

SEMI-ANNUAL REPORT

The 55th Term

From April 1, 2002

through September 30, 2002

ARISAWA MANUFACTURING CO., LTD.

301-046

This document is an English translation of the Japanese language original solely for the reference purposes. The Japanese language original prevails over any translation.

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Interim Audit Reports

Arisawa Mfg. Co., Ltd.

Cover Page

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Submitted to:	Chief of Kanto Financial Affairs Bureau
Date of Submission:	December 24, 2002
Interim Fiscal Term:	During the 55 th Term (from April 1, 2002 to September 30, 2002)
Name of Company:	Kabushiki Kaisha Arisawa Seisakusho
English Translation of Company Name:	Arisawa Mfg. Co., Ltd.
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PART I. INFORMATION ABOUT THE BUSINESS

I. General Conditions of Business

1. Changes in the Principal Business Indicators, etc.

(1) Consolidated Business Indices, etc.

Term	First Half of the 53rd Term	First Half of the 54th Term	First Half the 55 th Term	The 53rd Term	The 54th Term
Period/Year end	September 2000	September 2001	September 2002	March 2001	March 2002
Sales (¥ Millions)	15,213	14,657	16,906	30,691	28,711
Ordinary Profits (¥ Millions)	2,312	1,973	2,160	4,818	3,791
Net Profits For The 6 Months (Or The Year) (¥ Millions)	1,480	1,175	1,321	3,118	2,358
Net Assets (¥ Millions)	18,872	20,848	27,634	20,599	27,385
Total Assets (¥ Millions)	33,208	32,842	40,804	33,896	37,851
Net Asset Per Share (¥)	955.90	956.51	1,032.90	1,040.82	1,126.44
Earnings Per Share For 6 Months (Or The Year) (%)	77.08	57.98	49.41	159.98	106.08
Fully Diluted Earnings Per Share For 6 Months (Or The Year) (¥)	77.02	57.93	48.97	159.81	106.03
Net Worth Ratio (%)	56.9	63.5	67.7	60.8	72.3
Cash Flows From Operating Activities (¥ Millions)	1,573	1,267	2,845	4,821	4,030
Cash Flows From Investing Activities (¥ Millions)	Δ918	Δ1,813	336	Δ1,841	Δ4,380
Cash Flows From Financing Activities (¥ Millions)	Δ585	376	Δ480	Δ2,681	3,951
Closing Balance Of Cash Or Cash Equivalents (¥ Millions)	1,357	1,476	7,943	1,593	5,251
Number Of Employees	818	842	858	798	851

- Note: 1. Consumption tax not included in sales amounts.
 2. The Company has adopted "the accounting rule for earning per share" (the Corporate Accounting Standard No. 2) and "the guideline for adopting the accounting rule for earnings per share" (The Guideline No. 4 for adopting Corporate Accounting Standards).

(2) Business Indices of the Company

Term	First Half of the 53rd Term	First Half of the 54 th Term	First Half of the 55 th Term	The 52nd Term	The 53rd Term	The 54 th Term
Period/Year end	September 2000	September 2001	September 2002	March 2000	March 2001	March 2002
revenues (¥ Millions)	13,560	13,266	15,661	22,465	27,518	26,063
ordinary Income (¥ Millions)	1,761	1,802	1,884	2,190	3,528	3,425
net Income For 6 Months (Or The Year)(¥)	1,005	1,036	1,072	1,240	2,002	2,009
Capital Stock (¥ Millions)	3,838	3,894	6,337	3,673	3,876	6,320
Total Number Of Shares Issued And Outstanding (1,000 Shares)	19,743	21,796	26,760	17,860	19,791	24,311
Net Assets (¥ Millions)	16,096	17,330	23,802	14,618	17,183	23,645
Total Assets (¥ Millions)	29,222	27,806	35,402	25,930	29,034	32,718
Dividends Per Share For 6 Months (Or The Year) (¥)	---	---	---	16.00	24.00	21.00
Net Worth Ratio (%)	55.1	62.3	67.2	56.4	59.2	72.3
Number Of Employees	507	575	588	570	531	569

Note: 1. Consumption tax not included in Revenues amounts.

2. Business Lines

There has been no material change in information regarding Business Line of our group (the Company and its related companies) during the current consolidated interim accounting period. There has been no change in the Company's related companies, either.

Fresnel lense for rear-projection TVs, anti-reflective screen panels, anti-glare filters, special optical films and LCD-use polarizing plates had been categorized under Optical Materials of Manufacturing and Sales of Industrial Use Materials segment until the end of the previous fiscal year. The name of Optical Materials category has been changed to Display Materials to represent nature of those products more precisely.

3. State of Affiliated Companies

The following company became an important related company for the Company during the current consolidated interim accounting period.

Company Name	Address	Capital Stock (Thousands of yen)	Type of Main Business	Voting Right Possession ratio (%)	Relationship
(Consolidated subsidiary) Arisawa Optic Co., Ltd	Joetsu, Niigata	10,000	Manufacturing and sale of industrial use materials	100.0	Concurrence of director(s) who is in charge of manufacturing and sale of products of display materials; Guarantee of debt; and Lease of buildings and manufacturing facilities

Notes:

"Type of Main Business" represents a name of a segment of each business.

4. State of Employees

(1) State of Consolidated Companies

(as of September 30, 2002)

Business Segments	Number of employees
Operation of Manufacture and sales of industrial use materials etc.	842
Other operations	16
Total	858

Note: The number of employees indicates full-time employees and does not include part-time and temporary employees.

(2) State of the Company

(as of September 30, 2002)

Number of Employees	588
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Notes: The number of employees indicates full-time employees and does not include part-time and temporary employees.

(3) Labour Union

There is no material matter concerning the labor-management relationship.

II. Condition of Business

1. Outline of Business Performance, etc.

(1) Performance

The economic situation during the interim consolidated accounting period continued to be severe, as it was affected by factors that included the slowdown in the American economy, the decline in domestic investment in plant and equipment, the poor performance of the stock market and the deterioration in the employment situation.

Within this environment our corporate group (consisting of the filer, our consolidated subsidiaries and companies covered by the equity method) worked as a technology company to develop new products that would appeal to customers, and to improve our proprietary technology. We progressed in selecting and focusing on businesses that correspond to changes in the marketplace, and engaged in streamlining of our management resources and thorough cost reductions.

As a result our performance during the current interim consolidated accounting period amounted to sales of ¥16,906 million, representing an increase of 15.3% over the previous interim consolidated accounting period. Ordinary profits rose by 9.5% over the previous interim consolidated accounting period, to ¥2,160 million, as a result of factors such as the increase in sales. Interim net profits increased by 12.4% over the previous interim consolidated accounting period, to ¥1,321 million.

Performance by sector was as follows.

Within related industries, demand in the electrical materials sector showed a rise in demand for IT equipment such as PCs and mobile telephones. The display materials division grew as a result of increases in areas such as the demand for projection televisions and LCD projectors in the United States.

(i) Business of Manufacture and Sales of Industrial Materials, Etc.

In the electrical materials sector of our business of manufacturing and sales of industrial and other materials, there was an increase in demand for IT related devices such as PCs and mobile phones within the electrical materials sector (orders increased by 50.0% to ¥6,871 million, while production increased by 46.1% when compared to the previous consolidated fiscal year on a unitary basis for the submitting company), so that sales rose by 24.9% against the previous interim consolidated accounting period, to ¥5,853 million.

In the field for display related materials, the increase in demand for projection TVs in the US resulted in solid performance for Fresnel lenses (an increase of 25.6% in orders, to ¥4,268 million, and an increase of 32.6% in production when compared to the previous consolidated fiscal year on a unitary basis for the submitting company) as well as anti-reflection plates (an increase of 70.3% in orders, to ¥2,016 million, and an increase of 81.0% in production when compared to the previous consolidated fiscal year on a unitary basis for the submitting company). As a result sales increased by 32.6% against the previous interim consolidated accounting period, to ¥6,362 million. The field of electric insulation materials and commercial formation materials, however, suffered a decline in sales of 9.7% against the previous interim consolidated accounting period, to ¥4,268 million, as a result of reduced investment in plant and equipment and a stagnant domestic economy. As a result overall increased by 16.0% against the previous interim consolidated accounting period, to ¥1,648.4 million,

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while operating profits increased by 6.3% against the previous interim consolidated accounting period, to ¥1,796 million.

(ii) Other Business

The golf industry experienced poor growth, while sales of sports recreation equipment experienced a significant decline in profit rates both as a result of poor sales of body boards and skate boards, as well as increased competition in sales, and a weak yen. This result in a 9.3% decline in sales against the previous interim consolidated accounting period, to ¥451 million, and an operating loss of ¥7 million (in contrast to profits of ¥12 million during the previous interim consolidated accounting period).

The category for regional segment does not apply as our corporate group only engages in business within Japan. It should also be noted that the amounts for sales, orders and the like stated in this section do not include the amount of consumption and local consumption tax.

(2) Cash Flows

On a consolidated basis our cash and cash equivalents (hereinafter “funds”) during the present interim consolidated accounting period experienced an increase in the balance at the start of the term, as a result of an increase in capitalization during the previous term, which was the 34th semi-annual period (the balance was increased by ¥3,657 million over the previous interim consolidated accounting period). In addition we had a decline in expenses to purchase tangible fixed assets (a reduction of 42.5% against the previous interim consolidated accounting period), a reduction in payment of corporate taxes, etc. (a reduction of 57.6% against the previous interim consolidated accounting period), and other factors which lead to an increase of ¥6,466 million in funds as of the end of this consolidated accounting period, to ¥7,943 million.

The following is the status of each of the cash flow categories during the interim consolidated accounting period.

(Cash Flow from Operating Activities)

Our strong sales resulted in an increase of sales receivables (an increase of ¥730 million over the balance as of the end of the previous consolidated fiscal year) and in inventory assets (an increase of ¥532 million over the balance as of the as of the end of the previous consolidated fiscal year). Accounts payable (purchases) increased (by ¥1,542 million against the balance as of the end of the previous consolidated fiscal year), while the amount of corporation tax, etc., payable decreased (by 57.6% against the previous interim consolidated accounting period). As a result of these and other factors cash flow amounted to ¥2,845 million in funds received (an increase of 124.5 % against the previous interim consolidated accounting period).

(Cash Flow From Investing Activities)

Cash flow from investing activities resulted in ¥336 million in funds received (with ¥1,813 million in funds used during the previous interim consolidated accounting period), as a result of converting to cash through changing the period of deposit of term deposits ¥1,452 million), and a decline in expenditures to acquire fixed assets (a decline of 42.5% against the previous consolidated interim accounting period) resulting from an increase in notes payable in connection with equipment (an increase of ¥660 million against the end of the previous consolidated fiscal year).

(Cash Flow from Financing Activities)

The cash flow from financing activities amounted to ¥480 million in funds used (with ¥376 million in funds received during the previous interim consolidated accounting period) as a result of a decline in procuring funds through short term borrowing (a 96.0% decline against the previous consolidated

interim accounting period), and an increase in the amount of payment of dividends (an increase of 7.4% against the previous interim consolidated interim accounting period).

2. Manufacturing, Orders and Sales

The group (both the submitting company and its consolidated subsidiaries) has many different categories of products manufactured and sold, in widely differing areas, and even products of the same type are not necessarily the same in their volume, construction, form or other elements. There are also products which are not manufactured on a produce to order basis, and we do not indicate the production volume or order volume in monetary amounts or quantities for each segment by type of business. For this reason we have indicated the relationships for performance for each segment by type of business in “1. Summary of Business,” with respect to the status of manufacturing, orders and sales.

The following states the percentages of sales by major customer and percentage of total sales during the previous interim consolidated accounting period and the current interim consolidated accounting period.

Customer	Previous Interim Consolidated Accounting Period (From April 1, 2001 through September 30, 2001)		Current Interim Consolidated Accounting Period (From April 1, 2002 through September 30, 2002)	
	¥1,000	Percent (%)	¥1,000	Percent (%)
Tomen Corporation	2,251,865	15.4	3,091,019	18.3
Sumitomo Shoji Plastics	1,946,972	13.3	2,462,684	14.6
Kuraray	1,629,138	11.1	2,315,721	13.7

Note: The amounts in the above table do not include consumption tax.

3. Issues that have to be dealt with by the Company

There is no material changes regarding subjects that have to be dealt with by the group (the Company and consolidated subsidiaries) during the current consolidated interim accounting period.

4. Important Agreement, etc. for Operation

No applicable matters.

5. Research and Development Activities

Our group’s research and development activities involve the business of manufacturing and selling industrial materials. Most of the research and development activities are conducted by the filing company, which works to develop technologies for our manufacturing divisions and our consolidated subsidiaries. As a technology development company we are constantly pursuing research and development of new technologies and products which directly meet the needs of users, mainly in the fields of electronics materials, display materials and compound materials.

Examples in electronics materials include fiberglass cloths for printed circuit boards, prepreg for special printed circuit boards, and FPC materials. Examples in display materials include large Fresnel lenses for rear projection TVs, anti-reflective coat display plates, and materials related to three-dimensional images; while for compound materials examples include materials related to

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super-conductivity, materials for aircraft interiors, electrical insulation materials and materials related to electrical equipment.

In order to adapt to the rapid changes in the markets that take place in recent years, the technology division works to invest its resources with an affirmative concentration in growth sectors, based on a flexible organization, to launch new products, to incubate products of the next generation, to promote technologies that offer a future, and to improve basic technology.

As of the end of the interim consolidated fiscal period we had 138 personnel involved in research and development activities, and our research and development expenses during this period amounted to ¥997 million.

The following are the major research achievements in our manufacturing and sales of industrial materials during the present interim consolidated fiscal period.

- Development of Highly Reliable Non Halogen FPC Material

We have already led the industry in acquiring flame retardant certification (UL94V-0) for, and are selling, a three layer type PI board and cover lay as an environmentally friendly non-halogen FPC material. In order to further increase the high reliability, we have developed a type which offers new migration resistance. This product clears conditions at 85 °C X 85% X 100 v X 1,000 hours, and also has obtained UL94V-0 for both PI boards and cover lays. Sales for this product have begun.

- Development of Improved Reliability Ultra-thin Glass Cloth for Printed Circuit Boards

As printed circuit boards become ever smaller and lighter, we have developed an ultra-thin glass cloth with high insulation reliability for printed circuit boards. By using our proprietary finishing technology to obtain equal flatness in the glass yarn, we have completed a finishing process for glass cloth which enables improved smoothness and uniformity, as well as greater thinness for printed circuit boards as well, and have commercialized this into a product at Arisawa Fiber Glass Co., Ltd. This product achieves a thickness of 16 microns for the glass cloth.

- Development of AR Fresnel Lens

In order to increase the precision and luminance of rear projectors we have improved the technology in the AR film coat on our Fresnel lenses that are used in rear projection TVs, and have begun delivering these to users. Use of this product is effective in improving brightness, and in correcting ghost images which have been a problem.

- Development of Cardio Magnetic Cryostat

We have for some time been providing cerebral-magnetic cryostats to the market (which are used to measure changes in magnetic activity in the brain). We have now refined our proprietary design and material structure to develop a new cryostat for cardio-magnetism (to detect magnetic fields from the heart). This development enables progress in analyzing the functions of the heart, and more accurate identification of causes of arrhythmia and other cardiac problems, and is expected to make a significant contribution to the development of medical treatments.

III. State of Facilities

1. State of Main Facilities

There was no significant change in major facilities during the present interim consolidated accounting period.

2. Plan of New Installation and Retirement, etc. of Facilities

(1) The following are the major changes in connection with adding or renovating significant facilities during the interim consolidated accounting period that were in the planning stage as of the end of the previous consolidated fiscal year:

(i) New Facilities

Partial amendment to the new plan for manufacturing facilities for electronic materials of the filing company in the business of manufacturing and selling industrial materials. The initial projected investment was changed from ¥1,684 million to ¥1,584 million.

(ii) Refurbishing

There are no new plans for refurbishing during the present interim consolidated accounting period.

(2) The following are the major completed new or refurbished facilities during the interim consolidated accounting period that were in the planning stage as of the end of the previous consolidated fiscal year.

(i) New Facilities

In August 2002 we completed and began operation of other new facilities of the filing company within the business of manufacturing and selling industrial materials. In May 2002 we completed and began operation of the new display material production facilities at the consolidated subsidiary Color Link Japan.

Since our group has many products that differ in content and form, and since the facilities used for each of these products can be shared, it is very difficult to state the increased capacity of the manufacturing facilities of our group, and for this reason we have omitted entry of this category.

(ii) Refurbishing

In September 2002 the filing company completed refurbishing of its other facilities in the business of manufacturing and selling industrial materials. This refurbishing did not affect manufacturing capacity

(3) The following constitutes the new plans for significant facilities which have been newly determined in the interim consolidated accounting period.

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Company Name of Production Center	Location	Name of Segment by Type of Business	Nature of Facilities	Projected Total Investment (¥1,000)	Existing Payments (¥1,000)	Method of Funding	Projected Starting Date	Projected Completion Date	Increased Capacity After Completion
Filing Company: Nakatahara Factory	Kamikoshi-shi Niigata	Manufacturing and selling industrial materials	Manufacturing facilities for display materials	128,200	2,970	Internal funding	August 2002	January 2003	(Note 2)
			Other facilities	138,000		Internal funding	August 2002	December 2002	

Notes:

1. *The projected investment amount does not include consumption tax or local consumption tax.*
2. *Since our group has many products that differ in content and form, and since the facilities used for each of these products can be shared, it is very difficult to state the increased capacity of the manufacturing facilities of our group, and for this reason we have omitted entry of this category.*

IV. State of the Company

1. State of Equity Shares, etc.

(1) Total Number of Shares, etc.

Total number of shares

Class	Authorized Number of Shares to be Issued
Common Stock	57,000,000
Total	57,000,000

Note: Articles of Incorporation stipulate the following.

The authorized number of shares to be issued is 57,000,000. Elimination of shares, however, will decrease this number proportionately.

Shares issued

Class	Number of Shares Issued and Outstanding		Stock Exchange Where Listed or Securities Dealers Association Where Registered
	At the End of the First Half of the 55th Term (As of September 30, 2002)	As of Date Submitted (As of December 24, 2002)	
Common Stock	26,760,778	26,760,778	Tokyo Stock Exchange (The Market First Section)
Total	26,760,778	26,760,778	---

Note:

1. Number of Shares Issued and Outstanding As of Date Submitted (As of December 24, 2002) does not include the number of shares issued as a result of execution of new share subscription right during the period from December 1, 2002 through December 24, 2002, in accordance with the Paragraph1 of Article 280-19 of the Commercial Code of Japan.
2. On September 2, 2002, our company was switched from the second section to the first section of the Tokyo Stock Exchange.

(2) State of New Share Subscription Rights, etc.

Resolution made on June 26, 1998 (New share subscription rights in accordance with the Paragraph 1 of the previous Article 280-19 of the Commercial Code)

	At the End of the First Half of the 55th Term (As of September 30, 2002)	At the End of the Previous Month of the Submission Date (As of November 30, 2002)
Number of new share subscription rights	-	-
Classes of shares subject to the new share subscription rights	Common Stock	Same as the left column.
Number of shares subject to the new share subscription rights	8,500	Same as the left column.
Amount to be paid-in upon exercise of the new share subscription rights (Yen)	1,282	Same as the left column.
Exercise period of the new share subscription rights	June 27, 2000 through June 26, 2003	Same as the left column.
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription right (Yen)	Issue Price 1,282 Paid-in Capital Amount 641	Same as the left column.
Terms and conditions to exercise the new share subscription right	A person who is granted a new share subscription rights as an eligible person must also be a Director or an employee of the Company at the time of exercise of the right.	Same as the left column.
Provisions concerning the transfer of the new share subscription right	Transfer, pledge as collateral security, other disposition and inheritance are not permitted with respect to preemptive stock subscription rights.	Same as the left column.

Resolution made on June 29, 1999 (New share subscription rights in accordance with the Paragraph 1 of the previous Article 280-19 of the Commercial Code)

	At the End of the First Half of the 55th Term (As of September 30, 2002)	At the End of the Previous Month of the Submission Date (As of November 30, 2002)
Number of new share subscription rights	-	-
Classes of shares subject to the new share subscription rights	Common Stock	Same as the left column.
Number of shares subject to the new share subscription rights	180,100	Same as the left column.
Amount to be paid-in upon exercise of the new share subscription rights (Yen)	2,218	Same as the left column.
Exercise period of the new share subscription rights	June 30, 2001 through June 29, 2004	Same as the left column.
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription right (Yen)	Issue Price 2,218 Paid-in Capital Amount 1,109	Same as the left column.

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Terms and conditions to exercise the new share subscription right	A person who is granted a new share subscription rights as an eligible person must also be a Director or an employee of the Company at the time of exercise of the right.	Same as the left column.
Provisions concerning the transfer of the new share subscription right	Transfer, pledge as collateral security, other disposition and inheritance are not permitted with respect to preemptive stock subscription rights.	Same as the left column.

Resolution made on June 29, 2000 (New share subscription rights in accordance with the Paragraph 1 of the previous Article 280-19 of the Commercial Code.)

	At the End of the First Half of the 55th Term (As of September 30, 2002)	At the End of the Previous Month of the Submission Date (As of November 30, 2002)
Number of new share subscription rights	-	-
Classes of shares subject to the new share subscription rights	Common Stock	Same as the left column.
Number of shares subject to the new share subscription rights	232,500	Same as the left column.
Amount to be paid-in upon exercise of the new share subscription rights (Yen)	2,490	Same as the left column.
Exercise period of the new share subscription rights	June 30, 2002 through June 29, 2005	Same as the left column.
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription right (Yen)	Issue Price 2,490 Paid-in Capital Amount 1,245	Same as the left column.
Terms and conditions to exercise the new share subscription right	A person who is granted a new share subscription rights as an eligible person must also be a Director or an employee of the Company at the time of exercise of the rights.	Same as the left column.
Provisions concerning the transfer of the new share subscription right	Transfer, pledge as collateral security, other disposition and inheritance are not permitted with respect to preemptive stock subscription rights.	Same as the left column.

Resolution made on June 28, 2001 (New share subscription rights in accordance with the Paragraph 1 of the previous Article 280-19 of the Commercial Code.)

	At the End of the First Half of the 55th Term (As of September 30, 2002)	At the End of the Previous Month of the Submission Date (As of November 30, 2002)
Number of new share subscription rights	-	-
Classes of shares subject to the new share subscription rights	Common Stock	Same as the left column.
Number of shares subject to the new share subscription rights	258,900	Same as the left column.
Amount to be paid-in upon exercise of the new share subscription rights (Yen)	2,000	Same as the left column.

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Exercise period of the new share subscription rights	July 1, 2003 through June 30, 2006	Same as the left column.
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription right (Yen)	Issue Price 2,000 Paid-in Capital Amount 1,000	Same as the left column.
Terms and conditions to exercise the new share subscription right	A person who is granted a new share subscription rights as an eligible person must also be a Director or an employee of the Company at the time of exercise of the rights.	Same as the left column.
Provisions concerning the transfer of the new share subscription right	Transfer, pledge as collateral security, other disposition and inheritance are not permitted with respect to preemptive stock subscription rights.	Same as the left column.

Resolution made on June 28, 2002 (New share subscription rights in accordance with the Article 280-20 and the Article 280-21 of the Commercial Code)

	At the End of the First Half of the 55th Term (As of September 30, 2002)	At the End of the Previous Month of the Submission Date (As of November 30, 2002)
Number of new share subscription rights	2,600	Same as the left column.
Classes of shares subject to the new share subscription rights	Common Stock	Same as the left column.
Number of shares subject to the new share subscription rights	301,800	Same as the left column.
Amount to be paid-in upon exercise of the new share subscription rights (Yen)	2,319	Same as the left column.
Exercise period of the new share subscription rights	July 1, 2004 through June 30, 2007	Same as the left column.
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription right (Yen)	Issue Price 2,319 Paid-in Capital Amount 1,160	Same as the left column.
Terms and conditions to exercise the new share subscription right	Being a Director or an employee of the Company or a subsidiary of the Company at the time of exercise of the rights.	Same as the left column.
Provisions concerning the transfer of the new share subscription right	Transfer of the new share subscription right must be approved by the Board of Directors.	Same as the left column.

(3) The Change in Total Number of Shares Issued, Capital, etc.

Date	Number of shares issued and outstanding		Capital (Thousands of yen)		Capital Reserves (Thousands of yen)	
	Change	Balance	Change	Balance	Change	Balance
From April 1, 2002 through September 30, 2002 *1	17,600	24,329,580	16,850	6,337,106	16,850	5,449,469
May 20, 2002 *2	2,431,198	26,760,778	-	6,337,106	-	5,449,469

Note: 1. The increase is due to the exercise of new share subscription rights in accordance with the Paragraph 1 of the previous Article 280-19 of the Commercial Code.
2. 1 for 1.1 split was made for the shares held by the shareholders registered on the shareholders' registry and the effective shareholders' registry at the end of March 31, 2002.

(4) State of Major Shareholders

As of September 30, 2002

Full Name or Corporate Name	Address	Number of Shares Held	Ratio of Shares Held to Total Number of Shares Issued and Outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	1,559,900	5.82
The Master Trust Bank of Japan, Ltd. (Employee Retirement Funds Account/ Asahi Glass Company's Account) *1	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	1,483,641	5.54
UFJ Trust Bank Limited (Trust 'A' Account)	4-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,378,800	5.15
Mitsubishi Gas Chemical Co., Ltd. *2	5-2, Marunouchi 2-chome Chiyoda-ku, Tokyo	1,106,061	4.13
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11 Harumi 1-chome Chuo-ku, Tokyo	1,094,200	4.08
The Chase Manhattan Bank N.A. London (Standing Agent: The Mizuho Corporate Bank, Ltd., Kabuto-cho Custody office)	Wall Gate House, Callman St., London, U.K. (6-7 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)	896,790	3.35
Hachijuni Bank, Ltd.	178-8, Naka Ontokoro Okada Nagano-city, Nagano	752,015	2.81
Citibank London General U.K. Resident Treatgeous Client (Standing Agent: Citibank, N.A., Tokyo Branch)	Molesworth St. London, UK (3-14 Higashi Shinagawa 2-chome, Shinagawa-ku, Tokyo)	728,123	2.72
Banca Commerciale Italiana (Standing Agent: The Bank of Tokyo-Mitsubishi, Ltd., Custody Business Department)	De La Scala, Milan, Italy (7-1 Marunouchi 2-chome Chiyoda-ku, Tokyo)	673,434	2.51
Trust & Custody Services Bank, Ltd. (Special Account for Pension Funds)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	658,200	2.45
Total	---	10,331,164	38.61

Note:

1. This consists of trust assets to pay retirement benefits that have been placed in trust by Asahi Glass Company. Asahi Glass reserves the right to give instruction concerning the exercise of voting rights.
2. 726,000 shares of this amount are in a trust account with The Master Trust Bank of Japan, Ltd., for the purpose of paying retirement benefits.
3. Pursuant to the regulation on "Disclosure in Connection With Block Holdings of Share Certificates, Etc." of the Securities and Exchange Law, we received a report from Schroder Investment Management (Japan) Limited of joint shareholding of 1,874,830 shares (7.01%) on the part of four persons as of September 30, 2002. Nevertheless we did not include this in the above statement of the status of major shareholders, since we were not able to confirm the shareholding by the end of the interim accounting period. The content of the block holding report from Schroder

Arisawa Mfg. Co., Ltd.

Investment Management is as set forth below.

Shareholder who holds large portion of the Company's shares	Address	Number of Shares Held by Such Shareholders	Ratio of Shares Held by Such Shareholders to Total Number of Shares Issued and Outstanding (%)
Schroder Investment Management (Japan) Limited	1-11 Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,622,900	6.06
Schroder Investment Management North America Limited	31 Gresham Street, London, UK	233,400	0.87
Schroder Investment Management Limited	31 Gresham Street, London, UK	1,500	0.01
Schroder Unit Trust Limited	33 Gutter Lane London, UK	17,030	0.06

(5) State of Voting Rights

Shares issued and outstanding

As of September 30, 2002

Category	Number of Shares	Number of Rights	Remarks
Shares without Voting Rights	---	---	---
Shares with Restricted Voting Rights (Treasury Stock, etc.)	---	---	---
Shares with Restricted Voting Rights (Others)	---	---	---
Shares with Full Voting Rights (Treasury Stock, etc.)	Common Stock 6,600	---	---
Shares with Full Voting Rights (Others)	Common Stock 26,694,400	266,944	---
Fractional Unit Shares	Common Stock 59,778	---	---
Total Number of Shares Issued and Outstanding	26,760,778	---	---
Total Number of Voting Rights of Shareholders	---	266,944	---

Note: 1. 16,200 shares and 162 rights held in the name of Securities Holding and Transfer Authorities are included in Number of Shares and Number of Rights of Shares with Full Voting Rights (Others), respectively.
2. Number of Shares of Fractional Unit Shares includes 83 shares held in the name of Securities Holding and Transfer Authorities and 25 treasury stocks held by the Company.

Treasury Stocks, etc.

As of September 30, 2002

Full Name or Corporate Name, etc. of Holder	Number of Shares Held	Ratio of Shares Held to Total Number of Shares
---	-----------------------	--

Arisawa Mfg. Co., Ltd.

Full Name or Corporate Name	Address	In Own Name	In Other's Name	Total	
Arisawa Manufacturing Co., Ltd.	5-5 Minami Honcho1-chome, Joetsu-shi, Niigata Prefecture	6,600	-	6,600	0.02
Total	---	6,600	-	6,600	0.02

2. Share Price Movement

(1) The highest/lowest share prices during the current interim accounting period:

Month	April 2002	May 2002	June 2002	July 2002	August 2002	September 2002
High (¥)	2,405	2,700	2,610	2,500	2,475	2,410
Low (¥)	2,150	2,310	2,350	2,315	1,990	2,090

Note: The high and low prices before August 2002 are those on the Second Section of the Tokyo Stock Exchange and the high and low prices after September 2002 are those on the First Section of the Tokyo Stock Exchange.

3. State of Directors

There are no changes to Directors from the date of submission of Securities Report for the previous fiscal year through the date of submission of the current Semi-annual Securities Report.

V. State of Accounting

1. Method of Preparation of Consolidated Interim Financial Statements and Interim Financial Statements

(1) The consolidated interim financial statements of the Company are prepared in compliance with the “Regulations Concerning Terms, Forms and Preparation Method of Consolidated Interim Financial Statements” (Ministerial Ordinance No. 24 of the Ministry of Finance in 1999; hereinafter referred to as “Regulations of Consolidated Interim Financial Statements”).

Furthermore, the consolidated interim financial statements of the Company for the previous interim consolidated accounting period (From April 1, 2001 to September 30, 2001) were prepared in compliance with the Regulations of Consolidated Interim Financial Statements that had been in effect before the amendment, while the consolidated interim financial statements for the current interim consolidated accounting period (From April 1, 2002 to September 30, 2002) have been prepared in compliance with the Regulations of Consolidated Interim Financial Statements that have been in effect after the amendment.

(2) The interim financial statements of the Company are prepared in compliance with the “Regulations Concerning Terms, Forms and Preparation Method of Interim Financial Statements” (Ministerial Ordinance No. 38 of the Ministry of Finance in 1977; hereinafter referred to as “Regulations of Interim Financial Statements”).

Furthermore, the interim financial statements of the Company for the previous interim accounting period (From April 1, 2001 to September 30, 2001) were prepared in compliance with the Regulations of Interim Financial Statements that had been in effect before the amendment, while the interim financial statements for the current interim accounting period (From April 1, 2002 to September 30, 2002) have been prepared in compliance with the Regulations of Interim Financial Statements that have been in effect after the amendment.

2. Certification of Auditing

Based on the provisions of Article 193-2 of the Securities and Exchange Law, the consolidated interim financial statements and the interim financial statements of the Company for the previous interim consolidated accounting period (from April 1, 2001 to September 30, 2001) and the previous interim accounting period (from April 1, 2001 to September 30, 2001), as well as the consolidated interim financial statements and the interim financial statements of the Company for the current consolidated interim accounting period (from April 1, 2002 to September 30, 2002) and the current interim accounting period (from April 1, 2002 to September 30, 2002) were subject to an interim audit by Shin Nihon & Co., respectively.

1. Consolidated Interim Financial Statements, etc.

(1) Consolidated Interim Financial Statements

1) Consolidated Interim Balance Sheet

(in thousands of yen)

Item	Note	At the end of the previous interim consolidated accounting period (as of September 30, 2001)		At the end of the current interim consolidated accounting period (as of September 30, 2002)		Summary of the previous consolidated fiscal year (as of March 31, 2002)	
		Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
(Assets)							
I. Current Assets							
1. Cash and deposits		1,400,872		7,867,462		6,731,657	
2. Trade notes & Accounts receivable	*4	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 tax assets		360,016		278,350		228,199	
6. Others		370,302		238,678		433,414	
Allowance for doubtful accounts		Δ 17,833		Δ16,194		Δ11,135	
Total Current Assets		15,258,075	46.5	21,390,070	52.4	19,096,389	50.5
II. Fixed Assets							
1. Tangible Fixed Assets							
(1) Buildings & Structures	*1 *2	4,921,071		4,989,324		4,954,837	
(2) Machinery and equipment & delivery equipment	*1 *2	3,994,832		4,076,894		3,622,861	
(3) Land	*2	1,743,953		1,741,055		1,741,055	
(4) Others	*1 *2	705,339	11,365,197	1,376,695	12,183,970	1,040,959	11,359,714
					29.9		30.0
2. Intangible Fixed Assets			16,372		67,595		17,658
					0.2		0.0
3. Investments and Other Assets							
(1) Investment securities	*2	5,867,533		6,740,864		6,974,669	
(2) Deferred tax assets		21,154		123,440		123,622	
(3) Others		396,575		342,327		318,077	
Allowance for doubtful accounts		Δ 82,344	6,202,920	Δ 43,848	7,162,783	Δ 38,362	7,378,008
					17.5		19.5
Total Fixed Assets			17,584,489		19,414,349		18,755,381
			53.5		47.6		49.5
Total Assets			32,842,565		40,804,420		37,851,770
			100.0		100.0		100.0

Arisawa Mfg. Co., Ltd.

(in thousands of yen)

Item	Note	At the end of the previous interim consolidated accounting period (as of September 30, 2001)		At the end of the current interim consolidated accounting period (as of September 30, 2002)		Summary of the previous consolidated fiscal year (as of March 31, 2002)	
		Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
(Liabilities)							
I. Current Liabilities							
1. Trade notes payable & Accounts payable	*4	6,100,265		7,413,441		5,868,712	
2. Short-term loans	*2	2,185,587		1,029,800		967,264	
3. Income taxes, etc. payable		765,194		804,193		562,829	
4. Deferred tax liabilities		567		584		564	
5. Reserve 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
II. Fixed Liabilities							
1. Long term loans	*2	28,800		43,000		22,000	
2. Deferred tax liabilities		52,356		115,678		396,631	
3. Reserve for retirement granting allowance		83,762		215,633		136,515	
4. Reserve for officers' retirement bonus		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	32.3	10,455,842	27.7
(Minority Interest)							
Minority interest		11,622	0.0	9,664	0.0	10,428	0.0
(Shareholders' Equity)							
I. Capital		3,894,116	11.9	---	---	6,320,255	16.7
II. Capital reserve		3,006,479	9.2	---	---	5,432,618	14.4
III. Consolidated surplus		13,705,364	41.7	---	---	14,888,501	39.3
IV. Other revaluation balance of securities		236,215	0.7	---	---	727,768	1.9
V. Exchange rate adjusting accounts		6,270	0.0	---	---	17,680	0.0
		20,848,446		---	---	27,386,824	
VI. Treasury Stocks		Δ 317	Δ 0.0	---	---	Δ 1,325	Δ 0.0
Total Shareholders' Equity		20,848,129	63.5	---	---	27,385,499	72.3

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Item	Note	At the end of the previous interim consolidated accounting period (as of September 30, 2001)		At the end of the current interim consolidated accounting period (as of September 30, 2002)		Summary of the previous consolidated fiscal year (as of March 31, 2002)	
		Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
I. Amount of capital			---	6,337,106	15.5		---
II. Capital surplus			---	5,449,469	13.4		---
III. Earned surplus			---	15,527,620	38.0		---
IV. Other unrealized gain/loss on securities			---	334,320	0.8		---
V. Exchange rate adjusting accounts			---	2,781	0.0		---
VI. Treasury Stocks			---	△16,825	△0.0		---
Total Shareholders' Equity			---	27,634,472	67.7		---
Total of liabilities, minority interest and shareholders' equities		32,842,565	100.0	40,804,420	100.0	37,851,770	100.0

2) Consolidated Interim Profit and Loss Statement

(in thousands of yen)

Item	Note	The previous interim consolidated accounting period (from April 1, 2001 to September 30, 2001)		The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)		Summary of the previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)				
		Amount		Ratio %	Amount		Ratio %	Amount		Ratio %
I. Sales			14,657,809	100.0		16,906,875	100.0		28,711,026	100.0
II. Cost of Goods Sold			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
III. Selling, General & Admin. Expenses										
1. Freight and packaging cost		233,666			410,809			488,376		
2. Wage allowances		340,187			367,185			783,710		
3. Transfer to reserve for bonus		144,118			151,816			144,819		
4. Transfer to retirement wage allowance		25,246			27,215			47,992		
5. Transfer to officers' retirement allowance		10,952			9,628			21,905		
6. Others		659,706	1,413,878	9.6	670,230	1,636,885	9.7	1,336,327	2,823,131	9.9
Operating income			1,692,598	11.6		1,788,708	10.6		3,170,039	11.0
IV. Non-operating Income										
1. Interest received		5,804			17,034			7,620		
2. Dividend received		32,974			36,627			36,522		
3. Profit on equity method		205,072			413,978			499,400		
4. Others		123,754	367,606	2.5	100,883	568,524	3.4	306,234	849,777	3.0
V. Non-operating Expenses										
1. Interest paid		11,738			7,569			17,247		
2. Foreign exchange loss		---			129,549			---		
3. Rent payment		23,163			19,743			43,908		
4. Others		51,790	86,692	0.6	40,253	197,115	1.2	167,284	228,440	0.8
Ordinary Profit			1,973,512	13.5		2,160,116	12.8		3,791,377	13.2
VI. Extraordinary Profits										
1. Sale of investment securities		---			---			84,173		
2. Sale of fixed assets	*1	---	---	---	---	---	---	38,192	122,366	0.4
VII. Extraordinary Losses										
1. Retirement loss of fixed assets	*2	8,884			21,229			46,907		
2. Write-off of balance due to change of accounting standard for retirement wage allowance		38,625			41,804			77,251		
3. Others		---	47,509	0.3	3,025	66,059	0.45	18,411	142,570	0.5
- Net profits before taxes, etc.			1,926,002	13.2		2,094,057	12.4		3,771,173	13.1

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- Income taxes, inhabitant taxes and business taxes payable	*3	773,701			773,071			1,417,961		
- Adjusted amount of income taxes, etc.	*3	---	773,701	5.3	---	773,071	4.6	18,967	1,436,929	5.0
- Profit (loss) attributable to minority interest			Δ23,426	Δ0.1		Δ763	Δ0.0		Δ24,602	Δ0.1
- Net Profits			1,175,727	8.0		1,321,748	7.8		2,358,846	8.2

3) Consolidated Interim Earned Surplus Statement

(in thousands of yen)

Item	Note	The previous interim consolidated accounting period (from April 1, 2001 to September 30, 2001)		The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)		Summary of the previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)	
		Amount		Amount		Amount	
I. Consolidated earned surplus at start of the term			13,101,170		---		13,101,170
II. Reduction in consolidated earned surplus							
1. Reduction in earned surplus due to increase of consolidated subsidiaries		48,797		---		48,797	
2. Dividends paid		475,001		---		475,001	
3. Officers' bonuses		47,734	571,533	---	---	47,716	571,515
III. Net profit for the current period / term			1,175,727		---		2,358,846
IV. Consolidated earned surplus at end of the period / term			13,705,364		---		14,888,501

Arisawa Mfg. Co., Ltd.

(in thousands of yen)

Item	Note	The previous interim consolidated accounting period (from April 1, 2001 to September 30, 2001)		The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)		Summary of the previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)	
		Amount		Amount		Amount	
(Capital Surplus)							
I. Capital surplus at start of the term							
1. Capital reserve at start of the term		---	---	5,432,618	5,432,618	---	---
II. Increase in capital surplus							
1. Issuance of new shares in connection with capital increase		---	---	16,850	16,850	---	---
III. Capital surplus at the end of the period / term			---		5,449,469		---
(Earned Surplus)							
I. Earned surplus at start of the term							
1. Consolidated earned surplus at start of the term		---	---	14,888,501	14,888,501	---	---
II. Increase in earned surplus							
1. Net profit of the period / term		---	---	1,321,748	1,321,748	---	---
III. Decrease in earned surplus							
1. Reduction in earned surplus due to increase of consolidated subsidiaries		---		139,187		---	
2. Dividends paid		---		510,541		---	
3. Officers' bonuses		---	---	32,901	682,629	---	---
IV. Earned Surplus at the end of the period / term			---		15,527,620		---

4) Consolidated Interim Cash Flow Statements

(in thousands of yen)

Item	Note	The previous interim consolidated accounting period (from April 1, 2001 to September 30, 2001)	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)	Summary of the previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
		Amount	Amount	Amount
I. Cash flows from operating activities:				
Net profit before tax, etc.		1,926,002	2,094,057	3,771,173
Depreciation costs		750,268	735,162	1,559,313
Profit on equity method		Δ205,072	Δ413,978	Δ499,400
Sale of investment securities		---	---	Δ84,173
Sale of fixed assets		---	---	Δ38,192
New share issuance expenses		124	1,184	51,044
Retirement loss of tangible fixed assets		8,884	21,229	46,907
Revaluation loss of investment securities		---	---	13,709
Exchange gains/losses		265	126,038	Δ4,516
Increase/decrease in reserves of officers' bonuses		Δ92,251	9,428	Δ81,299
Increase in reserves for retirement allowance		58,957	67,865	111,710
Increase in reserves for bonuses		648,669	311,611	646,321
Increase (decrease) in provisions for doubtful accounts		14,126	10,545	Δ36,553
Interest received and dividend received		Δ38,778	Δ53,662	Δ44,142
Interest paid		11,738	7,569	17,247
Decrease / Increase in accounts receivables		1,060,080	Δ730,516	2,293,516
Decrease / Increase in inventories		84,091	Δ532,863	328,390
Increase / Decrease in trade payable		Δ839,149	1,542,633	Δ1,070,702
Increase / Decrease in consumption tax, etc. payable		Δ103,771	59,158	Δ123,090
Decrease / Increase in other assets		8,172	11,657	64,474
Increase / Decrease in other debts		Δ836,648	30,557	Δ796,443
Officers' bonuses		Δ47,373	Δ32,901	Δ47,753
Subtotal		2,408,335	3,264,777	6,077,540
Interest and dividends received		94,578	107,433	99,942
Interest paid		Δ11,597	Δ7,194	Δ18,006
Income tax, etc. payable		Δ1,223,520	Δ519,286	Δ2,128,875
Cash flows from operating activities		1,267,796	2,845,728	4,030,601
II. Cash flows from investing activities				
Expenses to fund fixed deposits		---	---	Δ1,555,947
Income from refund of fixed deposits		121,690	1,452,024	121,690
Expenses to acquire tangible fixed assets		Δ1,640,018	Δ942,803	Δ2,771,139
Income from sale of tangible fixed assets		106	---	46,039
Expenses to purchase investment securities		Δ316,829	Δ107,927	Δ396,508
Income from sale of investment securities		---	---	191,810
Expenses of lending		Δ30,000	Δ46,508	Δ70,000
Income from collection of loans		51,549	8,251	55,209
Others		---	Δ26,288	Δ2,000
Cash flows from investing activities		Δ1,813,501	336,749	Δ4,380,845
III. Cash flows from financing activities				
Net increase / decrease in short term loans		832,477	32,935	Δ382,245
Expenses to repay long term debts		Δ16,880	Δ20,400	Δ27,280
Proceeds from equity issues		35,407	32,516	4,836,765

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Net of expenses to acquire treasury stock and proceeds from sale of them	Δ127	---	Δ1,079
Expenses to acquire treasury stock	---	Δ15,500	---
Dividends paid	Δ474,375	Δ509,618	Δ474,968
Cash flows from financing activities	376,501	Δ480,066	3,951,192
IV. Translation differences of cash and cash equivalents	Δ265	Δ22,114	4,516
V. Increase / Decrease in cash and cash equivalents	Δ169,468	2,680,296	3,605,465
VI. Cash and cash equivalents at start of the term	1,593,945	5,251,197	1,593,945
VII. Cash and cash equivalents of newly consolidated subsidiaries at start of the term	51,786	11,519	51,786
VIII. Cash and cash equivalents at end of the period / term	1,476,263	7,943,013	5,251,197

Basic Matters for Preparation of Consolidated Financial Statements

At the end of the previous interim consolidated accounting period (as of September 30, 2001)	At the end of the current interim consolidated accounting period (as of September 30, 2002)	Summary of the previous consolidated fiscal year (from April 1,2001 to March 31, 2002)
<p>1. Scope of consolidation (1) Number of consolidated subsidiaries: 10 The name of the consolidated subsidiaries are Arisawa Jushi Kogyo Co., Ltd., Arisawa Kenpan Co., Ltd., Arisawa Poliwork Co., Ltd., Myoko Shinko Co., Ltd., Arisawa Sporting Goods Co., Ltd., Eagle Co., Ltd., Arisawa Butsuruyu, Ltd., Yuai Sangyo, Ltd., Arisawa Fiber Glass Co., Ltd. and Colorlink Japan Co., Ltd.</p> <p>Colorlink Japan Co., Ltd. was included in consolidated companies due to increase of importance.</p> <p>(2) The name of the non-consolidated subsidiaries is Arisawa Optic Co., Ltd.</p> <p>Reason for excluding the non-consolidated subsidiary above from consolidation: The company is excluded because the aggregate totals of their total assets, sales, net profit or loss (amount corresponding to the equity), and surplus (amount corresponding to the equity) do not materially affect reasonable judgments on financial position and operations of Arisawa Group, even if they are excluded from consolidation.</p> <p>2. Application of equity method (1) Companies to which the equity method is applied: 4 Affiliates: Polatechno Co., Ltd., Shinano Co., Ltd., Taiflex Scientific Co., Ltd. and Scalar Corporation.</p> <p>Scalar Corporation was included in companies to which the equity method is applied in accordance with acquisition of shares.</p> <p>(2) The non-consolidated subsidiaries, Arisawa Optic Co., Ltd. and three other companies and the affiliates, Ryoyu Kogyo Co., Ltd. and one other company, are excluded from the equity method because the aggregate totals of their interim net profit or loss and surplus do not materially affect reasonable judgments on financial position and operations of Arisawa Group.</p> <p>(3) The interim financial statements of the interim accounting period of the company in question have been used for those companies covered under the equity method whose interim settlement dates differ from the consolidated interim settlement date.</p>	<p>1. Scope of consolidation (1) Number of consolidated subsidiaries: 11 The name of the consolidated subsidiaries are Arisawa Jushi Kogyo Co., Ltd., Arisawa Kenpan Co., Ltd., Arisawa Poliwork Co., Ltd., Myoko Shinko Co., Ltd., Arisawa Sporting Goods Co., Ltd., Eagle Co., Ltd., Arisawa Butsuruyu, Ltd., Yuai Sangyo, Ltd., Arisawa Fiber Glass Co., Ltd., Colorlink Japan Co., Ltd. and Arisawa Optic Co., Ltd.</p> <p>Arisawa Optic Co., Ltd. was included in consolidated companies due to increase of importance.</p> <p>(2) The name of the important non-consolidated subsidiaries The important non-consolidated subsidiaries: Kei Ski Garage, Ltd.</p> <p>Reason for excluding the non-consolidated subsidiary above from consolidation: This company is excluded because the aggregate totals of their total assets, sales, net income or loss (amount corresponding to the equity), and surplus (amount corresponding to the equity) do not materially affect the consolidated financial statements of the Company.</p> <p>2. Application of equity method (1) Companies to which the equity method is applied: 4 Affiliates: Polatechno Co., Ltd., Shinano Co., Ltd., Taiflex Scientific Co., Ltd. and Scalar Corporation.</p> <p>(2) The non-consolidated subsidiaries, including Kei Ski Garage, Ltd. and two other companies and the affiliates as well as Ryoyu Kogyo Co., Ltd. and one other company, are excluded from the equity method because the aggregate totals of their interim net profit or loss and surplus do not materially affect reasonable judgments on financial position and operations of Arisawa Group.</p> <p>(3) Same as the left.</p>	<p>1. Scope of consolidation (1) Number of consolidated subsidiaries: 10 The name of the consolidated subsidiaries are Arisawa Jushi Kogyo Co., Ltd., Arisawa Kenpan Co., Ltd., Arisawa Poliwork Co., Ltd., Myoko Shinko Co., Ltd., Arisawa Sporting Goods Co., Ltd., Eagle Co., Ltd., Arisawa Butsuruyu, Ltd., Yuai Sangyo, Ltd., Arisawa Fiber Glass Co., Ltd. and Colorlink Japan Co., Ltd.</p> <p>Colorlink Japan Co., Ltd. was included in consolidated companies due to increase of importance.</p> <p>(2) The name of the important non-consolidated subsidiaries The important non-consolidated subsidiaries: Arisawa Optic Co., Ltd.</p> <p>Reason for excluding the non-consolidated subsidiary above from consolidation: This company is excluded because the aggregate totals of their total assets, sales, net income or loss (amount corresponding to the equity), and surplus (amount corresponding to the equity) do not materially affect the consolidated financial statements of the Company.</p> <p>2. Application of equity method (1) Companies to which the equity method is applied: 4 Affiliates: Polatechno Co., Ltd., Shinano Co., Ltd., Taiflex Scientific Co., Ltd. and Scalar Corporation.</p> <p>Scalar Corporation was included in companies to which the equity method is applied in accordance with acquisition of shares.</p> <p>(2) The non-consolidated subsidiaries, Arisawa Optic Co., Ltd. and three other companies and the affiliates, Ryoyu Kogyo Co., Ltd. and one other company, are excluded from the equity method because the aggregate totals of their interim net profit or loss and surplus do not materially affect reasonable judgments on financial position and operations of Arisawa Group.</p> <p>(3) The financial statements of the fiscal year of the company in question have been used for those companies covered under the equity method whose settlement dates differ from the consolidated settlement date.</p>

Arisawa Mfg. Co., Ltd.

<p>3. Interim period items for consolidated subsidiaries Except for Arisawa Sporting Goods and Arisawa Poliwork, the settlement date of the interim accounting period for the consolidated subsidiaries is the same as the settlement date of consolidated interim period at of the Company. The closing date of the two companies for the interim period is July 31, 2001. However in preparing these consolidated interim financial statements, the interim financial statements as of July 31, 2001 are used for these two companies, but necessary adjustments for consolidation are made with regard to important transactions made during the period between the different closing dates.</p> <p>4. Accounting standards (1) Valuation standard and valuation method of important assets 1) Securities Other securities - Securities where a market value is available: Valued at the current price based on the market value on the closing day, etc. (All the revaluation balance is transferred directly to the capital stock and the sales cost is calculated in the gross average methods.) - Securities where a market value is unavailable: Valued in the gross average method at cost.</p> <p>2) Derivatives Valued at the current price.</p> <p>3) Inventories - Finished goods, merchandise, semi-finished goods, and work-in-progress: Mainly valued at cost in the FIFO method, but four of the consolidated subsidiaries adopt valuation at cost in the gross average method.</p> <p>- Raw materials and stores: Valued in the gross average method at cost.</p> <p>Valued in the gross average method at cost.</p> <p>(2) Depreciation method for important assets 1) Depreciation method for tangible assets The declining balance method. However, the straight line method is used for buildings (excluding facilities connected to buildings) acquired on or after April 1, 1998.</p> <p>The durable length of time is as follows: Buildings & structures: 10 - 31 years Machineries & delivery equipment: 4 - 9 years</p>	<p>3. Interim period items for consolidated subsidiaries Except for Arisawa Sporting Goods and Arisawa Poliwork, the settlement date of the interim accounting period for the consolidated subsidiaries is the same as the settlement date of consolidated interim period at of the Company. The closing date of the two companies for the interim period is July 31, 2002. However in preparing these consolidated interim financial statements, the interim financial statements as of July 31, 2002 are used for these two companies, but necessary adjustments for consolidation are made with regard to important transactions made during the period between the different closing dates.</p> <p>4. Accounting standards (1) Valuation standard and valuation method of important assets 1) Securities Other securities - Securities where a market value is available: Same as the left. - Securities where a market value is unavailable: Same as the left.</p> <p>2) Derivatives Same as the left.</p> <p>3) Inventories - Finished goods, merchandise, semi-finished goods, and work-in-progress: Same as the left.</p> <p>- Raw materials and stores: Same as the left.</p> <p>(2) Depreciation method for important assets 1) Depreciation method for tangible assets Same as the left.</p>	<p>3. Fiscal year items for consolidated subsidiaries Except for Arisawa Sporting Goods Co., Ltd. and Arisawa Polywork Co., Ltd., the end of the fiscal term for the consolidated subsidiaries is the same as that of the Company. The closing date of the two companies is January 31, 2002. However in preparing these consolidated financial statements, the financial statements as of January 31, 2002 are used for Arisawa Sporting Goods Co., Ltd. and Arisawa Polywork Co., Ltd., but necessary adjustments for consolidation are made with regard to important transactions made during the period between the different closing dates.</p> <p>4. Accounting standards (1) Valuation standard and valuation method of important assets 1) Securities Other securities - Securities where a market value is available: Valued at the current price based on the market value on the closing day, etc. (All the revaluation balance is transferred directly to the capital stock and the sales cost is calculated in the gross average methods.) - Securities where a market value is unavailable: Same as the left.</p> <p>2) Derivatives Same as the left.</p> <p>3) Inventories - Finished goods, merchandise, semi-finished goods, and work-in-progress: Same as the left.</p> <p>- Raw materials and stores: Same as the left.</p> <p>(2) Depreciation method for important assets 1) Depreciation method for tangible assets Same as the left.</p>
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Arisawa Mfg. Co., Ltd.

<p>2) Depreciation method for intangible assets: The straight line method is adopted. However straight line method is adopted for software for own use based on the period of in-house useful life (5 years).</p>	<p>2) Depreciation method for intangible assets: Same as the left.</p>	<p>2) Depreciation method for intangible assets: Same as the left.</p>
<p>(3) Posting standards for important allowances 1) Allowance for doubtful accounts In order to reserve for losses from defaults on claims, a write down as non-collectible has been charged at the actual rate of default for normal claims, and has been charged on the basis of the expected amount of default in each instance for specified claims such as those which present concerns about default.</p>	<p>(3) Posting standards for important allowances 1) Allowance for doubtful accounts Same as the left.</p>	<p>(3) Posting standards for important allowances 1) Allowance for doubtful accounts Same as the left.</p>
<p>2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, the estimated amount is booked as reserve.</p>	<p>2) Reserve for bonuses Same as the left.</p>	<p>2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, the estimated amount is booked as reserve.</p>
<p>3) Reserve for retirement allowances In order to reserve retirement benefits to employees, the expected amount at the end of this interim period has been booked on the basis of the liability for benefits as of the end of the consolidated fiscal year, and the expected amount of pension assets. The difference at the time of amendment to the accounting standards (¥231,754,000) will be charged as an extraordinary loss in proportional amounts over three years. The difference resulting from actuarial accounting will be expensed from the next consolidated fiscal year, according to the straight line method over a certain number of years (five years) within the average period of remaining service of the employees at the time the difference occurred.</p>	<p>3) Reserve for retirement allowances In order to reserve retirement benefits to employees, the expected amount at the end of this interim period has been booked on the basis of the liability for benefits as of the end of the consolidated fiscal year, and the expected amount of pension assets. The difference at the time of amendment to the accounting standards (¥250,829,000) will be charged as an extraordinary loss in proportional amounts over three years. The difference resulting from actuarial accounting will be expensed from the next consolidated fiscal year, according to the straight line method over a certain number of years (five years) within the average period of remaining service of the employees at the time the difference occurred.</p>	<p>3) Reserve for retirement allowances In order to reserve retirement benefits to employees, this has been booked on the basis of the liability for benefits as of the end of the consolidated fiscal year, and the expected amount of pension assets. The difference at the time of amendment to the accounting standards (¥231,754,000) will be charged as an extraordinary loss in proportional amounts over three years. The difference resulting from actuarial accounting will be expensed from the next consolidated fiscal year, according to the straight line method over a certain number of years (five years) within the average period of remaining service of the employees at the time the difference occurred.</p>
<p>4) Reserve for Officers' Retirement Bonuses (a) The Company In order to prepare for officers' retirement bonuses, the amount to be paid to officers at their retirements by the end of the period pursuant to the internal rules is appropriated.</p>	<p>4) Reserve for Officers' Retirement Bonuses (a) The Company Same as the left.</p>	<p>4) Reserve for Officers' Retirement Bonuses (a) The Company In order to prepare for officers' retirement bonuses, the amount to be paid to officers at their retirements by the end of the term pursuant to the internal rules is appropriated.</p>
<p>(b) Subsidiary Companies ---</p>	<p>(b) Subsidiary Companies ---</p>	<p>(b) Subsidiary Companies ---</p>
<p>(4) Standards for converting important foreign currency denominated assets into yen Foreign currency denominated assets and liabilities are converted at the exchange rate for spots, etc., on the last day of the period, and the difference on conversion is entered as income or loss.</p>	<p>(4) Standards for converting important foreign currency denominated assets into yen Same as the left.</p>	<p>(4) Standards for converting important foreign currency denominated assets into yen Foreign currency denominated assets and liabilities are converted at the exchange rate for spots, etc., on the last day of the term, and the difference on conversion is entered as income or loss.</p>
<p>(5) Treatment of leasing transactions Finance leasing transactions other than those for which ownership is deemed to be fully transferred to the lessee are treated in the same way as ordinary leasing transactions.</p>	<p>(5) Treatment of leasing transactions Same as the left.</p>	<p>(5) Treatment of leasing transactions Same as the left.</p>

Arisawa Mfg. Co., Ltd.

<p>(6) Method of accounting for major hedges</p> <p>1) Method of hedge accounting Allocation of foreign exchange transactions</p> <p>2) Method of hedging and accounts hedged The risk of exchange fluctuation in foreign currency transactions is avoided through foreign exchange contracts, which are used as a means to finalize the price of sale or the price of acquisition.</p> <p>3) Hedging policy and method of effective evaluation of hedge In order to reduce risk of future foreign exchange fluctuations, managing executions of foreign exchange contracts is carried out pursuant to the program for transactions denominated in foreign currency.</p> <p>(7) Other important matters for preparation of consolidated interim financial statements Method for treatment of deferred assets All the costs for new share issuance are treated as costs at the time of expenditure.</p> <p>Accounting treatment of consumption tax, etc. Consumption taxes withheld from sales and paid upon purchasing goods and services by the Company are not included in revenues and expenses.</p> <p>5. Scope of funds in consolidated interim cash flow statements The funds are cash, demand deposits that can be withdrawn at any time and short term investments which are easily convertible into cash that carries only a small risk of price fluctuations, and will reach the maturity dates within 3 months from the dates on which they are acquired.</p>	<p>(6) Method of accounting for major hedges</p> <p>1) Method of hedge accounting Same as the left.</p> <p>2) Method of hedging and accounts hedged The risk of exchange fluctuation in foreign currency transactions is avoided through foreign exchange contracts, which are used as a means to finalize the price of acquisition.</p> <p>3) Hedging policy In order to improve the financial balance, hedging shall be conducted within the extent of liabilities involved.</p> <p>4) Method of Evaluating the Effectiveness of Hedging After hedging commences, the target of the hedge and the cumulative market fluctuation of the means of hedging shall be compared, and a determination will be made on the basis of factors such as the amount of fluctuation of both the underlying claim or liability and the hedge.</p> <p>(7) Other important matters for preparation of consolidated interim financial statements Method for treatment of deferred assets Same as the left.</p> <p>Accounting treatment of consumption tax, etc.. Same as the left.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries: Same as the left.</p>	<p>(6) Method of accounting for major hedges</p> <p>1) Method of hedge accounting Same as the left.</p> <p>2) Method of hedging and accounts hedged The risk of exchange fluctuation in foreign currency transactions is avoided through foreign exchange contracts, which are used as a means to finalize the price of sale or the price of acquisition.</p> <p>3) Hedging policy In order to improve the financial balance, hedging shall be conducted within the extent of the claims or liabilities involved.</p> <p>4) Method of Evaluating the Effectiveness of Hedging After hedging commences, the target of the hedge and the cumulative market fluctuation of the means of hedging shall be compared, and a determination will be made on the basis of factors such as the amount of fluctuation of both the underlying claim or liability and the hedge.</p> <p>(7) Other important matters for preparation of consolidated financial statements Method for treatment of deferred assets Same as the left.</p> <p>Accounting treatment of consumption tax, etc.. Same as the left.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries: Same as the left.</p>
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Changes in Method of Notation

The previous interim consolidated accounting period (from April 1, 2001 to September 30, 2001)	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)
---	<p>(The Interim Profit and Loss Statement)</p> <p>The “foreign exchange loss” had been stated in “other” of non-operating expenses until the previous interim consolidated accounting period, which has been stated separately since it exceeded 10 percent of total non-operating expenses. The foreign exchange loss for the previous interim consolidated accounting period amounted to ¥ 3,063.</p>

Additional Information

At the end of the previous interim consolidated accounting period (as of September 30, 2001)	At the end of the current interim consolidated accounting period (as of September 30, 2002)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
<p>(Reserve for Bonuses) The estimated amount of unpaid employee bonuses included and stated in the “other” of the current liabilities has been added to the reserve for bonuses as a result of the publication of “Concerning Line Entries in Financial Statements for Unpaid Employees Bonuses” (Japanese Institute of Certified Public Accountants, February 14, 2001) of the Research Center Deliberation Data (No. 15).</p> <p>The estimated amount of unpaid bonuses included in “other” out of the current liabilities as of the end of the previous consolidated interim accounting period was ¥839,838,000, and the equivalent amount included in the current liabilities as of the end of the previous consolidated fiscal year was ¥801,909,000.</p> <p>(Amount Added to Reserve for Bonuses) The estimated amount of unpaid employee bonuses included and stated in “bonuses” of sales, general and administrative expenses, has been entered into the amount to be added to the reserve for bonuses as a result of the publication of “Concerning Line Entries in Financial Statements for Unpaid Employees Bonuses” (Japanese Institute of Certified Public Accountants, February 14, 2001) of the Research Center Deliberation Data (No. 15).</p> <p>The estimated amount of unpaid bonuses to be added to the reserve for unpaid bonuses included in “bonuses” out of the sales, general and administrative expenses as of the end of the previous consolidated interim accounting period was ¥204,404,000, and the equivalent amount included in the current liabilities as of the end of the previous consolidated fiscal year was ¥183,676,000.</p> <p>---</p>	<p>---</p> <p>---</p> <p>(Accounting of Retirement of Treasury Shares and Statutory Reserves) From the present interim period we have applied the “Accounting Standards in Connection With Retirement of Treasury Shares and Statutory Reserves” (Corporate Accounting Standards No. 1), but this does not have any impact on income for the present interim period.</p> <p>As a result of the amendment of the Regulations on Interim Financial Statements, Etc., we have prepared the capital section of the Interim Balance Sheet and Consolidated Interim Earned Surplus Statement for this interim period pursuant to the Regulations on Interim Financial Statements, Etc., after amendment.</p>	<p>(Reserve for Bonuses) The estimated amount of unpaid employee bonuses included and stated in the “other” of the current liabilities has been added to the reserve for bonuses as a result of the publication of “Concerning Line Entries in Financial Statements for Unpaid Employees Bonuses” (Japanese Institute of Certified Public Accountants, February 14, 2001) of the Research Center Deliberation Data (No. 15).</p> <p>The estimated amount of unpaid bonuses included in “other” out of the current liabilities as of the end of the previous consolidated accounting period was ¥801,909,000.</p> <p>(Amount Added to Reserve for Bonuses) The estimated amount of unpaid employee bonuses included and stated in “bonuses” of sales, general and administrative expenses, has been entered into the amount to be added to the reserve for bonuses as a result of the publication of “Concerning Line Entries in Financial Statements for Unpaid Employees Bonuses” (Japanese Institute of Certified Public Accountants, February 14, 2001) of the Research Center Deliberation Data (No. 15).</p> <p>The estimated amount of unpaid bonuses to be added to the reserve for unpaid bonuses included in “bonuses” out of the sales, general and administrative expenses as of the end of the previous consolidated accounting period was ¥183,676,000.</p> <p>---</p>

Notes

(Notes to Consolidated Interim Balance Sheet)

At the end of previous interim consolidated accounting period (as of September 30, 2001)	At the end of current interim consolidated accounting period (as of September 30, 2002)	The previous consolidated fiscal year (as of March 31, 2002)
*1 Accumulated depreciation of tangible fixed assets: ¥15,573,767,000	*1 Accumulated depreciation of tangible fixed assets: ¥16,801,430,000	*1 Accumulated depreciation of tangible fixed assets: ¥16,208,865,000
*2 Assets provided as security and liabilities on security are as follows: (Thousands of yen)	*2. Assets provided as security and liabilities on security are as follows: (Thousands of yen)	*2. Assets provided as security and liabilities on security are as follows: (Thousands of yen)
Security assets:	Security assets:	Security assets:
Buildings and structures ¥2,442,964 (¥2,337,103)	Buildings and structures ¥2,521,273 (¥2,428,757)	Buildings and structures ¥2,639,183 (¥2,540,458)
Machinery and equipment ¥1,174,329 (¥1,174,329)	Machinery and equipment ¥1,333,738 (¥1,333,738)	Machinery and equipment ¥1,511,225 (¥1,511,225)
Tools and fixtures ¥24,082 (¥24,082)	Tools and fixtures ¥48,318 (¥48,318)	Tools and fixtures ¥56,276 (¥56,276)
Land ¥416,269 (¥191,025)	Land ¥416,269 (¥191,025)	Land ¥416,269 (¥191,025)
Investment securities ¥397,110 (-)		
Total ¥4,454,755 (¥3,726,540)	Total ¥4,319,599 (¥4,001,839)	Total ¥4,622,954 (¥4,298,985)
Liabilities on security: (Thousands of yen)	Liabilities on security:	Liabilities on security:
Short term loans ¥1,973,000 (¥1,530,000)	Short term loans ¥877,000 (¥789,000)	Short term loans ¥708,000 (¥620,000)
Current portion of long term loans payable within one year ¥21,800 (¥5,000)	Current portion of long term loans payable within one year ¥24,000 (¥24,000)	Current portion of long term loans payable within one year ¥6,000 (¥6,000)
Long term loans ¥28,800 (¥25,000)	Long term loans ¥43,000 (¥43,000)	Long term loans ¥22,000 (¥22,000)
Total: ¥2,023,600 (¥1,560,000)	Total: ¥944,000 (¥856,000)	Total: ¥736,000 (¥648,000)
- The figures in the brackets show mortgages of the Factory Foundation and its liabilities.	- The figures in the brackets show mortgages of the Factory Foundation and its liabilities.	- The figures in the brackets show mortgages of the Factory Foundation and its liabilities.
- In addition to the above, the following assets are provided as replacement for deposits for operating transactions. (Thousands of yen)	- In addition to the above, the following assets are provided as replacement for deposits for operating transactions. (Thousands of yen)	- In addition to the above, the following assets are provided as replacement for deposits for operating transactions. (Thousands of yen)
Land ¥5,157	Land ¥5,157	Land ¥5,157
Investment securities ¥18,240		
*3 Discounted amounts on trade notes receivable ¥23,787,000	*3 Discounted amounts on trade notes receivable ¥107,350,000	*3 Discounted amounts on trade notes receivable ¥86,327,000
*4 Notes Expiring as of the Last Day of the Consolidated Interim Accounting Period	*4 ---	*4 Notes Expiring as of the Last Day of the Consolidated Fiscal Year
Notes expiring as of the last day of the consolidated interim accounting period are booked on the date of exchange of the note for accounting purposes. Since the last day of the consolidated interim accounting period is a holiday for financial institutions, the balance of notes that expire as of the last day of the consolidated interim accounting period also includes notes that expire as of the last day of the following interim accounting period.		Notes expiring as of the last day of the consolidated fiscal year are booked on the date of exchange of the note for accounting purposes. Since the last day of the consolidated fiscal year is a holiday for financial institutions, the balance of notes that expire as of the last day of the consolidated fiscal year also includes notes that expire as of the last day of the following fiscal year.
(Thousands of yen)		(Thousands of yen)
Notes receivable: ¥106,053		Notes receivable: ¥199,486
Notes payable: ¥287,201		Notes payable: ¥302,001

Arisawa Mfg. Co., Ltd.

<p>*5 Liabilities on guarantee Liabilities on guarantee for borrowings of affiliated companies from financial institutions:</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Polatechno Co., Ltd.</td> <td style="text-align: right;">¥204,000</td> </tr> <tr> <td><u>Arisawa Optic Co., Ltd.</u></td> <td style="text-align: right;"><u>¥80,000</u></td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">¥284,000</td> </tr> </table> <p>Note: Liabilities on guarantee to Polatechno Co., Ltd. includes ¥154,000,000 guaranteed by Nippon Kayaku Co., Ltd. and the Company.</p> <p>6 We have executed an overdraft agreement with five correspondent banks, and a loan commitment agreement with two banks, for the purpose of efficient procurement of operating capital. The following are the outstanding lines of credit based on these agreements as of the end of the consolidated interim accounting period:</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Total amount of current account overdrafts and loan commitments</td> </tr> <tr> <td></td> <td style="text-align: right;">¥5,600,000</td> </tr> <tr> <td><u>Draw-downs</u></td> <td style="text-align: right;"><u>¥1,280,000</u></td> </tr> <tr> <td>Net</td> <td style="text-align: right;">¥4,320,000</td> </tr> </table>	Polatechno Co., Ltd.	¥204,000	<u>Arisawa Optic Co., Ltd.</u>	<u>¥80,000</u>	Total	¥284,000	Total amount of current account overdrafts and loan commitments			¥5,600,000	<u>Draw-downs</u>	<u>¥1,280,000</u>	Net	¥4,320,000	<p>5. Liabilities on guarantee Liabilities on guarantee for borrowings of affiliated companies from financial institutions:</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Polatechno Co., Ltd.</td> <td style="text-align: right;">¥106,000</td> </tr> </table> <p>Note: Liabilities on guarantee to Polatechno Co., Ltd. are guaranteed by Nippon Kayaku Co., Ltd. and the Company.</p> <p>6. We have executed an overdraft agreement with five correspondent banks, and a loan commitment agreement with two banks, for the purpose of efficient procurement of operating capital. The following are the outstanding lines of credit based on these agreements as of the end of the consolidated interim accounting period:</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Total amount of current account overdrafts and loan commitments</td> </tr> <tr> <td></td> <td style="text-align: right;">¥6,000,000</td> </tr> <tr> <td><u>Draw-downs</u></td> <td style="text-align: right;"><u>¥360,000</u></td> </tr> <tr> <td>Net</td> <td style="text-align: right;">¥5,640,000</td> </tr> </table>	Polatechno Co., Ltd.	¥106,000	Total amount of current account overdrafts and loan commitments			¥6,000,000	<u>Draw-downs</u>	<u>¥360,000</u>	Net	¥5,640,000	<p>5. Liabilities on guarantee Liabilities on guarantee for borrowings of affiliated companies from financial institutions:</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Polatechno Co., Ltd.</td> <td style="text-align: right;">¥130,000</td> </tr> <tr> <td><u>Arisawa Optic Co., Ltd.</u></td> <td style="text-align: right;"><u>¥71,000</u></td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">¥201,000</td> </tr> </table> <p>Note: Liabilities on guarantee to Polatechno Co., Ltd. are guaranteed by Nippon Kayaku Co., Ltd. and the Company.</p> <p>6. We have executed an overdraft agreement with five correspondent banks, and a loan commitment agreement with two banks, for the purpose of efficient procurement of operating capital. The following are the outstanding lines of credit based on these agreements as of the end of the consolidated interim accounting period:</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Total amount of current account overdrafts and loan commitments</td> </tr> <tr> <td></td> <td style="text-align: right;">¥5,600,000</td> </tr> <tr> <td><u>Draw-downs</u></td> <td style="text-align: right;"><u>¥260,000</u></td> </tr> <tr> <td>Net</td> <td style="text-align: right;">¥5,340,000</td> </tr> </table>	Polatechno Co., Ltd.	¥130,000	<u>Arisawa Optic Co., Ltd.</u>	<u>¥71,000</u>	Total	¥201,000	Total amount of current account overdrafts and loan commitments			¥5,600,000	<u>Draw-downs</u>	<u>¥260,000</u>	Net	¥5,340,000
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Total	¥201,000																																							
Total amount of current account overdrafts and loan commitments																																								
	¥5,600,000																																							
<u>Draw-downs</u>	<u>¥260,000</u>																																							
Net	¥5,340,000																																							

(Notes to Consolidated Interim Profit and Loss Statement)

The previous interim consolidated accounting period (as of September 30, 2001)	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
*1 ---	*1 ---	*1 *1. Profit from sale of fixed assets is ¥38,192,000 from sale of land.
*2 ---	*2. Sales loss of fixed assets are as follows: (Thousands of yen) Machineries and delivery equipment ¥14,189 Expense for dispose of facilities ¥2,851 Buildings and structures ¥1,657 <u>Others</u> <u>¥2,531</u> Total ¥21,229	*2. Sales loss of fixed assets are as follows: (Thousands of yen) Machineries and delivery equipment ¥36,149 Expense for dispose of facilities ¥1,086 Buildings and structures ¥8,483 <u>Others</u> <u>¥1,188</u> Total ¥46,907
*3 Tax effect accounting is applied to tax expenses by simplified method for the current consolidated interim accounting period. The adjusted amount of taxes are included in 'corporation taxes, residential taxes and enterprise taxes'.	*3 ---	*3 ---

(Notes to Consolidated Interim Cash Flow Statement)

The previous interim consolidated accounting period (as of September 30, 2001))	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
<p>Relationship between the final figures of cash and cash equivalents at end of the year and the amounts of items shown in the consolidated interim balance sheets.</p> <p style="text-align: right;">(Thousands of yen)</p> <p>Cash and deposits ¥1,400,872</p> <p>Fixed term deposits for a term longer than three months ¥85,010</p> <p>Securities (Money Management Fund) <u>¥160,402</u></p> <p>Cash and cash equivalents ¥1,476,263</p>	<p>Relationship between the final figures of cash and cash equivalents at end of the year and the amounts of items shown in the consolidated interim balance sheets.</p> <p style="text-align: right;">(Thousands of yen)</p> <p>Cash and deposits ¥7,867,462</p> <p>Fixed term deposits for a term longer than three months ¥85,010</p> <p>Securities (Money Management Fund) <u>¥160,561</u></p> <p>Cash and cash equivalents ¥7,943,013</p>	<p>Relationship between the final figures of cash and cash equivalents at end of the year and the amounts of items shown in the consolidated balance sheets.</p> <p style="text-align: right;">(Thousands of yen)</p> <p>Cash and deposits ¥6,731,657</p> <p>Fixed term deposits for a term longer than three months ¥1,640,958</p> <p>Securities (Money Management Fund) <u>¥160,498</u></p> <p>Cash and cash equivalents ¥5,251,197</p>

(Notes to Leasing Transaction)

The previous interim consolidated accounting period (as of September 30, 2001)	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)																																																																																										
<p>Finance-lease transactions except for which titles to the leased items are deemed to be transferred to the lessee.</p> <p>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</p> <p style="text-align: right;">(Thousands of yen)</p> <table border="1" data-bbox="178 591 587 907"> <thead> <tr> <th></th> <th>Amount equivalent to acquisition prices</th> <th>Amount equivalent to depreciation costs</th> <th>Balance at period end</th> </tr> </thead> <tbody> <tr> <td>Machinery equip't & delivery equipment</td> <td>21,906</td> <td>14,725</td> <td>7,180</td> </tr> <tr> <td>Tools and fixtures</td> <td>219,388</td> <td>134,966</td> <td>84,422</td> </tr> <tr> <td>others</td> <td>119,199</td> <td>46,814</td> <td>72,384</td> </tr> <tr> <td>Total</td> <td>360,493</td> <td>196,506</td> <td>163,987</td> </tr> </tbody> </table> <p>(Notes) The amount equivalent to acquisition prices are calculated on an interest paid included basis because the prepaid lease balance makes up such a small portion of tangible asset balance the end of interim period.</p> <p>2. 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Method for calculating equivalent depreciation cost: The straight line method is adopted, where the period of lease is set as the useful life and the salvage value is set at zero.</p>		Amount equivalent to acquisition prices	Amount equivalent to depreciation costs	Balance at period end	Machinery equip't & delivery equipment	21,906	14,725	7,180	Tools and fixtures	219,388	134,966	84,422	others	119,199	46,814	72,384	Total	360,493	196,506	163,987	Less than 1 year	¥63,782	More than 1 year	¥100,205	Total:	¥163,987	Prepaid lease payments:	¥34,470	Equivalent depreciation cost:	¥34,470	<p>1. 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Arisawa Mfg. Co., Ltd.

(Notes to Securities Relation)

Previous consolidated interim accounting period (as of September 30, 2001)

1. Other Securities bearing the Market Value

(Thousands of yen)

Type of Securities	Acquisition Cost	Value shown on the Consolidated Interim Balance Sheet	Balance
Equity Shares	1,139,746	1,541,147	401,400
Others	162,155	139,070	Δ23,084
Total	1,301,901	1,680,218	378,316

2. Major Securities Non-bearing the Market Value

(Thousands of yen)

Type of Securities	Value shown on the Consolidated Interim Balance Sheet
Other Securities	
Money Management Fund	160,402
Unlisted Securities (excluding OTC shares)	490,765

Current consolidated interim accounting period (as of September 30, 2002)

1. Other Securities bearing the Market Value

(Thousands of yen)

Type of Securities	Acquisition Cost	Value shown on the Consolidated Interim Balance Sheet	Balance
Equity Shares	1,049,802	1,619,947	570,144
Others	162,155	131,984	Δ30,170
Total	1,211,958	1,751,931	539,973

2. Major Securities Non-bearing the Market Value

(Thousands of yen)

Type of Securities	Value shown on the Consolidated Interim Balance Sheet
Other Securities	
Money Management Fund	160,561
Unlisted Securities (excluding OTC shares)	576,307

Previous consolidated fiscal year (as of March 31, 2002)

1. Other Securities bearing the Market Value

(Thousands of yen)

Type of Securities	Acquisition Cost	Value shown on the Consolidated Balance Sheet	Balance
Equity Shares	1,020,455	2,205,410	1,184,955
Others	162,155	145,599	Δ16,555
Total	1,182,610	2,351,009	1,168,399

2. Major Securities Non-bearing the Market Value

(Thousands of yen)

Type of Securities	Value shown on the Consolidated Balance Sheet
Other Securities	
Money Management Fund	160,498
Unlisted Securities (excluding OTC shares)	543,217

Arisawa Mfg. Co., Ltd.

(Derivative Transaction)

Previous interim consolidated accounting period (as of September 30, 2001)

No applicable matters except derivative transaction that are covered under hedge accounting.

Current interim consolidated accounting period (as of September 30, 2002)

No applicable matters except derivative transactions that are covered under hedge accounting.

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

Underlying asset	Type of transaction	Amount covered by the contract (thousands of yen)	Market value (thousands of yen)	Unrealized loss/gain (thousands of yen)
Currency	Foreign Exchange Contract	66,534	66,295	△ 239

- (Note)
1. Valuation of the current price: the current price at the end of term is valued at futures market.
 2. Derivative transactions covered under hedge accounting are excluded.

(Segment Information)

Segment Information by Business Category

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

(Thousands of yen)

	Manufacturing and Sales of Industrial Use Materials , etc.	Other businesses	Total	Elimination or all companies	Consolidation
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

- Notes:
1. *Segmentation of businesses*
Businesses engaged by the Company are segmented, taking into account product lines and similarity of related markets.
 2. *Main products categorized into each business category*

Business category	Main products, etc.
Manufacturing and Sales of Industrial Use Materials , etc.	Manufacture and sale of electronic materials, optical materials, electric insulating materials and industrial-use structural materials, and the purchase and sale of related products.
Other businesses	Management of golf training courses, and purchase and sale of sports and recreation equipment

Arisawa Mfg. Co., Ltd.

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

(Thousands of yen)

	Manufacturing and Sales of Industrial Use Materials , etc.	Other businesses	Total	Elimination or all companies	Consolidation
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

Notes: 1. Segmentation of businesses

Businesses engaged by the Company are segmented, taking into account product lines and similarity of related markets.

2. Main products categorized into each business category

Business category	Main products, etc.
Manufacturing and Sales of Industrial Use Materials , etc.	Manufacture and sale of electronic materials, display materials, electric insulating materials and industrial-use structural materials, and the purchase and sale of related products.
Other businesses	Management of golf training courses, and purchase and sale of sports and recreation equipment

Note: As for business categorized under 'optical materials' section of Manufacturing and Sales of Industrial Use Materials segment that had been used until the end of the previous fiscal year, the name of the category is changed to 'display materials' to represent nature of those products more precisely.

Previous consolidated fiscal year (From April 1, 2001 through March 31, 2002)

(Thousands of yen)

	Manufacturing and Sales of Industrial Use Materials , etc.	Other businesses	Total	Elimination or all companies	Consolidation
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

Notes: 1. Segmentation of businesses

Businesses engaged by the Company are segmented, taking into account product lines and similarity of related markets.

2. Main products categorized into each business category

Business category	Main products, etc.
Manufacturing and Sales of Industrial Use Materials, etc .	Manufacture and sale of electronic materials, optical materials, electric insulating materials and industrial-use structural materials, and the purchase and sale of related products.
Other businesses	Management of golf training courses, and purchase and sale of sports and recreation equipment

Arisawa Mfg. Co., Ltd.

(Segment Information by Region)

Because Arisawa Goup has no consolidated subsidiaries and branches in overseas countries, there are no applicable matters in the previous and the current interim consolidated accounting periods as well as the previous consolidated fiscal year.

(Overseas Sales)

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

	Asia	North America	Other Region	Total
I Overseas sales (Thousands of yen)	2,302,779	2,176,311	462,363	4,941,455
II Consolidated sales (Thousands of yen)				14,657,809
III Proportion of overseas sales as in proportion to consolidated sales (%)	15.7	14.8	3.2	33.7

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

	Asia	North America	Other Region	Total
I Overseas sales (Thousands of yen)	2,809,646	2,470,998	370,823	5,651,468
II Consolidated sales (Thousands of yen)				16,906,875
III Proportion of overseas sales as in proportion to consolidated sales (%)	16.6	14.6	2.2	33.4

Previous consolidated fiscal year (From April 1, 2001 through March 31, 2002)

	Asia	North America	Other Region	Total
I Overseas sales (Thousands of yen)	4,688,707	3,974,199	786,868	9,449,775
II Consolidated sales (Thousands of yen)				28,711,026
III Proportion of overseas sales as in proportion to consolidated sales (%)	16.3	13.9	2.7	32.9

- Note:
1. The regions are segmented by proximity.
 2. The respective regions are composed of the following countries.
Asia: Korea, China, Taiwan and Malaysia, etc.
North America: USA and Canada
 3. Overseas sales are the sales by the Company to respective regions (including indirect exports).

(Per share information)

	The previous interim consolidated accounting period (as of September 30, 2001)	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
Net asset per share	¥956.51	¥1,032.90	¥1,126.44
Basic earnings per share	¥57.98	¥49.41	¥106.8
Fully diluted earnings per share	¥57.93	¥48.97	¥106.3
		(Additional Information)	
		From the present interim consolidated accounting period we have applied the "Accounting Standards in Connection with Earnings per Share" (Corporate Accounting Standards No. 2) and the "Guideline for Application of Accounting Standards in Connection with Earnings per Share" (Corporate Accounting Standards Application Guideline No. 4).	
		Per share information based on the same standards with the previous fiscal year as follows:	
		Net asset per share ¥1,032.94	
		Basic earnings per share ¥50.64	
		Fully diluted earnings per share ¥50.47	

Note 1. The Company carried out stock split during the current interim consolidated accounting period. Per share information based on the assumption that the stock split was carried out on the first day of the previous consolidated fiscal year is as follows:

	The previous interim consolidated accounting period (as of September 30, 2001)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
Net asset per share	¥860.52	¥1,024.04
Basic earnings per share	¥51.77	¥95.63
Fully diluted earnings per share	¥51.73	¥95.58

Note 2. Basic earnings per share and fully diluted earnings per share are calculated on the basis of the following:

	The previous interim consolidated accounting period (as of September 30, 2001)	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
Basic earnings per share			
Net Profit (thousands of yen)	-	1,321,748	-
Amounts that are not attributable to common share holders (thousands of yen)	-	-	-
Net profit for common shares (thousands of yen)	-	1,321,748	-

Arisawa Mfg. Co., Ltd.

Average number of shares during the term	-	26,750,070	-
Fully diluted earnings per share			
Adjusted amount of net profit (thousands of yen)	-	-	-
Increase in number of common shares	-	240,871	-
(Of those, number of new shares subscription rights)	-	(240,871)	-
The outline of potential dilution includes no dilution in the calculation of earnings per share after dilution due to the absence of dilutive effects:	-	New share subscription right based on the item 1 of the previous article 280-19 of the Commercial Code. For details, see IV. State of the Company, 1. State of the Equity Shares, etc., (2) State of the New Share Subscription Rights, etc.	-

(Important matters after closing the accounts)

The previous interim consolidated accounting period (as of September 30, 2001)	The current interim consolidated accounting period (from April 1, 2002 to September 30, 2002)	The previous consolidated fiscal year (from April 1, 2001 to March 31, 2002)
<p>The Company issued new shares as of December 18, 2001 in accordance with the resolution made at the Board of Directors Meeting held on November 28, 2001 as follows:</p> <ol style="list-style-type: none"> Number of shares increased due to new share issuance: 2,500,000 common stocks Method of Public Offering: In domestic and foreign markets except U.S. Issue Price: ¥1,932 Total amount of issuance: ¥4,830,000,000 Amount transferred to Capital ¥966 Initial Date in reckoning: October 1, 2001 Purpose of capital increase: It will be used for mid-long term investments in facilities. 	---	---

(2) Others

No applicable matters

2. Interim Financial Statements, etc.

(1) Interim Financial Statements

1) Interim Balance Sheet

(Thousands of yen)

Item	Note	At the end of the previous interim accounting period (as of September 30, 2001)		At the end of the current interim accounting period (as of September 30, 2002)		Summary of the previous fiscal year (as of March 31, 2002)	
		Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
(Asset)							
I. Current Assets							
1. Cash and deposits		886,681		7,014,264		5,975,503	
2. Trade notes receivable	*6	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 tax assets		274,782		167,693		167,693	
6. Others	*7	326,642		648,764		532,438	
Allowance for doubtful accounts		Δ 8,831		Δ 7,897		Δ 7,056	
Total Current Assets		11,849,409	42.6	18,588,749	52.5	16,057,661	49.1
II. Fixed Assets							
(1) Tangible fixed assets							
1. Buildings	*1*2	4,336,428		4,456,579		4,403,400	
2. Machinery and equipment	*1*2	3,815,969		3,883,146		3,434,864	
3. Land	*2	1,583,645		1,580,747		1,580,747	
4. Construction in progress		437,302		1,154,602		814,787	
5. Others	*1*2	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	2,168,763		2,326,139		2,891,779	
2. Securities of affiliates		1,791,195		1,868,759		1,868,759	
3. Others		1,395,372		1,097,933		1,229,997	
Allowance for doubtful accounts		Δ 75,741		Δ 30,594		Δ 33,095	
Total Investment 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

Arisawa Mfg. Co., Ltd.

(Thousands of yen)

Item	Note	At the end of the previous interim accounting period (as of September 30, 2001)		At the end of the current interim accounting period (as of September 30, 2002)		Summary of the previous fiscal year (as of March 31, 2002)	
		Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
(Liabilities)							
I. Current Liabilities							
1. Trade notes payable	*6	3,218,386		4,181,870		3,019,748	
2. Accounts payable		2,330,327		2,873,932		2,461,688	
3. Short-term loans payable	*2	1,621,800		263,800		372,200	
4. Income taxes, etc. payable		711,501		741,553		519,920	
5. Trade notes payable re facilities		959,271		1,228,157		567,533	
6. Reserve 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	25.7
II. Fixed Liabilities							
1. Long-term loans payable	*2	3,800		---		---	
2. Deferred tax liabilities		52,356		115,678		396,631	
3. Reserve for officers' retirement allowance		136,096		156,477		147,049	
4. Reserve for retirement bonus		52,348		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
(Shareholders' Equity)							
I. Capital Stock							
II. Capital Reserve		3,894,116	14.0	---	---	6,320,255	19.3
III. Earned Surplus Reserve		3,006,479	10.8	---	---	5,432,618	16.6
IV. Other Surplus		748,262	2.7	---	---	748,262	2.3
(1) Voluntary reserve		7,916,847		---		7,916,847	
(2) Unappropriated retained earnings at the end of term		1,528,638		---		2,501,242	
Total other surplus		9,445,485	34.0	---	---	10,418,090	31.9
V. Other Securities Evaluation Balance		236,532	0.8	---	---	727,364	2.2
VI. Treasury Stock		---	---	---	---	Δ1,325	Δ0.0
Total Shareholders' Equity		17,330,877	62.3	---	---	23,645,266	72.3

Arisawa Mfg. Co., Ltd.

(Thousands of yen)

Item	Note	At the end of the previous interim accounting period (As of September 30, 2001)		At the end of the current interim accounting period (As of September 30, 2002)		Summary of the previous fiscal year (As of March 31, 2002)	
		Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
I. Amount of capital			---	6,337,106	17.9		---
II. Capital surplus			---	5,449,469	15.4		---
1. Capital reserve			---				---
Total of capital surplus			---	5,449,469	15.4		---
III. Earned surplus			---				---
1. Earned surplus reserve			---	748,262			---
2. Voluntary reserve			---	9,314,441			---
3. Retained earnings			---	1,634,556			---
Total earned surplus			---	11,697,260	33.0		---
IV. Other unrealized gain/loss on securities			---	335,214	0.9		---
V. Treasury Stocks			---	Δ16,825	Δ0.0		---
Total Shareholders' Equity			---	23,802,224	67.2		---
Total of liabilities and shareholders' equities		27,806,128	100.0	35,402,251	100.0	32,718,248	100.0

2) Interim Profit and Loss Statement

Item	Note	The previous interim accounting period (from April 1, 2001 to September 30, 2001)		The current interim accounting period (from April 1, 2002 through September 30, 2002)		Summary of the previous fiscal year (from April 1, 2001 through March 31, 2002)	
		Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
I. Sales		13,266,658	100.0	15,661,977	100.0	26,063,674	100.0
II. Cost of Goods Sold		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
III. Selling, Gen. & Adm. Expenses		1,078,869	8.1	1,316,872	8.4	2,164,844	8.3
Operating Income		1,614,286	12.2	1,782,841	11.4	3,093,772	11.8
IV. Non-operating Revenue	*1	429,576	3.2	417,119	2.7	832,981	3.2
V. Non-operating Expenses		241,061	1.8	315,479	2.0	500,943	1.9
Ordinary Income	*2	1,802,801	13.6	1,884,481	12.1	3,425,810	13.1
VI. Extraordinary Profit	*3	---	---	1,514	0.0	122,366	0.5
VII. Extraordinary Loss	*4	41,705	0.3	52,656	0.3	130,177	0.5
- Income before taxes		1,761,095	13.3	1,833,339	11.8	3,417,998	13.1
- Income taxes, inhabitant taxes and business taxes payable	*5			760,890		1,309,000	
- Adjustment of Income tax, etc.	*6	724,412		---	760,890	99,711	1,408,711
- Net income		---	724,412	5.5	---	760,890	4.9
- Profit brought forward from the previous term		1,036,683	7.8	1,072,448	6.9	2,009,287	7.7
- Unappropriated regained earnings at the end of term		491,954		562,107		491,954	
		1,528,638		1,634,556		2,501,242	

Important basic matters for preparing Interim Financial Statements

The previous interim accounting period (from April 1, 2001 to September 30, 2001)	The current interim accounting period (from April 1, 2002 through September 30, 2002)	The previous fiscal year (from April 1, 2001 through March 31, 2002)
<p>1. Valuation standard and method of valuing assets:</p> <p>(1) Serutities</p> <p>(a) Securities of the subsidiaries and affiliated companies: Valued at cost using the gross average method</p> <p>(b) Other Securities:</p> <p>- Securities where a market value is available: Valued at the current price based on the market value on the interim closing day, etc. (All the revaluation balance is transferred directly to the capital stock and the sales cost is calculated in the gross average methods.)</p> <p>- Securities where a market value is unavailable: Valued in the gross average method at cost.</p> <p>(2) Delivatives: Valued at the current price.</p> <p>(3) Inventories:</p> <p>- Finished goods/Merchandise/Semi-finished goods/Work in progress: Cost method using first-in, first-out method.</p> <p>- Raw materials/Stores: Cost method using gross average method.</p> <p>2. Depreciation method for fixed assets</p> <p>(1) Tangible fixed assets: Declining balance method The straight line depreciation method is used for buildings acquired after 1st April, 1998 (excluding facilities connected to buildings). The durable length of time is as follows:</p> <p>- Buildings & structures: 15 - 31 year</p> <p>- Machineries & delivery equipment: 8 - 9 year</p> <p>(2) Intangible fixed assets: However, the straight line method is used for the useful life where software of its own use can be used in-house (5 years).</p> <p>3. Posting standard for allowances:</p> <p>(1) Allowance for doubtful accounts: In order to reserve for losses from defaults on claims, a write down as non-collectible has been charged at the actual rate of default for normal claims, and has been charged on the basis of the possibility of collection in each instance for specified claims such as those which present concerns about default.</p>	<p>1. Valuation standard and method of valuing assets:</p> <p>(1) Serutities</p> <p>(a) Securities of the subsidiaries and affiliated companies: Same as the left.</p> <p>(b) Other Securities:</p> <p>- Securities where a market value is available: Same as the left.</p> <p>- Securities where a market value is unavailable: Same as the left.</p> <p>(2) Delivatives: Same as the left.</p> <p>(3) Inventories:</p> <p>- Finished goods/Merchandise/Semi-finished goods/Work in progress: Same as the left.</p> <p>- Raw materials/Stores: Same as the left.</p> <p>2. Depreciation method for fixed assets</p> <p>(1) Tangible fixed assets: Same as the left.</p> <p>(2) Intangible fixed assets: Same as the left.</p> <p>3. Posting standard for allowances:</p> <p>(1) Allowance for doubtful accounts: Same as the left.</p>	<p>1. Valuation standard and method of valuing assets:</p> <p>(1) Serutities</p> <p>(a) Securities of the subsidiaries and affiliated companies: Same as the left.</p> <p>(b) Other Securities:</p> <p>- Securities where a market value is available: Valued at the current price based on the market value on the closing day, etc. (All the revaluation balance is transferred directly to the capital stock and the sales cost is calculated in the gross average methods.)</p> <p>- Securities where a market value is unavailable: Same as the left.</p> <p>(2) Delivatives: Same as the left.</p> <p>(3) Inventories:</p> <p>- Finished goods/Merchandise/Semi-finished goods/Work in progress: Same as the left.</p> <p>- Raw materials/Stores: Same as the left.</p> <p>2. Depreciation method for fixed assets</p> <p>(1) Tangible fixed assets: Same as the left.</p> <p>(2) Intangible fixed assets: Same as the left.</p> <p>3. Posting standard for allowances:</p> <p>(1) Allowance for doubtful accounts: Same as the left.</p>

<p>(2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, expenses of the current interim accounting period is booked as reserve based on estimation.</p> <p>(3) Reserve for retirement allowance: The projected amount of retirement benefit liabilities and pension assets as of the end of the current interim accounting period has been booked in order to provide for retirement benefits to employees. The difference occurring at the time of amending accounting standards (¥197,694,000) will be amortized in proportional amounts in three years, as an extraordinary expense. The difference based on actuarial accounting will be expensed from the following fiscal year, using the straight-line method over a certain number of years (5 years), within the average period of remaining service.</p> <p>(4) Reserve for officers' retirement bonuses In order to prepare for expenses of officers' retirement bonuses, the amount to be paid at the end of the interim accounting period pursuant to the internal rules is booked as reserve.</p> <p>4. Standards for converting foreign currency denominated assets and liabilities into Japanese yen Foreign currency denominated assets and liabilities are converted at the exchange rate for spots, etc., on the last day of the interim accounting period, and the difference on conversion is entered as income or loss.</p> <p>5. Treatment of leasing transactions Finance leasing transactions other than those for which ownership is deemed to be fully transferred to the lessee are treated in the same way as ordinary leasing transactions.</p> <p>6. Other important matters for preparation of consolidated financial statements (1) Method for treatment of deferred assets All the costs for new share issuance are treated as costs at the time of expenditure. (2) Accounting treatment of consumption tax, etc. Consumption taxes withheld from sales and paid upon purchasing goods and services by the Company are not included in revenues and expenses.</p>	<p>(2) Reserve for bonuses</p> <p>(3) Reserve for retirement allowance: The projected amount of retirement benefit liabilities and pension assets as of the end of the current interim accounting period has been booked in order to provide for retirement benefits to employees. The difference occurring at the time of amending accounting standards (¥197,694,000) will be amortized in proportional amounts in three years, as an extraordinary expense. The difference based on actuarial accounting will be expensed from the following fiscal year, using the straight-line method over a certain number of years (5 years), within the average period of remaining service.</p> <p>(4) Reserve for officers' retirement bonuses Same as the left.</p> <p>4. Standards for converting foreign currency denominated assets and liabilities into Japanese yen Same as the left.</p> <p>5. Treatment of leasing transactions Same as the left.</p> <p>6. Other important matters for preparation of consolidated financial statements (1) Method for treatment of deferred assets Same as the left. (2) Accounting treatment of consumption tax, etc. Same as the left.</p>	<p>(2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, the estimated amount is booked as reserve.</p> <p>(3) Reserve for retirement allowance: The projected amount of retirement benefit liabilities and pension assets as of the end of the fiscal year has been booked in order to provide for retirement benefits to employees. The difference occurring at the time of amending accounting standards (¥197,694,000) will be amortized in proportional amounts in three years, as an extraordinary expense. The difference based on actuarial accounting will be expensed from the following fiscal year, using the straight-line method over a certain number of years (5 years), within the average period of remaining service.</p> <p>(4) Reserve for officers' retirement bonuses In order to prepare for expenses of officers' retirement bonuses, the amount to be paid at the end of the term pursuant to the internal rules is booked as reserve .</p> <p>4. Standards for converting foreign currency denominated assets and liabilities into Japanese yen Foreign currency denominated assets and liabilities are converted at the exchange rate for spots, etc., on the last day of the term, and the difference on conversion is entered as income or loss.</p> <p>5. Treatment of leasing transactions Same as the left.</p> <p>6. Other important matters for preparation of consolidated financial statements (1) Method for treatment of deferred assets Same as the left. (2) Accounting treatment of consumption tax, etc. Same as the left.</p>
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Changes in Method of Notation

The previous interim accounting period (from April 1, 2001 to September 30, 2001)	The current interim accounting period (from April 1, 2002 to September 30, 2002)
<p>Formerly, treasury shares had been stated as “treasury shares”. However, during the previous fiscal year, a change was made to the number of shares in one unit, which led to a significant decline in the amount to be booked, and consequently treasury shares are included in “others” category of current assets. Treasury shares as of the end of this interim accounting period amounted to ¥317,000.</p>	---

Additional Information

The previous interim accounting period (from April 1, 2001 to September 30, 2001)	The current interim accounting period (from April 1, 2002 to September 30, 2002)	The previous fiscal year (from April 1, 2001 to March 31, 2002)
<p>(Reserve for Bonuses) The estimated amount of unpaid employee bonuses included and stated in the “other” of the current liabilities has been added to the reserve for bonuses as a result of the publication of “Concerning Line Entries in Financial Documents for Unpaid Employees Bonuses” (Japanese Institute of Certified Public Accountants, February 14, 2001) of the Research Center Deliberation Data (No. 15).</p> <p>The estimated amount of unpaid bonuses included in “other” out of the current liabilities as of the end of the previous consolidated interim period was ¥639,565,000 and the equivalent amount included in the current liabilities as of the end of the previous consolidated fiscal year was ¥633,584,000.</p> <p style="text-align: center;">---</p>	<p style="text-align: center;">---</p> <p style="text-align: center;">---</p>	<p>(Reserve for Bonuses) The estimated amount of unpaid employee bonuses included and stated in the “unpaid costs” of the current liabilities has been added to the reserve for bonuses as a result of the publication of “Concerning Line Entries in Financial Documents for Unpaid Employees Bonuses” (Japanese Institute of Certified Public Accountants, February 14, 2001) of the Research Center Deliberation Data (No. 15).</p> <p>The estimated amount of unpaid bonuses included in “unpaid costs” out of the current liabilities as of the end of the previous fiscal year was ¥633,584,000.</p> <p>(Treasury Shares) Formerly, treasury shares were stated in “others” category of current assets. From this fiscal year, however, there were amendments to the rules concerning financial documents and consequently treasury shares are separately stated as “treasury shares” category of capital section. Treasury shares stated in “others” of current assets amounted to ¥245,000 as of the end of the previous fiscal year.</p>

---	<p>(Accounting of Retirement of Treasury Shares and Statutory Reserves)</p> <p>From the present interim period we have applied the “Accounting Standards in Connection With Retirement of Treasury Shares and Statutory Reserves” (Corporate Accounting Standards No. 1), but this does not have any impact on income for the present interim period.</p> <p>As a result of the amendment of the Regulations on Interim Financial Statements, Etc., we have prepared the capital section of the Interim Balance Sheet for this interim period pursuant to the Regulations on Interim Financial Statements, Etc., after amendment. Consequently the treasury shares that were stated in the “Other” category of current liabilities during the previous interim period (¥317,000 as of the end of the previous interim accounting period) have become an item to be deducted from capital in the present interim period.</p>	---
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Arisawa Mfg. Co., Ltd.

Notes

(Notes to Interim Balance Sheet)

The previous interim accounting period (as of September 2001)	The current interim accounting period (as of September 30, 2002)	The previous fiscal year (as of March 31, 2002)																																																																																																		
<p>*1 Accumulated depreciation of tangible fixed assets: ¥14,415,432,000</p> <p>*2 The assets mortgaged as security and the liabilities with securities are as follows:</p> <p>The assets mortgaged as securities: (Thousands of yen)</p> <table> <tr> <td>Buildings</td> <td>¥2,236,243 (¥2,236,243)</td> </tr> <tr> <td>Structures</td> <td>¥100,859 (¥100,859)</td> </tr> <tr> <td>Machinery and Equipment</td> <td>¥1,174,329 (¥1,174,329)</td> </tr> <tr> <td>Tools and fixtures</td> <td>¥24,082 (¥24,082)</td> </tr> <tr> <td>Land</td> <td>¥258,342 (¥191,025)</td> </tr> <tr> <td>Investment Securities</td> <td>¥397,110 (---)</td> </tr> <tr> <td>Total</td> <td>¥4,190,967 (¥3,726,540)</td> </tr> </table> <p>Secured liabilities: (Thousands of yen)</p> <table> <tr> <td>Short-term debts</td> <td>¥1,455,000 (¥1,130,000)</td> </tr> <tr> <td>Long-term debts due payment within one year</td> <td>¥16,800 (---)</td> </tr> <tr> <td>Long-term debts</td> <td>¥3,800 (---)</td> </tr> <tr> <td>Total</td> <td>¥1,475,600 (¥1,130,000)</td> </tr> </table> <p>- The amounts in brackets indicate factory's mortgages and its liabilities concerned. - In addition to the above, the following assets are provided as securities for business transaction:</p> <table> <tr> <td>Land</td> <td>¥5,157</td> </tr> <tr> <td>Investment Securities</td> <td>¥18,240</td> </tr> </table> <p>3. Liability for guarantee (1) Guarantee for affiliated companies' borrowings from financial institutions (Thousands of yen)</p> <table> <tr> <td>Polatechno Co., Ltd.</td> <td>¥204,000</td> </tr> <tr> <td>Arisawa Sporting Goods Co., Ltd.</td> <td>¥280,000</td> </tr> <tr> <td>Arisawa Optic Co., Ltd.</td> <td>¥80,000</td> </tr> <tr> <td>Eagle Co., Ltd.</td> <td>¥30,000</td> </tr> <tr> <td>Total</td> <td>¥594,000</td> </tr> </table> <p>Note: ¥154,000,000 of Polatechno's guaranteed liabilities is guaranteed by Nippon Kayaku Co., Ltd. and the Company.</p> <p>(2) Guarantee for affiliated companies' liabilities for stocking from the customer companies: (Thousands of yen)</p> <table> <tr> <td>Arisawa Kenpan Co., Ltd.</td> <td>¥8,550</td> </tr> </table>	Buildings	¥2,236,243 (¥2,236,243)	Structures	¥100,859 (¥100,859)	Machinery and Equipment	¥1,174,329 (¥1,174,329)	Tools and fixtures	¥24,082 (¥24,082)	Land	¥258,342 (¥191,025)	Investment Securities	¥397,110 (---)	Total	¥4,190,967 (¥3,726,540)	Short-term debts	¥1,455,000 (¥1,130,000)	Long-term debts due payment within one year	¥16,800 (---)	Long-term debts	¥3,800 (---)	Total	¥1,475,600 (¥1,130,000)	Land	¥5,157	Investment Securities	¥18,240	Polatechno Co., Ltd.	¥204,000	Arisawa Sporting Goods Co., Ltd.	¥280,000	Arisawa Optic Co., Ltd.	¥80,000	Eagle Co., Ltd.	¥30,000	Total	¥594,000	Arisawa Kenpan Co., Ltd.	¥8,550	<p>*1 Accumulated depreciation of tangible fixed assets: ¥15,572,827,000</p> <p>*2 The assets mortgaged as security and the liabilities with securities are as follows:</p> <p>The assets mortgaged as securities: (Thousands of yen)</p> <table> <tr> <td>Buildings</td> <td>¥2,324,689 (¥2,324,689)</td> </tr> <tr> <td>Structures</td> <td>¥104,068 (¥104,068)</td> </tr> <tr> <td>Machinery and Equipment</td> <td>¥1,333,738 (¥1,333,738)</td> </tr> <tr> <td>Tools and fixtures</td> <td>¥48,318 (¥48,318)</td> </tr> <tr> <td>Land</td> <td>¥258,342 (¥191,025)</td> </tr> <tr> <td>Total</td> <td>¥4,069,156 (¥4,001,839)</td> </tr> </table> <p>Secured liabilities: (Thousands of yen)</p> <table> <tr> <td>Short-term debts</td> <td>¥150,000 (¥150,000)</td> </tr> </table> <p>- The amounts in brackets indicate factory's mortgages and its liabilities concerned. - In addition to the above, the following assets are provided as securities for business transaction:</p> <table> <tr> <td>Land</td> <td>¥5,157</td> </tr> </table> <p>3. Liability for guarantee (1) Guarantee for affiliated companies' borrowings from financial institutions (Thousands of yen)</p> <table> <tr> <td>Arisawa Sporting Goods Co., Ltd.</td> <td>¥359,000</td> </tr> <tr> <td>Arisawa Fiber Glass Co., Ltd.</td> <td>¥190,000</td> </tr> <tr> <td>Polatechno Co., Ltd.</td> <td>¥106,000</td> </tr> <tr> <td>Arisawa Optic Co., Ltd.</td> <td>¥82,000</td> </tr> <tr> <td>Eagle Co., Ltd.</td> <td>¥75,000</td> </tr> <tr> <td>Total</td> <td>¥812,000</td> </tr> </table> <p>Note: Polatechno's guaranteed liabilities is guaranteed by Nippon Kayaku Co., Ltd. and the Company.</p> <p>(2) Guarantee for affiliated companies' liabilities for stocking from the customer companies: (Thousands of yen)</p> <table> <tr> <td>Arisawa Kenpan Co., Ltd.</td> <td>¥3,043</td> </tr> </table>	Buildings	¥2,324,689 (¥2,324,689)	Structures	¥104,068 (¥104,068)	Machinery and Equipment	¥1,333,738 (¥1,333,738)	Tools and fixtures	¥48,318 (¥48,318)	Land	¥258,342 (¥191,025)	Total	¥4,069,156 (¥4,001,839)	Short-term debts	¥150,000 (¥150,000)	Land	¥5,157	Arisawa Sporting Goods Co., Ltd.	¥359,000	Arisawa Fiber Glass Co., Ltd.	¥190,000	Polatechno Co., Ltd.	¥106,000	Arisawa Optic Co., Ltd.	¥82,000	Eagle Co., Ltd.	¥75,000	Total	¥812,000	Arisawa Kenpan Co., Ltd.	¥3,043	<p>*1 Accumulated depreciation of tangible fixed assets: ¥15,022,613,000</p> <p>*2 The assets mortgaged as security and the liabilities with securities are as follows:</p> <p>The assets mortgaged as securities: (Thousands of yen)</p> <table> <tr> <td>Buildings</td> <td>¥2,427,070 (¥2,427,070)</td> </tr> <tr> <td>Structures</td> <td>¥113,388 (¥113,388)</td> </tr> <tr> <td>Machinery and Equipment</td> <td>¥1,511,225 (¥1,511,225)</td> </tr> <tr> <td>Tools and fixtures</td> <td>¥56,276 (¥56,276)</td> </tr> <tr> <td>Land</td> <td>¥258,342 (¥191,025)</td> </tr> <tr> <td>Total</td> <td>¥4,366,302 (¥4,298,985)</td> </tr> </table> <p>Secured liabilities: (Thousands of yen)</p> <table> <tr> <td>Short-term debts</td> <td>¥150,000 (¥150,000)</td> </tr> </table> <p>- The amounts in brackets indicate factory's mortgages and its liabilities concerned. - In addition to the above, the following assets are provided as securities for business transaction:</p> <table> <tr> <td>Land</td> <td>¥5,157</td> </tr> </table> <p>3. Liability for guarantee (1) Guarantee for affiliated companies' borrowings from financial institutions (Thousands of yen)</p> <table> <tr> <td>Arisawa Sporting Goods Co., Ltd.</td> <td>¥310,000</td> </tr> <tr> <td>Arisawa Fiber Glass Co., Ltd.</td> <td>¥190,000</td> </tr> <tr> <td>Polatechno Co., Ltd.</td> <td>¥130,000</td> </tr> <tr> <td>Arisawa Optic Co., Ltd.</td> <td>¥78,000</td> </tr> <tr> <td>Eagle Co., Ltd.</td> <td>¥71,000</td> </tr> <tr> <td>Total</td> <td>¥779,000</td> </tr> </table> <p>Note: Polatechno's guaranteed liabilities is guaranteed by Nippon Kayaku Co., Ltd. and the Company.</p> <p>(2) Guarantee for affiliated companies' liabilities for stocking from the customer companies: (Thousands of yen)</p> <table> <tr> <td>Arisawa Kenpan Co., Ltd.</td> <td>¥1,053</td> </tr> </table>	Buildings	¥2,427,070 (¥2,427,070)	Structures	¥113,388 (¥113,388)	Machinery and Equipment	¥1,511,225 (¥1,511,225)	Tools and fixtures	¥56,276 (¥56,276)	Land	¥258,342 (¥191,025)	Total	¥4,366,302 (¥4,298,985)	Short-term debts	¥150,000 (¥150,000)	Land	¥5,157	Arisawa Sporting Goods Co., Ltd.	¥310,000	Arisawa Fiber Glass Co., Ltd.	¥190,000	Polatechno Co., Ltd.	¥130,000	Arisawa Optic Co., Ltd.	¥78,000	Eagle Co., Ltd.	¥71,000	Total	¥779,000	Arisawa Kenpan Co., Ltd.	¥1,053
Buildings	¥2,236,243 (¥2,236,243)																																																																																																			
Structures	¥100,859 (¥100,859)																																																																																																			
Machinery and Equipment	¥1,174,329 (¥1,174,329)																																																																																																			
Tools and fixtures	¥24,082 (¥24,082)																																																																																																			
Land	¥258,342 (¥191,025)																																																																																																			
Investment Securities	¥397,110 (---)																																																																																																			
Total	¥4,190,967 (¥3,726,540)																																																																																																			
Short-term debts	¥1,455,000 (¥1,130,000)																																																																																																			
Long-term debts due payment within one year	¥16,800 (---)																																																																																																			
Long-term debts	¥3,800 (---)																																																																																																			
Total	¥1,475,600 (¥1,130,000)																																																																																																			
Land	¥5,157																																																																																																			
Investment Securities	¥18,240																																																																																																			
Polatechno Co., Ltd.	¥204,000																																																																																																			
Arisawa Sporting Goods Co., Ltd.	¥280,000																																																																																																			
Arisawa Optic Co., Ltd.	¥80,000																																																																																																			
Eagle Co., Ltd.	¥30,000																																																																																																			
Total	¥594,000																																																																																																			
Arisawa Kenpan Co., Ltd.	¥8,550																																																																																																			
Buildings	¥2,324,689 (¥2,324,689)																																																																																																			
Structures	¥104,068 (¥104,068)																																																																																																			
Machinery and Equipment	¥1,333,738 (¥1,333,738)																																																																																																			
Tools and fixtures	¥48,318 (¥48,318)																																																																																																			
Land	¥258,342 (¥191,025)																																																																																																			
Total	¥4,069,156 (¥4,001,839)																																																																																																			
Short-term debts	¥150,000 (¥150,000)																																																																																																			
Land	¥5,157																																																																																																			
Arisawa Sporting Goods Co., Ltd.	¥359,000																																																																																																			
Arisawa Fiber Glass Co., Ltd.	¥190,000																																																																																																			
Polatechno Co., Ltd.	¥106,000																																																																																																			
Arisawa Optic Co., Ltd.	¥82,000																																																																																																			
Eagle Co., Ltd.	¥75,000																																																																																																			
Total	¥812,000																																																																																																			
Arisawa Kenpan Co., Ltd.	¥3,043																																																																																																			
Buildings	¥2,427,070 (¥2,427,070)																																																																																																			
Structures	¥113,388 (¥113,388)																																																																																																			
Machinery and Equipment	¥1,511,225 (¥1,511,225)																																																																																																			
Tools and fixtures	¥56,276 (¥56,276)																																																																																																			
Land	¥258,342 (¥191,025)																																																																																																			
Total	¥4,366,302 (¥4,298,985)																																																																																																			
Short-term debts	¥150,000 (¥150,000)																																																																																																			
Land	¥5,157																																																																																																			
Arisawa Sporting Goods Co., Ltd.	¥310,000																																																																																																			
Arisawa Fiber Glass Co., Ltd.	¥190,000																																																																																																			
Polatechno Co., Ltd.	¥130,000																																																																																																			
Arisawa Optic Co., Ltd.	¥78,000																																																																																																			
Eagle Co., Ltd.	¥71,000																																																																																																			
Total	¥779,000																																																																																																			
Arisawa Kenpan Co., Ltd.	¥1,053																																																																																																			

Arisawa Mfg. Co., Ltd.

<p>4. We have executed an overdraft agreement with five correspondent banks, and a loan commitment agreement with two banks, for the purpose of efficient procurement of operating capital. The following are the outstanding lines of credit based on these agreements as of the end of the interim accounting period:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(Thousands of yen)</td> </tr> <tr> <td>- Total amount of current account overdrafts and loan commitments</td> <td style="text-align: right;">¥5,600,000</td> </tr> <tr> <td>- Draw-downs</td> <td style="text-align: right;">¥1,280,000</td> </tr> <tr> <td>Net</td> <td style="text-align: right;">¥4,320,000</td> </tr> </table> <p>5. Consumption tax payable and consumption tax receivable are offset and the after-the-offset amounts are included in the 'Other' category of current liabilities.</p> <p>6. Notes Expiring as of the Last Day of the Interim Period</p> <p>Notes expiring as of the last day of the interim period are booked on the date of exchange of the note for accounting purposes. Since the last day of the interim period is a holiday for financial institutions, the balance of notes that expire as of the last day of the interim period also includes notes that expire as of the last day of the following interim period.</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(Thousands of yen)</td> </tr> <tr> <td>Notes receivable:</td> <td style="text-align: right;">¥105,065</td> </tr> <tr> <td>Notes payable:</td> <td style="text-align: right;">¥274,107</td> </tr> </table> <p>7. Treasury shares of ¥317,000 (116 shares) that are held temporarily as a result of a demand to buy-back shares which are less than a trading unit, have been stated as being included in the "other" category of current assets.</p>		(Thousands of yen)	- Total amount of current account overdrafts and loan commitments	¥5,600,000	- Draw-downs	¥1,280,000	Net	¥4,320,000		(Thousands of yen)	Notes receivable:	¥105,065	Notes payable:	¥274,107	<p>4. We have executed an overdraft agreement with five correspondent banks, and a loan commitment agreement with two banks, for the purpose of efficient procurement of operating capital. The following are the outstanding lines of credit based on these agreements as of the end of the interim accounting period:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(Thousands of yen)</td> </tr> <tr> <td>- Total amount of current account overdrafts and loan commitments</td> <td style="text-align: right;">¥5,600,000</td> </tr> <tr> <td>- Draw-downs</td> <td style="text-align: right;">¥260,000</td> </tr> <tr> <td>Net</td> <td style="text-align: right;">¥5,340,000</td> </tr> </table> <p>5. Same as the left.</p> <p>6. ---</p> <p>7. ---</p>		(Thousands of yen)	- Total amount of current account overdrafts and loan commitments	¥5,600,000	- Draw-downs	¥260,000	Net	¥5,340,000	<p>4. We have executed an overdraft agreement with five correspondent banks, and a loan commitment agreement with two banks, for the purpose of efficient procurement of operating capital. The following are the outstanding lines of credit based on these agreements as of the end of the previous fiscal year:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(Thousands of yen)</td> </tr> <tr> <td>- Total amount of current account overdrafts and loan commitments</td> <td style="text-align: right;">¥5,600,000</td> </tr> <tr> <td>- Draw-downs</td> <td style="text-align: right;">¥260,000</td> </tr> <tr> <td>Net</td> <td style="text-align: right;">¥5,340,000</td> </tr> </table> <p>5. ---</p> <p>6. Notes Expiring as of the Last Day of the Fiscal Year</p> <p>Notes expiring as of the last day of the fiscal year are booked on the date of exchange of the note for accounting purposes. Since the last day of the fiscal year is a holiday for financial institutions, the balance of notes that expire as of the last day of the fiscal year also includes notes that expire as of the last day of the following fiscal year.</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(Thousands of yen)</td> </tr> <tr> <td>Notes receivable:</td> <td style="text-align: right;">¥175,886</td> </tr> <tr> <td>Notes payable:</td> <td style="text-align: right;">¥295,942</td> </tr> </table> <p>7. ---</p>		(Thousands of yen)	- Total amount of current account overdrafts and loan commitments	¥5,600,000	- Draw-downs	¥260,000	Net	¥5,340,000		(Thousands of yen)	Notes receivable:	¥175,886	Notes payable:	¥295,942
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Arisawa Mfg. Co., Ltd.

(Notes to Leasing Transactions)

The previous interim accounting period (from April 1, 2001 to September 30, 2001)	The current interim accounting period (from April 1, 2002 to September 30, 2002)	The previous fiscal year (from April 1, 2001 to March 31, 2002)																																																				
<p>Finance-lease transaction except for which titles to the leased items are deemed to be transferred to the lessee.</p>	<p>Finance-lease transaction except for which titles to the leased items are deemed to be transferred to the lessee.</p>	<p>Finance-lease transaction except for which titles to the leased items are deemed to be transferred to the lessee.</p>																																																				
<p>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</p>	<p>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</p>	<p>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 term</p>																																																				
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<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Amount equivalent to acquisition prices</th> <th style="width: 20%;">Amount equivalent to depreciation costs</th> <th style="width: 30%;">Balance at interim period end</th> </tr> </thead> <tbody> <tr> <td>Machinery equipment & delivery equipment</td> <td style="text-align: right;">11,988</td> <td style="text-align: right;">11,877</td> <td style="text-align: right;">111</td> </tr> <tr> <td>Tools and fixtures</td> <td style="text-align: right;">134,500</td> <td style="text-align: right;">79,888</td> <td style="text-align: right;">54,612</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">85,401</td> <td style="text-align: right;">30,479</td> <td style="text-align: right;">54,921</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">231,889</td> <td style="text-align: right;">122,244</td> <td style="text-align: right;">109,645</td> </tr> </tbody> </table>		Amount equivalent to acquisition prices	Amount equivalent to depreciation costs	Balance at interim period end	Machinery equipment & delivery equipment	11,988	11,877	111	Tools and fixtures	134,500	79,888	54,612	Others	85,401	30,479	54,921	Total	231,889	122,244	109,645	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Amount equivalent to acquisition prices</th> <th style="width: 20%;">Amount equivalent to depreciation costs</th> <th style="width: 30%;">Balance at interim period end</th> </tr> </thead> <tbody> <tr> <td>Tools and fixtures</td> <td style="text-align: right;">126,744</td> <td style="text-align: right;">72,077</td> <td style="text-align: right;">54,666</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">89,553</td> <td style="text-align: right;">47,616</td> <td style="text-align: right;">41,936</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">216,297</td> <td style="text-align: right;">119,694</td> <td style="text-align: right;">96,602</td> </tr> </tbody> </table>		Amount equivalent to acquisition prices	Amount equivalent to depreciation costs	Balance at interim period end	Tools and fixtures	126,744	72,077	54,666	Others	89,553	47,616	41,936	Total	216,297	119,694	96,602	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Amount equivalent to acquisition prices</th> <th style="width: 20%;">Amount equivalent to depreciation costs</th> <th style="width: 30%;">Balance at term end</th> </tr> </thead> <tbody> <tr> <td>Tools and fixtures</td> <td style="text-align: right;">102,912</td> <td style="text-align: right;">60,122</td> <td style="text-align: right;">42,790</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">85,401</td> <td style="text-align: right;">38,840</td> <td style="text-align: right;">46,560</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">188,313</td> <td style="text-align: right;">98,962</td> <td style="text-align: right;">89,351</td> </tr> </tbody> </table>		Amount equivalent to acquisition prices	Amount equivalent to depreciation costs	Balance at term end	Tools and fixtures	102,912	60,122	42,790	Others	85,401	38,840	46,560	Total	188,313	98,962	89,351
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<p>Note: The amount equivalent to the prepaid lease balance is calculated on an interest paid included basis because the prepaid lease balance makes up such a small portion of tangible asset balance at the end of interim period.</p>	<p>Note: Same as the left.</p>	<p>Note: The amount equivalent to the prepaid lease balance is calculated on an interest paid included basis because the prepaid lease balance makes up such a small portion of tangible asset balance at the end of term.</p>																																																				
<p>2. Prepaid lease balance at the end of interim period</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Less than 1 year</td> <td style="text-align: right;">¥38,265</td> </tr> <tr> <td>More than 1 year</td> <td style="text-align: right;">¥71,380</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">¥109,645</td> </tr> </table>	Less than 1 year	¥38,265	More than 1 year	¥71,380	Total	¥109,645	<p>2. Prepaid lease balance at the end of interim period</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Less than 1 year</td> <td style="text-align: right;">¥41,771</td> </tr> <tr> <td>More than 1 year</td> <td style="text-align: right;">¥54,831</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">¥96,602</td> </tr> </table>	Less than 1 year	¥41,771	More than 1 year	¥54,831	Total	¥96,602	<p>2. Prepaid lease balance at the end of term</p> <p style="text-align: right;">(Thousands of yen)</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Less than 1 year</td> <td style="text-align: right;">¥36,018</td> </tr> <tr> <td>More than 1 year</td> <td style="text-align: right;">¥53,333</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">¥89,351</td> </tr> </table>	Less than 1 year	¥36,018	More than 1 year	¥53,333	Total	¥89,351																																		
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<p>3. Prepaid lease payments and equivalent depreciation costs: (Thousands of yen)</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Prepaid lease payments:</td> <td style="text-align: right;">¥21,987</td> </tr> <tr> <td>Equivalent depreciation cost:</td> <td style="text-align: right;">¥21,987</td> </tr> </table>	Prepaid lease payments:	¥21,987	Equivalent depreciation cost:	¥21,987	<p>3. Prepaid lease payments and equivalent depreciation costs: (Thousands of yen)</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Prepaid lease payments:</td> <td style="text-align: right;">¥20,924</td> </tr> <tr> <td>Equivalent depreciation cost:</td> <td style="text-align: right;">¥20,924</td> </tr> </table>	Prepaid lease payments:	¥20,924	Equivalent depreciation cost:	¥20,924	<p>3. Prepaid lease payments and equivalent depreciation costs: (Thousands of yen)</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Prepaid lease payments:</td> <td style="text-align: right;">¥42,088</td> </tr> <tr> <td>Equivalent depreciation cost:</td> <td style="text-align: right;">¥42,088</td> </tr> </table>	Prepaid lease payments:	¥42,088	Equivalent depreciation cost:	¥42,088																																								
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<p>4. Method for calculating equivalent depreciation cost: The straight line method is adopted, where the period of lease is set as the useful life and the salvage value is set at zero.</p>	<p>4. Method for calculating equivalent depreciation cost: Same as the left.</p>	<p>4. Method for calculating equivalent depreciation cost: Same as the left.</p>																																																				

Arisawa Mfg. Co., Ltd.

(Securities Relation)

There are no securities of subsidiaries and affiliates bearing market prices for the previous and current interim accounting periods and the previous fiscal year.

(Important matters after closing the accounts)

The previous interim accounting period (from April 1, 2001 to September 30, 2001)	The current interim accounting period (from April 1, 2002 to September 30, 2002)	The previous fiscal year (from April 1, 2001 to March 31, 2002)
<p>The Company issued new shares as of December 18, 2001 in accordance with the resolution made by the meeting of the Board of Directors held on November 28, 2001 as follows:</p> <ol style="list-style-type: none">1. Number of shares increased due to new share issuance: 2,500,000 common stocks2. Method of Public Offering: In domestic and foreign markets except U.S.3. Issue Price: ¥1,9324. Total amount of issuance: ¥4,830,000,0005. Amount transferred to Capital ¥9666. Initial Date in reckoning: October 1, 20017. Purpose of capital increase: It will be used for mid-long term investments in facilities.	---	---

(2) Others

No applicable matters.

VI. Reference Information

The Company submitted the following documents to the authorities during the period from the first day of the current interim accounting period through the date for filing interim financial statements.

- (1) Securities Report and the attached documents
Fiscal year (the 54th term)
From April 1, 2001 through March 31, 2002
Submitted to the Chief of the Kanto Local Finance Bureau on June 28, 2002.
- (2) Securities Registration Statement and the attached documents
Submitted to the Chief of the Kanto Local Finance Bureau on July 25, 2002.
The above is the securities registration statement prepared in accordance with the new share issuance.
- (3) Amendment to the Securities Registration Statement and attached documents
Submitted to the Chief of the Kanto Local Finance Bureau on August 9, 2002.
This is the amendment report to the Securities Registration Statement submitted on July 25, 2002 due to the firm decision of the issue price and the amount transferred to the capital account.
- (4) Amendment to the Securities Report
Submitted to the Chief of the Kanto Local Financial Bureau on August 21, 2002.
This is the amendment report to the Securities Report of the 54th Term (From April 1, 2001 through March 31, 2002) submitted on June 28, 2002

Arisawa Mfg. Co., Ltd.

Part II. Information on Guaranty Companies of the Company, etc.

No applicable matters.

Interim Audit Report

December 21, 2001

To: Mr. Sanji Arisawa
Representative Director and President
Arisawa Manufacturing Co., Ltd.

Shin Nihon & Co.

Tadao Kawauchi [Seal]
Representative Partner, Certified Public Accountant

Michiaki Miyajima [Seal]
Representative Partner, Certified Public Accountant

For the purposes of audit certification in compliance with Article 193-2 of the Securities and Exchange Law, we audited the consolidated interim financial statements for the consolidated interim accounting period from April 1, 2001 to September 30, 2001 of the consolidated fiscal year from April 1, 2001 to March 31, 2002; that is, the consolidated interim balance sheet, the consolidated interim profit and loss statement, the consolidated interim earned surplus statement and consolidated interim cash flow statement, all of which are listed in the State of Accounting of Arisawa Manufacturing Co., Ltd.

We conformed interim audit standards, which are generally accepted as fair standards for interim auditing, and implemented such audit procedures as should be generally implemented. Namely, we omit a part of audit procedures for auditing financial statements as should be generally implemented in compliance with No. 2 of the implementing standard for interim audit. Also regarding consolidated subsidiaries, etc., we implemented audit procedures consists of analytical procedures, questionnaires and reviewing, in compliance of No. 3. of the implementing standard for interim audit.

As a result of the interim audit, we recognize that the accounting policies and procedures adopted for the consolidated interim financial statements by the Company are prepared in accordance with generally accepted fair auditing standards of corporate accounting; that the same standards as those for the previous fiscal year have been consistently used, and that the consolidated interim financial statements of the Company are prepared in compliance with the "Regulations Concerning Terms, Forms and Preparation Method of Consolidated Interim Financial Statements, etc." (Ministerial Ordinance No. 24 of the Ministry of Finance in 1999).

Accordingly, we recognize and certify that the above consolidated interim financial statements present fairly the financial position as of September 30, 2001 and the results of the operations and the cash flows for the consolidated interim accounting period from April 1, 2001 to September 30, 2001 of Arisawa Mfg. Co., Ltd. and its consolidated subsidiaries.

There exists no special interest between the Company and this accounting firm or the responsible partners of the firm under the provisions of the Certified Public Accountant Law.

Note: All matters in the above are copied electronically from the matters recorded in the original Interim Audit Report. The original Interim Audit Report is kept separately by the Company which submits the Semi-Annual Report.

Interim Audit Report

December 21, 2002

To: Mr. Sanji Arisawa
Representative Director and President
Arisawa Manufacturing Co., Ltd.

Shin Nihon & Co.

Tadao Kawauchi [Seal]
Representative Partner, Certified Public Accountant

Michiaki Miyajima [Seal]
Representative Partner, Certified Public Accountant

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Accordingly, we recognize and certify that the above consolidated interim financial statements present fairly the financial position as of September 30, 2002 and the results of the operations and the cash flows for the consolidated interim accounting period from April 1, 2002 to September 30, 2002 of Arisawa Mfg. Co., Ltd. and its consolidated subsidiaries.

There exists no special interest between the Company and this accounting firm or the responsible partners of the firm under the provisions of the Certified Public Accountant Law.

Note: All matters in the above are copied electronically from the matters recorded in the original Interim Audit Report. The original Interim Audit Report is kept separately by the Company which submits the Semi-Annual Report.

Arisawa Mfg. Co., Ltd.

Interim Audit Report

December 21, 2001

To: Mr. Sanji Arisawa
Representative Director and President
Arisawa Manufacturing Co., Ltd.

Shin Nihon & Co.

Tadao Kawauchi [Seal]
Representative partner, Certified Public Accountant

Michiaki Miyajima [Seal]
Representative Partner, Certified Public Accountant

For the purposes of audit certification in compliance with Article 193-2 of the Securities and Exchange Law, we audited the interim financial statements for the interim accounting period from April 1, 2001 to September 30, 2001 of the 54th fiscal year from April 1, 2001 to March 31, 2002; that is, the interim balance sheet and the interim profit and loss statement, all of which are listed in the State of Accounting of Arisawa Manufacturing Co., Ltd.

We conformed interim audit standards, which are generally accepted as fair standards for interim auditing, and implemented such audit procedures as should be generally implemented. Namely, we omit a part of audit procedures for auditing financial statements as should be generally implemented in compliance with No. 2 of the implementing standard for interim audit.

As a result of the interim audit, we recognize that the accounting policies and procedures adopted for the interim financial statements by the Company are prepared in accordance with generally accepted fair auditing standards of corporate accounting; that the same standards as those for the previous fiscal year have been consistently used and that the interim financial statements of the Company are prepared in compliance with the "Regulations Concerning Terms, Forms and Preparation Method of Consolidated Interim Financial Statements, etc." (Ministerial Ordinance No. 38 of the Ministry of Finance in 1977).

Accordingly, we recognize and certify that the above interim financial statements present fairly the financial position as of September 30, 2001 and the results of the operations for the interim accounting period from April 1, 2001 to September 30, 2001 of Arisawa Manufacturing Co., Ltd.

There exists no special interest between the Company and this accounting firm or the responsible partners of the firm under the provisions of the Certified Public Accountant Law.

Note: All matters in the above are copied electronically from the matters recorded in the original Interim Audit Report. The original Interim Audit Report is kept separately by the Company.

Interim Audit Report

December 21, 2002

To: Mr. Sanji Arisawa
Representative Director and President
Arisawa Manufacturing Co., Ltd.

Shin Nihon & Co.

Tadao Kawauchi [Seal]
Representative partner, Certified Public Accountant

Michiaki Miyajima [Seal]
Representative Partner, Certified Public Accountant

For the purposes of audit certification in compliance with Article 193-2 of the Securities and Exchange Law, we audited the interim financial statements for the interim accounting period from April 1, 2002 to September 30, 2002 of the 55th fiscal year from April 1, 2002 to March 31, 2003; that is, the interim balance sheet and the interim profit and loss statement, all of which are listed in the State of Accounting of Arisawa Manufacturing Co., Ltd.

We conformed interim audit standards, which are generally accepted as fair standards for interim auditing, and implemented such audit procedures as should be generally implemented. Namely, we omit a part of audit procedures for auditing financial statements as should be generally implemented in compliance with No. 2 of the implementing standard for interim audit.

As a result of the interim audit, we recognize that the accounting policies and procedures adopted for the interim financial statements by the Company are prepared in accordance with generally accepted fair auditing standards of corporate accounting; that the same standards as those for the previous fiscal year have been consistently used and that the interim financial statements of the Company are prepared in compliance with the "Regulations Concerning Terms, Forms and Preparation Method of Consolidated Interim Financial Statements, etc." (Ministerial Ordinance No. 38 of the Ministry of Finance in 1977).

Accordingly, we recognize and certify that the above interim financial statements present fairly the financial position as of September 30, 2002 and the results of the operations for the interim accounting period from April 1, 2002 to September 30, 2002 of Arisawa Manufacturing Co., Ltd.

There exists no special interest between the Company and this accounting firm or the responsible partners of the firm under the provisions of the Certified Public Accountant Law.

Note: All matters in the above are copied electronically from the matters recorded in the original Interim Audit Report. The original Interim Audit Report is kept separately by the Company.