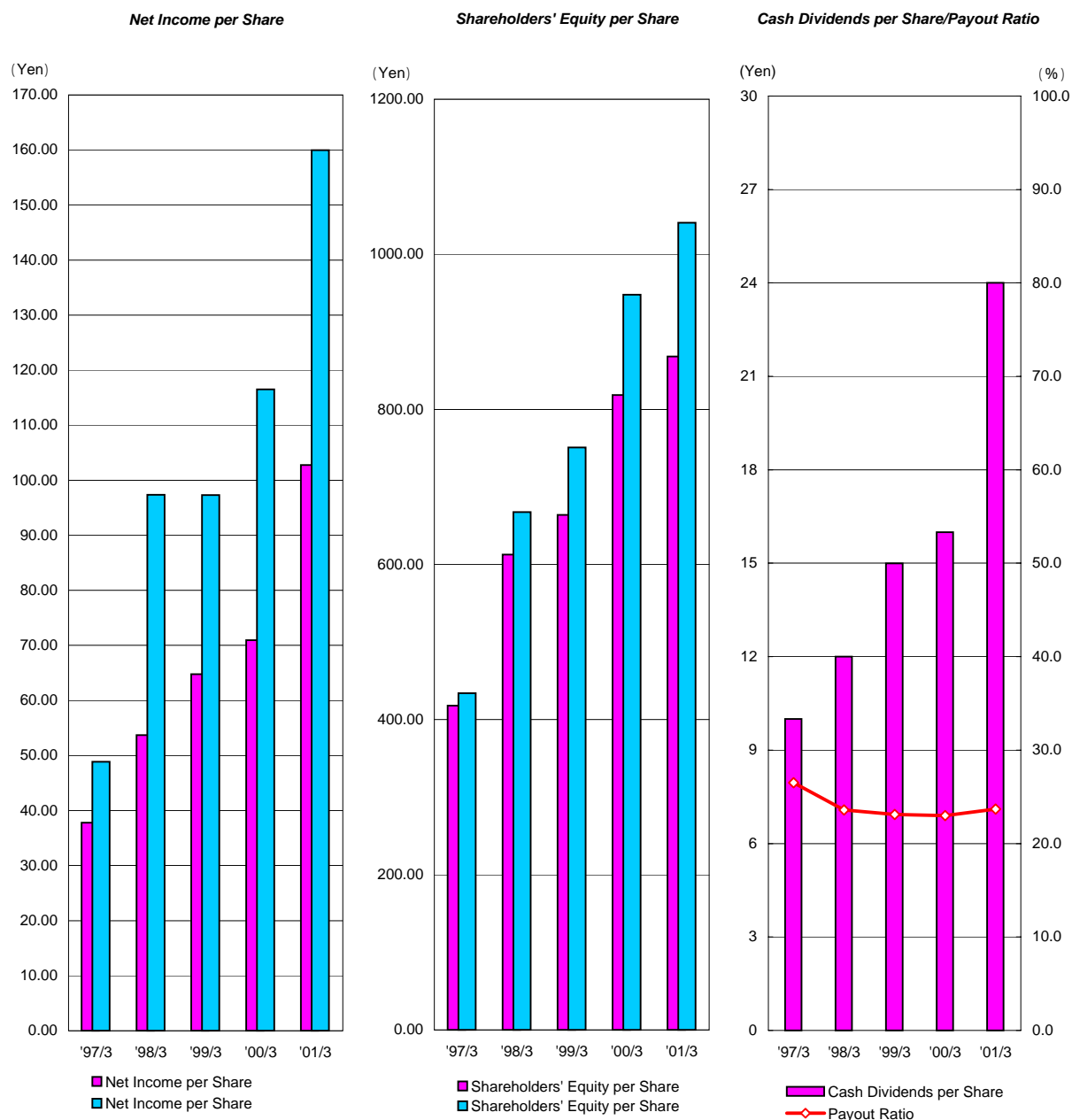
Operating Profit Ratio of Total Liabilities and Net Worth = Ordinary Income/Total Liabilities and Net Worth (Mid-term Average)X100

Shareholders' Equity to Total Assets=Shareholders' Equity(Term End)/Total Liabilities and Net Worth(Term End)X100

Return on Equity = Net Income/Shareholders' Equity(Mid-term Average)X100

The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology ,Forms and Method of Preparation of Financial Statements ,etc

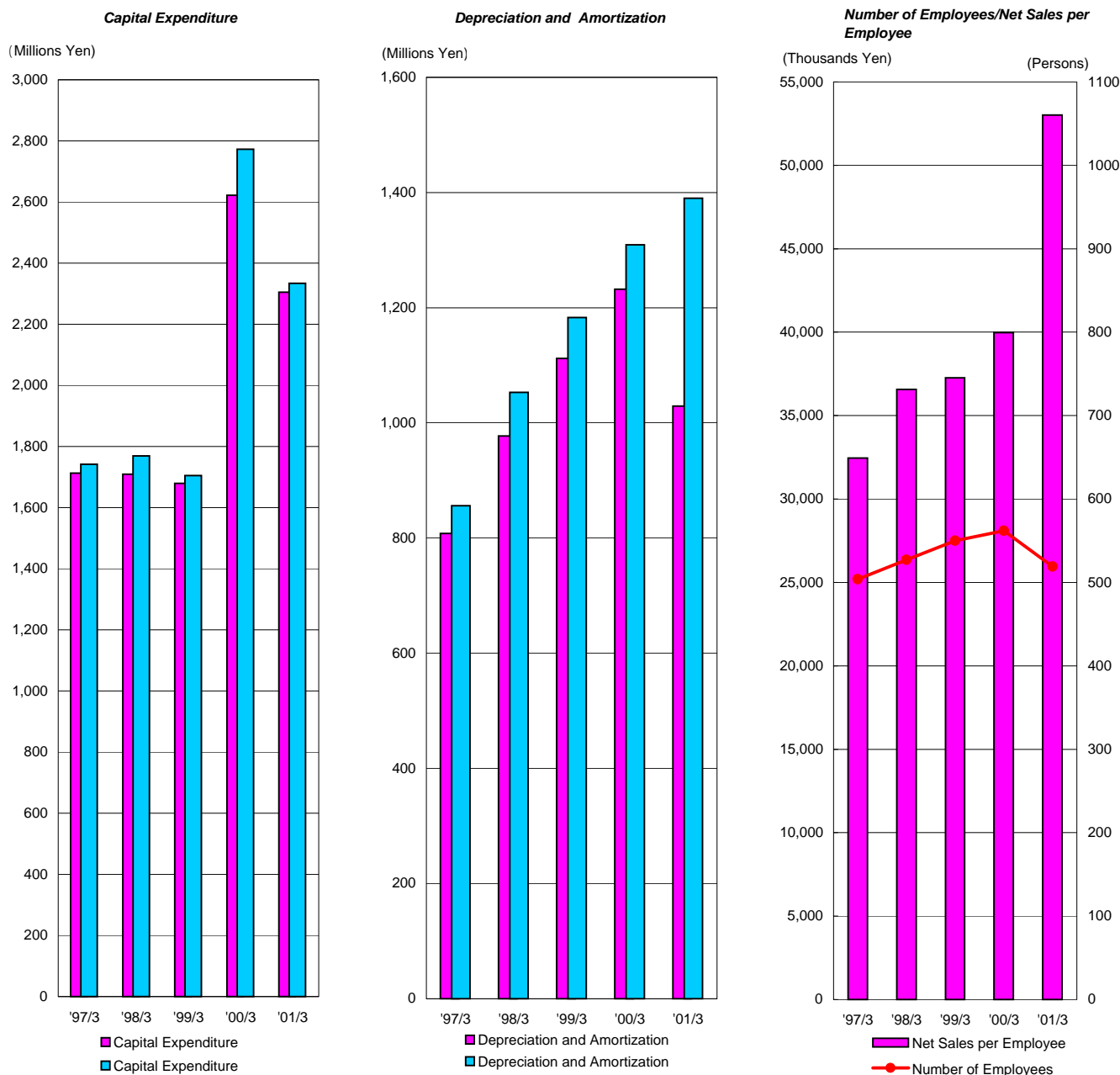
## Per Share Data



Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
Net Income per Share(Yen)	37.78	53.70	64.79	70.92	102.76
Shareholders' Equity per Share(Yen)	418.20	612.91	664.01	818.52	868.19
Cash Dividends per Share(Yen)	10	12	15	16	24
Payout Ratio(%)	26.5	23.6	23.1	23.0	23.7

Consolidated	'97/3	'98/3	'99/3	'00/3	'01/3
Net Income per Share(Yen)	48.86	97.36	97.30	116.52	159.98
Shareholders' Equity per Share(Yen)	434.19	667.56	751.07	947.87	1040.82

## Capital Expenditure/Per Employee Data



Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
Capital Expenditure(Millions Yen)	1,713	1,709	1,679	2,622	2,305
Depreciation and Amortization(Millions Yen)	808	977	1,112	1,232	1,029
Inventory Turnover Period(Days)	51.2	51.4	57.2	54.1	36.7
Interest Coverage(Times)	11.3	23.4	29.4	53.9	123.0
Number of Employees(including part time employees)(Persons)	504	527	550	562	519
Net Sales per Employee(including part time employees)(Thousands Yen)	32,448	36,575	37,260	39,973	53,021
Labor Productivity(Thousands Yen)	11,465	13,468	13,138	13,487	17,533
Labor's Relative Share(%)	57.8	52.2	52.4	52.4	45.8

Consolidated	'97/3	'98/3	'99/3	'00/3	'01/3
Capital Expenditure(Millions Yen)	1,742	1,769	1,705	2,773	2,334
Depreciation and Amortization(Millions Yen)	856	1,053	1,183	1,309	1,390
Inventory Turnover Period(Days)	50.4	50.2	57.0	53.1	44.9
Interest Coverage(Times)	11.4	20.2	28.2	50.9	112.0

Note: Inventory Turnover Period(Days)=(Average Inventory/Net Sales)X365

Labor Productivity=Value Added/Number of Employees

The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology ,Forms and Method of Preparation of Financial Statements ,etc

## Financial Statements

### Balance Sheets

(Millions Yen)

Fiscal Year Ended		'97/3	'98/3	'99/3	'00/3	'01/3	
<b>Assets</b>	<b>Current Assets</b>	10,787	13,331	13,207	13,167	12,984	
	Cash and Time Deposits	1,547	1,707	1,215	1,080	850	
	Notes Receivable, Trade	3,460	3,920	1,605	1,756	2,077	
	Accounts Receivable, Trade	3,449	4,660	7,053	6,879	7,306	
	Securities	-	-	-	-	160	
	Inventories	2,353	3,073	3,352	3,308	2,220	
	Prepaid Expenses	8	8	6	6	21	
	Deferred Tax Assets	-	-	-	116	275	
	Other Current Assets	21	23	22	57	81	
	Allowance for Doubtful Receivables	-51	-60	-46	-35	-6	
	<b>Fixed Assets</b>	8,438	9,169	10,079	12,763	16,050	
	<b>(Tangible Fixed Assets)</b>	6,798	7,485	8,041	9,277	10,229	
	Buildings	2,816	2,897	3,134	3,802	3,792	
	Structures	135	136	251	291	264	
	Machinery and Equipment	2,254	2,339	2,808	3,213	2,989	
	Vehicles and Automotive Equipment	9	17	17	19	20	
	Tools, Furnitures, Fixtures	111	107	98	150	168	
	Land	1,005	1,005	1,153	1,582	1,584	
	Construction in Progress	468	984	580	220	1,412	
	<b>(Intangible Fixed Assets)</b>	16	15	14	14	13	
	<b>(Investments and Other Assets)</b>	1,624	1,669	2,024	3,472	5,808	
	Investments in Securities	1,233	1,227	1,536	2,805	4,063	
	Stocks of Subsidiaries	90	80	80	170	274	
	Contributions	2	2	2	2	2	
	Contributions of subsidiaries	15	36	36	36	36	
	Long-term loans	84	144	184	156	1,227	
Long-term Prepaid Expenses	31	12	10	4	18		
Deferred Tax Assets	-	-	-	126	-		
Other Investments	214	213	221	217	258		
Allowance for Doubtful Receivables	-45	-45	-45	-44	-70		
<b>Total Assets</b>	<b>19,225</b>	<b>22,500</b>	<b>23,286</b>	<b>25,930</b>	<b>29,034</b>		
<b>Liabilities</b>	<b>Current Liabilities</b>	12,282	11,489	11,565	11,005	11,263	
	Notes Payable, Trade	2,646	3,499	3,274	3,286	3,743	
	Accounts Payable, Trade	734	956	1,574	1,705	2,570	
	Short-Term Loan Payables	6,647	4,293	4,790	3,554	892	
	Accounts Payable, Other	381	497	446	349	620	
	Accrued Income Taxes	516	665	348	540	1,059	
	Expenses Unpaid	416	522	439	479	665	
	Deposits Received	16	13	20	18	20	
	Employee Savings Deposits	388	389	406	387	386	
	Bills Payable for Plant and Equipment	536	651	267	686	1,298	
	Other Current Liabilities	2	4	1	1	10	
	<b>Long-Term Liabilities</b>	963	500	334	307	588	
	Long-Term Debt	728	177	27	29	12	
	Deferred Tax Liabilities	-	-	-	-	342	
	Reserve for Retirement Allowances	137	117	98	64	-	
	Reserve for Officers' Retirement Bonuses	93	200	204	209	229	
	Other Long-Term Liabilities	5	6	5	5	5	
	<b>Total Liabilities</b>	<b>13,245</b>	<b>11,989</b>	<b>11,899</b>	<b>11,312</b>	<b>11,851</b>	
	<b>Shareholders' Equity</b>	<b>Common Stock</b>	715	2,633	2,633	3,673	3,876
		<b>Additional Paid-in Capital</b>	10	1,925	1,925	2,965	2,989
<b>Appropriation of Retained Earnings</b>		179	179	658	658	693	
<b>Other Surplus</b>		5,076	5,774	6,171	7,322	8,983	
Dividends Reserve		171	171	171	172	172	
Reserve for Officers' Retirement Allowance		120	-	-	-	-	
Fixed Asset Depreciation Reserve		109	109	109	106	4	
Reserve for Special Depreciation		-	-	-	-	9	
Other Retained Earnings		4,014	4,457	4,569	5,350	6,480	
Unappropriated Retained Earnings		662	1,037	1,322	1,694	2,319	
( Less Current Retained Earnings )		(540)	(870)	(1,111)	(1,240)	(2,002)	
<b>Net Unrealized holding gains on Securities available for Sales</b>		-	-	-	-	641	
<b>Total Shareholders' Equity</b>		<b>5,980</b>	<b>10,511</b>	<b>11,387</b>	<b>14,618</b>	<b>17,183</b>	
<b>Total Liabilities and Shareholders' Equity</b>		<b>19,225</b>	<b>22,500</b>	<b>23,286</b>	<b>25,930</b>	<b>29,034</b>	

Note: The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology, Forms and Method of Preparation of Financial Statements, etc

## Financial Statements

### Statements of Income

(Millions Yen)

Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
<b>Net Sales</b>	16,354	19,275	20,493	22,465	27,518
Cost of Sales	13,171	15,262	16,587	18,343	21,991
Gross Profit	3,183	4,013	3,906	4,122	5,527
Selling, General and Administrative Expenses	1,823	1,962	2,047	2,133	2,229
<b>Operating Income</b>	1,360	2,051	1,859	1,989	3,298
Non-Operating Income	279	252	233	317	681
Interest and Dividend Income	29	32	26	23	102
Other Non-Operating Income	250	220	207	294	579
Non-Operating Expenses	219	268	111	116	451
Interest Expenses	120	88	63	37	27
Other Non-Operating Expenses	99	180	48	79	424
<b>Ordinary Income</b>	1,420	2,035	1,981	2,190	3,528
Extraordinary Income	38	0	15	827	7
Extraordinary Losses	152	120	14	863	116
Income Before Income Taxes	1,306	1,915	1,982	2,154	3,419
Corporation Tax . Inhabitant Tax and Business Taxes	766	1,046	871	976	1,566
Provision for Income Taxes—Deferred	-	-	-	-62	-149
<b>Net Income</b>	540	869	1,111	1,240	2,002
Unappropriated Retained Earnings Brought Forward	122	168	211	271	316
Prior Year's Tax Effect Adjustment	-	-	-	180	-
Reversal of Accelerated Depreciation Reserve in Connection with the Application of the Tax Effect Accounting	-	-	-	3	0
<b>Unappropriated Retained Earnings</b>	662	1,037	1,322	1,694	2,318

Note: The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology, Forms and Method of Preparation of Financial Statements, etc

## Consolidated Financial Statements

### Consolidated Balance Sheet

(Millions Yen)

Fiscal Year Ended		'97/3	'98/3	'99/3	'00/3	'01/3
<b>Assets</b>	<b>Current Assets</b>	12,258	14,899	14,956	15,066	16,537
	Cash and Time Deposits	1,948	2,236	1,854	1,648	1,640
	Notes and Accounts Receivable, Trade	7,400	9,204	9,333	9,515	10,190
	Securities	-	-	-	-	160
	Inventories	2,576	3,431	3,716	3,672	3,881
	Deferred Tax Assets	-	-	-	129	359
	Other Current Assets	394	95	106	146	312
	Allowance for Doubtful Receivables	-60	-67	-53	-44	-5
	<b>Fixed Assets</b>	8,238	9,903	10,994	14,412	17,359
	<b>(Tangible Fixed Assets)</b>	7,301	8,324	8,686	9,927	10,833
	Buildings and Structures	3,260	3,485	3,761	4,481	4,400
	Machinery, Equipment and Automotive Equipment	2,309	2,449	2,904	3,312	3,090
	Tools, Furnitures, Fixtures	136	132	129	174	187
	Land	1,117	1,275	1,313	1,742	1,744
	Construction in Progress	479	983	579	218	1,412
	<b>(Intangible Fixed Assets)</b>	18	18	18	17	17
	<b>(Investments and Other Assets)</b>	919	1,561	2,290	4,468	6,509
	Investments in Securities	675	1,288	2,008	4,064	6,166
	Long-Term Loans	19	53	52	46	48
	Deferred Tax Assets	-	-	-	150	21
	Other Investments	336	334	338	315	355
Allowance for Doubtful Receivables	-111	-114	-108	-107	-81	
<b>Total Assets</b>	<b>20,496</b>	<b>24,802</b>	<b>25,950</b>	<b>29,478</b>	<b>33,896</b>	
<b>Liabilities</b>	<b>Current Liabilities</b>	12,994	12,593	12,601	12,186	12,605
	Notes and Accounts Payable, Trade	3,673	4,852	5,356	5,633	6,877
	Short-Term Loan Payables	6,982	4,838	5,199	3,932	1,308
	Accrued Income Taxes	545	757	405	641	1,212
	Deferred Tax Liabilities	-	-	-	-	3
	Other Current Liabilities	1,794	2,146	1,641	1,980	3,205
	<b>Long-Term Liabilities</b>	1,287	756	462	354	680
	Long-Term Debt	1,038	415	125	37	40
	Deferred Tax Liabilities	-	-	-	-	342
	Reserve for Retirement Allowances	150	132	112	75	-
	Severance and Retirement Benefits	-	-	-	-	25
	Reserve for Officers' Retirement Bonuses	93	200	204	212	231
	Consolidated Adjustments	-	4	3	2	-
	Other Long-Term Liabilities	6	5	18	28	42
	<b>Total Liabilities</b>	<b>14,281</b>	<b>13,349</b>	<b>13,063</b>	<b>12,540</b>	<b>13,285</b>
	<b>Minority Interest</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>10</b>	<b>12</b>
<b>Shareholders' Equity</b>	<b>Common Stock</b>	715	2,633	2,633	3,673	3,876
	Additional Paid-in Capital	10	1,925	1,925	2,965	2,989
	Consolidated Surplus	5,484	6,891	8,323	10,292	13,101
	Net Unrealized holding gains on Securities available for Sales	-	-	-	-	640
	Cumulative Translation Adjustments	-	-	-	-	-7
	Total	6,209	11,449	12,881	16,930	20,599
	Treasury Stock	-1	-1	-1	-2	0
<b>Total Shareholders' Equity</b>	<b>6,208</b>	<b>11,448</b>	<b>12,880</b>	<b>16,928</b>	<b>20,599</b>	
<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>	<b>20,496</b>	<b>24,802</b>	<b>25,950</b>	<b>29,478</b>	<b>33,896</b>	

Note: The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology, Forms and Method of Preparation of Financial Statements, etc

## Consolidated Statements of Income

(Millions Yen)

Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
<b>Net Sales</b>	18,461	21,824	22,887	25,398	30,691
Cost of Sales	14,559	17,030	18,159	20,356	23,980
Gross Profit	3,902	4,794	4,728	5,042	6,711
Selling, General and Administrative Expenses	2,357	2,469	2,489	2,612	2,889
<b>Operating Income</b>	1,545	2,325	2,239	2,430	3,822
Non-Operating Income	357	833	596	979	1,230
Interest and Dividend Income	31	35	22	20	44
Other Non-Operating Income	326	798	574	959	1,186
Non-Operating Expenses	241	297	178	201	234
Interest Expenses	137	116	80	48	34
Other Non-Operating Expenses	104	181	98	153	200
<b>Ordinary Income</b>	1,661	2,861	2,657	3,208	4,818
Extraordinary Income	38	0	4	773	14
Extraordinary Losses	155	119	14	863	129
Income Before Income Taxes	1,544	2,742	2,647	3,118	4,703
Corporation Tax . Inhabitant Tax and Business Taxes	848	1,167	978	1,155	1,798
Provision for Income Taxes—Deferred	-	-	-	-79	-215
Minority Stockholder Income	-2	-1	1	3	2
<b>Net Income</b>	698	1,576	1,668	2,039	3,118

## Consolidated Statements of Surplus

(Millions Yen)

Fiscal Year Ended	'97/3	'98/3	'99/3	'00/3	'01/3
Balance of other Retained Earnings Beginning of the Period	4,888	5,485	6,891	8,323	10,291
Balance of Increase in other Retained Earnings	32	3	0	200	-
Balance of Decrease in other Retained Earnings	133	173	236	271	308
Cash Dividends	114	143	206	257	286
Bonuses of Directors and Statutory Auditors	19	30	30	14	22
<b>Net Income</b>	698	1,576	1,668	2,039	3,118
Balance of other Retained Earnings	5,485	6,891	8,323	10,291	13,101

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