

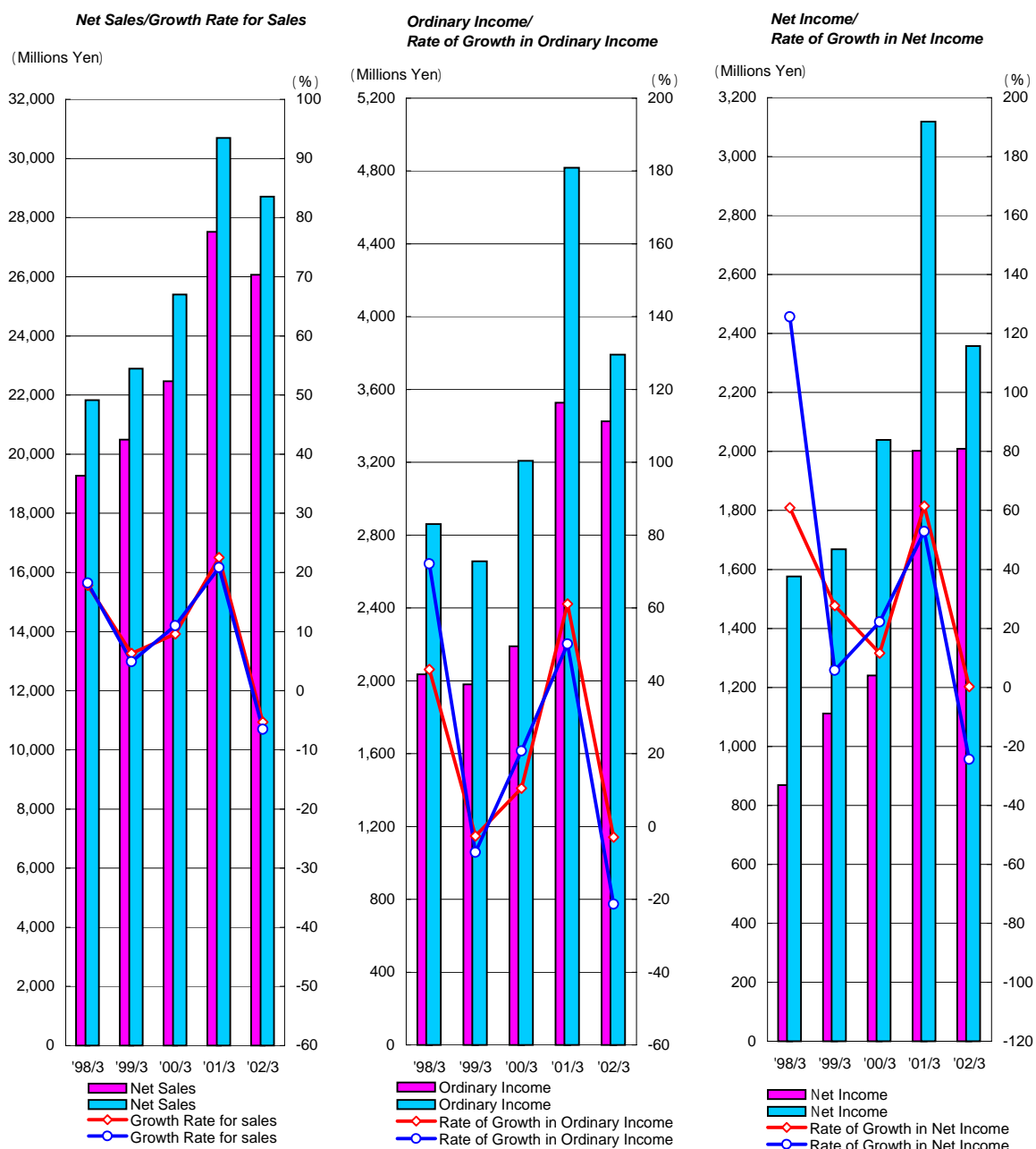
Arisawa Manufacturing Co., Ltd.

2002.3 Report

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Operating results



Fiscal Year Ended	'98/3	'99/3	'00/3	'01/3	'02/3
Net Sales(Millions Yen)	19,275	20,493	22,465	27,518	26,063
Growth Rate for sales (%)	17.8	6.3	9.6	22.5	-5.3
Operating Income(Millions Yen)	2,051	1,859	1,989	3,298	3,093
Rate of Growth for Operating Profits(%)	50.7	-9.3	6.9	65.8	-6.2
Ordinary Income(Millions Yen)	2,035	1,981	2,190	3,528	3,425
Rate of Growth in Ordinary Income(%)	43.1	-2.6	10.5	61.1	-2.9
Net Income(Millions Yen)	869	1,111	1,240	2,002	2,009
Rate of Growth in Net Income(%)	60.9	27.7	11.6	61.5	0.3
Ratio of Gross Profit to Sales(%)	20.8	19.1	18.3	20.1	20.2
Sales Management Cost Ratio(%)	10.2	10.0	10.0	8.1	8.3

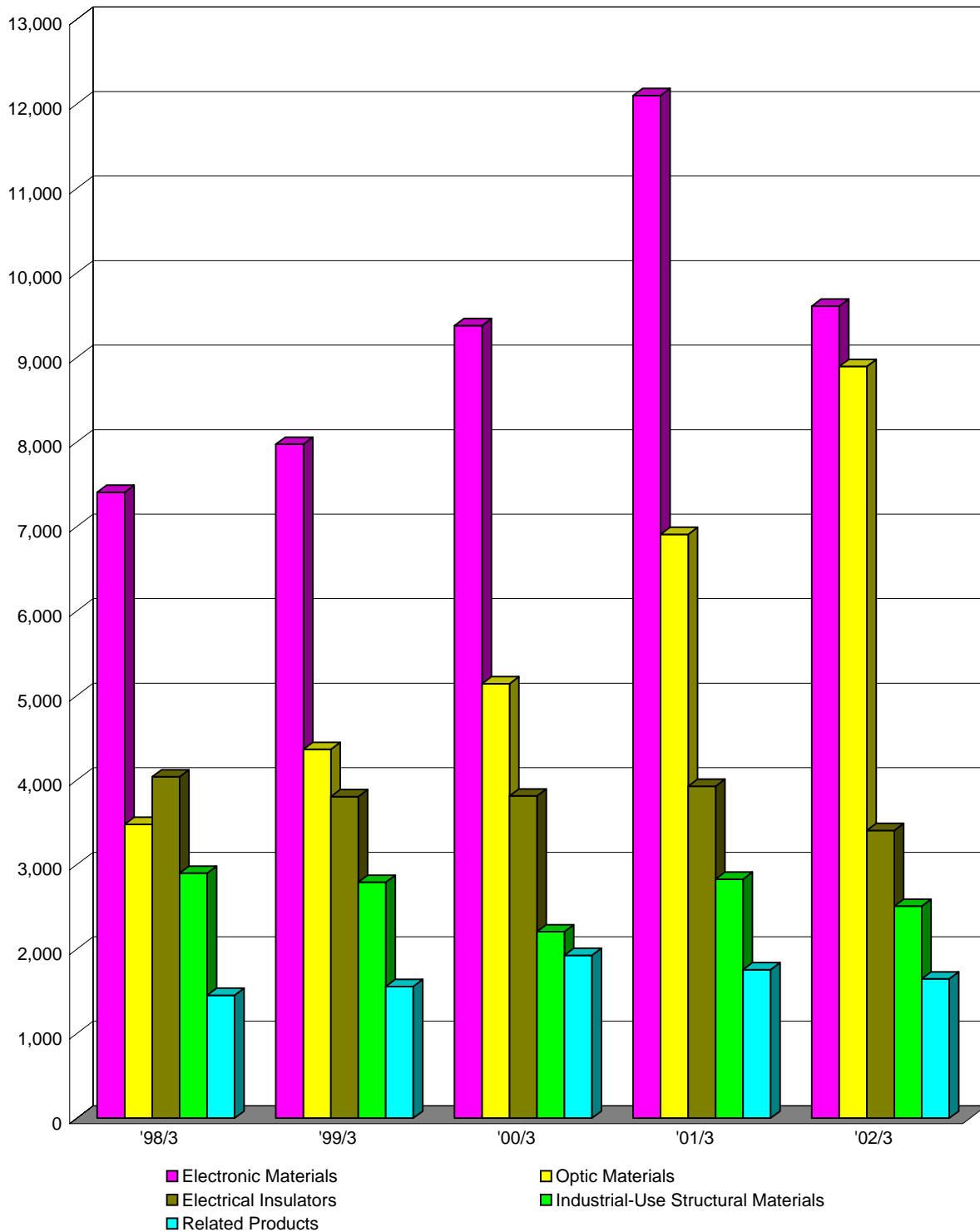
Consolidated	'98/3	'99/3	'00/3	'01/3	'02/3
Net Sales(Millions Yen)	21,824	22,887	25,398	30,691	28,711
Growth Rate for sales (%)	18.2	4.9	11.0	20.8	-6.5
Operating Income(Millions Yen)	2,325	2,239	2,430	3,822	3,170
Rate of Growth for Operating Profits(%)	50.4	-3.7	8.5	57.3	-17.1
Ordinary Income(Millions Yen)	2,861	2,657	3,208	4,818	3,791
Rate of Growth in Ordinary Income(%)	72.1	-7.1	20.7	50.1	-21.3
Net Income(Millions Yen)	1,576	1,668	2,039	3,118	2,358
Rate of Growth in Net Income(%)	125.7	5.8	22.2	52.9	-24.4
Ratio of Gross Profit to Sales(%)	22	20.7	19.9	21.9	20.9
Sales Management Cost Ratio(%)	12.2	10.9	10.3	9.4	9.8

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)

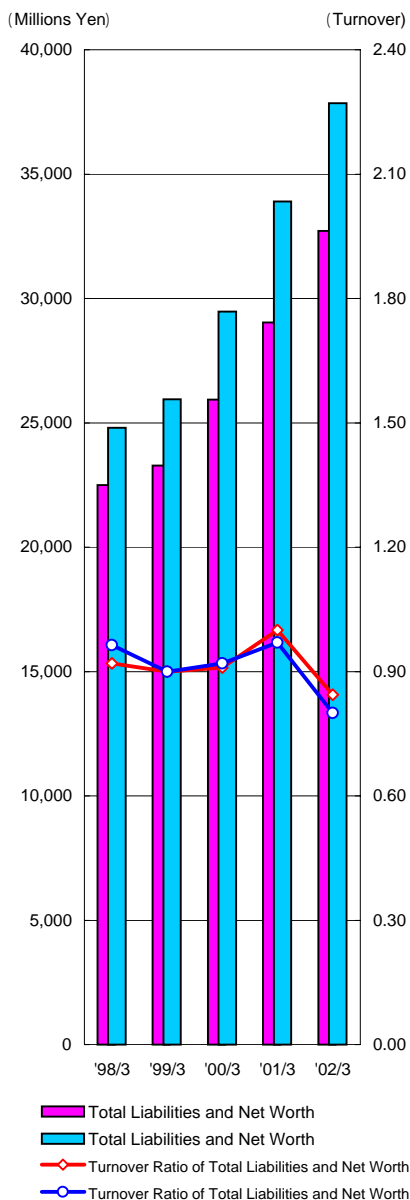


(Millions Yen)

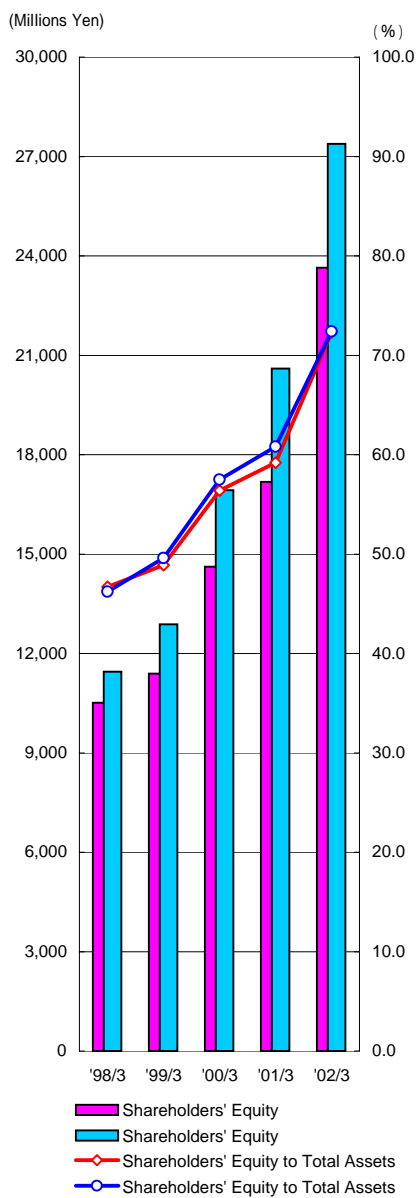
Fiscal Year Ended	'98/3	'99/3	'00/3	'01/3	'02/3
Electronic Materials	7,405	7,974	9,378	12,101	9,608
Optic Materials	3,477	4,364	5,140	6,907	8,894
Electrical Insulators	4,039	3,804	3,813	3,927	3,405
Industrial-Use Structural Materials	2,899	2,792	2,206	2,827	2,508
Related Products	1,455	1,559	1,928	1,756	1,648
Total	19,275	20,493	22,465	27,518	26,063

Shareholders' Equity/Financial

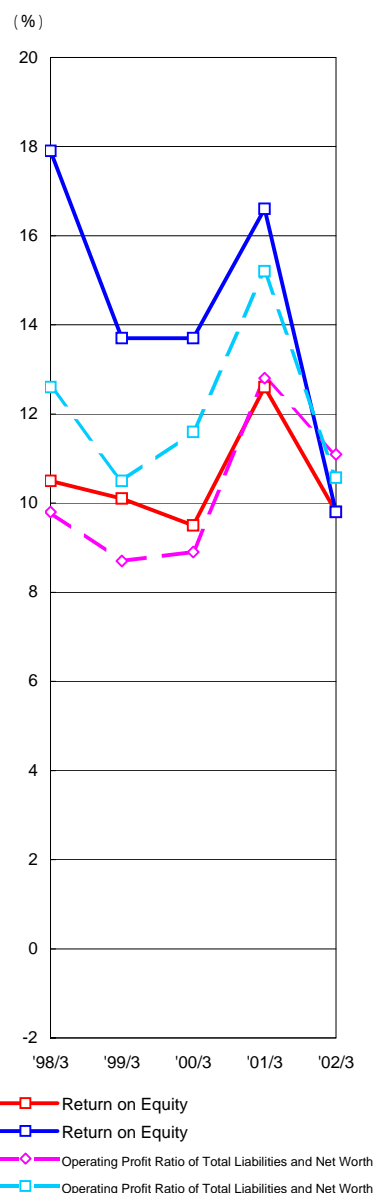
**Total Liabilities and Net Worth/
Turnover Ratio of Total Liabilities and Net Worth**



**Shareholders' Equity/
Shareholders' Equity to Total**



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



Fiscal Year Ended	'98/3	'99/3	'00/3	'01/3	'02/3
Total Liabilities and Net Worth(Millions Yen)	22,500	23,286	25,930	29,034	32,718
Turnover Ratio of Total Liabilities and Net Worth(Turnover)	0.92	0.90	0.91	1.00	0.84
Operating Profit Ratio of Total Liabilities and Net Worth(%)	9.8	8.7	8.9	12.8	11.1
Shareholders' Equity(Millions Yen)	10,511	11,387	14,618	17,183	23,645
Shareholders' Equity to Total Assets(%)	46.7	48.9	56.4	59.2	72.3
Return on Equity(%)	10.5	10.1	9.5	12.6	9.8
Number of Shares Outstanding at Term End(1000)	17,150	17,150	17,860	19,792	24,311
Consolidated					
Total Liabilities and Net Worth(Millions Yen)	24,802	25,950	29,478	33,896	37,851
Turnover Ratio of Total Liabilities and Net Worth(Turnover)	0.96	0.90	0.92	0.97	0.80
Operating Profit Ratio of Total Liabilities and Net Worth(%)	12.6	10.5	11.6	15.2	10.6
Shareholders' Equity(Millions Yen)	11,448	12,880	16,928	20,599	27,385
Shareholders' Equity to Total Assets(%)	46.2	49.6	57.5	60.8	72.4
Return on Equity(%)	17.9	13.7	13.7	16.6	9.8

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

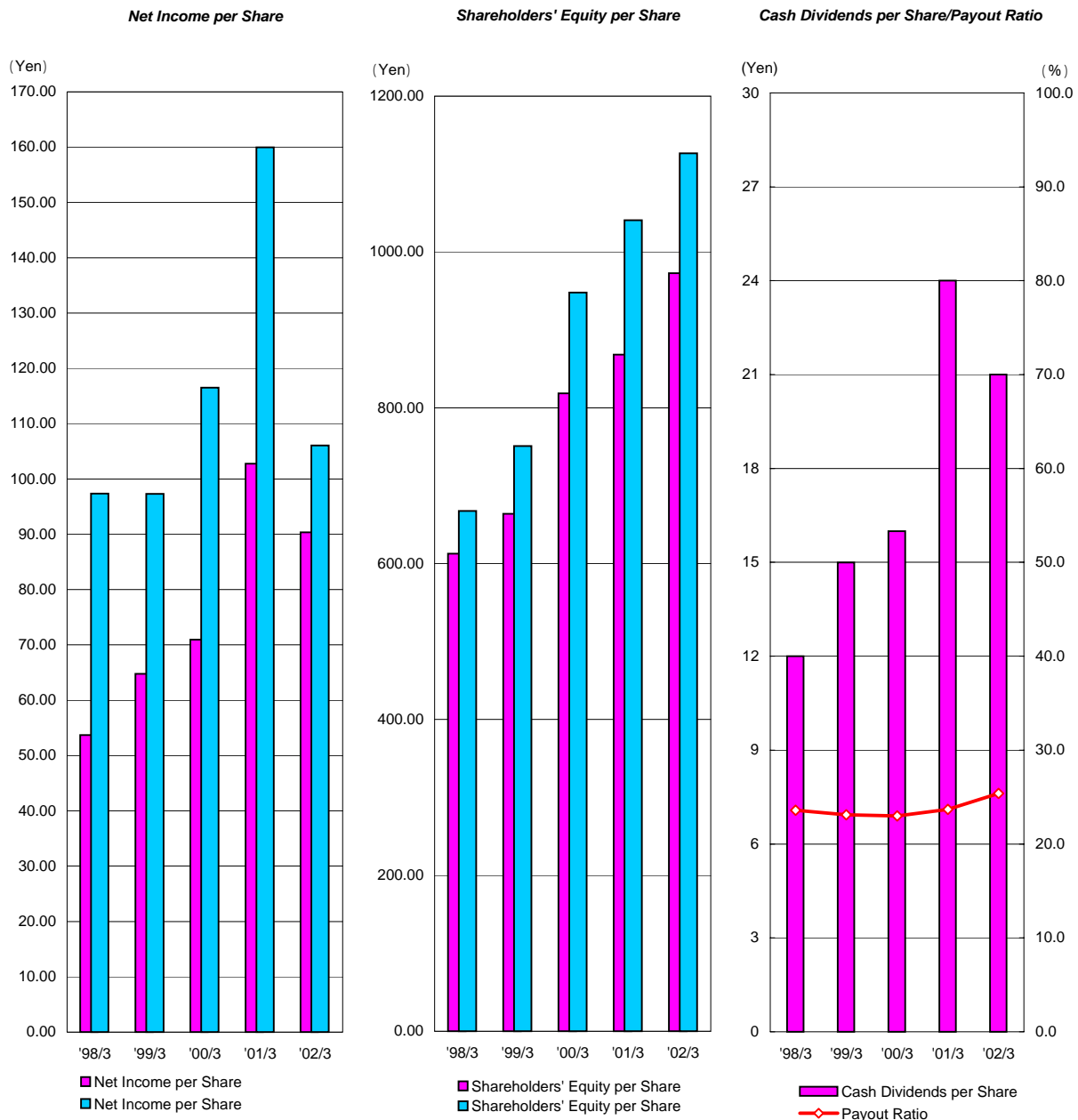
Operating Profit Ratio of Total Liabilities and Net Worth = Ordinary Income/Total Liabilities and Net Worth (Mid-term Average)X100

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

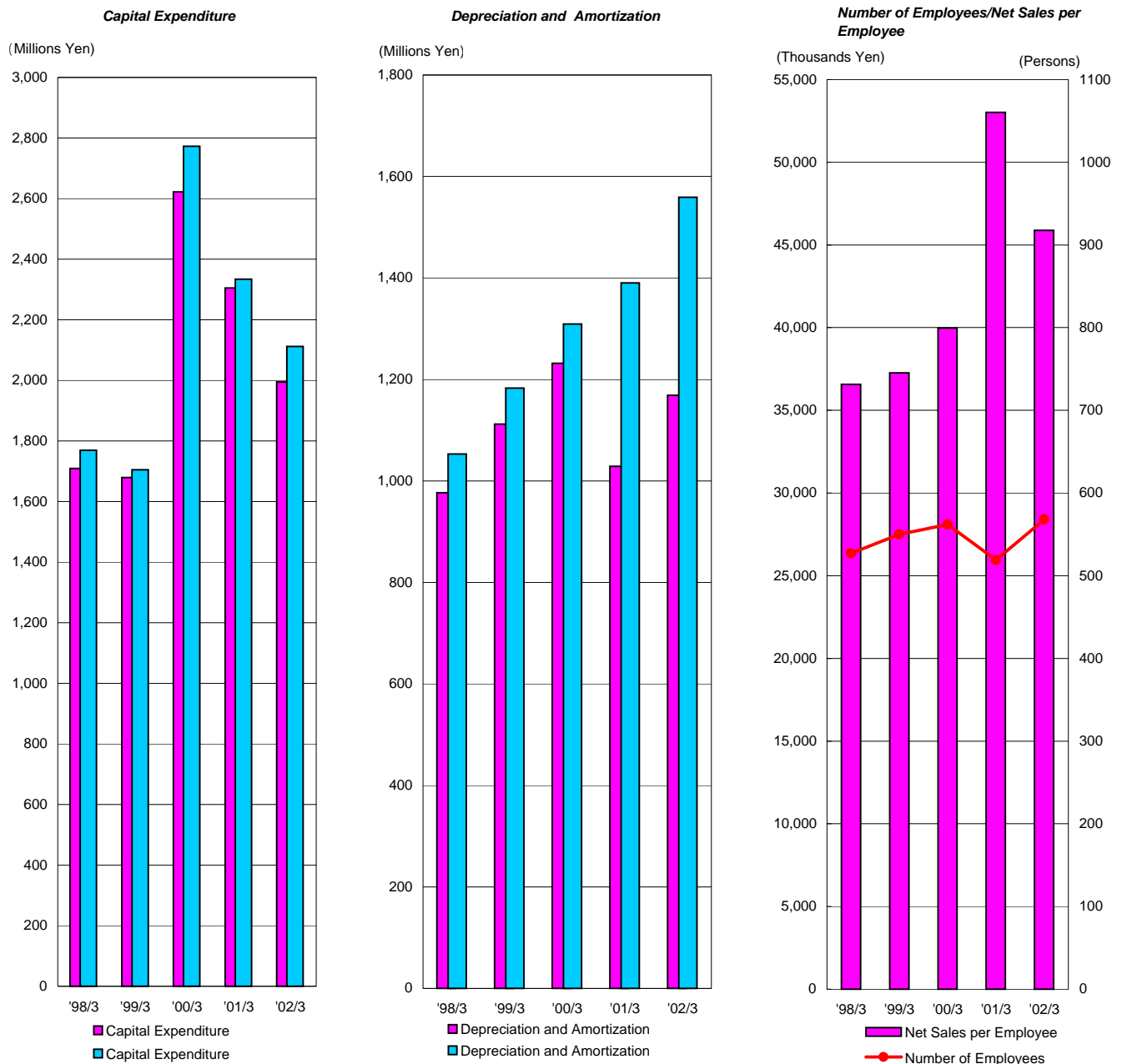
Per Share Data



Fiscal Year Ended	'98/3	'99/3	'00/3	'01/3	'02/3
Net Income per Share(Yen)	53.70	64.79	70.92	102.76	90.36
Shareholders' Equity per Share(Yen)	612.91	664.01	818.52	868.19	972.60
Cash Dividends per Share(Yen)	12	15	16	24	21
Payout Ratio(%)	23.6	23.1	23.0	23.7	25.4

Consolidated	'98/3	'99/3	'00/3	'01/3	'02/3
Net Income per Share(Yen)	97.36	97.30	116.52	159.98	106.08
Shareholders' Equity per Share(Yen)	667.56	751.07	947.87	1040.82	1126.44

Capital Expenditure/Per Employee Data



Fiscal Year Ended	'98/3	'99/3	'00/3	'01/3	'02/3
Capital Expenditure(Millions Yen)	1,709	1,679	2,622	2,305	1,995
Depreciation and Amortization(Millions Yen)	977	1,112	1,232	1,029	1,169
Inventory Turnover Period(Days)	51.4	57.2	54.1	36.7	29.9
Interest Coverage(Times)	23.4	29.4	53.9	123.0	322.5
Number of Employees(including part time employees)(Persons)	527	550	562	519	568
Net Sales per Employee(including part time employees)(Thousands Yen)	36,575	37,260	39,973	53,021	45,886
Labor Productivity(Thousands Yen)	13,468	13,138	13,487	17,533	15,950
Labor's Relative Share(%)	52.2	52.4	52.4	45.8	45.2
Consolidated	'98/3	'99/3	'00/3	'01/3	'02/3
Capital Expenditure(Millions Yen)	1,769	1,705	2,773	2,334	2,112
Depreciation and Amortization(Millions Yen)	1,053	1,183	1,309	1,390	1,559
Inventory Turnover Period(Days)	50.2	57.0	53.1	44.9	47.3
Interest Coverage(Times)	20.2	28.2	50.9	112.0	184.2

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		'98/3	'99/3	'00/3	'01/3	'02/3
Assets	Current Assets	13,331	13,207	13,167	12,984	16,057
	Cash and Time Deposits	1,707	1,215	1,080	850	5,976
	Notes Receivable, Trade	3,920	1,605	1,756	2,077	1,621
	Accounts Receivable, Trade	4,660	7,053	6,879	7,306	5,724
	Loans of Subsidiaries	-	-	-	-	300
	Securities	-	-	-	160	160
	Inventories	3,073	3,352	3,308	2,220	2,044
	Prepaid Expenses	8	6	6	21	17
	Deferred Tax Assets	-	-	116	275	168
	Other Current Assets	23	22	57	81	54
	Allowance for Doubtful Receivables	-60	-46	-35	-6	-7
	Fixed Assets	9,169	10,079	12,763	16,050	16,661
	(Tangible Fixed Assets)	7,485	8,041	9,277	10,229	10,689
	Buildings	2,897	3,134	3,802	3,792	4,403
	Structures	136	251	291	264	242
	Machinery and Equipment	2,339	2,808	3,213	2,989	3,435
	Vehicles and Automotive Equipment	17	17	19	20	15
	Tools, Furnitures, Fixtures	107	98	150	168	199
	Land	1,005	1,153	1,582	1,584	1,581
	Construction in Progress	984	580	220	1,412	815
	(Intangible Fixed Assets)	15	14	14	13	14
	(Investments and Other Assets)	1,669	2,024	3,472	5,808	5,958
	Investments in Securities	1,227	1,536	2,805	4,063	3,930
	Stocks of Subsidiaries	80	80	170	274	831
	Contributions	2	2	2	2	1
	Contributions of subsidiaries	36	36	36	36	37
	Long-term loans	144	184	156	1,227	1,033
Long-term Prepaid Expenses	12	10	4	18	25	
Deferred Tax Assets	-	-	126	-	-	
Other Investments	213	221	217	258	134	
Allowance for Doubtful Receivables	-45	-45	-44	-70	-33	
Total Assets	22,500	23,286	25,930	29,034	32,718	
Liabilities	Current Liabilities	11,489	11,565	11,005	11,263	8,421
	Notes Payable, Trade	3,499	3,274	3,286	3,743	3,020
	Accounts Payable, Trade	956	1,574	1,705	2,570	2,462
	Short-Term Loan Payables	4,293	4,790	3,554	892	372
	Accounts Payable, Other	497	446	349	620	552
	Accrued Income Taxes	665	348	540	1,059	520
	Expenses Unpaid	522	439	479	665	30
	Reserve for Bonuses	-	-	-	-	496
	Deposits Received	13	20	18	20	23
	Employee Savings Deposits	389	406	387	386	377
	Bills Payable for Plant and Equipment	651	267	686	1,298	567
	Other Current Liabilities	4	1	1	10	2
	Long-Term Liabilities	500	334	307	588	651
	Long-Term Debt	177	27	29	12	-
	Deferred Tax Liabilities	-	-	-	342	397
	Reserve for Retirement Allowances	117	98	64	-	98
	Reserve for Officers' Retirement Bonuses	200	204	209	229	147
	Other Long-Term Liabilities	6	5	5	5	9
	Total Liabilities	11,989	11,899	11,312	11,851	9,072
	Shareholders' Equity	Common Stock	2,633	2,633	3,673	3,876
Additional Paid-in Capital		1,925	1,925	2,965	2,989	5,433
Appropriation of Retained Earnings		179	658	658	693	748
Other Surplus		5,774	6,171	7,322	8,933	10,418
Dividends Reserve		171	171	172	172	172
Reserve for Officers' Retirement Allowance		-	-	-	-	-
Fixed Asset Depreciation Reserve		109	109	106	4	12
Reserve for Special Depreciation		-	-	-	9	3
Other Retained Earnings		4,457	4,569	5,350	6,480	7,730
Unappropriated Retained Earnings		1,037	1,322	1,694	2,319	2,501
(Less Current Retained Earnings)		(870)	(1,111)	(1,240)	(2,002)	(2,009)
Net Unrealized holding gains on Securities available for Sales		-	-	-	641	727
Total Shareholders' Equity		10,511	11,387	14,618	17,183	23,646
Total Liabilities and Shareholders' Equity	22,500	23,286	25,930	29,034	32,718	

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	'98/3	'99/3	'00/3	'01/3	'02/3
Net Sales	19,275	20,493	22,465	27,518	26,063
Cost of Sales	15,262	16,587	18,343	21,991	20,805
Gross Profit	4,013	3,906	4,122	5,527	5,258
Selling, General and Administrative Expenses	1,962	2,047	2,133	2,229	2,165
Operating Income	2,051	1,859	1,989	3,298	3,093
Non-Operating Income	252	233	317	681	833
Interest and Dividend Income	32	26	23	102	120
Other Non-Operating Income	220	207	294	579	713
Non-Operating Expenses	268	111	116	451	501
Interest Expenses	88	63	37	27	10
Other Non-Operating Expenses	180	48	79	424	491
Ordinary Income	2,035	1,981	2,190	3,528	3,425
Extraordinary Income	0	15	827	7	122
Extraordinary Losses	120	14	863	116	130
Income Before Income Taxes	1,915	1,982	2,154	3,419	3,417
Corporation Tax, Inhabitant Tax and Business Taxes	1,046	871	976	1,566	1,309
Provision for Income Taxes—Deferred	-	-	-62	-149	100
Net Income	869	1,111	1,240	2,002	2,008
Unappropriated Retained Earnings Brought Forward	168	211	271	316	492
Prior Year's Tax Effect Adjustment	-	-	180	-	-
Reversal of Accelerated Depreciation Reserve in Connection with the Application of the Tax Effect Accounting	-	-	3	0	0
Unappropriated Retained Earnings	1,037	1,322	1,694	2,318	2,500

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		'98/3	'99/3	'00/3	'01/3	'02/3
Assets	Current Assets	14,899	14,956	15,066	16,537	19,094
	Cash and Time Deposits	2,236	1,854	1,648	1,640	6,731
	Notes and Accounts Receivable, Trade	9,204	9,333	9,515	10,190	7,989
	Securities	-	-	-	160	160
	Inventories	3,431	3,716	3,672	3,881	3,564
	Deferred Tax Assets	-	-	129	359	228
	Other Current Assets	95	106	146	312	433
	Allowance for Doubtful Receivables	-67	-53	-44	-5	-11
	Fixed Assets	9,903	10,994	14,412	17,359	18,757
	(Tangible Fixed Assets)	8,324	8,686	9,927	10,833	11,360
	Buildings and Structures	3,485	3,761	4,481	4,400	4,955
	Machinery, Equipment and Automotive Equipment	2,449	2,904	3,312	3,090	3,623
	Tools, Furnitures, Fixtures	132	129	174	187	226
	Land	1,275	1,313	1,742	1,744	1,741
	Construction in Progress	983	579	218	1,412	815
	(Intangible Fixed Assets)	18	18	17	17	18
	(Investments and Other Assets)	1,561	2,290	4,468	6,509	7,379
	Investments in Securities	1,288	2,008	4,064	6,166	6,975
	Long-Term Loans	53	52	46	48	43
	Deferred Tax Assets	-	-	150	21	124
	Other Investments	334	338	315	355	275
Allowance for Doubtful Receivables	-114	-108	-107	-81	-38	
Total Assets	24,802	25,950	29,478	33,896	37,851	
Liabilities	Current Liabilities	12,593	12,601	12,186	12,605	9,696
	Notes and Accounts Payable, Trade	4,852	5,356	5,633	6,877	5,869
	Short-Term Loan Payables	4,838	5,199	3,932	1,308	967
	Accrued Income Taxes	757	405	641	1,212	563
	Deferred Tax Liabilities	-	-	-	3	1
	Reserve for Bonuses	-	-	-	-	646
	Other Current Liabilities	2,146	1,641	1,980	3,205	1,650
	Long-Term Liabilities	756	462	354	680	760
	Long-Term Debt	415	125	37	40	22
	Deferred Tax Liabilities	-	-	-	342	397
	Reserve for Retirement Allowances	132	112	75	-	-
	Severance and Retirement Benefits	-	-	-	25	137
	Reserve for Officers' Retirement Bonuses	200	204	212	231	150
	Consolidated Adjustments	4	3	2	-	-
	Other Long-Term Liabilities	5	18	28	42	55
	Total Liabilities	13,349	13,063	12,540	13,285	10,456
Minority Interest	5	7	10	12	10	
Shareholders' Equity	Common Stock	2,633	2,633	3,673	3,876	6,320
	Additional Paid-in Capital	1,925	1,925	2,965	2,989	5,432
	Consolidated Surplus	6,891	8,323	10,292	13,101	14,888
	Net Unrealized holding gains on Securities available for Sales	-	-	-	640	727
	Cumulative Translation Adjustments	-	-	-	-7	17
	Total	11,449	12,881	16,930	20,599	27,384
	Treasury Stock	-1	-1	-2	0	1
Total Shareholders' Equity	11,448	12,880	16,928	20,599	27,385	
Total Liabilities, Minority Interest and Shareholders' Equity	24,802	25,950	29,478	33,896	37,851	

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	'98/3	'99/3	'00/3	'01/3	'02/3
Net Sales	21,824	22,887	25,398	30,691	28,711
Cost of Sales	17,030	18,159	20,356	23,980	22,718
Gross Profit	4,794	4,728	5,042	6,711	5,993
Selling, General and Administrative Expenses	2,469	2,489	2,612	2,889	2,823
Operating Income	2,325	2,239	2,430	3,822	3,170
Non-Operating Income	833	596	979	1,230	850
Interest and Dividend Income	35	22	20	44	44
Other Non-Operating Income	798	574	959	1,186	806
Non-Operating Expenses	297	178	201	234	228
Interest Expenses	116	80	48	34	17
Other Non-Operating Expenses	181	98	153	200	211
Ordinary Income	2,861	2,657	3,208	4,818	3,792
Extraordinary Income	0	4	773	14	122
Extraordinary Losses	119	14	863	129	143
Income Before Income Taxes	2,742	2,647	3,118	4,703	3,771
Corporation Tax . Inhabitant Tax and Business Taxes	1,167	978	1,155	1,798	1,418
Provision for Income Taxes—Deferred	-	-	-79	-215	19
Minority Stockholder Income	-1	1	3	2	-24
Net Income	1,576	1,668	2,039	3,118	2,358

Consolidated Statements of Surplus

(Millions Yen)

Fiscal Year Ended	'98/3	'99/3	'00/3	'01/3	'02/3
Balance of other Retained Earnings Beginning of the Period	5,485	6,891	8,323	10,291	13,101
Balance of Increase in other Retained Earnings	3	0	200	-	-
Balance of Decrease in other Retained Earnings	173	236	271	308	572
Balance of Decrease in other Retained Earnings for Consolidated Subsidiaries	-	-	-	-	49
Cash Dividends	143	206	257	286	475
Bonuses of Directors and Statutory Auditors	30	30	14	22	48
Net Income	1,576	1,668	2,039	3,118	2,358
Balance of other Retained Earnings	6,891	8,323	10,291	13,101	14,887

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 Cash Flows

(Millions Yen)

Fiscal Year Ended	'00/3	'01/3	'02/3
Cash Flows from Operating Activities			
Income before Income Taxes	3,119	4,704	3,771
Depreciation	1,309	1,390	1,559
Amortization of Excess of Investments Cost Over Equity in Net Assets of Consolidated Subsidiaries	-1	-2	-
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	-725	-931	-499
Gain on Sale of Investments in Securities	-753	-3	-84
Gain on Sale of Properties	-10	-	-38
Cost from Issue of New Bonds	22	1	51
Loss on Disposal of Tangible Fixed Assets	21	50	47
Loss on Write-Down of Investments in Securities	11	10	14
Exchange Loss(Gain)	-1	-7	-5
(Decrease) Increase in Reserve for Officers' Retirement Bonuses	5	19	-81
Increase in Reserve for Bonuses	-	-	646
Decrease in Reserve for Retirement Allowances	-34	-75	-
Increase in Reserve for Retirement Allowances	-	25	112
Decrease in Allowance for Doubtful Receivables	-10	-65	-37
Interest and Dividend Income	-20	-45	-44
Interest Expenses	48	34	17
(Increase) Decrease in Receivables	-182	-684	2,294
(Increase) Decrease in Inventories	45	-208	328
(Decrease) Increase in Purchase Liabilities	277	1,244	-1,071
(Decrease) Increase in Accrued Consumption Taxes	56	99	-123
(Increase) Decrease in Other Assets	-46	2	65
Increase in Other Liabilities	-38	448	-796
Bonuses of Directors and Statutory Auditors	-15	-22	-48
Subtotal	3,078	5,984	6,078
Interest and Dividend Received	20	80	100
Interest Paid	-45	-37	-18
Income Taxes Paid	-919	-1,206	-2,129
TOTAL	2,134	4,821	4,031
Cash Flows from Investing Activities			
Payments for Received Time Deposits	-	-	-1,556
Proceeds from Purchase Time Deposits	-	153	122
Payments for Purchase of Investments in Securities	-2,371	-1,652	-2,771
Proceeds from Sales of Property, Plant and Equipment	154	-	46
Payments for Purchase of Investments in Securities	-1,441	-343	-397
Proceeds from Sales of Investments in Securities	867	179	192
Payments for Loans	-1	-197	-70
Proceeds from Recovery of Loans	6	19	55
Other	-	-	-2
TOTAL	-2,786	-1,841	-4,381
Cash Flows from Financing Activities			
Decrease in Short-Term Loans	-1,202	-2,566	-382
Borrowings of Long-Term Debt	50	30	-
Repayments of Long-Term Borrowings	-203	-84	-27
Proceeds from Issue of Bonds	2,059	225	4,836
Payments for Purchase of Treasury Stock and Proceeds from Sale	-1	-1	-1
Cash Dividends	-257	-286	-475
TOTAL	446	-2,682	3,951
Translation difference of Cash and Cash Equivalents	-1	7	5
Changes in Cash and Cash Equivalents	-206	305	3,605
Cash and Cash Equivalents at Beginning of Year	1,495	1,289	1,594
Cash of New Consolidated Subsidiaries and Cash and Cash Equivalents at Beginning of Year	-	-	52
Cash and Cash Equivalents at End of Year	1,289	1,594	5,251