

Fiscal Year Ending March 31, 2005 Interim Closing Announcement (Consolidation)

October 26, 2004

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

Code No.: 5208

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

Representative:

President and CEO: Sanji Arisawa

Contact Person:

Executive Managing Director: Yukio Takashima

TEL: (025) 524-7101

Date of Board of Directors

October 26, 2004

Meeting for Interim Closing:

Adoption of US accounting

None

standards:

Listed on the 1st Section of Tokyo Stock Exchange

Prefecture where Head Office is located

Niigata Prefecture

1. Consolidated Results for Interim Accounting Period of the Year 2004 (From April 1, 2004 to September 30, 2004)

(1) Consolidated Operation Results

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

	Sales		Operating profit		Ordinary profit	
	(million yen)	%	(million yen)	%	(million yen)	%
Interim Accounting Period of 2004	31,948	42.7	5,751	71.5	6,546	72.2
Interim Accounting Period of 2003	22,393	32.4	3,352	87.5	3,800	76.0
Fiscal Year Ending March 31, 2004	48,629		7,532		8,345	

	Interim (current) net profit		Interim (current) net profit per share	Fully diluted interim (current) net profit per share
	(million yen)	%	(Yen, Sen)	(Yen, Sen)
Interim Accounting Period of 2004	4,106	89.3	124.75	123.56
Interim Accounting Period of 2003	2,169	64.1	73.25	72.72
Fiscal Year Ending March 31, 2004	5,150		173.17	171.78

(Note) 1) Equity method investment income: Interim accounting period of 2004: 671 million yen, Interim accounting period of 2003: 450 million yen, FY 2004: 897 million yen

2) Average number of shares during the accounting period (consolidation) Interim accounting period of 2004: 32,916,724 shares, Interim accounting period of 2003: 29,615,385 shares, FY2004: 26,716,442 shares

3) Change in accounting method: None

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

(2) Consolidated Financial Conditions

	Total assets	Shareholder equity	Equity ratio	Shareholder equity per share
	(million yen)	(million yen)	%	(Yen, Sen)
Interim Accounting Period of 2004	60,171	37,920	63.0	1,151.12
Interim Accounting Period of 2003	47,787	31,693	66.3	1,064.41
Fiscal Year Ending March 31, 2004	53,410	35,101	65.7	1,174.57

(Note) Number of outstanding shares at the end of period (consolidation) Interim accounting period of 2004: 32,942,383 shares, Interim accounting period of 2003: 29,775,730 shares, FY2004: 29,880,543 shares

(3) Status of Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Closing balance of cash and cash equivalents
	(million yen)	(million yen)	(million yen)	(million yen)
Interim Accounting Period of 2004	4,430	Δ2,927	Δ1,180	4,827
Interim Accounting Period of 2003	2,398	Δ4,049	Δ440	3,679
Fiscal Year Ending March 31, 2004	5,934	Δ6,914	Δ285	4,503

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

Number of consolidated subsidiaries: 6 companies, Number of non-consolidated subsidiaries to which equity method is applied: 0, Number of affiliated companies to which equity method is applied: 5 companies

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

No change in consolidation. No change in interest

2. Anticipated Consolidated Results for FY 2005 (From April 1, 2004 to March 31, 2005)

	Sales	Ordinary profit	Current net profit
	(million yen)	(million yen)	(million yen)
Full year	63,900	12,600	7,800

(Reference) Forecasted current net profit per share (Full year) 236 yen 78 sen

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

Present Conditions of Business Group

Our group consists of the Company, 10 subsidiaries and 7 affiliated companies and is engaged in sales of electronic materials, display materials, electric insulation materials and industrial application structural materials. We have further developed business activities such as sales, logistics and other services for goods related to each business and sales of sporting goods, etc.

Positioning and relationship to each segment by business category of our group are as follows. In this regard, the classification of two businesses, “Manufacture and sales business of industrial materials, etc.” and “Other businesses” are the same as the segment information by business category set forth in “5. Segment Information of Accounting Condition.”

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

1) Electronic materials

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

2) Display Materials

The Company manufactures and sells Fresnel lenses for rear projection TVs and anti-reflection plates, etc., to be used as display materials, and Arisawa P.G. Co., Ltd., one of our subsidiaries, develops special optical glasses. An affiliated company, Polatechno Co., Ltd. manufactures and sells polarizing plates for crystal liquid displays, and Scala Co., Ltd. manufactures and sells optical equipment and materials for the medical field, while Color Link Japan is engaged in the manufacture of special optical films.

3) Electric Insulation Materials

Arisawa Fiber Glass Co., Ltd., a subsidiary, manufactures glass cloth tapes used as electric insulation materials and the Company sells these while another subsidiary, Arisawa Sogyo Co., Ltd. and an affiliated company, Tochio Nakajin Shosen, Ltd., manufacture these products.

The Company also manufactures and sells pre-pregs for electric insulation, etc., and Arisawa Resin Industry Co., Ltd., is also engaged in the manufacture of these products.

4) Industrial application structural materials

FW molded products used as industrial application structural materials and honeycomb panels for aircraft and pre-pregs, etc., are manufactured and sold by the Company, and drawing molded products, FRP ski sheets, etc., are manufactured by Arisawa Sogyo Co., Ltd., one of our subsidiaries, and an affiliated company, Shinano Co., Ltd.

5) Others

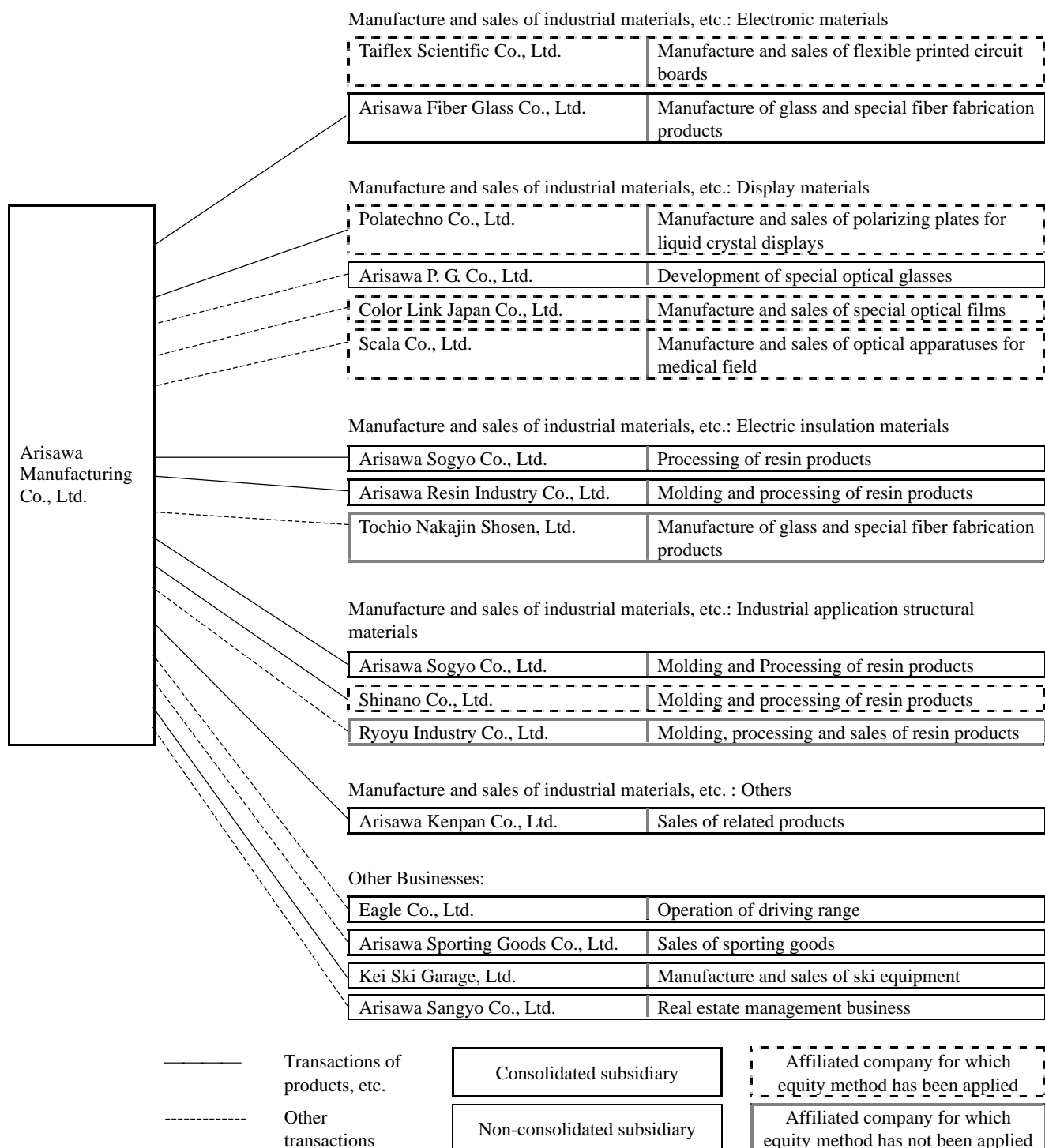
Related products of 3) and 4) in the above are sold by the Company and also by Arisawa Kenpan Co., Ltd.

(2) Other Businesses

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

The matters described in the above are indicated in the Business Activities Diagram as follows.

(Business Activities Diagram)



(Note) Arisawa Sporting Goods Co., Ltd. is an indirectly owned subsidiary in which Arisawa Resin Industry Co., Ltd. has invested.

Corporate Policy

Along with the Company's corporate philosophy of "creation, innovation and challenge," the Company's corporate policy promotes business differentiation through speed and mobility, actively anticipating changes in markets and making positive contributions to the development of society.

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

Basic Policy for Profit Distribution

Regarding the dividend policy of the Company, profit returns to all shareholders are one of the top priorities of management. While the Company pays attention to internal reserves, in preparation of future business developments and reinforcement of its corporate structure, the Company has decided on a policy of implementing profit distributions coupled with performance and distributes dividends wherever possible, taking into consideration performance and financing requirements. With respect to internal reserves, the Company will appropriate capital for future increases in profits to our shareholders and research and development and capital investment for business expansion. Specifically, we are projecting capital investment of ¥4.8 billion in the year ending March 31, 2005.

Target Management Index

Our target management index has been set for the mid and long-term as follows. A new product sales ratio exceeding 50%, ordinary profit exceeding 15% and ROE (Return on Equity) exceeding 12%. With respect to the new product sales ratio in particular, we have made efforts at speeding-up development by strengthening development resources and results in the first half reached 54.4%.

Mid and Long-Term Corporate Strategy

The Company will concentrate business resources on electronic materials and display materials fields and, with the provision of members contributing highly added value produced by our unique technology, aim at achieving the top share in niche markets into which other companies have difficulty entering. In the field of electronic materials, we aim at increasing our share of flexible printed circuit materials and in the field of display materials, we aim at improvements in the productivity of Fresnel lenses and sales expansion of anti-reflection plates and films.

Tasks to be Tackled by the Company

For the purpose of winning global competition, tasks with top priority which must be tackled by the Company are as follows.

- 1) To aim at becoming a technologically oriented company possessing high level technology by promoting speedy and flexible customer relations and development of unique technology.
- 2) To promote efficient organization operations and improvements in individual ability that support the organization.
- 3) To realize more efficient use of business resources through implementation of "scrap and build," anticipating changes in the marketplace.
- 4) Utilization of IT technology to promote reinforcement of maneuverability through anticipation and sharing of information.

Basic Concept of Corporate Governance and Implementation Conditions of Its Measures

“Basic Concept of Corporate Governance”

Our Group aims to collect highly accurate information and to implement speedy decision making measures. For this purpose, we believe it desirable to have in place a management system of a selected few and with a minimum number of directors. In order to incorporate outside opinions broadly, we have introduced a system of outside directors and have established the board of directors as a forum of final decision making. For execution of routine business, we have introduced an operating officer system.

In order to promote communications with our shareholders and investors, we carry out information disclosure activities positively and expeditiously including disclosure of quarterly results, results briefings and company information meetings.

“Implementation Conditions of Measures for Corporate Governance”

(1) Present Condition of Business Management System related to Decision Making, Execution and Supervision of Corporate Management and Other Corporate Governance Systems

1) Categorization between company establishing committees, etc., or adopting an auditing system.

The Company has adopted an auditing system.

2) Status of Appointment of Outside Directors and Outside Auditors

The Company has two part-time outside directors among nine directors and three outside auditors among three auditors (out of which two of them are part-time auditors).

3) Assignment of Full-time Staff to Outside Auditors

General Affairs Dept., General Affairs Group handles staff.

4) Mechanism of Business Execution and Supervision

In addition to regular and extraordinary board of directors' meetings held every month, we conduct efficient business execution through holding operating officers' meetings three times a month and information exchanges during morning meetings held every other day as well as conduct business audits by auditors.

5) Mechanism of Internal Control

Under the President, efficient internal checks and balances are made among four Departments, namely, Sales, Manufacture, Technology and Management Departments as well as regular internal audits conducted by the Internal Audit Office.

6) Status of Third Parties, including Attorneys, Accounting Auditors, etc.

The Company has entered into a legal advisor agreement with Toshiaki Kawakami Law Firm and receives advice as appropriate. As for statutory audits, we have entered into an audit agreement with Shin Nihon & Co., an accounting auditor and receive ordinary business audits of the corporation.

(2) Summary of Personal Relations, Capital Relations or Transaction Relations and Other Interests between the Company and Outside Directors and Outside Auditors

Two outside directors are advisors of our clients and one of the clients is also our shareholder. Out of the three auditors, two of them are full-time auditors of client banks and the client banks are also our shareholders.

Business Results

As for economic conditions in the current consolidated interim accounting period, while employment and individual consumption continued to be sluggish, the business has been on a recovery track, due to an increase in capital investment through increased exports and performance recovery of domestic enterprises.

In related industries of the Company, in the electronics materials field, information-related devices and digital home electric appliances have expanded. In the display materials field, rear-projection TVs and liquid crystal projectors have progressed favorably.

Under such circumstances, our Group has promoted more efficient use of business resources and through cost reductions as well as making efforts at timely capital investment and acceleration in development of new products. As a result, consolidated sales of the Company reached ¥31,948 million (42.7% increase over the same period of

the previous year). With respect to profits, due to the effect of operating capacity as a result of an increase in sales, operating profit was ¥5,751 million (71.5% increase over the previous interim period), ordinary profit recorded ¥6,546 million (72.2% increase over the same period of the previous year) and interim net profit reached ¥4,106 million (89.3% increase over the same period in the previous year).

Separate net sales of the parent recorded ¥30,143 million (45.5% increase over the same period in the previous year). In the electronic materials field, materials for flexible printed wiring boards for electronic devices, including mobile phones, digital cameras and DVD drives have shown growth, which recorded increases in revenue of 55.7% from the previous interim period. In the display materials field, as a result of an increase in Fresnel lenses due to the growth of rear projection TVs, revenues increased by 51.5% from the previous interim period. In the electric insulation materials field, revenues increased by 11.1% from the previous interim period due to an increase in capital investment. In the industrial application structural materials field, as a result of a decrease in FRP pipes for desalination of seawater and materials for aircraft, revenues decreased by 7.0% from the same period in the previous year and revenues of related goods decreased by 18.7% from the previous interim period as a result of a sales decrease in purchased goods.

Regarding profits, operating profit reached ¥5,271 million (73.3% increase over the previous interim period), ordinary profit was ¥5,690 million (75.0% increase over the previous interim period) and interim net profit recorded ¥3,437 million (97.1% increase over the previous interim period).

Net Sales by Field (Separate)

(Unit: Millions of Yen, Indicated by rounding down less than one million yen)

	Interim Period of the Year ending March 31, 2004		Interim Period of the Year ending March 31, 2005		Increase or decrease against the previous period
	Amount	Composition ratio	Amount	Composition ratio	
Electronic materials	10,206	49.3%	15,895	52.7%	55.7%
Display materials	7,296	35.2%	11,055	36.7%	51.5%
Electric insulation materials	1,410	6.8%	1,568	5.2%	11.1%
Industrial application structural materials	1,300	6.3%	1,209	4.0%	Δ7.0%
Related goods	509	2.4%	414	1.4%	Δ18.7%
Total	20,723	100.0%	30,143	100.0%	45.5%

Forecast of Performance

With respect to the forecast for the full year, there are not a few unstable factors, including prospects for the U.S. and Chinese economies, steep rises in the prices of raw materials and supply shortages of raw materials due to rising oil prices, etc. Under such circumstances, our Group expects about the same sales in the second half as the first half.

With respect to the forecast of consolidated results for the full year, we expect net sales of 63.9 billion yen (increase of 31.4% over the previous period) due to an increase in sales of electronic materials and display materials. We expect ordinary profit of 12.6 billion yen (increase of 51.0% over the previous period), and current profit of 7.8 billion yen (increase of 51.4% over the previous period).

Separately, we expect net sales of 60.3 billion yen (33.2% increase from the previous period), ordinary profit of 10.85 billion yen (49.6% increase from the previous period) and net profit of 6.35 billion yen (48.7% increase from the previous period). We have set an exchange rate of 105 yen against the dollar.

Cash Flow

Cash and cash equivalents (hereinafter referred to as "Funds") in the current consolidated interim accounting period were ¥4,827 million as a result of an increase in profits before tax due to performance improvements, which was an increase of ¥1,148 million, as compared to the end of the consolidated interim accounting period in the previous year. The conditions of respective cash flows and the factors are as follows.

(Cash Flow from Operating Activities)

Cash flow from operating activities reached ¥4,430 million, due to an increase in profits before tax in connection with performance improvement in the fields of electronic materials and display materials, which was an increase in cash inflow by ¥2,032 million, as compared to the end of the consolidated interim accounting period in the previous year.

(Cash Flow from Investment Activities)

Cash flow from investment activities recorded ¥2,927 million of outflow due to acquisition of tangible fixed assets and this outflow decreased by ¥1,122 million, as compared to the end of the consolidated interim accounting period in the previous year.

(Cash Flow from Financial Activities)

As for cash flow from financial activities, as a result of an increase in the dividend, while revenues from issuing stocks through the exercising of stock options decreased, cash outflow increased by ¥740 million to ¥1,180 million, as compared to the end of the consolidated interim period in the previous year.

1. [Consolidated Interim Financial Statement, etc.]

(1) Consolidated Interim Financial Statement

1) Consolidated Interim Balance Sheet

Item	Note	End of previous consolidated interim accounting period (As of September 30, 2003)		End of current consolidated interim accounting period (As of September 30, 2004)		Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2004)	
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Assets)							
. Current Assets							
1. Cash and deposits		7,984,574		10,412,334		9,937,818	
2. Notes and accounts receivable		9,847,890		14,014,091		11,078,677	
3. Securities		160,626		160,668		160,652	
4. Inventories		5,389,971		6,600,245		5,368,251	
5. Deferred taxable assets		589,887		1,081,602		1,078,364	
6. Others		530,136		480,312		403,902	
Allowance for doubtful accounts		22,476		26,490		21,327	
Total Current Assets		24,480,610	51.2	32,722,765	54.4	28,006,338	52.4
. Fixed Assets							
1. Tangible fixed assets							
(1) Buildings and structures		5,863,276		6,884,754		5,867,419	
(2) Machinery, equipment and delivery equipment		4,868,258		7,147,003		6,279,036	
(3) Land		1,567,699		1,567,699		1,567,699	
(4) Others		2,791,809	15,091,044	31.6	2,154,651	17,754,108	29.5
Total Tangible fixed assets		10,290,042	31.6	15,754,107	29.5	14,782,863	30.8
2. Intangible fixed assets		62,602	0.1	138,713	0.2	154,637	0.3
3. Investments and other assets							
(1) Investment Securities		7,691,425		9,066,359		8,409,763	
(2) Deferred taxable assets		188,099		156,469		157,928	
(3) Others		298,289		355,954		267,506	
Allowance for doubtful debts		24,161	8,153,653	17.1	22,861	9,555,922	15.9
Total Investments and other assets		8,192,974	17.1	9,599,676	15.9	8,836,202	16.5
Total Fixed Assets		23,307,299	48.8	27,448,744	45.6	25,404,115	47.6
Total Assets		47,787,909	100.0	60,171,510	100.0	53,410,454	100.0

Item	Note	End of previous consolidated interim accounting period (As of September 30, 2003)		End of current consolidated interim accounting period (As of September 30, 2004)		Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2004)		
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	
(Liabilities)								
. Current Liabilities								
1. Notes and accounts payable		9,680,786		13,265,937		10,233,968		
2. Short-term borrowings		229,000		196,000		196,000		
3. Accrued income tax and others		1,224,992		2,411,579		2,262,484		
4. Allowance for bonuses		1,562,267		2,747,499		1,853,978		
5. Others		2,989,183		3,326,338		3,356,640		
Total Current Liabilities		15,686,230	32.8	21,947,354	36.5	17,903,073	33.5	
. Fixed Liabilities								
1. Long-term borrowings		19,000		7,000		10,000		
2. Deferred taxable liabilities		-		3,789		83,919		
3. Reserve for severance payment		238,006		35,505		154,614		
4. Reserve for bonuses to retiring officers		130,974		140,137		136,816		
5. Consolidated Adjustment Account		4,817		3,746		4,281		
6. Others		15,336		113,503		15,938		
Total Fixed Liabilities		408,134	0.9	303,682	0.5	405,571	0.8	
Total Liabilities		16,094,364	33.7	22,251,036	37.0	18,308,644	34.3	
(Stockholder Equity)								
. Capital								
. Capital reserve		5,810,553	12.1	5,994,118	10.0	5,914,708	11.1	
. Earned surplus		18,949,807	39.7	24,748,003	41.1	21,931,537	41.1	
. Other differences from appreciation of securities		295,987	0.6	434,602	0.7	550,945	1.0	
. Exchange conversion adjustment settlement		8,604	0.0	25,912	0.0	37,079	0.1	
. Treasury Stock		52,598	0.1	112,403	0.2	60,939	0.1	
Total Stockholder Equity		31,693,545	66.3	37,920,473	63.0	35,101,810	65.7	
Total Liabilities, Minority Interest and Stockholder Equity		47,787,909	100.0	60,171,510	100.0	53,410,454	100.0	

2) Consolidated Interim Statement of Income

Item	Note	Previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)		Current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)		Consolidated condensed statement of income for previous consolidated fiscal year (From April 1, 2003 to March 31, 2004)				
		Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)			
. Sales			22,393,065	100.0		31,948,404	100.0		48,629,342	100.0
. Sales cost			17,204,974	76.8		23,940,493	74.9		37,293,195	76.7
Gross profit on sales			5,188,090	23.2		8,007,911	25.1		11,336,147	23.3
. Selling and general administration expenses										
1. Freight and packaging cost		397,004			559,087			828,356		
2. Wage allowances		316,998			294,894			971,217		
3. Transfer to reserve for bonus		363,890			542,458			400,511		
4. Transfer to retirement wage allowance		38,316			27,473			73,721		
5. Transfer to officers' retirement allowance		8,790			3,320			27,972		
6. Other		710,153	1,835,153	8.2	829,237	2,256,472	7.1	1,502,158	3,803,938	7.8
Operating Profit			3,352,937	15.0		5,751,438	18.0		7,532,208	15.5
. Non-operating revenue										
1. Interest received		10,855			11,197			24,310		
2. Dividend received		40,885			36,305			45,018		
3. Write-off of consolidated adjustment account		535			535			1,070		
4. Investment profit on equity method		450,815			671,661			897,443		
5. Others		104,338	607,430	2.7	165,432	885,132	2.8	308,848	1,276,691	2.6
. Non-operating expenses										
1. Interest paid		3,592			1,265			5,387		
2. Foreign exchange loss		56,057			-			98,778		
3. Compensation for insufficient payment		41,019			21,055			129,920		
4. Loss on disposal of inventories		-			-			110,447		
5. Rent payment		26,010			29,550			57,362		
6. Other		32,884	159,563	0.7	38,018	89,889	0.3	61,830	463,726	1.0
Ordinary Profit			3,800,804	17.0		6,546,681	20.5		8,345,173	17.1
. Extraordinary profit										
1. Profit on sale of investment securities		-			-			156,744		
2. Profit on reversal of allowance for doubtful accounts		-	-	-	184	184	0.0	176	156,920	0.3

Item	Note	Previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)			Current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)			Consolidated condensed statement of income for previous consolidated fiscal year (From April 1, 2003 to March 31, 2004)		
		Amount (thousand yen)		(%)	Amount (thousand yen)		(%)	Amount (thousand yen)		(%)
. Extraordinary Losses										
1. Loss on retirement of fixed assets		-			2,431			34,284		
2. Loss on sale of fixed assets		-			24,662			-		
3. Valuation loss on investment securities		300,307			1,588			303,375		
4. Depreciation loss on golf membership		-			10,310			-		
5. Other		36,358	336,666	1.5	-	38,993	0.1	258	337,919	0.7
Pretax interim (current) net profit			3,464,137	15.5		6,507,872	20.4		8,164,174	16.7
Corporate income tax, local residence tax, and enterprise tax		1,294,933			2,401,515			3,528,333		
Adjustment of corporate income tax, etc.		-	1,294,933	5.8	-	2,401,515	7.5	515,092	3,013,240	6.1
Interim (current) net profits			2,169,204	9.7		4,106,357	12.9		5,150,934	10.6

3) Statement of Interim Consolidated Surplus

		Previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)		Current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)		Consolidated condensed statement of surplus for previous consolidated fiscal year (From April 1, 2003 to March 31, 2004)	
Item	Note	Amount (thousand yen)		Amount (thousand yen)		Amount (thousand yen)	
(Capital surplus)							
. Balance at the beginning of period			5,491,071		5,914,708		5,491,071
. Adjustment of surplus							
1. New share issues by capital increase		319,481	319,481	79,410	79,410	423,637	423,637
. Balance at the end of interim period (at the end of year)			5,810,553		5,994,118		5,914,708
(Earned surplus)							
. Balance at the beginning of period			17,437,129		21,931,537		17,437,129
. Increase in earned surplus							
1. Interim (current) net profit		2,169,204	2,169,204	4,106,357	4,106,357	5,150,934	5,150,934
. Adjustment of earned surplus							
1. Dividends		616,236		1,284,863		616,236	
2. Bonuses for directors		40,290	656,526	5,028	1,289,891	40,290	656,526
. Balance at the end of interim period (at the end of year)			18,949,807		24,748,003		21,931,537

4) Statement of Consolidated Interim Cash Flow

		Previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)	Current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)	Statement of consolidated condensed cash flow for previous consolidated fiscal year (From April 1, 2003 to March 31, 2004)
Item	Note	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
. Cash flow from operation activities				
Pretax interim (current) net profit		3,464,137	6,507,872	8,164,174
Depreciation		841,904	1,214,141	1,988,868
Amortization of consolidated adjustment account		535	535	1,070
Investment profit by equity method		450,815	671,661	897,443
Profit on sale of tangible fixed assets		-	24,662	258
Expenses for shares issued		4,772	2,322	7,071
Loss on retirement of tangible fixed assets		33,176	2,431	34,284
Loss on appreciation of investment securities		300,307	1,588	303,375
(Profit) or loss on sale of investment securities		3,182	-	156,744
Depreciation loss on golf membership		-	10,310	-
(Profit) or loss on conversion		52,550	5,604	98,778
Increase or (decrease) in reserve for bonuses to retiring officers		38,079	3,320	32,236
Increase in reserve for bonuses		468,509	893,520	760,221
Decrease in reserve for retirement allowance		53,705	119,108	137,098
Increase or (decrease) in provisions for doubtful accounts		2,579	6,434	1,141
Interest and dividends received		51,741	30,496	69,329
Interest paid		3,592	1,265	5,387
Increase in sales receivables		1,144,857	2,942,987	2,370,585
Increase in inventories		1,155,972	1,231,994	1,134,252
Increase in purchase liabilities		1,249,965	3,031,968	1,803,147
Increase or (decrease) in accrued consumption tax, etc.		55,072	92,392	25,425
(Increase) or decrease in other assets		12,072	174,028	2,347
Increase or (decrease) in other liabilities		420,354	93,985	236,892
Bonuses to officers paid		40,290	5,028	40,290
Subtotal		3,841,890	6,516,804	8,590,042

		Previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)	Current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)	Statement of consolidated condensed cash flow for previous consolidated fiscal year (From April 1, 2003 to March 31, 2004)
Item	Note	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
Interest and dividends received		233,467	220,806	250,757
Interest paid		3,241	1,261	5,045
Corporate income tax, etc., paid		1,673,802	2,305,752	2,901,522
Cash flow from operation activities		2,398,313	4,430,597	5,934,232
. Cash flow from investment activities				
Expenditure for placement in time deposits		2,770,000	1,000,000	5,770,000
Revenue from refund of time deposits		2,243,044	850,000	4,099,700
Expenditure for acquisition of tangible fixed assets		3,344,655	2,447,967	5,212,834
Revenue from sale of tangible fixed assets		-	20,675	308
Expenditure for acquisition of investment securities		165,232	406,025	491,704
Revenue from sale of investment securities		4,429	-	621,838
Expenditure for lending		184,045	40,000	250,385
Revenue from collection of loans		173,630	95,512	191,669
Others		6,987	-	103,438
Cash flow from investment activities		4,049,817	2,927,804	6,914,846
. Cash flow from financing activities				
Net increase (decrease) in short-term borrowings		417,000	-	432,000
Expenditure for repayment of long-term borrowings		12,000	3,000	39,000
Proceeds from stocks issued		634,401	156,514	840,494
Expense by acquisition of treasury stock		30,514	51,464	38,854
Dividends paid		615,234	1,282,924	615,944
Cash flow from financing activities		440,346	1,180,874	285,304

		Previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)	Current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)	Statement of consolidated condensed cash flow for previous consolidated fiscal year (From April 1, 2003 to March 31, 2004)
Item	Note	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
. Conversion difference in cash and cash equivalents		1,689	2,615	3,812
. Increase (decrease) in cash and cash equivalents		2,093,539	324,532	1,269,731
. Cash and cash equivalents at the beginning of year		5,773,168	4,503,437	5,773,168
. Cash and cash equivalents at the end of interim period (year)		3,679,628	4,827,970	4,503,437

Underlying Substantial Matters for Preparation of Consolidated Interim Financial Statements

1. Matters related to the Scope of Consolidation

(1) Number of consolidated subsidiaries: 6

Names of consolidated subsidiaries:

Arisawa Fiber Glass Co., Ltd., Arisawa Resin Industry Co., Ltd., Arisawa Kenpan Co., Ltd., Arisawa Sogyo Co., Ltd., Arisawa Sporting Goods Co., Ltd., Eagle Co., Ltd.

(2) Name of Major Non-Consolidated Subsidiaries

Major non-consolidated subsidiaries

Arisawa Sangyo Co., Ltd.

(The reason for exclusion from consolidation)

Non-consolidated subsidiaries (Arisawa Sangyo Co., Ltd. and 3 other companies) are all small in size and aggregate totals of their total assets, sales, net interim income (equity amount) and surplus (equity amount) of each subsidiary have not provided any substantial effect on the consolidated interim financial statements.

2. Matters related to Application of Equity Method

(1) Number of affiliated companies for which equity method applies: 5

Names of companies: Polatechno Co., Ltd., Shinano Co., Ltd., Scala Co., Ltd., Color Link Japan Co., Ltd., Taiflex Scientific Co., Ltd.

(2) As non-consolidated subsidiaries for which the equity method does not apply (Arisawa Sangyo Co., Ltd. and 3 other companies) and affiliated companies (Ryoyu Industry Co., Ltd. and 1 other company) having only a slight effect on net consolidated income and consolidated surplus respectively, or do not have significance as a whole, these have been excluded from application of the equity method.

(3) Among the companies for which the equity method applies, the interim closing date of Taiflex Scientific Co., Ltd. (June 30, 2004) differs from the consolidated interim closing date, therefore the interim financial statements for the interim accounting period of the same company has been used.

3. Matters concerning the Interim Closing Date of Consolidated Subsidiaries

Interim closing date of consolidated subsidiaries is the same as the consolidated interim closing date except for Arisawa Sporting Goods Co., Ltd. The interim closing date of the company is July 31, 2004, but in preparing current consolidated interim financial statements, we have used interim financial statements as of the interim closing date. With respect to substantial transactions made between different closing dates, necessary adjustment for consolidation has been made.

4. Matters concerning Accounting Standards

(1) Appreciation Standards and Method for Substantial Assets

1) Inventories

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

Valuation at cost by FIFO method

Raw materials and purchased supplies

Periodic average method is used at cost.

2) Securities

Other securities

* Securities for which market value is available:

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

* Securities for which market value is not available:

Valued by the periodic average method at cost

3) Derivatives

Mark to market method

- (2) Depreciation Method of Substantial Depreciable Assets
 - 1) Tangible fixed assets
 - Fixed percentage method
 - With regard to buildings (excluding annexed facilities of the building) acquired after April 1, 1998, however, the fixed amount method has been applied.
 - 2) Intangible fixed assets
 - Fixed amount method
 - With respect to software for internal use, the fixed amount method on the basis of service life (5 years) in-company has been applied.
- (3) Allocation of Standards for Substantial Allowances
 - 1) Allowance for doubtful accounts

In preparation for losses from credit loss, we have appropriated an uncollectible amount at an actual bad debt ratio for general credits, and by considering possible individual collectibility as for special credits such as doubtful loans.
 - 2) Reserve for bonuses

In order to appropriate bonuses paid to employees, we have appropriated an amount for the current interim accounting period based on the estimated amount of payment.
 - 3) Reserve for Retirement Benefits
 - (a) The Company

In preparation for the payment of retirement benefits to employees, we have appropriated an amount deemed to accrue at the end of the current consolidated interim accounting period based on an estimated amount of liabilities for retirement benefits and pension assets at the end of the current consolidated fiscal year.

Regarding the differences in mathematical calculation, the amount obtained by the fixed amount method for a fixed period of time (5 years) within the average remaining years of service of employees at the time of accrual in each consolidated fiscal year has been allocated to expenses from the following consolidated fiscal year of accrual.

In this connection, as pension assets at the end of the current interim accounting period exceed the appropriated amount of reserve for retirement benefits, ¥29,886 thousand was appropriated as advance pension expenses.
 - (b) Consolidated Subsidiaries

In preparation for the payment of retirement benefits to employees, these companies have appropriated an amount deemed to accrue at the end of the current consolidated interim accounting period on the basis of an estimated amount of liabilities for retirement benefits at the end of the current consolidated fiscal year.
 - 4) Reserve for Officer Retirement Bonuses
 - (a) The Company

The Company has appropriated the required amount for payment under bylaws in preparation for the payment of officer retirement bonuses due to retirement of officers, but the Company abolished the officer retirement bonus system as of June 2004 by a resolution of the 56th general meeting of shareholders. In this connection, officer retirement bonuses appropriated during the term of officers shall be paid as a cut-off payment and the payment date shall be the time of retirement of each officer.
- (4) Conversion Standards of Substantial Foreign Currency Assets or Liabilities into Yen

Foreign currency monetary debts are converted into yen at the spot exchange rate on the closing day of the consolidated interim accounting period and exchange differences are treated as profit or loss.
- (5) Treatment of Substantial Lease Transactions

Finance lease transactions other than those for which ownership is deemed fully transferred to the lessee are treated pursuant to accounting standards in the manner as applied to ordinary lease transactions.
- (6) Other Underlying Substantial Matters for Preparation of Consolidated Interim Financial Statements
 - 1) Treatment of deferred assets

Expenses for shares issued are all treated as expenses where incurred.

- 2) Accounting treatment of consumption tax, etc.
Accounting treatment of consumption tax adopts pretax method.

5. Scope of Funds in Consolidated Interim Statement of Cash Flow

The funds are cash, demand deposits that can be withdrawn at any time and short-term investments which can easily be converted into cash that carry only a small risk in price fluctuations and a maturity date of which will arrive within 3 months from the date of acquisition.

Explanatory Notes for Financial Statement

	(Previous consolidated interim accounting period)	(Current consolidated interim accounting period)	(Previous consolidated fiscal year)
(1) Accumulated depreciation of tangible fixed assets	17,844,854 thousand yen	19,969,680 thousand yen	18,830,660 thousand yen
(2) Assets pledged as collateral	3,547,036 thousand yen	4,993,907 thousand yen	3,792,440 thousand yen
(3) Guaranteed obligations	58,000 thousand yen	10,000 thousand yen	34,000 thousand yen
(Note) A guarantee by two companies and NIPPON KAYAKU Co., Ltd.			
(4) Relationship between the balance of cash and cash equivalents at the end of the interim period (at the end of the year) and the amount of items listed on the balance sheet of the interim consolidation (consolidation)			
Cash and deposits	7,984,574 thousand yen	10,412,334 thousand yen	9,937,818 thousand yen
Time deposits over 3 months of depositing period	4,465,572 thousand yen	5,745,032 thousand yen	5,595,032 thousand yen
MMF	<u>160,626 thousand yen</u>	<u>160,668 thousand yen</u>	<u>160,652 thousand yen</u>
Cash and cash equivalents	3,679,628 thousand yen	4,827,970 thousand yen	4,503,437 thousand yen
(5) Since tax effect accounting by the simplified resale method has been applied to tax expenses for the current consolidated interim accounting period and previous consolidated interim accounting period, corporate income tax adjustment, etc., is included in "Corporate income tax, local residence tax, and enterprise tax."			

(Segment Information)

1. Segment Information by Business Category

For the previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)

	Manufacture and sale of industrial materials (thousand yen)	Other businesses (thousand yen)	Total (thousand yen)	Extinguishment or all companies (thousand yen)	Consolidation (thousand yen)
Sales					
(1) Sales to outside customers	22,050,994	342,071	22,393,065	-	22,393,065
(2) Inter-segmental internal sales or transfers	17,695	-	17,695	(17,695)	-
Total	22,068,689	342,071	22,410,760	(17,695)	22,393,065
Operating Expenses	18,730,337	323,666	19,054,004	(13,876)	19,040,128
Operating Income	3,338,351	18,404	3,356,756	(3,819)	3,352,937

For the current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)

	Manufacture and sale of industrial materials (thousand yen)	Other businesses (thousand yen)	Total (thousand yen)	Extinguishment or all companies (thousand yen)	Consolidation (thousand yen)
Sales					
(1) Sales to outside customers	31,622,799	325,605	31,948,404	-	31,948,404
(2) Inter-segmental internal sales or transfers	9,362	-	9,362	(9,362)	-
Total	31,632,161	325,605	31,957,766	(9,362)	31,948,404
Operating Expenses	25,890,648	303,912	26,194,560	2,405	26,196,965
Operating Income	5,741,513	21,693	5,763,206	(11,767)	5,751,438

Previous Consolidated Fiscal Year (From April 1, 2003 to March 31, 2004)

	Manufacture and sale of industrial materials (thousand yen)	Other businesses (thousand yen)	Total (thousand yen)	Extinguishment or all companies (thousand yen)	Consolidation (thousand yen)
Sales					
(1) Sales to outside customers	47,975,015	654,326	48,629,342	-	48,629,342
(2) Inter-segmental internal sales or transfers	27,114	-	27,114	(27,114)	-
Total	48,002,130	654,326	48,656,456	(27,114)	48,629,342
Operating Expenses	40,499,820	622,867	41,122,687	(25,553)	41,097,134
Operating Income	7,502,310	31,459	7,533,769	(1,561)	7,532,208

(Note) 1. Segmentation of Businesses

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

2. Major products classified into each business category

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

2. Segment Information by Location

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

3. Overseas Sales

Previous consolidated interim accounting period (From April 1, 2003 to September 30, 2003)

	Asia	North America	Other regions	Total
. Overseas Sales (thousand yen)	5,969,282	3,206,128	322,738	9,498,149
. Consolidated Sales (thousand yen)	-	-	-	22,393,065
. Proportion of Overseas Sales to Consolidated Sales (%)	26.7	14.3	1.4	42.4

Current consolidated interim accounting period (From April 1, 2004 to September 30, 2004)

	Asia	North America	Other regions	Total
. Overseas Sales (thousand yen)	10,898,823	3,209,700	597,863	14,706,387
. Consolidated Sales (thousand yen)	-	-	-	31,948,404
. Proportion of Overseas Sales to Consolidated Sales (%)	34.1	10.0	1.9	46.0

Previous Consolidated Fiscal Year (From April 1, 2003 to March 31, 2004)

	Asia	North America	Other regions	Total
. Overseas Sales (thousand yen)	14,156,998	5,831,697	668,065	20,656,761
. Consolidated Sales (thousand yen)	-	-	-	48,629,342
. Proportion of Overseas Sales to Consolidated Sales (%)	29.1	12.0	1.4	42.5

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

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

North America: USA and Canada

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

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

(Securities)

The end of previous consolidated interim accounting period (As of September 30, 2003)

1. Other securities for which market values are available

	Purchase cost	Value shown on consolidated interim balance sheet	Balance
(1) Equity shares	1,113,210 thousand yen	1,659,475 thousand yen	546,264 thousand yen
(2) Others	234,034 thousand yen	208,806 thousand yen	25,227 thousand yen
Total	1,347,244 thousand yen	1,868,282 thousand yen	521,037 thousand yen

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

	Value shown in consolidated interim balance sheet
(1) Bonds held to maturity Unlisted foreign bonds	264,370 thousand yen
(2) Other securities MMF	160,626 thousand yen
Unlisted stocks (excluding OTC stocks)	297,361 thousand yen

The end of current consolidated interim accounting period (As of September 30, 2004)

1. Other securities for which market values are available

	Purchase cost	Value shown on consolidated interim balance sheet	Balance
(1) Equity shares	1,040,931 thousand yen	1,796,489 thousand yen	755,558 thousand yen
(2) Others	276,562 thousand yen	264,103 thousand yen	12,458 thousand yen
Total	1,317,493 thousand yen	2,060,593 thousand yen	743,100 thousand yen

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

	Value shown in consolidated interim balance sheet
Other securities MMF	160,668 thousand yen
Unlisted stocks (excluding OTC stocks)	262,450 thousand yen
Foreign Investment Securities	263,188 thousand yen

The end of previous consolidated fiscal year (As of March 31, 2004)

1. Other securities for which market values are available

	Purchase cost	Value shown on consolidated balance sheet	Balance
(1) Equity shares	940,063 thousand yen	1,913,611 thousand yen	973,547 thousand yen
(2) Others	279,036 thousand yen	262,515 thousand yen	16,521 thousand yen
Total	1,219,100 thousand yen	2,176,127 thousand yen	957,026 thousand yen

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

	Value shown in consolidated balance sheet
Other securities MMF	160,652 thousand yen
Unlisted stocks (excluding OTC stocks)	415,829 thousand yen
Foreign Investment Securities	166,990 thousand yen

Summary of Individual Interim Financial Statements**Name of Listed Company: Arisawa Manufacturing Co., Ltd.**Listed on the 1st Section of Tokyo Stock Exchange

Code No.: 5208

Prefecture where Head Office is located

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

Niigata Prefecture

Representative:

President and CEO: Sanji Arisawa

Contact Person:

Executive Managing Director: Yukio Takashima

TEL: (025) 524-7101

Date of Board of Directors

October 26, 2004

Existence of interim dividend plan: Yes

Meeting for Interim Closing:

Commencement date of payment
for interim dividend: ---

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

1. Business Results for Interim Accounting Period of 2004 (From April 1, 2004 to September 30, 2004)

(1) Operating Results

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

	Sales amount		Operating profit		Ordinary profit	
	(million yen)	%	(million yen)	%	(million yen)	%
Interim Accounting Period of 2004	30,143	45.5	5,271	73.3	5,690	75.0
Interim Accounting Period of 2003	20,723	32.3	3,041	70.6	3,251	72.6
Fiscal Year Ending March 31, 2004	45,267		6,980		7,252	

	Interim (current) net profit		Interim (current) net profit per share
	(million yen)	%	(Yen, Sen)
Interim Accounting Period of 2004	3,437	97.1	104.43
Interim Accounting Period of 2003	1,744	62.7	58.90
Fiscal Year Ending March 31, 2004	4,271		143.73

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

Interim accounting period of 2004: 32,916,724 shares, Interim accounting period of 2003: 29,615,385 shares,
FY2004: 29,716,442 shares

2) Change in accounting method: None

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

(2) Dividend Status

	Interim dividend per share	Annual dividend per share
	(Yen, Sen)	(Yen, Sen)
Interim Accounting Period of 2004	0.00	—
Interim Accounting Period of 2003	0.00	—
Fiscal Year Ending March 31, 2004	—	43.00

(3) Financial Conditions

	Total assets	Shareholder equity	Equity ratio	Shareholder equity per share
	(million yen)	(million yen)	%	(Yen, Sen)
Interim Accounting Period of 2004	52,574	31,778	60.4	964.66
Interim Accounting Period of 2003	42,051	26,940	64.1	904.79
Fiscal Year Ending March 31, 2004	46,744	29,636	63.4	991.84

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

Interim accounting period of 2004: 32,942,383 shares, Interim accounting period of 2003: 29,775,730 shares,
FY2004: 29,880,543 shares

2. Number of treasury stocks at the end of period: Interim accounting period of 2004: 35,498 shares,

Interim accounting period of 2003: 20,535 shares, FY 2004: 22,622 shares

2. Forecasted Business Results for FY 2005 (From April 1, 2004 to March 31, 2005)

	Sales amount	Ordinary profit	Current net profit	Annual dividend per share	
				End of the term	
	(million yen)	(million yen)	(million yen)	(Yen, Sen)	(Yen, Sen)
Full year	60,300	10,850	6,350	59.00	59.00

(Reference) Forecasted current net profit per share (Full year) 192 yen 76 sen

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

2. [Interim Financial Statement, etc.]

(1) Interim Financial Statement

1) Interim Balance Sheet

Item	Note	End of Previous Interim Accounting Period (As of September 30, 2003)		End of Current Interim Accounting Period (As of September 30, 2004)		Condensed Balance Sheet for Previous Fiscal year (As of March 31, 2004)	
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Assets)							
. Current Assets							
1. Cash and deposits		7,213,812		9,410,675		8,977,767	
2. Notes receivable		1,308,327		1,937,294		1,487,385	
3. Accounts receivable		7,646,796		10,789,142		8,550,244	
4. Inventories		4,101,806		5,294,631		4,165,888	
5. Deferred taxable assets		493,298		939,992		939,992	
6. Others		1,521,258		1,319,091		1,245,735	
Allowance for doubtful accounts		9,948		14,275		10,927	
Total Current Assets		22,275,351	53.0	29,676,552	56.4	25,356,086	54.2
. Fixed Assets							
1. Tangible fixed assets							
(1) Buildings		5,299,830		6,243,484		5,304,532	
(2) Machinery and Equipment		4,700,775		6,954,559		6,099,997	
(3) Land		1,407,391		1,407,391		1,407,391	
(4) Construction in progress		2,571,858		1,917,234		2,502,952	
(5) Others		489,141		580,441		498,158	
Total Tangible Fixed Assets		14,468,997		17,103,111		15,813,033	
2. Intangible Fixed Assets		39,340		133,709		149,648	
3. Investments and other assets							
(1) Investment Securities		2,360,313		2,468,490		2,643,924	
(2) Stocks of affiliated companies		1,995,209		2,388,475		1,935,983	
(3) Deferred taxable assets		26,361		-		-	
(4) Others		900,509		818,240		865,079	
Allowance for doubtful debts		14,216		14,307		19,741	
Total investments and other assets		5,268,177		5,660,899		5,425,245	
Total Fixed Assets		19,776,515	47.0	22,897,720	43.6	21,387,927	45.8
Total Assets		42,051,866	100.0	52,574,272	100.0	46,744,014	100.0

Item	Note	End of Previous Interim Accounting Period (As of September 30, 2003)		End of Current Interim Accounting Period (As of September 30, 2004)		Condensed Balance Sheet for Previous Fiscal year (As of March 31, 2004)		
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	
(Liabilities)								
. Current Liabilities								
1. Notes payable		4,444,791		5,580,572		4,474,039		
2. Accounts payable		4,639,876		6,831,698		5,051,880		
3. Short-term borrowings		190,000		190,000		190,000		
4. Accrued income tax and others		1,133,696		2,227,157		2,112,387		
5. Equipment notes payable		1,361,471		1,806,709		1,410,457		
6. Allowance for bonuses		1,432,633		2,458,157		1,612,263		
7. Others		1,592,867		1,446,618		1,912,379		
Total Current Liabilities		14,795,337	35.2	20,540,913	39.1	16,763,407	35.9	
. Fixed Liabilities								
1. Deferred taxable liabilities		-		3,455		83,919		
2. Reserve for bonuses to retiring officers		128,026		140,137		136,816		
3. Reserve for severance payment		174,408		-		109,176		
4. Others		13,336		111,503		13,938		
Total Fixed Liabilities		315,771	0.7	255,095	0.5	343,851	0.7	
Total Liabilities		15,111,108	35.9	20,796,008	39.6	17,107,258	36.6	
(Stockholder Equity)								
. Capital		6,698,400	15.9	6,882,063	13.1	6,802,636	14.6	
. Capital surplus								
1. Capital reserve		5,810,553		5,994,118		5,914,708		
Total capital surplus		5,810,553	13.8	5,994,118	11.4	5,914,708	12.7	
. Earned surplus								
1. Revenue reserve		748,262		748,262		748,262		
2. Voluntary reserve		11,012,298		12,709,643		11,012,298		
3. Unappropriated retained earnings at the end of interim period (current)		2,423,783		5,121,135		4,665,837		
Total earned surplus		14,184,344	33.8	18,579,041	35.3	16,426,398	35.1	
. Other securities appreciation differences		300,058	0.7	435,443	0.8	553,951	1.2	
. Treasury Stock		52,598	0.1	112,403	0.2	60,939	0.2	
Total Stockholder Equity		26,940,758	64.1	31,778,264	60.4	29,636,755	63.4	
Total Liabilities and Stockholder Equity		42,051,866	100.0	52,574,272	100.0	46,744,014	100.0	

2) Interim Statement of Income

Item	Note	Previous Interim Accounting Period (From April 1, 2003 to September 30, 2003)		Current Interim Accounting Period (From April 1, 2004 to September 30, 2004)		Condensed statement of income for previous Fiscal year (From April 1, 2003 to March 31, 2004)	
		Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)
. Sales		20,723,331	100.0	30,143,295	100.0	45,267,009	100.0
. Sales cost		16,063,219	77.5	22,762,738	75.5	34,896,870	77.1
Gross profit on sales		4,660,111	22.5	7,380,556	24.5	10,370,138	22.9
. Selling and general administration expenses		1,618,973	7.8	2,109,237	7.0	3,389,235	7.5
Operating profit		3,041,137	14.7	5,271,319	17.5	6,980,902	15.4
. Non-operating revenue		470,854	2.3	590,354	2.0	823,134	1.8
. Non-operating expense		259,997	1.3	170,814	0.6	551,358	1.2
Ordinary profit		3,251,994	15.7	5,690,858	18.9	7,252,679	16.0
. Extraordinary profit		-	-	184	0.0	155,666	0.3
. Extraordinary losses		336,649	1.6	36,660	0.1	336,977	0.7
Pretax interim (current) net profit		2,915,344	14.1	5,654,383	18.8	7,071,368	15.6
Corporate income tax, local residence tax, and enterprise tax		1,170,951		2,216,875		3,309,000	
Adjustment of corporate income tax, etc.		-	5.7	-	7.4	508,801	6.2
Interim (current) net profit		1,744,393	8.4	3,437,507	11.4	4,271,170	9.4
Profit carried forward from the previous term		679,390		1,683,628		679,390	
Assumed amount of unappropriated loss by merger		-		-		284,722	
Unappropriated retained earnings for interim period (current)		2,423,783		5,121,135		4,665,837	

Underlying Substantial Matters for Preparation of Interim Financial Statements

- (1) Appreciation Standards and Method for Assets
 - 1) Inventories
 - Products, commodities, semi- finished goods, and goods in process
 - FIFO method applied at cost basis
 - Raw materials and purchased supplies
 - Periodic average method applied at cost basis
 - 2) Securities
 - Other securities
 - Securities for which market value is available:
 - Mark to market method based on market price as of the interim account closing date (All appreciation differences have been treated by direct transfer to the capital method and disposal cost has been calculated by the periodic average method).
 - Securities for which market value is not available:
 - Valued by the periodic average method at cost
 - 3) Derivatives
 - Mark to market method
- (2) Depreciation method of fixed assets
 - 1) Tangible fixed assets
 - Fixed percentage method
 - With regard to buildings (excluding annexed facilities to the building) acquired after April 1, 1998, however, the fixed amount method has been applied.
 - 2) Intangible fixed assets
 - Fixed amount method
- (3) Allocation of Standards for Allowances
 - 1) Allowance for doubtful accounts
 - We have appropriated an uncollectible amount as the actual bad debt ratio for general credits and by considering possible individual collectibility for special credits such as doubtful loans.
 - 2) Reserve for bonuses
 - In order to appropriate for bonuses paid to employees, we have appropriated an amount for the current interim accounting period based on an estimated amount of payment.
 - 3) Reserve for Retirement Benefits
 - We have appropriated an amount deemed to accrue at the end of the current interim accounting period based on an estimated amount of liabilities for retirement benefits and pension assets at the end of the current fiscal year.
 - Regarding differences in mathematical calculation, the amount obtained by the fixed amount method for a fixed period of time (5 years) within the average remaining years of service of employees at the time of accrual in each business year has been allocated to expenses from the following business year of accrual. In this connection, as pension assets at the end of the current interim accounting period exceed the appropriated amount of reserve for retirement benefits, ¥29,886 thousand was appropriated as advance pension expenses.
 - 4) Reserve for Officer Retirement Bonuses
 - The Company has appropriated the required amount for payment under bylaws in preparation for the payment of officer retirement bonuses due to retirement of officers, but the Company abolished the officer retirement bonus system as of June 2004 by a resolution of the 56th general meeting of shareholders. In this connection, officer retirement bonuses appropriated during the term of officers shall be paid as a cut-off payment and the payment date shall be the time of retirement of each officer.
- (4) Treatment of Lease Transactions
 - Finance lease transactions other than those for which ownership is deemed fully transferred to the lessee are treated pursuant to accounting standards in the manner as applied to ordinary lease transactions.
- (5) Other Underlying Substantial Matters for Preparation of Interim Financial Statements
 - 1) Treatment of deferred assets
 - Expenses for shares issued are all treated as expenses where incurred.
 - 2) Accounting treatment of consumption tax, etc.
 - Accounting treatment of consumption tax adopts pretax method.

Explanatory Notes on Financial Statement

	(Previous interim accounting period)	(Current interim accounting period)	(Previous fiscal year)
(1) Accumulated depreciation of tangible fixed assets	16,599,092 thousand yen	18,682,825 thousand yen	16,280,848 thousand yen
(2) Assets pledged as collateral	3,547,036 thousand yen	4,993,907 thousand yen	3,792,440 thousand yen
(3) Guaranteed obligations	112,675 thousand yen	36,122 thousand yen	506,000 thousand yen
(Note)	Among guaranteed obligations, 58,000 thousand yen at the end of the previous interim accounting period, 10,000 thousand yen at the end of the current interim accounting period, and 34,000 thousand yen for the previous fiscal year are jointly guaranteed by Nippon Kayaku Co., Ltd.		
(4)	Since tax effect accounting by the simplified resale method has been applied to tax expenses for the current interim accounting period and previous interim accounting period, corporate income tax adjustment, etc., is included in "Corporate income tax, local residence tax, and enterprise tax."		

Increase in Number of Outstanding Shares

(1) Stock Split

As of May 20, 2004, we carried out a stock split of the shares held by shareholders recorded in the list of shareholders and the list of actual shareholders as of March 31, 2004 at a ratio of 1 share to 1.1 shares. Fractional shares of less than one share arising from the split, however, were sold en bloc, and disposal funds were distributed according to fractions to shareholders whose shares generated fractions. The increase in the number of outstanding shares as a result of the split was 2,990,316 shares.

(2) Exercise of Preemptive Rights under the former Commercial Code, Article 280-19, paragraph 1

Date of Adopting Resolution: June 29, 1999

Number of issued shares	18,700 shares
Issue price	1,834 yen
Capitalization amount	917 yen

Date of Adopting Resolution: June 29, 2000

Number of issued shares	16,900 shares
Issue price	2059 yen
Capitalization amount	1,030 yen

Date of Adopting Resolution: June 28, 2001

Number of issued shares	14,600 shares
Issue price	1,654 yen
Capitalization amount	827 yen

(3) Exercise of Rights to Subscribe for New Shares under the Commercial Code, Article 280-20 and Article 280-21

Date of Adopting Resolution: June 28, 2002

Number of issued shares	34,200 shares
Issue price	1,918 yen
Capitalization amount	959 yen