

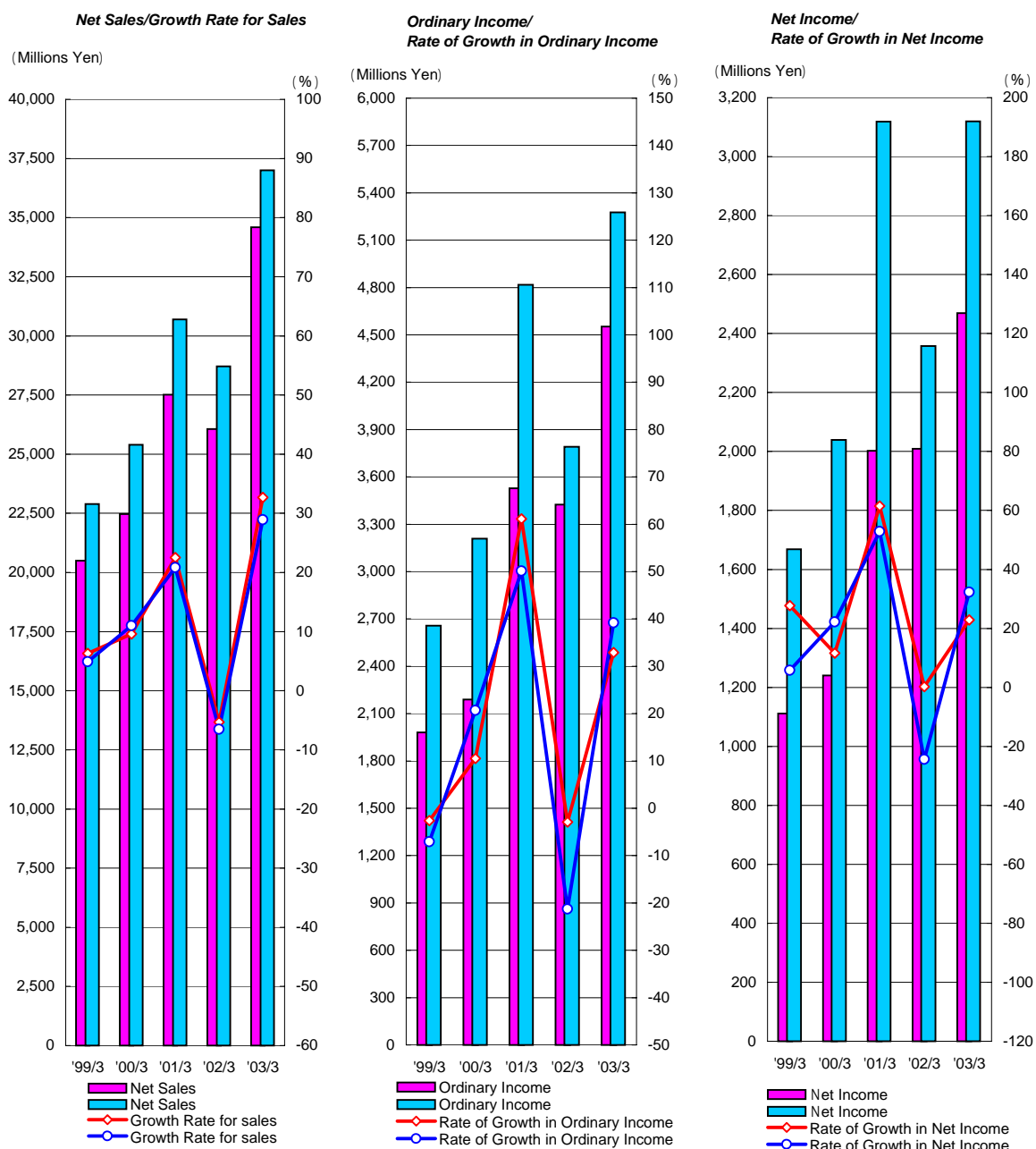
Arisawa Manufacturing Co. , Ltd.

2003.3 Report

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Operating results



Fiscal Year Ended	'99/3	'00/3	'01/3	'02/3	'03/3
Net Sales(Millions Yen)	20,493	22,465	27,518	26,063	34,594
Growth Rate for sales (%)	6.3	9.6	22.5	-5.3	32.7
Operating Income(Millions Yen)	1,859	1,989	3,298	3,093	4,382
Rate of Growth for Operating Profits(%)	-9.3	6.9	65.8	-6.2	41.7
Ordinary Income(Millions Yen)	1,981	2,190	3,528	3,425	4,552
Rate of Growth in Ordinary Income(%)	-2.6	10.5	61.1	-2.9	32.9
Net Income(Millions Yen)	1,111	1,240	2,002	2,009	2,469
Rate of Growth in Net Income(%)	27.7	11.6	61.5	0.3	22.9
Ratio of Gross Profit to Sales(%)	19.1	18.3	20.1	20.2	21.2
Sales Management Cost Ratio(%)	10.0	9.5	8.1	8.3	8.6

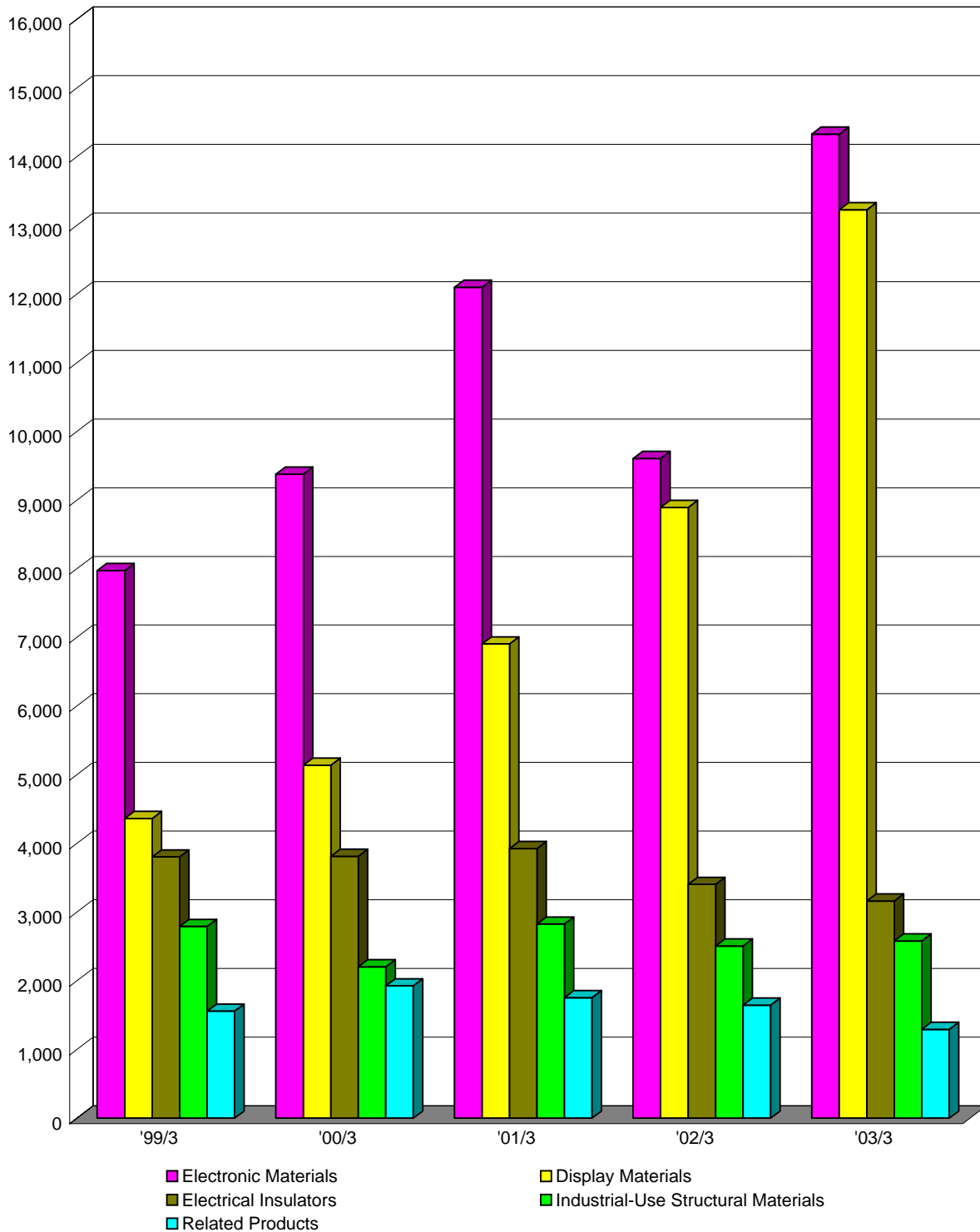
Consolidated	'99/3	'00/3	'01/3	'02/3	'03/3
Net Sales(Millions Yen)	22,887	25,398	30,691	28,711	37,004
Growth Rate for sales (%)	4.9	11	20.8	-6.5	28.9
Operating Income(Millions Yen)	2,239	2,430	3,822	3,170	4,435
Rate of Growth for Operating Profits(%)	-3.7	8.5	57.3	-17.1	39.9
Ordinary Income(Millions Yen)	2,657	3,208	4,818	3,791	5,276
Rate of Growth in Ordinary Income(%)	-7.1	20.7	50.1	-21.3	39.2
Net Income(Millions Yen)	1,668	2,039	3,118	2,358	3,119
Rate of Growth in Net Income(%)	5.8	22.2	52.9	-24.4	32.3
Ratio of Gross Profit to Sales(%)	20.7	19.9	21.9	20.9	21.6
Sales Management Cost Ratio(%)	12.2	10.9	9.4	9.8	9.6

Note: Amounts less than one million yen are omitted

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

Sales as Classified by Items

(Millions Yen)

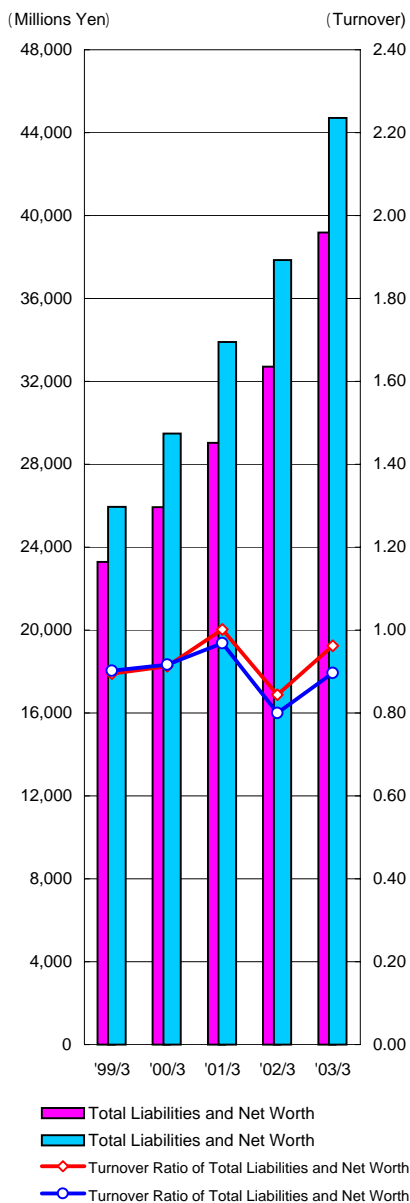


(Millions Yen)

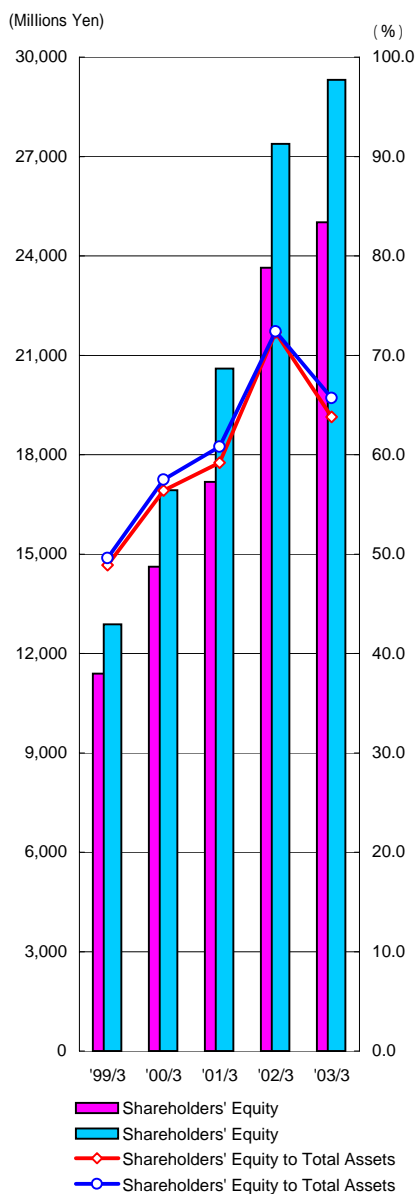
Fiscal Year Ended	'99/3	'00/3	'01/3	'02/3	'03/3
Electronic Materials	7,974	9,378	12,101	9,608	14,329
Display Materials	4,364	5,140	6,907	8,894	13,228
Electrical Insulators	3,804	3,813	3,927	3,405	3,163
Industrial-Use Structural Materials	2,792	2,206	2,827	2,508	2,581
Related Products	1,559	1,928	1,756	1,648	1,293
Total	20,493	22,465	27,518	26,063	34,594

Shareholders' Equity/Financial

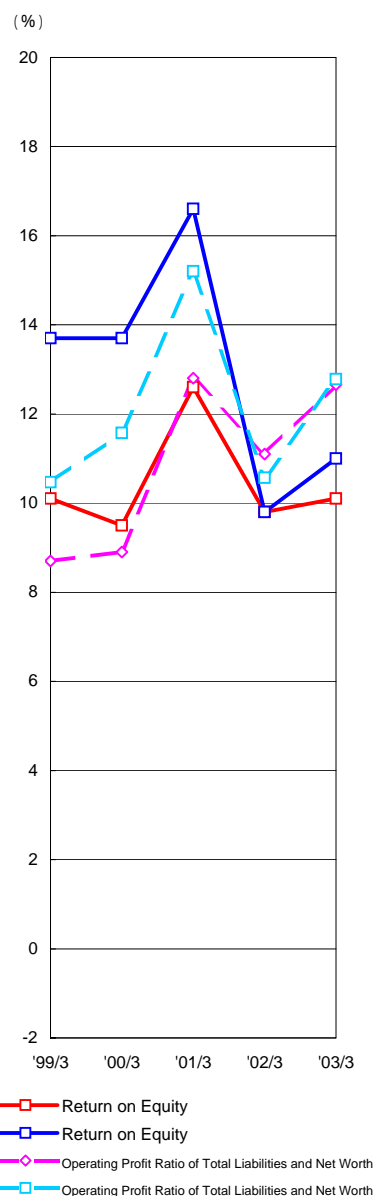
**Total Liabilities and Net Worth/
Turnover Ratio of Total Liabilities and Net Worth**



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



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



Fiscal Year Ended	'99/3	'00/3	'01/3	'02/3	'03/3
Total Liabilities and Net Worth(Millions Yen)	23,286	25,930	29,034	32,718	39,185
Turnover Ratio of Total Liabilities and Net Worth(Turnover)	0.90	0.91	1.00	0.84	0.96
Operating Profit Ratio of Total Liabilities and Net Worth(%)	8.7	8.9	12.8	11.1	12.7
Shareholders' Equity(Millions Yen)	11,387	14,618	17,183	23,645	25,015
Shareholders' Equity to Total Assets(%)	48.9	56.4	59.2	72.3	63.8
Return on Equity(%)	10.1	9.5	12.6	9.8	10.1
Number of Shares Outstanding at Term End(1000)	17,150	17,860	19,792	24,311	26,793

Consolidated	'99/3	'00/3	'01/3	'02/3	'03/3
Total Liabilities and Net Worth(Millions Yen)	25,950	29,478	33,896	37,851	44,712
Turnover Ratio of Total Liabilities and Net Worth(Turnover)	0.90	0.92	0.97	0.80	0.90
Operating Profit Ratio of Total Liabilities and Net Worth(%)	10.5	11.6	15.2	10.6	12.8
Shareholders' Equity(Millions Yen)	12,880	16,928	20,599	27,385	29,314
Shareholders' Equity to Total Assets(%)	49.6	57.5	60.8	72.4	65.7
Return on Equity(%)	13.7	13.7	16.6	9.8	11.0

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

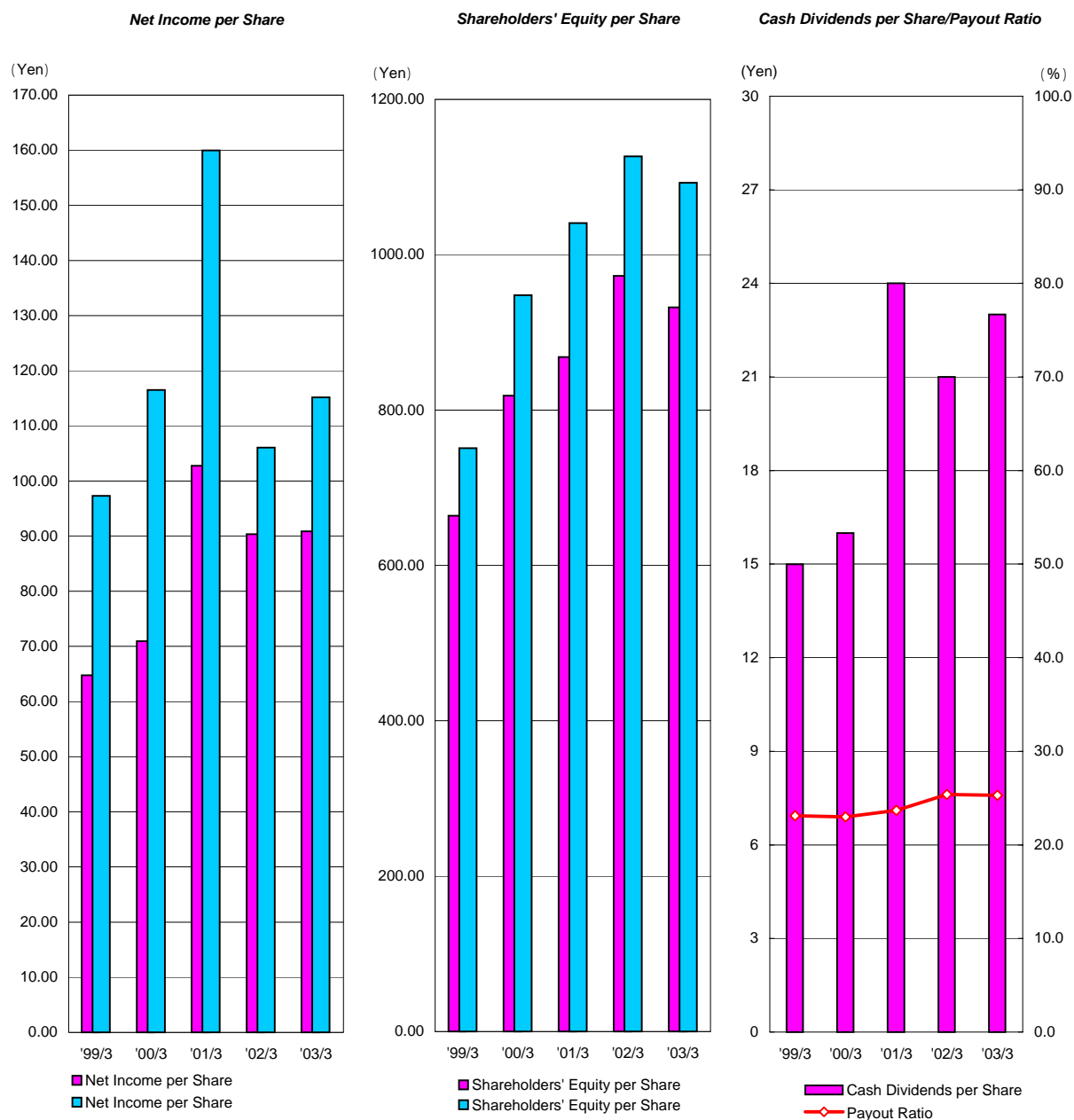
Operating Profit Ratio of Total Liabilities and Net Worth = Ordinary Income/Total Liabilities and Net Worth (Mid-term Average)X100

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

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

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

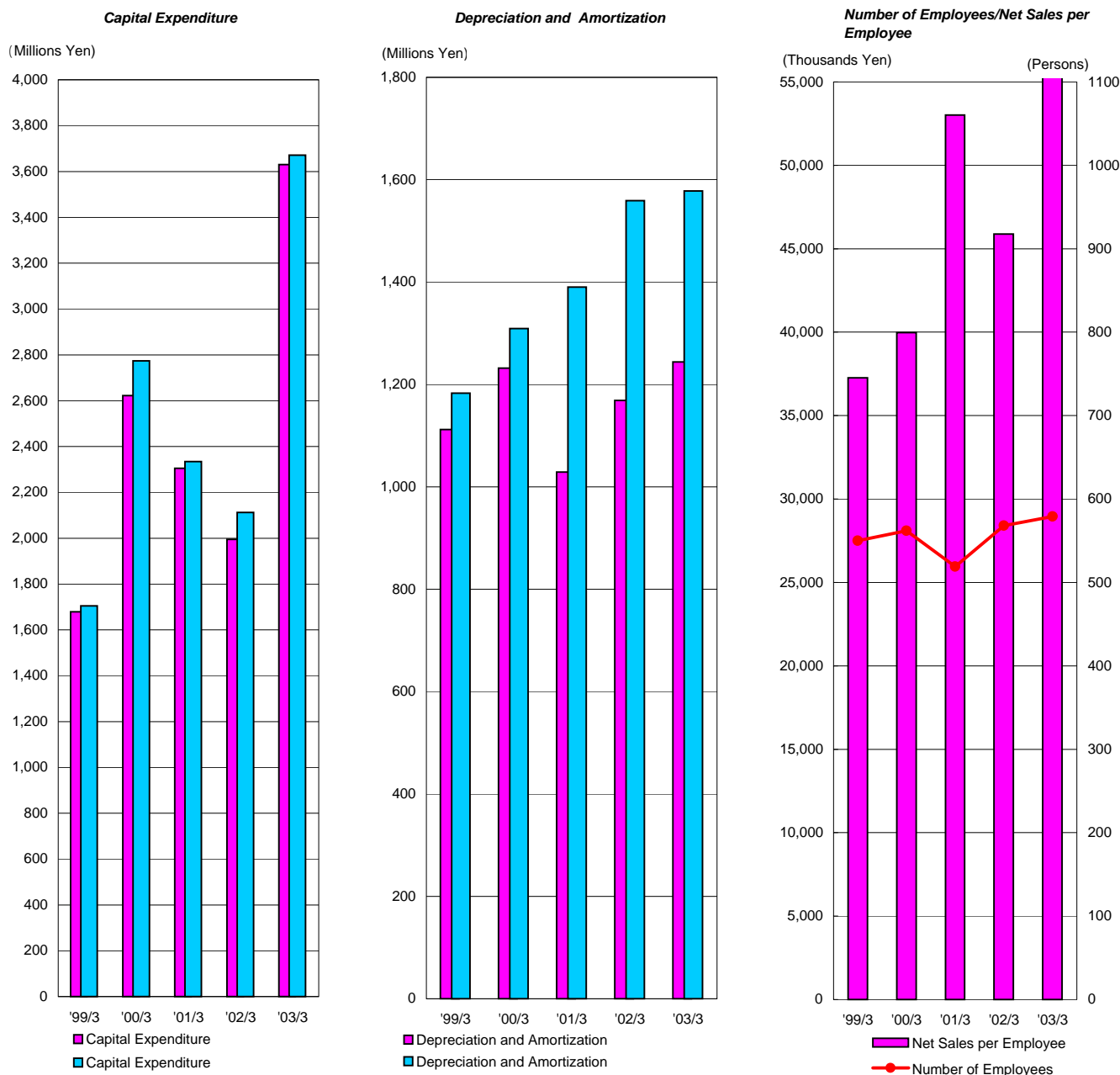
Per Share Data



Fiscal Year Ended	'99/3	'00/3	'01/3	'02/3	'03/3
Net Income per Share(Yen)	64.79	70.92	102.76	90.36	90.87
Shareholders' Equity per Share(Yen)	664.01	818.52	868.19	972.60	932.23
Cash Dividends per Share(Yen)	15	16	24	21	23
Payout Ratio(%)	23.1	23.0	23.7	25.4	25.3

Consolidated	'99/3	'00/3	'01/3	'02/3	'03/3
Net Income per Share(Yen)	97.30	116.52	159.98	106.08	115.15
Shareholders' Equity per Share(Yen)	751.07	947.87	1040.82	1126.44	1092.69

Capital Expenditure/Per Employee Data



Fiscal Year Ended	'99/3	'00/3	'01/3	'02/3	'03/3
Capital Expenditure(Millions Yen)	1,679	2,622	2,305	1,995	3,630
Depreciation and Amortization(Millions Yen)	1,112	1,232	1,029	1,169	1,244
Inventory Turnover Period(Days)	57.2	54.1	36.7	29.9	26.7
Interest Coverage(Times)	29.4	53.9	123.0	322.5	1298.7
Number of Employees(including part time employees)(Persons)	550	562	519	568	579
Net Sales per Employee(including part time employees)(Thousands Yen)	37,260	39,973	53,021	45,886	59,748
Labor Productivity(Thousands Yen)	13,138	13,487	17,533	15,950	19,480
Labor's Relative Share(%)	52.4	52.4	45.8	45.2	45.3

Consolidated	'99/3	'00/3	'01/3	'02/3	'03/3
Capital Expenditure(Millions Yen)	1,705	2,773	2,334	2,112	3,671
Depreciation and Amortization(Millions Yen)	1,183	1,309	1,390	1,559	1,578
Inventory Turnover Period(Days)	57.0	53.1	44.9	47.3	38.5
Interest Coverage(Times)	28.2	50.9	112.0	184.2	316.8

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

Labor Productivity=Value Added/Number of Employees

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

Financial Statements

Balance Sheets

		(Millions Yen)				
Fiscal Year Ended		'99/3	'00/3	'01/3	'02/3	'03/3
Assets	Current Assets	13,207	13,167	12,984	16,057	21,177
	Cash and Time Deposits	1,215	1,080	850	5,976	8,747
	Notes Receivable, Trade	1,605	1,756	2,077	1,621	1,404
	Accounts Receivable, Trade	7,053	6,879	7,306	5,724	6,638
	Loans of Subsidiaries	-	-	-	300	549
	Securities	-	-	160	160	160
	Inventories	3,352	3,308	2,220	2,044	3,025
	Prepaid Expenses	6	6	21	17	22
	Deferred Tax Assets	-	116	275	168	493
	Other Current Assets	22	57	81	54	147
	Allowance for Doubtful Receivables	-46	-35	-6	-7	-8
	Fixed Assets	10,079	12,763	16,050	16,661	18,008
	(Tangible Fixed Assets)	8,041	9,277	10,229	10,689	12,627
	Buildings	3,134	3,802	3,792	4,403	4,536
	Structures	251	291	264	242	226
	Machinery and Equipment	2,808	3,213	2,989	3,435	4,144
	Vehicles and Automotive Equipment	17	19	20	15	14
	Tools, Furnitures, Fixtures	98	150	168	199	176
	Land	1,153	1,582	1,584	1,581	1,407
	Construction in Progress	580	220	1,412	815	2,124
	(Intangible Fixed Assets)	14	14	13	14	36
	(Investments and Other Assets)	2,024	3,472	5,808	5,958	5,344
	Investments in Securities	1,536	2,805	4,063	3,930	4,018
	Stocks of Subsidiaries	80	170	274	831	199
	Contributions	2	2	2	1	1
	Contributions of subsidiaries	36	36	36	37	37
	Long-term loans	184	156	1,227	1,033	808
Long-term Prepaid Expenses	10	4	18	25	21	
Deferred Tax Assets	-	126	-	-	180	
Other Investments	221	217	258	134	96	
Allowance for Doubtful Receivables	-45	-44	-70	-33	-16	
Total Assets	23,286	25,930	29,034	32,718	39,185	
Liabilities	Current Liabilities	11,565	11,005	11,263	8,422	13,762
	Notes Payable, Trade	3,274	3,286	3,743	3,020	4,262
	Accounts Payable, Trade	1,574	1,705	2,570	2,462	3,776
	Short-Term Loan Payables	4,790	3,554	892	372	210
	Accounts Payable, Other	446	349	620	552	963
	Accrued Income Taxes	348	540	1,059	520	1,530
	Expenses Unpaid	439	479	665	30	30
	Reserve for Bonuses	-	-	-	496	921
	Deposits Received	20	18	20	23	30
	Employee Savings Deposits	406	387	386	377	387
	Bills Payable for Plant and Equipment	267	686	1,298	567	1,650
	Other Current Liabilities	1	1	10	2	3
	Long-Term Liabilities	334	307	588	651	408
	Long-Term Debt	27	29	12	-	-
	Deferred Tax Liabilities	-	-	342	397	-
	Reserve for Retirement Allowances	98	64	-	98	229
	Reserve for Officers' Retirement Bonuses	204	209	229	147	166
	Other Long-Term Liabilities	5	5	5	9	13
	Total Liabilities	11,899	11,312	11,851	9,073	14,170
	Shareholders' Equity	Common Stock	2,633	3,673	3,876	6,320
Additional Paid-in Capital		1,925	2,965	2,989	5,433	5,491
Appropriation of Retained Earnings		658	658	693	748	748
Other Surplus		6,171	7,322	8,933	10,418	12,346
Dividends Reserve		171	172	172	172	172
Reserve for Officers' Retirement Allowance		-	-	-	-	-
Fixed Asset Depreciation Reserve		109	106	4	12	3
Reserve for Special Depreciation		-	-	9	3	10
Other Retained Earnings		4,569	5,350	6,480	7,730	9,130
Unappropriated Retained Earnings		1,322	1,694	2,319	2,501	3,031
(Less Current Retained Earnings)		(1,111)	(1,240)	(2,002)	(2,009)	(2,469)
Net Unrealized holding gains on Securities available for Sales		-	-	641	727	73
Treasury Stock		-	-	-	-1	-22
Total Shareholders' Equity	11,387	14,618	17,183	23,645	25,015	
Total Liabilities and Shareholders' Equity	23,286	25,930	29,034	32,718	39,185	

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

Financial Statements

Statements of Income

Fiscal Year Ended	(Millions Yen)				
	'99/3	'00/3	'01/3	'02/3	'03/3
Net Sales	20,493	22,465	27,518	26,063	34,594
Cost of Sales	16,587	18,343	21,991	20,805	27,243
Gross Profit	3,906	4,122	5,527	5,258	7,351
Selling, General and Administrative Expenses	2,047	2,133	2,229	2,165	2,969
Operating Income	1,859	1,989	3,298	3,093	4,382
Non-Operating Income	233	317	681	833	732
Interest and Dividend Income	26	23	102	120	145
Other Non-Operating Income	207	294	579	713	587
Non-Operating Expenses	111	116	451	501	562
Interest Expenses	63	37	27	10	3
Other Non-Operating Expenses	48	79	424	491	559
Ordinary Income	1,981	2,190	3,528	3,425	4,552
Extraordinary Income	15	827	7	122	19
Extraordinary Losses	14	863	116	130	330
Income Before Income Taxes	1,982	2,154	3,419	3,417	4,242
Corporation Tax . Inhabitant Tax and Business Taxes	871	976	1,566	1,309	2,204
Provision for Income Taxes—Deferred	-	-62	-149	99	-431
Net Income	1,111	1,240	2,002	2,009	2,469
Unappropriated Retained Earnings Brought Forward	211	271	317	492	562
Prior Year's Tax Effect Adjustment	-	180	-	-	-
Reversal of Accelerated Depreciation Reserve in Connection with the Application of the Tax Effect Accounting	-	3	0	0	0
Unappropriated Retained Earnings	1,322	1,694	2,319	2,501	3,031

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

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions Yen)

Fiscal Year Ended		'99/3	'00/3	'01/3	'02/3	'03/3
Assets	Current Assets	14,956	15,066	16,537	19,094	23,631
	Cash and Time Deposits	1,854	1,648	1,640	6,731	9,597
	Notes and Accounts Receivable, Trade	9,333	9,515	10,190	7,989	8,698
	Securities	-	-	160	160	160
	Inventories	3,716	3,672	3,881	3,564	4,234
	Deferred Tax Assets	-	129	359	228	591
	Other Current Assets	106	146	312	433	369
	Allowance for Doubtful Receivables	-53	-44	-5	-11	-18
	Fixed Assets	10,994	14,412	17,359	18,757	21,081
	(Tangible Fixed Assets)	8,686	9,927	10,833	11,360	13,188
	Buildings and Structures	3,761	4,481	4,400	4,955	5,057
	Machinery, Equipment and Automotive Equipment	2,904	3,312	3,090	3,623	4,245
	Tools, Furnitures, Fixtures	129	174	187	226	194
	Land	1,313	1,742	1,744	1,741	1,568
	Construction in Progress	579	218	1,412	815	2,124
	(Intangible Fixed Assets)	18	17	17	18	62
	(Investments and Other Assets)	2,290	4,468	6,509	7,379	7,831
	Investments in Securities	2,008	4,064	6,166	6,975	7,217
	Long-Term Loans	52	46	48	43	65
	Deferred Tax Assets	-	150	21	124	358
Other Investments	338	315	355	275	217	
Allowance for Doubtful Receivables	-108	-107	-81	-38	-26	
	Total Assets	25,950	29,478	33,896	37,851	44,712
Liabilities	Current Liabilities	12,601	12,186	12,605	9,696	14,887
	Notes and Accounts Payable, Trade	5,356	5,633	6,877	5,869	8,431
	Short-Term Loan Payables	5,199	3,932	1,308	967	646
	Accrued Income Taxes	405	641	1,212	563	1,623
	Deferred Tax Liabilities	-	-	3	1	-
	Reserve for Bonuses	-	-	-	646	1,094
	Other Current Liabilities	1,641	1,980	3,205	1,650	3,093
	Long-Term Liabilities	462	354	680	760	511
	Long-Term Debt	125	37	40	22	31
	Deferred Tax Liabilities	-	-	342	397	-
	Reserve for Retirement Allowances	112	75	-	-	-
	Severance and Retirement Benefits	-	-	25	137	292
	Reserve for Officers' Retirement Bonuses	204	212	231	150	169
	Consolidated Adjustments	3	2	-	-	5
	Other Long-Term Liabilities	18	28	42	55	14
		Total Liabilities	13,063	12,540	13,285	10,456
	Minority Interest	7	10	12	10	0
Shareholders' Equity	Common Stock	2,633	3,673	3,876	6,320	6,379
	Additional Paid-in Capital	1,925	2,965	2,989	5,432	5,491
	Consolidated Surplus	8,323	10,292	13,101	14,888	17,437
	Net Unrealized holding gains on Securities available for Sales	-	-	640	727	71
	Cumulative Translation Adjustments	-	-	-7	17	-42
	Total	12,881	16,930	20,599	27,384	29,336
	Treasury Stock	-1	-2	0	1	-22
	Total Shareholders' Equity	12,880	16,928	20,599	27,385	29,314
	Total Liabilities, Minority Interest and Shareholders' Equity	25,950	29,478	33,896	37,851	44,712

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

Consolidated Statements of Income

Fiscal Year Ended	(Millions Yen)				
	'99/3	'00/3	'01/3	'02/3	'03/3
Net Sales	22,887	25,398	30,691	28,711	37,004
Cost of Sales	18,159	20,356	23,980	22,718	29,025
Gross Profit	4,728	5,042	6,711	5,993	7,979
Selling, General and Administrative Expenses	2,489	2,612	2,889	2,823	3,544
Operating Income	2,239	2,430	3,822	3,170	4,435
Non-Operating Income	596	979	1,230	849	1,168
Interest and Dividend Income	22	20	44	44	70
Other Non-Operating Income	574	959	1,186	806	1,098
Non-Operating Expenses	178	201	234	228	327
Interest Expenses	80	48	34	17	176
Other Non-Operating Expenses	98	153	200	211	151
Ordinary Income	2,657	3,208	4,818	3,791	5,276
Extraordinary Income	4	773	14	122	18
Extraordinary Losses	14	863	129	142	353
Income Before Income Taxes	2,647	3,118	4,703	3,771	4,941
Corporation Tax . Inhabitant Tax and Business Taxes	978	1,155	1,798	1,418	2,350
Provision for Income Taxes – Deferred	-	-79	-215	19	-523
Minority Stockholder Income	1	3	2	-24	-5
Net Income	1,668	2,039	3,118	2,358	3,119

Consolidated Statements of Surplus

Fiscal Year Ended	(Millions Yen)				
	'99/3	'00/3	'01/3	'02/3	'03/3
Balance of other Retained Earnings Beginning of the Period	6,891	8,323	10,291	13,101	14,888
Balance of Increase in other Retained Earnings	0	200	-	-	112
Balance of Decrease in other Retained Earnings	236	271	308	571	682
Balance of Decrease in other Retained Earnings for Consolidated Subsidiaries	-	-	-	49	139
Cash Dividends	206	257	286	475	511
Bonuses of Directors and Statutory Auditors	30	14	22	48	33
Net Income	1,668	2,039	3,118	2,358	3,119
Balance of other Retained Earnings	8,323	10,291	13,101	14,888	17,437

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

Consolidated Financial Statements

Consolidated Statements of Cash Flows

Fiscal Year Ended	(Millions Yen)			
	'00/3	'01/3	'02/3	'03/3
Cash Flows from Operating Activities				
Income before Income Taxes	3,119	4,704	3,771	4,942
Depreciation	1,309	1,390	1,559	1,578
Amortization of Excess of Investments Cost Over Equity in Net Assets of Consolidated Subsidiaries	-1	-2	-	-
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	-725	-931	-499	-879
Gain on Sale of Investments in Securities	-753	-3	-84	-
Gain on Sale of Properties	-10	-	-38	-18
Cost from Issue of New Bonds	22	1	51	2
Loss on Disposal of Tangible Fixed Assets	21	50	47	29
Loss on Write-Down of Investments in Securities	11	10	14	98
Exchange Loss(Gain)	-1	-7	-5	155
(Decrease) Increase in Reserve for Officers' Retirement Bonuses	5	19	-81	19
Increase in Reserve for Bonuses	-	-	646	465
Decrease in Reserve for Retirement Allowances	-34	-75	-	-
Increase in Reserve for Retirement Allowances	-	25	112	144
Decrease in Allowance for Doubtful Receivables	-10	-65	-37	-5
Interest and Dividend Income	-20	-45	-44	-70
Interest Expenses	48	34	17	15
(Increase) Decrease in Receivables	-182	-684	2,294	-711
(Increase) Decrease in Inventories	45	-208	328	-693
(Decrease) Increase in Purchase Liabilities	277	1,244	-1,071	2,586
(Decrease) Increase in Accrued Consumption Taxes	56	99	-123	97
(Increase) Decrease in Other Assets	-46	2	65	47
Increase in Other Liabilities	-38	448	-796	138
Bonuses of Directors and Statutory Auditors	-15	-22	-48	-33
Subtotal	3,078	5,984	6,078	7,906
Interest and Dividend Received	20	80	100	120
Interest Paid	-45	-37	-18	-15
Income Taxes Paid	-919	-1206	-2129	-1,228
TOTAL	2,134	4,821	4,031	6,783
Cash Flows from Investing Activities				
Payments for Received Time Deposits	-	-	-1556	-3,898
Proceeds from Purchase Time Deposits	-	153	122	1,452
Payments for Purchase of Investments in Securities	-2371	-1652	-2771	-2,538
Proceeds from Sales of Property, Plant and Equipment	154	-	46	192
Payments for Purchase of Investments in Securities	-1441	-343	-397	-782
Proceeds from Sales of Investments in Securities	867	179	192	-
Payments for Loans	-1	-197	-70	-82
Proceeds from Recovery of Loans	6	19	55	302
Other	-	-	-2	-27
TOTAL	-2786	-1841	-4381	-5,381
Cash Flows from Financing Activities				
Decrease in Short-Term Loans	-1202	-2566	-382	-347
Borrowings of Long-Term Debt	50	30	-	-
Repayments of Long-Term Borrowings	-203	-84	-27	-36
Proceeds from Issue of Bonds	2059	225	4836	115
Payments for Purchase of Treasury Stock and Proceeds from Sale	-1	-1	-1	-21
Cash Dividends	-257	-286	-475	-510
TOTAL	446	-2,682	3,951	-799
Translation difference of Cash and Cash Equivalents	-1	7	5	-52
Changes in Cash and Cash Equivalents	-206	305	3,605	550
Cash and Cash Equivalents at Beginning of Year	1,495	1,289	1,594	5,251
Cash of New Consolidated Subsidiaries and Cash and Cash Equivalents at Beginning of Year	-	-	52	11
Cash of Removing Consolidated Subsidiaries and Cash and Cash Equivalents at Mid-Term of Year	-	-	-	-40
Cash and Cash Equivalents at End of Year	1,289	1,594	5,251	5,773

Note: Amounts Less than one million yen are omitted