

July 24, 2003

Summary of Business Results in First Quarter of FY2004

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

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

(Code No. 5208, Tokyo Stock Exchange, 1st Section)

Contact: Title of Person in Charge: Managing Director

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Name:

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1. Summary of Consolidated Business Results in the First Quarter of FY2004

(from April 1, 2003 to June 30, 2003)

(Unit: millions of yen, indicated by rounding down less than one million yen)

	First Quarter in FY2004	First Quarter in FY2003	Year on Year
Sales amount	10,668	8,188	130.3%
Operating profit	1,511	963	156.8%
Ordinary profit	1,803	1,040	173.4%
Profit before tax	1,768	1,012	174.6%
Current (quarter) net profit	1,088	599	181.7%
Current net profit per share	36.89 (Yen)	23.56 (Yen)	

(Note) 1. Number of consolidated subsidiaries: 7 companies

Number of companies to which equity method is applied: 5 companies

2. The consolidated balance sheet, statement of income and cash flow statement of the first quarter of the current fiscal year were audited by an audit corporation without formal certification through procedures mainly consisting of questions and analysis regarding the preparation process of the financial statements.

2. Summary of Individual Business Results in the First Quarter of FY2004

(from April 1, 2003 to June 30, 2003)

(Unit: millions of yen, indicated by rounding down less than one million yen)

	First Quarter in FY2004	First Quarter in FY2003	Year on Year
Sales amount	9,695	7,558	128.3%
Operating profit	1,364	965	141.2%
Ordinary profit	1,566	939	166.7%
Profit before tax	1,531	920	166.3%
Current (quarter) net profit	916	537	170.4%
Current net profit per share	31.05 (Yen)	21.15 (Yen)	

(Note) The balance sheet and statement of income of the first quarter of the current fiscal year were audited by an audit corporation without formal certification through procedures mainly consisting of questions and analysis regarding the preparation process of the financial statements.

3. Consolidated Business Results

The Japanese economy in the first quarter of the current fiscal year still remains in an unpredictable condition due to the continued slump in consumer spending, although the stock market has shown signs of recovery.

In such an environment, our group (our company, consolidated subsidiaries and companies to which equity method is applied) remained strong in the sectors of printed circuit board materials and display related materials.

As a result, sales totaled 10 billion 668 million yen, an increase of 30.3% over the previous first quarter (this comparison applies in the same context hereinafter). In respect to profits, the effect of improvements in operation capacity and productivity which resulted from an increased order volume yielded operating profits of 1 billion 511 million yen, an increase of 56.8%. Ordinary profits totaled 1 billion 803 million yen, an increase of 73.4% (The rate of increase in ordinary profits was greater than that of operating profits, because foreign exchange losses from foreign currency deposits were posted in the previous fiscal year). Current net profit amounted to 1 billion 88 million yen, an increase of 81.7%.

4. Individual Settlement of Sales Amounts by Segment

With respect to individual settlement of sales amounts by segment, sales of electronic materials totaled 4 billion 932 million yen, an increase of 68.8% over the last first quarter (this comparison applies in the same context hereinafter), which reflected a steady sales condition in cellular phones and digital cameras and a sales increase in flexible printed circuit board materials and prepregs for printed circuit boards. Sales of display materials posted 3 billion 186 million yen, an increase of 12.4%, which was brought about by increased demand for Fresnel lenses for projection TV sets. Sales of electric insulation materials decreased by 13.9% to 706 million yen due to a reduction in capital investment by electric power companies. Also, sales of industrial-use structural materials decreased by 2.2% to 648 million yen, while sales of related goods decreased by 30.7% to 222 million yen as a result of a decrease in sales of raw materials to our affiliated subsidiaries.

Sales Amount by Segment

(Unit: millions of yen, indicated by rounding down less than one million yen)

	First Quarter of FY2004		First Quarter of FY2003		Year on Year
	Amount	Composition ratio	Amount	Composition ratio	
Electronic materials	4,932	50.9%	2,921	38.7%	168.8%
Display materials	3,186	32.8%	2,833	37.5%	112.4%
Electric insulation materials	706	7.3%	819	10.8%	86.1%
industrial-use structural materials	648	6.7%	662	8.8%	97.8%
Related goods	222	2.3%	321	4.2%	69.3%
Total	9,695	100%	7,558	100%	128.3%

5. Forecast for Consolidated and Individual Business Results in FY 2004 (from April 1, 2003 to March 31, 2004)

Our forecast for the above business results are as per our disclosure of April 24, 2004.

1 . Consolidated Financial Statement
Consolidated Balance Sheet

Item	As of end of the fiscal 2002 first quarter (As of June 30, 2002)			As of end of the fiscal 2003 first quarter (As of June 30, 2003)			Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2003)			
	Amount (thousand yen)		Compo sition ratio (%)	Amount (thousand yen)		Compo sition ratio (%)	Amount (thousand yen)		Compo sition ratio (%)	
(Assets)										
. Current Assets										
1. Cash and deposits		7,522,304			8,277,832			9,597,300		
2. Notes and accounts receivable		8,688,816			8,946,161			8,698,369		
3. Securities		160,535			160,611			160,595		
4. Inventories		3,927,180			4,645,314			4,233,998		
5. Deferred taxable assets		230,068			588,146			590,633		
6. Others		239,371			544,025			369,057		
Allowance for doubtful accounts		15,360			22,893			18,305		
Total Current Assets		20,752,916	52.7		23,139,197	50.5		23,631,648	52.9	
. Fixed Assets										
1. Tangible fixed assets										
(1) Buildings and structures		4,981,531			5,150,593			5,056,772		
(2) Machinery, equipment and delivery equipment		3,673,955			4,645,194			4,245,364		
(3) Land		1,741,055			1,567,699			1,567,699		
(4) Others		1,133,765	11,530,308	29.3	3,151,427	14,514,915	31.7	2,318,377	13,188,213	29.5
2. Intangible Fixed Assets			40,599	0.1		65,422	0.1		61,913	0.1
3. Investments and other assets										
(1) Investment Securities		6,591,760			7,517,048			7,217,025		
(2) Deferred taxable assets		123,203			282,623			358,346		
(3) Others		342,710			308,985			281,542		
Allowance for doubtful debts		35,186	7,022,488	17.9	25,153	8,083,504	17.7	25,752	7,831,161	17.5
Total Fixed Assets			18,593,396	47.3		22,663,842	49.5		21,081,288	47.1
Total assets			39,346,312	100.0		45,803,040	100.0		44,712,937	100.0

Item	As of end of the fiscal 2002 first quarter (As of June 30, 2002)		As of end of the fiscal 2003 first quarter (As of June 30, 2003)		Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2003)	
	Amount (thousand yen)	Compo sition ratio (%)	Amount (thousand yen)	Compo sition ratio (%)	Amount (thousand yen)	Compo sition ratio (%)
(Liabilities)						
. Current Liabilities						
1. Notes and accounts payable	6,740,726		8,804,800		8,430,821	
2. Short-term borrowings	1,065,000		386,911		646,000	
3. Accrued income tax and others	396,395		614,803		1,623,019	
4. Deferred taxable liabilities	563		-		-	
5. Allowance for bonuses	1,185,462		1,756,498		1,093,757	
6. Others	2,383,521		3,696,849		3,093,285	
Total Current Liabilities	11,771,670	29.9	15,259,863	33.3	14,886,884	33.2
. Fixed Liabilities						
1. Long-term borrowings	49,000		25,000		31,000	
2. Deferred taxable liabilities	159,906		290		-	
3. Reserve for severance payment	179,378		281,909		291,712	
4. Reserve for bonuses to retiring officers	154,811		127,479		169,053	
5. Consolidation adjustments account	-		5,084		5,352	
6. Others	47,070		15,116		14,536	
Total Fixed Liabilities	590,165	1.5	454,881	1.0	511,654	1.1
Total Liabilities	12,361,835	31.4	15,714,744	34.3	15,398,539	34.3
(Minority Interest)						
Minority Interest	10,509	0.0	-	-	-	-
(Stockholder's Equity)						
. Capital	6,335,420	16.1	6,494,225	14.2	6,378,708	14.3
. Capital reserve	5,447,783	13.9	5,606,510	12.2	5,491,071	12.3
. Earned surplus	14,805,288	37.6	17,869,497	39.0	17,437,129	39.0
. Other differences from appreciation of securities	396,328	1.0	167,668	0.4	71,659	0.2
. Cumulative conversion adjustment	4,150	0.0	9,621	0.0	42,086	0.1
. Treasury Stock	15,004	0.0	39,982	0.1	22,084	0.0
Total Stockholder's Equity	26,973,967	68.6	30,088,296	65.7	29,314,397	65.7
Total Liabilities, Minority Interest and Stockholder's Equity	39,346,312	100.0	45,803,040	100.0	44,712,937	100.0

Consolidated Statement of Income

Item	As of end of the fiscal 2002 first quarter (From April 1, 2002 to June 30, 2002)		As of end of the fiscal 2003 first quarter (From April 1, 2002 to June 30, 2003)		Consolidated condensed statement of income for previous consolidated fiscal year (From April 1, 2002 to March 31, 2003)	
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)
. Sales	8,188,053	100.0	10,668,402	100.0	37,004,746	100.0
. Sales cost	6,440,383	78.7	8,235,642	77.2	29,024,559	78.4
Gross profit on sales	1,747,669	21.3	2,432,760	22.8	7,980,186	21.6
. Selling and general administration expenses	783,717	9.5	921,491	8.6	3,544,540	9.6
Operating Profit	963,951	11.8	1,511,268	14.2	4,435,645	12.0
. Non-operating revenue	269,694	3.3	351,500	3.3	1,168,585	3.2
. Non-operating expenses	193,383	2.4	58,824	0.6	327,806	0.9
Ordinary Profit	1,040,262	12.7	1,803,944	16.9	5,276,424	14.3
. Extraordinary profit	1,244	0.0	-	-	18,290	0.0
. Extraordinary Losses	28,843	0.4	35,695	0.3	352,833	1.0
Pretax quarterly (current) net profit	1,012,662	12.3	1,768,248	16.6	4,941,882	13.3
Corporate income tax, local residence tax, and enterprise tax	413,164		679,353		2,350,500	
Adjustment of corporate income tax, etc.	-	5.0	-	6.4	523,264	4.9
Profit attributable to minority interest (deduction)	81	0.0	-	-	4,475	0.0
Quarterly (current) net profit	599,416		1,088,894	10.2	3,119,122	8.4

Statement of Consolidated Surplus

Item	As of end of the fiscal 2002 first quarter (From April 1, 2002 to June 30, 2002)		As of end of the fiscal 2003 first quarter (From April 1, 2003 to June 30, 2003)		Consolidated condensed statement of consolidated surplus for previous consolidated fiscal year (From April 1, 2002 to March 31, 2003)	
	Amount (thousand yen)		Amount (thousand yen)		Amount (thousand yen)	
(Capital retained earnings)						
. Balance at the beginning of the period	5,432,618	5,432,618	5,491,071	5,491,071	5,432,618	5,432,618
. Adjustment of retained earnings						
1. New share issue by capital increase	15,164	15,164	115,438	115,438	58,452	58,452
. Balance of the end of the period		5,447,783		5,606,510		5,491,071
(Profit retained earnings)						
. Balance at the beginning of the period	14,888,501	14,888,501	17,437,129	17,437,129	14,888,501	14,888,501
. Quarterly (current) net profit						
1. Increase in surplus due to decrease of consolidated subsidiaries	-	-	-	-	112,13	-
2. Quarterly (current) net profit	599,416	599,416	1,088,894	1,088,894	3,119,122	3,231,257
. Adjustment of retained earnings						
1. Decrease in surplus due to increase of consolidated subsidiaries	139,187	-	-	-	139,187	-
2. Dividends	510,541	-	616,236	-	510,541	-
3. Bonuses for directors	32,901	682,629	40,290	656,526	32,901	682,629
. Balance of the end of the period		14,805,288		17,869,497		17,437,129

Statement of Consolidated Cash Flow

	As of end of the fiscal 2002 first quarter (From April 1, 2002 to June 30, 2002)	As of end of the fiscal 2003 first quarter (From April 1, 2003 to June 30, 2003)	Previous consolidated fiscal year (From April 1, 2002 to March 31, 2003)
Item	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
. Cash flow from operation activities			
Pretax quarterly (current) net profit	1,012,662	1,768,248	4,941,882
Depreciation	334,344	386,801	1,577,790
Investment profit on equity method	197,725	287,035	878,516
Amortization of consolidation account adjustment	-	267	-
Profit on sale of tangible fixed assets	-	-	18,290
Expenses on shares issued	779	1,533	1,957
Loss on retirement of tangible fixed assets	5,066	32,513	29,147
Investment valuable securities appraisal loss	-	-	97,727
Loss on appreciation of investment securities	-	3,182	-
(Profit) or loss on conversion	162,046	4,684	154,752
Increase or (decrease) in reserve for bonuses to retiring officers	4,814	41,574	19,056
Increase in reserve for bonuses	536,477	662,740	464,803
Increase in reserve for retirement benefits	31,609	9,802	143,943
Increase or (decrease) in provisions for doubtful accounts	1,049	3,988	5,439
Interest and dividends received	23,918	14,140	70,408
Interest paid	3,653	2,715	15,100
(Increase) or decrease in sales receivables	680,975	245,003	711,222
(Increase) or decrease in inventories	328,343	411,315	692,859
Increase or (decrease) in purchase liabilities	869,918	373,979	2,586,658
Increase or (decrease) in accrued consumption tax, etc.	22,610	95,040	97,721
(Increase) or decrease in other assets	26,773	24,227	46,838
Increase or (decrease) in other liabilities	100,779	468,926	138,173
Bonuses for officers paid	1,901	40,290	32,901
Subtotal	1,879,721	2,540,617	7,905,916
Interest and dividends received	79,718	196,268	120,492
Interest paid	3,507	1,941	14,559
Corporate income tax, etc. paid	566,254	1,673,697	1,228,453
Cash flow from operation activities	1,389,678	1,061,247	6,783,396

	As of end of the fiscal 2002 first quarter (From April 1, 2002 to June 30, 2002)	As of end of the fiscal 2003 first quarter (From April 1, 2003 to June 30, 2003)	Previous consolidated fiscal year (From April 1, 2002 to March 31, 2003)
Item	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
. Cash flow from investment activities			
Expenditure on put to time deposits	-	2,810,000	3,898,351
Revenue from refund of time deposits	1,442,148	2,551,941	1,452,024
Expenditure on acquisition of tangible fixed assets	453,042	1,500,432	2,537,787
Revenue from sale of tangible fixed assets	-	-	191,914
Expenditure on acquisition of investment securities	66,894	66,608	704,594
Revenue from sale of investment securities	-	4,429	-
Expenditure on lending	-	154,337	128,356
Revenue from collection of loans	2,052	757	270,569
Others	-	6,647	26,888
Cash flow from investment activities	924,264	1,980,897	5,381,470
. Cash flow from financing activities			
Net increase (decrease) in short-term borrowings	63,935	273,133	347,064
Expenditure on repayment of long-term borrowings	10,200	6,000	36,200
Proceeds from stocks issued	29,549	229,421	114,947
Net expenditure on acquisition and proceeds from sale of treasury stock	13,679	17,897	20,759
Dividends paid	188	585,566	510,133
Cash flow from financing activities	69,417	653,176	799,209
. Conversion difference of cash and cash equivalents	48,263	614	52,195
. Increase (decrease) in cash and cash equivalents	2,335,096	1,572,210	550,520
. Cash and cash equivalents at the beginning of year	5,251,197	5,773,168	5,251,197
. Cash and cash equivalents of newly consolidated subsidiaries	11,519	-	11,519
. Cash and cash equivalents of consolidated exclusion company	-	-	40,069
. Cash and cash equivalents at the end of quarterly period (year)	7,597,813	4,200,957	5,773,168

Date of dividend payment by profit appropriation in FY 2001 was July 1, 2002 and the date of dividend payment by profit appropriation in FY 2002 was June 30, 2003.

2 . Financial Statement
Balance Sheet

Item	As of end of the fiscal 2002 first quarter (As of June 30, 2002)		As of end of the fiscal 2003 first quarter (As of June 30, 2003)		Condensed balance sheet for previous Business year (As of March 31, 2003)	
	Amount (thousand yen)	Compo sition ratio (%)	Amount (thousand yen)	Compo sition ratio (%)	Amount (thousand yen)	Compo sition ratio (%)
(Assets)						
. Current Assets						
1. Cash and deposits	6,736,031		7,420,224		8,747,119	
2. Notes receivable	1,608,075		1,586,290		1,403,892	
3. Accounts receivable	6,352,836		6,531,796		6,638,548	
4. Inventories	2,490,858		3,357,432		3,024,857	
5. Deferred taxable assets	167,693		493,298		493,298	
6. Others	548,305		1,354,132		878,277	
Allowance for doubtful accounts	7,769		9,792		8,125	
Total Current Assets	17,896,030	52.4	20,733,381	51.8	21,177,867	54.0
. Fixed Assets						
1. Tangible fixed assets						
(1) Buildings	4,440,762		4,615,189		4,536,363	
(2) Machinery and Equipment	3,482,348		4,473,811		4,143,746	
(3) Land	1,580,747		1,407,391		1,407,391	
(4) Construction in progress	906,599		2,958,628		2,123,713	
(5) Others	447,980		426,453		416,392	
Total Tangible Fixed Assets	10,858,439		13,881,474		12,627,607	
2. Intangible Fixed Assets	13,838		40,934		36,215	
3. Investments and other assets						
(1) Investment Securities	2,391,530		2,394,864		2,243,311	
(2) Stocks of affiliated companies	1,868,759		1,995,209		1,974,259	
(3) Deferred tax assets	-		115,575		179,780	
(4) Others	1,157,180		910,894		962,288	
Allowance for doubtful debts	30,992		15,216		15,585	
Total investments and other assets	5,386,477		5,401,327		5,344,054	
Total Fixed Assets	16,258,755	47.6	19,323,736	48.2	18,007,877	46.0
Total assets	34,154,786	100.0	40,057,118	100.0	39,185,744	100.0

Item	As of end of the fiscal 2002 first quarter (As of June 30, 2002)		As of end of the fiscal 2003 first quarter (As of June 30, 2003)		Condensed balance sheet for previous Business year (As of March 31, 2003)		
	Amount (thousand yen)	Compo sition ratio (%)	Amount (thousand yen)	Compo sition ratio (%)	Amount (thousand yen)	Compo sition ratio (%)	
(Liabilities)							
. Current Liabilities							
1. Notes and accounts payable	3,393,523		4,253,006		4,262,097		
2. Accounts payable	3,007,338		3,996,737		3,775,722		
3. Accrued income tax and others	368,000		210,000		210,000		
4. Deferred taxable liabilities	364,087		577,491		1,530,291		
5. Equipment notes payable	657,332		1,795,406		1,650,158		
6. Allowance for bonuses	934,794		1,519,826		920,683		
7. Others	1,649,714		1,762,348		1,413,812		
Total Current Liabilities		10,374,791	30.4	14,114,817	35.3	13,762,767	35.1
. Fixed Liabilities							
1. Deferred taxable liabilities	159,906		-		-		
2. Reserve for severance payment	151,863		124,531		166,105		
3. Reserve for bonuses to retiring officers	131,238		218,726		228,944		
4. Others	9,105		13,116		12,736		
Total Fixed Liabilities		452,112	1.3	356,374	0.9	407,786	1.1
Total Liabilities		10,826,904	31.7	14,471,192	36.2	14,170,553	36.2
(Stockholder's Equity)							
. Capital		6,335,420	18.5	6,494,225	16.2	6,378,708	16.3
.Capital surplus							
1. Capital reserve	5,447,783		5,606,510		5,491,071		
Total capital		5,447,783	15.9	5,606,510	14.0	5,491,071	14.0
.Earned surplus							
1. Revenue reserve	748,262		748,262		748,262		
2. Voluntary reserve	9,314,441		11,012,298		9,314,441		
3. Unappropriated retained earnings at the end of quarterly period (current)	1,100,032		1,595,948		3,031,483		
Total earned surplus		11,162,736	32.7	13,356,508	33.3	13,094,187	33.4
. Other securities appreciation differences		396,946	1.2	168,664	0.4	73,308	0.2
. Treasury Stock		15,004	0.0	39,982	0.1	22,084	0.1
Total Stockholder's Equity		23,327,882	68.3	25,585,925	63.8	25,015,191	63.8
Total Liabilities, Minority Interest and Stockholder's Equity		34,154,786	100.0	40,057,118	100.0	39,185,744	100.0

Statement of Income

Item	As of end of the fiscal 2002 first quarter (From April 1, 2002 to June 30, 2002)		As of end of the fiscal 2003 first quarter (From April 1, 2003 to June 30, 2003)		Condensed statement of income for previous Business year (From April 1, 2002 to March 31, 2003)				
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)			
. Sales		7,558,730	100.0		9,695,203	100.0		34,594,599	100.0
. Sales cost		5,974,481	79.0		7,544,325	77.8		27,243,207	78.7
Gross profit on sales		1,584,249	21.0		2,150,877	22.2		7,351,391	21.3
. Selling and general administration expenses		618,371	8.2		786,681	8.1		2,968,827	8.6
Operating Profit		965,878	12.8		1,364,196	14.1		4,382,563	12.7
. Non-operating revenue		231,475	3.1		310,142	3.2		732,672	2.1
. Non-operating expenses		257,594	3.4		107,407	1.1		562,389	1.6
Ordinary Profit		939,759	12.5		1,566,932	16.2		4,552,846	13.2
. Extraordinary profit		1,244	0.0		-	-		19,584	0.1
. Extraordinary Losses		20,143	0.3		35,695	0.4		330,270	1.0
Pretax quarterly (current) net profit		920,860	12.2		1,531,236	15.8		4,242,159	12.3
Corporate income tax, local residence tax, and enterprise tax	382,935			614,678			2,204,000		
Adjustment of corporate income tax, etc.	-	382,935	5.1	-	614,678	6.3	431,215	1,772,784	5.2
Quarterly (current) net profit		537,925	7.1		916,557	9.5		2,469,375	7.1
Profit brought forward from the previous term		562,107			679,390			562,107	
Unappropriated retained earnings for quarterly period (current)		1,100,032			1,595,948			3,031,483	