

Fiscal Year Ending March 31, 2003 Interim Closing Announcement (Consolidation)

October 29, 2002

Name of Listed Company: Arisawa Manufacturing Co., Ltd.

Code No.: 5208

(URL <http://www.arisawa.co.jp/>)

Representative: President and CEO: Sanji Arisawa

Contact Person: Senior Managing Director: Kazuo Mori

Date of Board of Directors: October 29, 2002

Meeting for Interim Closing:

Adoption of US accounting standards: None

Listed on the 1st Section of Tokyo Stock Exchange

Prefecture where Head Office is located

Niigata Prefecture

TEL: (025) 524-7101

1. Consolidated Results for Interim Accounting Period of the Year 2002 (From April 1, 2002 to September 30, 2002)

(1) Consolidated Operation Results

(Note) Indicated by rounding off an amount less than 1 million yen

	Sales		Operating profit		Ordinary profit	
	(million yen)	%	(million yen)	%	(million yen)	%
Interim Accounting Period of 2002	16,906	15.3	1,788	5.7	2,160	9.5
Interim Accounting Period of 2001	14,657	Δ3.7	1,692	Δ7.8	1,973	Δ14.7
Fiscal Year Ending March 31, 2002	28,711		3,170		3,791	

	Interim (current) net profit		Interim (current) net profit per share	Fully diluted interim (current) net profit per share
	(million yen)	%	(Yen)	(Yen)
Interim Accounting Period of 2002	1,321	12.4	49.41	48.97
Interim Accounting Period of 2001	1,175	Δ20.6	57.98	57.93
Fiscal Year Ending March 31, 2002	2,358		106.08	106.03

(Note) 1) Equity method investment income: Interim accounting period of 2002: 413 million yen,

Interim accounting period of 2001: 205 million yen, FY 2002: 499 million yen

2) Average number of shares during the accounting period (consolidation) Interim accounting period of 2002: 26,750,070 shares,

Interim accounting period of 2001: 20,277,842 shares, FY2002: 22,236,357 shares

3) Change in accounting method: None

4) Indication of percentage of sales, operating profit, ordinary profit and interim (current) net profit shows the rate of increase or decrease against the previous interim accounting period.

(2) Consolidated Financial Conditions

	Total assets	Shareholder equity	Equity ratio	Shareholder equity per share
	(million yen)	(million yen)	%	(Yen)
Interim Accounting Period of 2002	40,804	27,634	67.7	1,032.94
Interim Accounting Period of 2001	32,842	20,848	63.5	956.51
Fiscal Year Ending March 31, 2002	37,851	27,385	72.4	1,126.44

(Note) Number of outstanding shares at the end of period (consolidation) Interim accounting period of 2002: 26,753,253 shares,

Interim accounting period of 2001: 21,796,064 shares, FY2002: 24,311,486 shares

(3) Status of Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Closing balance of cash and cash equivalents
	(million yen)	(million yen)	(million yen)	(million yen)
Interim Accounting Period of 2002	2,845	440	Δ480	7,943
Interim Accounting Period of 2001	1,267	Δ1,813	376	1,476
Fiscal Year Ending March 31, 2002	4,030	Δ4,380	3,951	5,251

(4) Scope of Consolidation and Matters related to Application of Equity Method

Number of consolidated subsidiaries: 11 companies, Number of non-consolidated subsidiaries to which equity method is applied: 0, Number of affiliated companies to which equity method is applied: 4 companies

(5) Scope of Consolidation and Changes in Application of Equity Method

Consolidation (New) 1 company, (Exclusion) 0, Equity method (New) 0, (Exclusion) 0

2. Anticipated Consolidated Results for FY 2003 (From April 1, 2002 to March 31, 2003)

	Sales	Ordinary profit	Current net profit
	(million yen)	(million yen)	(million yen)
Full year	33,900	4,570	2,850

(Reference) Anticipated current net profit per share (Full year) 106.53 yen

* The above anticipation was made based on the available information as of the date of announcement and results may differ in the future due to various factors.

1. Present Conditions of Business Group

Our group (filing company and affiliated companies of the filing company) consists of the Company, 14 subsidiaries and 6 affiliated companies. Our companies are engaged in the manufacture of industrial materials, including glass fiber, special fiber textile products, and resin processed products, etc., and products are sold as electronic materials, display materials, electric insulation materials and industrial application structural materials. Our companies also conduct such business as the sales of products related to each business, distribution and other services and sales of sporting goods.

Positioning and relationship to each segment by business category of our group are as follows. In this regard, the classification of two businesses, “Manufacture and sales business of industrial materials, etc.” and “Other businesses” are the same as the segment information by business category set forth in “Segment Information”.

(1) Manufacture and Sales of Industrial Materials, etc.

1) Electronic materials

The Company carries out manufacture and sales of flexible printed-wiring boards and base materials for rigid printed circuits, and Arisawa Fiber Glass Co., Ltd., one of our subsidiaries, conducts manufacture of glass cloth for printed-wiring boards and sales. An affiliated company, Taiflex Scientific Co., Ltd. is engaged in the manufacture and sales of base materials for flexible printed-wiring boards.

2) Display Materials

The Company manufactures and sells Fresnel lenses for rear projection TVs and anti-reflection plates etc., used as display panels and Arisawa Optecs Co., Ltd., a subsidiary, manufactures and sells anti-glare filters, etc., while Colorlink Japan Co., Ltd. is engaged in manufacture and sales of special optical films. Also, an affiliated company, Polatechno Co., Ltd. carries out the manufacture and sales of polarizing plates for liquid crystal displays and Scalar Co., Ltd. carries out the manufacture and sales of optical materials for medical field.

3) Electric Insulation Materials

Arisawa Fiber Glass Co., Ltd., a subsidiary, manufactures glass cloth tapes used as electric insulation materials and the Company sells these and other subsidiaries, Yuai Sangyo Ltd. and Howa Sangyo Ltd., and an affiliated company, Tochio Nakajin Shosen, Ltd., manufacture these products while the Company carries out sales.

Also, the Company manufactures and sells mica tapes for fire proof electrical wiring, prepreg and adhesive tapes for electric insulation and its subsidiaries, Myoko Shinko Co., Ltd. and Arisawa Resin Industry Co., Ltd., manufacture these while the Company assumes sales of these.

4) Industrial application structural materials

FW molded products used as industrial application structural materials and honeycomb panels for aircraft, etc., are manufactured and sold by the Company and drawing molded products, FRP ski sheets, etc., are manufactured by Arisawa Polywork Co., Ltd., a subsidiary, and an affiliated company, Shinano Co., Ltd., while the Company carries out sales.

5) Others

Related products of 3) and 4) in the above are sold by the Company and also by Arisawa Kenpan Co., Ltd. In addition, Arisawa Butsuryu Ltd., a subsidiary, is engaged in warehouse management and logistics of related products.

(2) Other Businesses

Eagle Co., Ltd., a subsidiary, operates a driving range, Arisawa Sporting Goods Co., Ltd. sells sporting goods and Kei Ski Garage Ltd. manufactures and sells sporting goods.

2. Corporate Policy

The Company has set out “creation, innovation and challenge” as its corporate philosophy and has established a corporate policy that promotes differentiated businesses through speed and mobility, anticipating changes in the market and contributing to social development.

Based on its corporate policy, the Company is aiming at creating corporate value and increasing shareholder value through improvements in customer satisfaction levels, increased speed in new product development and strengthening profitability via thorough cost reductions.

3. Basic Policy for Profit Distribution

Regarding the dividend policy of the Company, profit returns to all the shareholders are placed as a top priority by management. While the Company pays attention to internal reserves, preparing for future business development and reinforcement of its corporate structure, the Company has decided on a policy of implementing profit distributions coupled with performance, based on the concept of a stable dividend to all shareholders. With respect to internal reserves, the Company will appropriate capital for research and development and capital investment for business expansion in order to increase profits for our shareholders in the future.

4. Target Management Index

Our target management index is set out for the mid and long- term as follows. A new product sales ratio is over 35%, ordinary profit over 10% and ROE (Return on Equity) is over 10%.

5. Mid and Long-Term Corporate Strategy

The Company will concentrate business resources in the electronic materials and display materials fields and, with provision of members contributing highly added value produced by our unique technology, aim at achieving the top share in the niche market into which larger companies have difficulty entering.

6. Tasks to be Tackled by the Company

Tasks with top priority which must be tackled by the Company are as follows.

- 1) To aim at becoming a technologically oriented company possessing high level technology by promoting speedy and flexible customer relations and development of unique technology.
- 2) To promote thorough cost reductions through efficient organization operations and improvements in individual ability to support these improvements for the purpose of winning international competition.
- 3) To realize more efficient use of business resources through implementation of “scrap and build”, anticipating changes in the marketplace.
- 4) To aim at utilizing a network system and promoting reinforcement of mobility through anticipation and sharing of information.

7. Measures Related to Improvements in a Corporate Management Organization

In order to realize transparency and speed in corporate management, the Company has disclosed quarterly accounting from the first quarter of FY 2000. In order to maintain communications with our shareholders and investors, the Company will actively disclose information.

8. Business Results

In the current consolidated interim accounting period, economic conditions have remained extremely severe due to deterioration in the US economy and a decrease in domestic capital investment, sluggish stock markets and worsening employment conditions.

In related industries of the Company, demand for information-related devices in the electronics materials field, including personal computers and cellular phones etc., have increased. In the display materials field, sales have increased due to the increase in demand for projection TVs in the United States and the optical film materials

business recorded a sales increase due to growth of liquid crystal projectors, etc. With respect to the electric insulation materials field, industrial structural material field and related products, sales have decreased due to the decline in capital investment and the continued stagnation in the domestic economy.

Under such circumstances, the Company, as a technology-oriented enterprise, has promoted development of new products that appeal to customers and improvements in unique technologies as well as accelerated screening and concentration of businesses, immediately responding to changes in the marketplace to cope with more efficient use of business resources and thorough cost reductions. As a result, consolidated sales of the Company have reached 16,906 million yen (15.3% increase over the previous period) and, with respect to profits, operating profit reached 1,788 million yen (5.7% increase over the previous period), ordinary profit resulted in 2,160 million yen (9.5% increase over the previous period) and current net profit was 1,321 million yen (12.4% increase over the previous period) due to an increase in sales etc.

Sales by the parent only reached 15,661 million yen (18.1% increase over the previous period). In the electronics materials field, income from prepreg for printed-wiring board materials and flexible printed-wiring board materials recorded an increase of 24.9% over the previous period due to a recovery in information-related devices. In the field of display materials, a 36.7% increase was achieved compared with the previous period due to an increase in Fresnel lenses via growth of projection TVs and anti-reflection plates, and mass production of front board processing for PDPs. In the field of electric insulation materials, income decreased by 3.5% over the previous period as a result of contractions in domestic capital investment. In the field of industrial application structural materials, income recorded a decrease of 6.3% from the previous period due to a decrease in aircraft materials. Income from related products decreased by 33.0% from the previous period due to a decrease in sales of purchased goods. With respect to profits, operating profit was 1,782 million yen (increase of 10.4% over the previous period), ordinary profit recorded 1,884 million yen (increase of 4.5% from the previous period) and current net profit was 1,072 million yen (increase of 3.4% over the previous period).

The future of the Japanese economy remains unclear and it is unlikely to recover soon. Therefore, it is expected that a severe business environment will continue. Under such circumstances, the Company will make a maximum effort to increase income and profit by coping with top priority tasks for the realization of mid-term business plans. With respect to consolidated results for the full year, we expect sales of 33.9 billion yen (18.1 increase Year on Year). Regarding profits, ordinary profit will reach 4,570 million yen (20.5% increase Year on Year), current profit is expected to reach 2,850 million yen (20.9% increase Year on Year) due to an increase in sales in the electronic display material field.

Regarding the parent only, sales are anticipated to be 31.4 billion yen (20.5% increase Year on Year), ordinary profit will reach 3,930 million yen (increase by 14.7% Year on Year) and current net profit of 2,250 million yen (increase by 12.0% Year on Year) is expected.

1 . Consolidated Financial Statement
Consolidated Balance Sheet

Item	End of previous consolidated interim accounting period (As of September 30, 2001)			End of current consolidated interim accounting period (As of September 30, 2002)			Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2002)		
	Amount (thousand yen)		Com- position ratio (%)	Amount (thousand yen)		Com- position ratio (%)	Amount (thousand yen)		Com- position ratio (%)
(Assets)									
. Current Assets									
1. Cash and deposits		1,400,872			7,867,462			6,731,657	
2. Notes and accounts receivable		9,175,752			8,729,511			7,989,490	
3. Securities		160,402			160,561			160,498	
4. Inventories		3,808,562			4,131,700			3,564,263	
5. Deferred taxable assets		360,016			278,350			228,199	
6. Others		370,302			238,678			433,414	
Allowance for doubtful accounts		17,833			16,194			11,135	
Total Current Assets		15,258,075	46.5		21,390,070	52.4		19,096,389	50.5
. Fixed Assets									
1. Tangible fixed assets									
(1) Buildings and structures		4,921,071			4,989,324			4,954,837	
(2) Machinery, equipment and delivery equipment		3,994,832			4,076,894			3,622,861	
(3) Land		1,743,953			1,741,055			1,741,055	
(4) Others	705,339	11,365,197	34.6	1,376,695	12,183,970	29.9	1,040,959	11,359,714	30.0
2. Intangible fixed assets		16,372	0.0		67,595	0.2		17,658	0.0
3. Investments and other assets									
(1) Investment Securities		5,867,533			6,740,864			6,974,669	
(2) Deferred taxable assets		21,154			123,440			123,622	
(3) Others		396,575			342,327			318,077	
Allowance for doubtful debts	82,344	6,202,920	18.9	43,848	7,162,783	17.5	38,362	7,378,008	19.5
Total Fixed Assets		17,584,489	53.5		19,414,349	47.6		18,755,381	49.5
Total Assets		32,842,565	100.0		40,804,420	100.0		37,851,770	100.0

Item	End of previous consolidated interim accounting period (As of September 30, 2001)		End of current consolidated interim accounting period (As of September 30, 2002)		Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2002)	
	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Liabilities)						
. Current Liabilities						
1. Notes and accounts payable	6,100,265		7,413,441		5,868,712	
2. Short-term borrowings	2,185,587		1,029,800		967,264	
3. Accrued income tax and others	765,194		804,193		562,829	
4. Deferred taxable liabilities	567		584		564	
5. Allowance for bonuses	648,669		960,596		646,321	
6. Others	1,926,911		2,402,115		1,650,297	
Total Current Liabilities	11,627,196	35.4	12,610,730	30.9	9,695,990	25.7
. Fixed Liabilities						
1. Long-term borrowings	28,800		43,000		22,000	
2. Deferred taxable liabilities	52,356		115,678		396,631	
3. Reserve for severance payment	83,762		215,633		136,515	
4. Reserve for bonuses to retiring officers	139,044		159,425		149,997	
5. Others	51,651		15,814		54,708	
Total Fixed Liabilities	355,615	1.1	549,552	1.4	759,852	2.0
Total Liabilities	11,982,812	36.5	13,160,283	32.2	10,455,842	27.7
(Minority Interest)						
Minority Interest	11,622	0.0	9,664	0.0	10,428	0.0
(Stockholder Equity)						
. Capital	3,894,116	11.9	6,337,106	15.5	6,320,255	16.7
. Capital reserve	3,006,479	9.2	5,449,469	13.4	5,432,618	14.4
. Earned surplus	13,705,364	41.7	15,527,620	38.0	14,888,501	39.3
. Other differences from appreciation of securities	236,215	0.7	334,320	0.8	727,768	1.9
. Exchange conversion adjustment settlement	6,270	0.0	2,781	0.0	17,680	0.0
. Treasury Stock	317	0.0	16,825	0.0	1,325	0.0
Total Stockholder Equity	20,848,129	63.5	27,634,472	67.7	27,385,499	72.3
Total Liabilities, Minority Interest and Stockholder Equity	32,842,565	100.0	40,804,420	100.0	37,851,770	100.0

Consolidated Statement of Income

Item	Previous consolidated interim accounting period (From April 1, 2001 to September 30, 2001)		Current consolidated interim accounting period (From April 1, 2002 to September 30, 2002)		Consolidated condensed statement of income for previous consolidated fiscal year (From April 1, 2001 to March 31, 2002)	
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)
. Sales	14,657,809	100.0	16,906,875	100.0	28,711,026	100.0
. Sales cost	11,551,332	78.8	13,481,282	79.7	22,717,855	79.1
Gross profit on sales	3,106,477	21.2	3,425,593	20.3	5,993,171	20.9
. Selling and general administration expenses	1,413,878	9.6	1,636,885	9.7	2,823,131	9.9
Operating Profit	1,692,598	11.6	1,788,708	10.6	3,170,039	11.0
. Non-operating revenue	367,606	2.5	568,524	3.4	849,777	3.0
. Non-operating expenses	86,692	0.6	197,115	1.2	228,440	0.8
Ordinary Profit	1,973,512	13.5	2,160,116	12.8	3,791,377	13.2
. Extraordinary profit	-	-	-	-	122,366	0.4
. Extraordinary Losses	47,509	0.3	66,059	0.4	142,570	0.5
Pretax interim (current) net profit	1,926,002	13.2	2,094,057	12.4	3,771,173	13.1
Corporate income tax, local residence tax, and enterprise tax	773,701		773,071		1,417,961	
Adjustment of corporate income tax, etc.	-	5.3	-	4.6	18,967	5.0
Profit carried forward from the previous term	23,426	0.1	763	0.0	24,602	0.1
Unappropriated retained earnings for interim period (current)	1,175,727	8.0	1,321,748	7.8	2,358,846	8.2

Statement of Consolidated Surplus

Item	Previous consolidated interim accounting period (From April 1, 2001 to September 30, 2001)		Current consolidated interim accounting period (From April 1, 2002 to September 30, 2002)		Consolidated condensed statement of surplus for previous consolidated fiscal year (From April 1, 2001 to March 31, 2002)	
	Amount (thousand yen)		Amount (thousand yen)		Amount (thousand yen)	
(Capital retained earnings)						
. Balance at the beginning of period		2,988,713		5,432,618		2,988,713
. Adjustment of retained earnings						
1. New share issues by capital increase	17,766	17,766	16,850	16,850	2,443,905	2,443,905
. Balance at the end of period		3,006,479		5,449,469		5,432,618
(Profit retained earnings)						
. Balance at the beginning of period		13,101,170		14,888,501		13,101,170
. Adjustment of retained earnings						
1. Decrease in surplus due to increase of consolidated subsidiaries	48,797		139,187		48,797	
2. Dividends	475,001		510,541		475,001	
3. Bonuses for directors	47,734	571,533	32,901	682,629	47,716	571,515
. Interim (current) net profit		1,175,727		1,321,748		2,358,846
.Balance at the end of the period		13,705,364		15,527,620		14,888,501

Statement of Consolidated Cash Flow

	Previous consolidated interim accounting period (From April 1, 2001 to September 30, 2001)	Current consolidated interim accounting period (From April 1, 2002 to September 30, 2002)	Statement of consolidated condensed cash flow for previous consolidated fiscal year (From April 1, 2001 to March 31, 2002)
Item	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
. Cash flow from operation activities			
Pretax interim (current) net profit	1,926,002	2,094,057	3,771,173
Depreciation	750,268	735,162	1,559,313
Investment profit by equity method	205,072	413,978	499,400
Profit on sale of investment securities	-	-	84,173
Profit on sale of tangible fixed assets	-	-	38,192
Expenses for shares issued	124	1,184	51,044
Loss on retirement of tangible fixed assets	8,884	21,229	46,907
Loss on appreciation of investment securities	-	-	13,709
(Profit) or loss on conversion	265	126,038	4,516
Increase or (decrease) in reserve for bonuses to retiring officers	92,251	9,428	81,299
Increase in reserve for bonuses	648,669	311,611	646,321
Increase in reserve for retirement benefits	58,957	67,865	111,710
Increase or (decrease) in provisions for doubtful accounts	14,126	10,545	36,553
Interest and dividends received	38,778	53,662	44,142
Interest paid	11,738	7,569	17,247
(Increase) or decrease in sales receivables	1,060,080	730,516	2,293,516
(Increase) or decrease in inventories	84,091	532,863	328,390
Increase or (decrease) in purchase liabilities	839,149	1,542,633	1,070,702
Increase or (decrease) in accrued consumption tax, etc.	103,771	59,158	123,090
Decrease in other assets	8,172	11,657	64,474
Increase or (decrease) in other liabilities	836,648	30,557	796,443
Bonuses to officers paid	47,373	32,901	47,753
Subtotal	2,408,335	3,264,777	6,077,540
Interest and dividends received	94,578	107,433	99,942
Interest paid	11,597	7,194	18,006
Corporate income tax, etc., paid	1,223,520	519,286	2,128,875
Cash flow from operation activities	1,267,796	2,845,728	4,030,601

	Previous consolidated interim accounting period (From April 1, 2001 to September 30, 2001)	Current consolidated interim accounting period (From April 1, 2002 to September 30, 2002)	Statement of consolidated condensed cash flow for previous consolidated fiscal year (From April 1, 2001 to March 31, 2002)
Item	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
. Cash flow from investment activities			
Expenditure for placement in time deposits	-	-	1,555,947
Revenue from refund of time deposits	121,690	1,555,947	121,690
Expenditure for acquisition of tangible fixed assets	1,640,018	942,803	2,771,139
Revenue from sale of tangible fixed assets	106	-	46,039
Expenditure for acquisition of investment securities	316,829	107,927	396,508
Revenue from sale of investment securities	-	-	191,810
Expenditure for lending	30,000	46,508	70,000
Revenue from collection of loans	51,549	8,251	55,209
Others	-	26,288	2,000
Cash flow from investment activities	1,813,501	440,672	4,380,845
. Cash flow from financing activities			
Net increase (decrease) in short-term borrowings	832,477	32,935	382,245
Expenditure for repayment of long-term borrowings	16,880	20,400	27,280
Proceeds from stocks issued	35,407	32,516	4,836,765
Net expenditure for acquisition and proceeds from sale of treasury stock	127	15,500	1,079
Dividends paid	474,375	509,618	474,968
Cash flow from financing activities	376,501	480,066	3,951,192
. Conversion difference in cash and cash equivalents	265	126,038	4,516
. Increase (decrease) in cash and cash equivalents	169,468	2,680,296	3,605,465
. Cash and cash equivalents at the beginning of year	1,593,945	5,251,197	1,593,945
. Cash and cash equivalents at the beginning of year of newly consolidated subsidiaries	51,786	11,519	51,786
. Cash and cash equivalents at the end of interim period (year)	1,476,263	7,943,013	5,251,197

Underlying Substantial Matters for Preparation of Consolidated Interim Financial Statements

1. Matters related to the Scope of Consolidation

(1) Number of consolidated subsidiaries: 11

Names of consolidated subsidiaries:

Arisawa Kenpan Co., Ltd., Arisawa Resin Industry Co., Ltd., Arisawa Polywork Co., Ltd., Arisawa Sporting Goods Co., Ltd., Arisawa Fiber Glass Co., Ltd., Eagle Co., Ltd., Myoko Shinko Co., Ltd., Arisawa Butsuryu Ltd., Yuai Sangyo Ltd., Colorlink Japan Co., Ltd., Arisawa Optecs Co., Ltd.

As the importance of Arisawa Optecs Co., Ltd. has increased, it is included in the scope of consolidation.

(2) Name of Major Non-Consolidated Subsidiaries

Major non-consolidated subsidiaries

Arisawa Sangyo Co., Ltd.

(The reason for exclusion from consolidation)

Non-consolidated subsidiaries (Arisawa Sangyo Co., Ltd. and 2 other companies) are all small in size and aggregate totals of their total assets, sales, net interim income (equity amount) and surplus (equity amount) of each subsidiary have not provided any substantial effect on the consolidated interim financial statements.

2. Matters related to Application of Equity Method

(1) Number of affiliated companies for which equity method applies: 4

Names of companies: Polatechno Co., Ltd., Shinano Co., Ltd., Scalar Co., Ltd., Taiflex Scientific Co., Ltd.

(2) As non-consolidated subsidiaries for which the equity method does not apply (Arisawa Sangyo Co., Ltd. and 2 other companies) and affiliated companies (Ryoyu Industry Co., Ltd. and 1 other company) having only a slight effect on net consolidated income and consolidated surplus respectively, or do not have significance as a whole, these have been excluded from application of the equity method.

(3) Among the companies for which the equity method applies, the interim closing date of Taiflex Scientific Co., Ltd. (June 30, 2002) differs from the consolidated interim closing date, therefore the interim financial statements for the interim accounting period of the same company has been used.

3. Matters concerning the Interim Closing Date of Consolidated Subsidiaries

Interim closing date of consolidated subsidiaries is the same as the consolidated interim closing date except for Arisawa Sporting Goods Co., Ltd. and Arisawa Polywork Co., Ltd. The interim closing date of the latter two companies is July 31, 2002, but in preparing current consolidated interim financial statements, we have used interim financial statements as of the interim closing date. With respect to substantial transactions made between different closing dates, necessary adjustment for consolidation has been made.

4. Matters concerning Accounting Standards

(1) Appreciation Standards and Method for Substantial Assets

1) Inventories

Products, commodities, semi- finished goods, and goods in process

These are mainly valued at cost by the FIFO method, but 4 companies among the consolidated subsidiaries are valued at cost by the periodic average method.

Raw materials and purchased supplies

Periodic average method is used at cost.

2) Securities

Other securities

* Securities for which market value is available:

Mark to market method based on market price as of the interim account closing date (All appreciation differences have been treated by direct transfer by the capital method and cost of products sold has been calculated by the periodic average method).

* Securities for which market value is not available:

Valued by the periodic average method at cost

- 3) Derivatives
 - Mark to market method
 - (2) Depreciation Method of Substantial Depreciable Assets
 - 1) Tangible fixed assets
 - Fixed percentage method
 - With regard to buildings (excluding annexed facilities of the building) acquired after April 1, 1998, however, the fixed amount method has been applied.
 - 2) Intangible fixed assets
 - Fixed amount method
 - With respect to software for internal use, the fixed amount method on the basis of service life (5 years) in-company has been applied.
 - (3) Allocation of Standards for Substantial Allowances
 - 1) Allowance for doubtful accounts
 - In preparation for losses from credit loss, we have appropriated an uncollectible amount at an actual bad debt ratio for general credits, and by considering possible individual collectibility as for special credits such as doubtful loans.
 - 2) Reserve for bonuses
 - In order to appropriate bonuses paid to employees, we have appropriated an amount for the current interim accounting period based on the estimated amount of payment.
 - 3) Reserve for Retirement Benefits
 - (a) The Company
 - In preparation for the payment of retirement benefits to employees, we have appropriated an amount deemed to accrue at the end of the current consolidated interim accounting period based on an estimated amount of liabilities for retirement benefits and pension assets at the end of the current consolidated fiscal year.
 - (b) Consolidated Subsidiaries
 - In preparation for the payment of retirement benefits to employees, these companies have appropriated an amount deemed to accrue at the end of the current consolidated interim accounting period on the basis of an estimated amount of liabilities for retirement benefits at the end of the current consolidated fiscal year.
 - 4) Reserve for Officer Retirement Bonuses
 - (a) The Company
 - In preparation for the payment of officer retirement bonuses, we have appropriated an amount required at the end of the consolidated interim accounting period pursuant to bylaws.
 - (4) Conversion Standards of Substantial Foreign Currency Assets or Liabilities into Yen
 - Foreign currency monetary debts are converted into yen at the spot exchange rate on the closing day of the consolidated interim accounting period and exchange differences are treated as profit or loss.
 - (5) Treatment of Substantial Lease Transactions
 - Finance lease transactions other than those for which ownership is deemed fully transferred to the lessee are treated pursuant to accounting standards in the manner as applied to ordinary lease transactions.
 - (6) Other Underlying Substantial Matters for Preparation of Consolidated Interim Financial Statements
 - 1) Treatment of deferred assets
 - Expenses for shares issued are all treated as expenses where incurred.
 - 2) Accounting treatment of consumption tax, etc.
 - Accounting treatment of consumption tax adopts pretax method.
5. Scope of Funds in Consolidated Interim Statement of Cash Flow
- The funds are cash, demand deposits that can be withdrawn at any time and short-term investments which can easily be converted into cash that carry only a small risk in price fluctuations and a maturity date of which will arrive within 3 months from the date of acquisition.

Explanatory Notes for Financial Statement

	(Previous consolidated interim accounting period)	(Current consolidated interim accounting period)	(Previous consolidated fiscal year)
(1) Accumulated depreciation of tangible fixed assets	15,573,767 thousand yen	16,801,430 thousand yen	16,208,865 thousand yen
(2) Assets pledged as collateral	4,454,755 thousand yen	4,324,756 thousand yen	4,622,954 thousand yen
(3) Guaranteed obligations	284,000 thousand yen	106,000 thousand yen	201,000 thousand yen
(Note) Among guaranteed obligations, 154,000 thousand yen at the end of the previous consolidated interim accounting period, 130,000 thousand yen at the end of the previous consolidated fiscal year, and the amount at the end of the current consolidated interim accounting period are jointly guaranteed by Nippon Kayaku Co., Ltd.			
(4) Relationship between the balance of cash and cash equivalents at the end of the interim period (at the end of the year) and the amount of items listed on the balance sheet of the interim consolidation (consolidation)			
Cash and deposits	1,400,872 thousand yen	7,867,462 thousand yen	6,731,657 thousand yen
Time deposits over 3 months of depositing period	85,010 thousand yen	85,010 thousand yen	1,640,958 thousand yen
MMF	160,402 thousand yen	160,561 thousand yen	160,498 thousand yen
Cash and cash equivalents	1,476,263 thousand yen	7,943,013 thousand yen	5,251,197 thousand yen
(5) Since tax effect accounting by the simplified resale method has been applied to tax expenses for the current consolidated interim accounting period and previous consolidated interim accounting period, corporate income tax adjustment, etc., is included in “Corporate income tax, local residence tax, and enterprise tax”.			

(Segment Information)

1. Segment Information by Business Category

For the previous consolidated interim accounting period (From April 1, 2001 to September 30, 2001)

	Manufacture and sale of industrial materials (thousand yen)	Other businesses (thousand yen)	Total (thousand yen)	Extinguishment or all companies (thousand yen)	Consolidation (thousand yen)
Sales					
(1) Sales to outside customers	14,159,739	498,070	14,657,809	-	14,657,809
(2) Inter-segmental internal sales or transfers	49,924	-	49,924	(49,924)	-
Total	14,209,663	498,070	14,707,734	(49,924)	14,657,809
Operating Expenses	12,519,876	485,791	13,005,667	(40,456)	12,965,211
Operating Income	1,689,786	12,279	1,702,066	9,467	1,692,598

For the current consolidated interim accounting period (From April 1, 2002 to September 30, 2002)

	Manufacture and sale of industrial materials (thousand yen)	Other businesses (thousand yen)	Total (thousand yen)	Extinguishment or all companies (thousand yen)	Consolidation (thousand yen)
Sales					
(1) Sales to outside customers	16,455,115	451,759	16,906,875	-	16,906,875
(2) Inter-segmental internal sales or transfers	29,209	-	29,209	(29,209)	-
Total	16,484,325	451,759	16,936,084	(29,209)	16,906,875
Operating Expenses	14,687,580	459,097	15,146,677	(28,510)	15,118,167
Operating Income	1,796,744	7,337	1,789,407	(699)	1,788,708

Previous Consolidated Fiscal Year (From April 1, 2001 to March 31, 2002)

	Manufacture and sale of industrial materials (thousand yen)	Other businesses (thousand yen)	Total (thousand yen)	Extinguishment or all companies (thousand yen)	Consolidation (thousand yen)
Sales					
(1) Sales to outside customers	27,779,209	931,817	28,711,026	-	28,711,026
(2) Inter-segmental internal sales or transfers	58,178	-	58,178	(58,178)	-
Total	27,837,388	931,817	28,769,205	(58,178)	28,711,026
Operating Expenses	24,639,249	959,959	25,599,208	(58,220)	25,540,987
Operating Income	3,198,139	28,141	3,169,997	41	3,170,039

(Note) 1. Segmentation of Businesses

Company businesses are segmented, taking into consideration product lines and similarity of related markets.

2. Major products classified into each business category

Business Category	Major Products, etc.
Manufacture and sale of industrial materials, etc.	Manufacture and sale of electronic materials, optical materials, electric insulation materials and industrial application structural materials, and purchase and sale of related products
Other Businesses	Management of golf training courses, and purchase and sale of sports and recreation equipment

2. Segment Information by Location

Because Arisawa Group has no consolidated subsidiaries or branches located in any country or region other than Japan, there are no applicable matters in the previous consolidated interim accounting period, current consolidated interim accounting period and previous consolidated fiscal year.

3. Overseas Sales

Previous consolidated interim accounting period (From April 1, 2001 to September 30, 2001)

	North America	Asia	Other regions	Total
. Overseas Sales (thousand yen)	2,176,311	2,302,779	462,363	4,941,455
. Consolidated Sales (thousand yen)				14,657,809
. Proportion of Overseas Sales to Consolidated Sales (%)	14.8	15.7	3.1	33.7

Current consolidated interim accounting period (From April 1, 2002 to September 30, 2002)

	North America	Asia	Other regions	計
. Overseas Sales (thousand yen)	2,470,998	2,809,646	370,823	5,651,468
. Consolidated Sales (thousand yen)				16,906,875
. Proportion of Overseas Sales to Consolidated Sales (%)	14.6	16.6	2.2	33.4

Previous Consolidated Fiscal Year (From April 1, 2001 to March 31, 2002)

	North America	Asia	Other regions	計
. Overseas Sales (thousand yen)	3,974,199	4,688,707	786,868	9,449,775
. Consolidated Sales (thousand yen)				28,711,026
. Proportion of Overseas Sales to Consolidated Sales (%)	13.9	16.3	2.7	32.9

(Note) 1. The regions are classified by geographical proximity.

2. The respective regions are composed of the following countries.

North America: USA and Canada

Asia: Korea, China, Taiwan, Malaysia, etc.

3. Overseas sales are sales (including indirect exports) by the Company to respective regions.

(Lease Transactions)

Previous consolidated interim accounting period (From April 1, 2001 to September 30, 2001)				Current consolidated interim accounting period (From April 1, 2002 to September 30, 2002)				Previous Consolidated Fiscal Year (From April 1, 2001 to March 31, 2002)			
Finance-lease transactions except for which titles to leased items are deemed transferred to the lessee.				Finance-lease transactions except for which titles to leased items are deemed transferred to the lessee.				Finance-lease transactions except for which titles to leased items are deemed transferred to the lessee.			
1 . The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs and the balance at the end of the interim period.				1 . The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs and the balance at the end of the interim period.				1 . The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs and the balance at the end of the year.			
	Amount equivalent to acquisition prices (thousand yen)	Amount equivalent to accumulated depreciation costs (thousand yen)	Amount equivalent to balance at the end of interim period (thousand yen)		Amount equivalent to acquisition prices (thousand yen)	Amount equivalent to accumulated depreciation costs (thousand yen)	Amount equivalent to balance at the end of interim period (thousand yen)		Amount equivalent to acquisition prices (thousand yen)	Amount equivalent to accumulated depreciation costs (thousand yen)	Amount equivalent to balance at the end of year (thousand yen)
Machinery equipment and delivery equipment	21,906	14,725	7,180	Machinery equipment and delivery equipment	9,918	4,831	5,086	Machinery equipment and delivery equipment	9,918	3,840	6,077
Tools and Fixtures	219,388	134,966	84,422	Tools and Fixtures	199,536	131,833	67,702	Tools and Fixtures	187,800	123,587	64,213
Others	119,199	46,814	72,384	Others	123,351	70,711	52,639	Others	119,199	58,555	60,643
Total	360,493	196,506	163,987	Total	332,805	207,377	125,427	Total	316,917	185,983	130,934
(Note) The amounts equivalent to acquisition prices are calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to acquisition prices are calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to acquisition prices are calculated based on interest paid since the prepaid lease balance at the end of the year makes up such a small portion of the tangible asset balance at the end of the year.			
2 . The amounts equivalent to prepaid lease balance at the end of the interim period				2 . The amounts equivalent to prepaid lease balance at the end of the interim period				2 . The amounts equivalent to prepaid lease balance at the end of the year			
Less than 1 year 63,782 thousand yen				Less than 1 year 58,907 thousand yen				Less than 1 year 58,338 thousand yen			
More than 1 year 100,205 thousand yen				More than 1 year 66,520 thousand yen				More than 1 year 72,596 thousand yen			
Total 163,987 thousand yen				Total 125,427 thousand yen				Total 130,934 thousand yen			
(Note) The amounts equivalent to the prepaid lease balance at the end of the interim period is calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to the prepaid lease balance at the end of the interim period is calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to the prepaid lease balance at the end of the year is calculated based on interest paid since the prepaid lease balance makes up such a small portion of the tangible asset balance at the end of the year.			
3 . Paid lease payment and amount equivalent to depreciation costs				3 . Paid lease payment and amount equivalent to depreciation costs				3 . Paid lease payment and amount equivalent to depreciation costs			
Prepaid lease payments: 34,470 thousand yen				Paid lease payments: 33,683 thousand yen				Paid lease payments: 67,330 thousand yen			
Amount equivalent to depreciation costs 34,470 thousand yen				Amount equivalent to depreciation costs 33,683 thousand yen				Amount equivalent to depreciation costs 67,330 thousand yen			
4 . Calculation method of the amount equivalent to depreciation cost				4 . Calculation method of the amount equivalent to depreciation cost				4 . Calculation method of the amount equivalent to depreciation cost			
The fixed amount method has been adopted, where the period of lease is set as the service life, and residual value is set at nil.				The fixed amount method has been adopted, where the period of lease is set as the service life, and residual value is set at nil.				The fixed amount method has been adopted, where the period of lease is set as the service life, and residual value is set at nil.			

(Securities)

The end of previous consolidated interim accounting period (As of September 30, 2001)

1. Other securities for which market values are available

	Purchase cost	Value shown on consolidated interim balance sheet	Balance
(1) Equity shares	1,139,746 thousand yen	1,541,147 thousand yen	401,400 thousand yen
(2) Others	162,155 thousand yen	139,070 thousand yen	23,084 thousand yen
Total	1,301,901 thousand yen	1,680,218 thousand yen	378,316 thousand yen

2. Major contents of securities for which market values are not available

	Value shown in consolidated interim balance sheet
Other securities	
MMF	160,402 thousand yen
Unlisted stocks (excluding OTC stocks)	490,765 thousand yen

The end of current consolidated interim accounting period (As of September 30, 2002)

1. Other securities for which market values are available

	Purchase cost	Value shown on consolidated interim balance sheet	Balance
(1) Equity shares	1,049,802 thousand yen	1,619,947 thousand yen	570,144 thousand yen
(2) Others	162,155 thousand yen	131,984 thousand yen	30,170 thousand yen
Total	1,211,958 thousand yen	1,751,931 thousand yen	539,973 thousand yen

2. Major contents of securities for which market values are not available

	Value shown in consolidated interim balance sheet
Other securities	
MMF	160,561 thousand yen
Unlisted stocks (excluding OTC stocks)	576,307 thousand yen

The end of previous consolidated fiscal year (As of March 31, 2002)

1. Other securities for which market values are available

	Purchase cost	Value shown on consolidated balance sheet	Balance
(1) Equity shares	1,020,455 thousand yen	2,205,410 thousand yen	1,184,955 thousand yen
(2) Others	162,155 thousand yen	145,599 thousand yen	16,555 thousand yen
Total	1,182,610 thousand yen	2,351,009 thousand yen	1,168,399 thousand yen

2. Major contents of securities for which market values are not available

	Value shown in consolidated balance sheet
Other securities	
MMF	160,498 thousand yen
Unlisted stocks (excluding OTC stocks)	543,217 thousand yen

* Interim Closing announcement (Consolidation) of Fiscal Year Ending March 31, 2003 is a translation from Japanese to English.

* If there should be any difference between the Japanese text and English text, the Japanese text shall prevail.

Fiscal Year Ending March 31, 2003

October 29, 2002

Summary of Individual Interim Financial Statements

Name of Listed Company: Arisawa Manufacturing Co., Ltd.

Code No.: 5208

(URL <http://www.arisawa.co.jp/>)

Representative:

Contact Person:

Date of Board of Directors

Meeting for Interim Closing:

Commencement date of payment

for interim dividend:

President and CEO: Sanji Arisawa

Senior Managing Director: Kazuo Mori

October 29, 2002

Listed on the 1st Section of Tokyo Stock Exchange

Prefecture where Head Office is located

Niigata Prefecture

TEL: (025) 524-7101

Existence of interim dividend plan: Yes

Adoption of group share plan: Yes (1 group: 100 shares)

1. Business Results for Interim Accounting Period of 2002 (From April 1, 2002 to September 30, 2002)

(1) Operating Results

(Note) Indicated by rounding off the amount less than 1 million yen

	Sales amount		Operating profit		Ordinary profit	
	(million yen)	%	(million yen)	%	(million yen)	%
Interim Accounting period of 2002	15,661	18.1	1,782	10.4	1,884	4.5
Interim Accounting period of 2001	13,266	Δ2.2	1,614	Δ1.3	1,802	2.3
Fiscal Year ending March 31, 2002	26,063		3,093		3,425	

	Interim (current) net profit		Interim (current) net profit per share
	(million yen)	%	(Yen)
Interim Accounting period of 2002	1,072	3.4	40.09
Interim Accounting period of 2001	1,036	3.1	51.12
Fiscal Year ending March 31, 2002	2,009		90.36

(Note) 1) Average number of shares during the accounting period

Interim accounting period of 2002: 26,750,070 shares, Interim accounting period of 2001: 20,277,887 shares,

FY2002: 22,236,357 shares

2) Change in accounting method: None

3) Indication of percentage of sales, operating profit, ordinary profit and interim (current) net profit shows the rate of increase or decrease against the previous interim accounting period.

(2) Dividend Status

	Interim dividend per share	Annual dividend per share
	(Yen)	(Yen)
Interim Accounting period of 2002	–	–
Interim Accounting period of 2001	–	–
Fiscal Year ending March 31, 2002	–	21.00

(3) Financial Conditions

	Total assets	Shareholder equity	Equity ratio	Shareholder equity per share
	(million yen)	(million yen)	%	(Yen)
Interim Accounting period of 2002	35,402	23,802	67.2	889.70
Interim Accounting period of 2001	27,806	17,330	62.3	795.13
Fiscal Year ending March 31, 2002	32,718	23,645	72.3	972.60

(Note) 1. Number of outstanding shares at the end of period

Interim accounting period of 2002: 26,753,253 shares, Interim accounting period of 2001: 21,796,180 shares,

FY2002: 24,311,486 shares

2. Number of treasury stocks at the end of period: Interim accounting period of 2002: 6,625 shares,

Interim accounting period of 2001: 116 shares, FY 2002: 494 shares

2. Anticipated Business Results for FY 2003 (From April 1, 2002 to March 31, 2003)

	Sales amount	Ordinary profit	Current net profit	Annual dividend per share	
				End of the term	
	(million yen)	(million yen)	(million yen)	(Yen)	(Yen)
Full year	31,400	3,930	2,250	21.00	21.00

(Reference) anticipated current net profit per share (Full year) 84.1 yen

* The above anticipation was made based on the available information as of the date of announcement and results may differ in the future due to various factors.

2. Financial Statement
Balance Sheet

Item	End of Previous Interim Accounting Period (As of September 30, 2001)		End of Current Interim Accounting Period (As of September 30, 2002)		Condensed Balance Sheet for Previous Fiscal year (As of March 31, 2002)	
	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Assets)						
. Current Assets						
1. Cash and deposits	886,681		7,014,264		5,975,503	
2. Notes receivable	1,863,899		1,642,208		1,620,862	
3. Accounts receivable	6,585,686		6,390,150		5,724,019	
4. Inventories	1,920,548		2,733,565		2,044,200	
5. Deferred taxable assets	274,782		167,693		167,693	
6. Others	326,642		648,764		532,438	
Allowance for doubtful accounts	8,831		7,897		7,056	
Total Current Assets	11,849,409	42.6	18,588,749	52.5	16,057,661	49.1
. Fixed Assets						
1. Tangible fixed assets						
(1) Buildings	4,336,428		4,456,579		4,403,400	
(2) Machinery and Equipment	3,815,969		3,883,146		3,434,864	
(3) Land	1,583,645		1,580,747		1,580,747	
(4) Construction in progress	437,302		1,154,602		814,787	
(5) Others	491,014		436,779		455,225	
Total Tangible Fixed Assets	10,664,361		11,511,855		10,689,026	
2. Intangible Fixed Assets	12,767		39,407		14,120	
3. Investments and other assets						
(1) Investment Securities	2,168,763		2,326,139		2,891,779	
(2) Stocks of affiliated companies	1,791,195		1,868,759		1,868,759	
(3) Others	1,395,372		1,097,933		1,229,997	
Allowance for doubtful debts	75,741		30,594		33,095	
Total investments and other assets	5,279,589		5,262,238		5,957,440	
Total Fixed Assets	15,956,719	57.4	16,813,501	47.5	16,660,587	50.9
Total Assets	27,806,128	100.0	35,402,251	100.0	32,718,248	100.0

Item	End of Previous Interim Accounting Period (As of September 30, 2001)		End of Current Interim Accounting Period (As of September 30, 2002)		Condensed Balance Sheet for Previous Fiscal year (As of March 31, 2002)			
	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)		
(Liabilities)								
. Current Liabilities								
1. Notes payable	3,218,386		4,181,870		3,019,748			
2. Accounts payable	2,330,327		2,873,932		2,461,688			
3. Short-term borrowings	1,621,800		263,800		372,200			
4. Accrued income tax and others	711,501		741,553		519,920			
5. Equipment notes payable	959,271		1,228,157		567,533			
6. Allowance for bonuses	496,608		759,589		496,224			
7. Others	883,648		1,103,696		984,389			
Total Current Liabilities		10,221,544	36.8		11,152,599	31.5	8,421,705	25.8
. Fixed Liabilities								
1. Long-term borrowings	3,800		-		-			
2. Deferred taxable liabilities	52,356		115,678		396,631			
3. Reserve for bonuses to retiring officers	52,348		156,477		147,049			
4. Reserve for severance payment	136,096		162,617		98,491			
5. Others	9,105		12,653		9,105			
Total Fixed Liabilities		253,706	0.9		447,427	1.3	651,277	2.0
Total Liabilities		10,475,250	37.7		11,600,026	32.8	9,072,982	27.7
(Stockholder Equity)								
. Capital		3,894,116	14.0		6,337,106	17.9	6,320,255	19.3
.Capital reserve								
1. Capital surplus	3,006,479		5,449,469		5,432,618			
Total capital reserve		3,006,479	10.8		5,449,469	15.4	5,432,618	16.6
.Earned surplus								
1. Revenue reserve	748,262		748,262		748,262			
2. Voluntary reserve	7,916,847		9,314,441		7,916,847			
3. Unappropriated retained earnings at the end of interim period (current)	1,528,638		1,634,556		2,501,242			
Total earned surplus		10,193,747	36.7		11,697,260	33.0	11,166,352	34.2
. Other securities appreciation differences		236,532	0.8		335,214	0.9	727,364	2.2
. Treasury Stock		-	-		16,825	0.0	1,325	0.0
Total Stockholder Equity		17,330,877	62.3		23,802,224	67.2	23,645,266	72.3
Total Liabilities and Stockholder Equity		27,806,128	100.0		35,402,251	100.0	32,718,248	100.0

Statement of Income

Item	Previous Interim Accounting Period (From April 1, 2001 to September 30, 2001)		Current Interim Accounting Period (From April 1, 2002 to September 30, 2002)		Condensed statement of income for previous Fiscal year (From April 1, 2001 to March 31, 2002)	
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)
. Sales	13,266,658	100.0	15,661,977	100.0	26,063,674	100.0
. Sales cost	10,573,502	79.7	12,562,263	80.2	20,805,057	79.9
Gross profit on sales	2,693,156	20.3	3,099,713	19.8	5,258,616	20.1
. Selling and general administration expenses	1,078,869	8.1	1,316,872	8.4	2,164,844	8.3
Operating profit	1,614,286	12.2	1,782,841	11.4	3,093,772	11.8
. Non-operating revenue	429,576	3.2	417,119	2.7	832,981	3.2
. Non-operating expense	241,061	1.8	315,479	2.0	500,943	1.9
Ordinary profit	1,802,801	13.6	1,884,481	12.1	3,425,810	13.1
. Extraordinary profit	-	-	1,514	0.0	122,366	0.5
. Extraordinary losses	41,705	0.3	52,656	0.3	130,177	0.5
Pretax interim (current) net profit	1,761,095	13.3	1,833,339	11.8	3,417,998	13.1
Corporate income tax, local residence tax, and enterprise tax	724,412		760,890		1,309,000	
Adjustment of corporate income tax, etc.	-	724,412	-	760,890	99,711	1,408,711
Interim (current) net profit	1,036,683	7.8	1,072,448	6.9	2,009,287	7.7
Profit carried forward from the previous term	491,954		562,107		491,954	
Unappropriated retained earnings for interim period (current)	1,528,638		1,634,556		2,501,242	

Underlying Substantial Matters for Preparation of Interim Financial Statements

(1) Appreciation Standards and Method for Assets

Inventories

Products, commodities, semi- finished goods, and goods in process

FIFO method applied at cost basis

Raw materials and purchased supplies

Periodic average method applied at cost basis

Securities

Other securities

Securities for which market value is available:

Mark to market method based on market price as of the interim account closing date (All appreciation differences have been treated by direct transfer to the capital method and disposal cost has been calculated by the periodic average method).

Securities for which market value is not available:

Valued by the periodic average method at cost

Derivatives

Mark to market method

(2) Depreciation method of fixed assets

Tangible fixed assets

Fixed percentage method

With regard to buildings (excluding annexed facilities to the building) acquired after April 1, 1998, however, the fixed amount method has been applied.

Intangible fixed assets

Fixed amount method

- (3) Allocation of Standards for Allowances
- Allowance for doubtful accounts
We have appropriated an uncollectible amount as the actual bad debt ratio for general credits and by considering possible individual collectibility for special credits such as doubtful loans.
- Reserve for bonuses
In order to appropriate for bonuses paid to employees, we have appropriated an amount for the current interim accounting period based on an estimated amount of payment.
- Reserve for Retirement Benefits
We have appropriated an amount deemed to accrue at the end of the current interim accounting period based on an estimated amount of liabilities for retirement benefits and pension assets at the end of the current fiscal year.
- Reserve for Officer Retirement Bonuses
In preparation for the payment of officer retirement bonuses, we have appropriated an amount required at the end of the interim accounting period pursuant to bylaws.
- (4) Treatment of Lease Transactions
Finance lease transactions other than those for which ownership is deemed fully transferred to the lessee are treated pursuant to accounting standards in the manner as applied to ordinary lease transactions.
- (5) Other Underlying Substantial Matters for Preparation of Interim Financial Statements
- Treatment of deferred assets
Expenses for shares issued are all treated as expenses where incurred.
Accounting treatment of consumption tax, etc.
Accounting treatment of consumption tax adopts pretax method.

(Treasury Stock)

We have previously indicated treasury stocks (317 thousand yen for the previous interim accounting period) in "Other" of current assets, but due to the revision of Rules for Financial Statements, etc., we have recorded these by deducting as "Treasury Stock" in "Stockholder equity" from the end of the previous fiscal year.

Explanatory Notes on Financial Statement

	(Previous interim accounting period)	(Current interim accounting period)	(Previous fiscal year)
(1) Accumulated depreciation of tangible fixed assets	14,415,432 thousand yen	15,572,827 thousand yen	15,022,613 thousand yen
(2) Assets pledged as collateral	4,190,967 thousand yen	4,074,314 thousand yen	4,366,302 thousand yen
(3) Guaranteed obligations	602,550 thousand yen	815,043 thousand yen	779,000 thousand yen

(Note) Among guaranteed obligations, 154,000 thousand yen at the end of the previous interim accounting period, 106,000 thousand yen at the end of the current interim accounting period, and 130,000 thousand yen for the previous fiscal year are jointly guaranteed by Nippon Kayaku Co., Ltd.

- (4) Since tax effect accounting by the simplified resale method has been applied to tax expenses for the current interim accounting period and previous interim accounting period, corporate income tax adjustment, etc., is included in "Corporate income tax, local residence tax, and enterprise tax".

Increase in Number of Outstanding Shares

- (1) Stock Split
As of May 20, 2002, we carried out a stock split of the shares held by shareholders recorded in the list of shareholders and the list of actual shareholders as of March 31, 2002 at a ratio of 1 share to 1.1 shares. Fractional shares of less than one share arising from the split, however, were sold en bloc, and disposal funds were distributed according to fractions to shareholders whose shares generated fractions. The increase in the number of outstanding shares as a result of the split was 2,431,198 shares.
- (2) Exercise of Preemptive Rights under the former Commercial Code, Article 280-19, paragraph 1
- | | |
|-------------------------|----------------|
| Number of issued shares | 17,600 shares |
| Issue price | 33,701,600 yen |
| Capitalization amount | 16,850,800 yen |

(Lease Transactions)

Previous interim accounting period (From April 1, 2001 to September 30, 2001)				Current interim accounting period (From April 1, 2002 to September 30, 2002)				Previous fiscal year (From April 1, 2001 to March 31, 2002)			
Finance-lease transactions except for which titles to leased items are deemed transferred to the lessee.				Finance-lease transactions except for which titles to leased items are deemed transferred to the lessee.				Finance-lease transactions except for which titles to leased items are deemed transferred to the lessee.			
1 . The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs and the balance at the end of the interim period.				1 . The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs and the balance at the end of the interim period.				1 . The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs and the balance at the end of the year.			
	Amount equivalent to acquisition prices (thousand yen)	Amount equivalent to accumulated depreciation costs (thousand yen)	Amount equivalent to balance at the end of interim period (thousand yen)		Amount equivalent to acquisition prices (thousand yen)	Amount equivalent to accumulated depreciation costs (thousand yen)	Amount equivalent to balance at the end of interim period (thousand yen)		Amount equivalent to acquisition prices (thousand yen)	Amount equivalent to accumulated depreciation costs (thousand yen)	Amount equivalent to balance at the end of year (thousand yen)
Machinery and equipment	11,988	11,877	111	Tools and Fixtures	126,744	72,077	54,666	Tools and Fixtures	102,912	60,122	42,790
Tools and Fixtures	134,500	79,888	54,612	Others	89,553	47,616	41,936	Others	85,401	38,840	46,560
Others	85,401	30,479	54,921	Total	216,297	119,694	96,602	Total	188,313	98,962	89,351
Total	231,889	122,244	109,645								
(Note) The amounts equivalent to acquisition prices are calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to acquisition prices are calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to acquisition prices are calculated based on interest paid since the prepaid lease balance at the end of the year makes up such a small portion of the tangible asset balance at the end of the year.			
2 . The amounts equivalent to prepaid lease balance at the end of the interim period				2 . The amounts equivalent to prepaid lease balance at the end of the interim period				2 . The amounts equivalent to prepaid lease balance at the end of the year			
	Less than 1 year	38,265 thousand yen			Less than 1 year	41,771 thousand yen			Less than 1 year	36,018 thousand yen	
	More than 1 year	71,380 thousand yen			More than 1 year	54,831 thousand yen			More than 1 year	53,333 thousand yen	
	Total	109,645 thousand yen			Total	96,602 thousand yen			Total	89,351 thousand yen	
(Note) The amounts equivalent to the prepaid lease balance at the end of the interim period is calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to the prepaid lease balance at the end of the interim period is calculated based on interest paid since the prepaid lease balance at the end of the interim period makes up such a small portion of the tangible asset balance at the end of the interim period.				(Note) The amounts equivalent to the prepaid lease balance at the end of the year is calculated based on interest paid since the prepaid lease balance makes up such a small portion of the tangible asset balance at the end of the year.			
3 . Paid lease payment and amount equivalent to depreciation costs				3 . Paid lease payment and amount equivalent to depreciation costs				3 . Paid lease payment and amount equivalent to depreciation costs			
	Prepaid lease payments:	21,987 thousand yen			Paid lease payments:	20,924 thousand yen			Paid lease payments:	42,088 thousand yen	
	Amount equivalent to depreciation costs	21,987 thousand yen			Amount equivalent to depreciation costs	20,924 thousand yen			Amount equivalent to depreciation costs	42,088 thousand yen	
4 . Calculation method of the amount equivalent to depreciation cost				4 . Calculation method of the amount equivalent to depreciation cost				4 . Calculation method of the amount equivalent to depreciation cost			
The fixed amount method has been adopted, where the period of lease is set as the service life, and residual value is set at nil.				The fixed amount method has been adopted, where the period of lease is set as the service life, and residual value is set at nil.				The fixed amount method has been adopted, where the period of lease is set as the service life, and residual value is set at nil.			

* Summary of Individual Interim Financial Statement of Fiscal Year Ending March 31, 2003 is a translation from Japanese to English.

* If there should be any difference between the Japanese text and English text, the Japanese text shall prevail.