

QUARTERLY REPORT

(Second Quarter of the 62nd Term)

From July 1, 2009
to September 30, 2009

ARISAWA MFG. CO., LTD.

E01152

TABLE OF CONTENTS

Page Number

Cover Page

PART I. INFORMATION ABOUT THE BUSINESS	1
1. General Conditions of Business	1
1. Changes in Principal Business Indicators, etc.....	1
2. Details of Business	2
3. Status of Affiliated Companies	2
4. Status of Employees	2
2. Status of Business.....	3
1. Status of Manufacturing, Receipt of Orders and Sales	3
2. Business Risk, etc.....	3
3. Important Agreement for Operation, etc.	3
4. Analysis of Financial Conditions, Business Results and Status of Cash Flows.....	3
3. Status of Facilities	6
4. Status of the Submitting Company.....	7
1. Status of Shares, etc.	7
(1) Total Number of Shares, etc.	7
(2) Status of New Share Subscription Rights, etc.	8
(3) Details of Rights Plan	14
(4) The Change in Total Number of Shares Issued, Capital, etc.	14
(5) Status of Major Shareholders.....	15
(6) Status of Voting Rights.....	16
2. Share Price Movement	16
3. Status of Officers.....	16
5. Status of Accounting	17
1. Quarterly Consolidated Financial Statements	18
(1) Quarterly Consolidated Balance Sheet	18
(2) Quarterly Consolidated Profit and Loss Statement.....	20
(3) Quarterly Consolidated Cash Flow Statement.....	22
2. Other.....	34
PART II. INFORMATION ON GUARANTY COMPANIES OF THE SUBMITTING COMPANY, ETC.....	35

[Quarterly Review Report]

Cover Page

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Quarterly Accounting Period: Second Quarter of the 62nd Term (from July 1, 2009 to September 30, 2009)

Name of Company: Kabushiki Kaisha Arisawa Seisakusho

English Translation of Company Name: Arisawa Mfg. Co., Ltd.

Name and Title of Representative: Sanji Arisawa, President and Chief Executive Officer

Location of Principal Office: 5-5, Minami Honcho 1-chome, Joetsu City, Niigata Prefecture

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Tokyo Stock Exchange
(2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)

PART I. INFORMATION ABOUT THE BUSINESS

1. General Conditions of Business

1. Changes in Principal Business Indicators, etc.

Term	61 st Term Second Quarter Consolidated Aggregate Period	62 nd Term Second Quarter Consolidated Aggregate Period	61 st Term Consolidated Second Quarter	62 nd Term Consolidated Second Quarter	61 st Term
Accounting Period	From April 1, 2008 to September 30, 2008	From April 1, 2009 to September 30, 2009	From July 1, 2008 to September 30, 2008	From July 1, 2009 to September 30, 2009	From April 1, 2008 to March 31, 2009
Sales (¥ millions)	18,659	15,163	9,929	8,168	29,511
Ordinary profit or loss (Δ) (¥ millions)	606	Δ577	107	Δ109	Δ1,139
Net profit or loss (Δ) (¥ millions)	460	Δ1,841	36	Δ1,307	Δ2,758
Net assets (¥ millions)	---	---	42,536	37,498	39,360
Total assets (¥ millions)	---	---	54,709	50,587	47,771
Net asset per share (¥)	---	---	1,211.77	1,066.52	1,120.37
Net profit or loss (Δ) per share (¥)	13.16	Δ52.63	1.06	Δ37.37	Δ78.84
Fully diluted net profit per share (¥)	13.14	---	1.05	---	---
Net worth ratio (%)	---	---	77.5	73.8	82.1
Cash flows from operating activities (¥ millions)	1,589	2,688	---	---	2,245
Cash flows from investing activities (¥ millions)	Δ4,044	Δ1,811	---	---	Δ5,777
Cash flows from financing activities (¥ millions)	353	841	---	---	2,287
Cash and cash equivalents at end of period (¥ millions)	---	---	2,774	5,266	3,609
Number of employees	---	---	996	955	959

- Note: 1. As the Company prepares quarterly consolidated financial statements, the changes in principal business indicators, etc., of the Submitting Company are not described.
2. Consumption tax not included in sales amounts.
3. For the 61st term, 62nd term second quarter consolidated aggregate period and 62nd term consolidated second quarter, “fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.

2. Details of Business

There has been no material change in information regarding business lines of our Group (the Company and its affiliated companies) during the current consolidated second quarter. Also, there has been no material change in major affiliated companies.

3. Status of Affiliated Companies

There has been no material change in important affiliated companies during the current consolidated second quarter.

4. Status of Employees

(1) Status of Consolidated Companies

As of September 30, 2009

Number of Employees	955
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Note: The number of employees indicates full-time employees and does not include part-time and temporary employees.

(2) Status of the Submitting Company

As of September 30, 2009

Number of Employees	686
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Note: The number of employees indicates full-time employees and does not include part-time and temporary employees.

2. Status of Business

1. Status of Manufacturing, Receipt of Orders and Sales

Our Group (the Company and its consolidated subsidiaries) has many different categories of products manufactured and sold, in widely differing areas, and even products of the same type are not necessarily the same in their volume, construction, form or other elements. There are also products which are not manufactured on a produce to order basis, and we do not indicate production volume or order volume in monetary amounts or quantities for business segment.

For this reason we have indicated the relationships for performance for each business segment in “4. Analysis of Financial Conditions, Business Results and Status of Cash Flows” with respect to the status of manufacturing, receipt of orders and sales.

The following states the amount of sales by major customer and its percentage of total sales during the current consolidated second quarter.

Customer	Previous consolidated second quarter (From July 1, 2008 to September 30, 2008)		Current consolidated second quarter (From July 1, 2009 to September 30, 2009)	
	Amount (¥1,000)	Ratio (%)	Amount (¥1,000)	Ratio (%)
Sumitomo Shoji Chemicals Co., Ltd	2,890,157	29.1	2,803,260	34.3
Mitsui & Co., Ltd.	998,247	10.0	618,124	7.5

Note: The amount in the above table does not include consumption tax.

2. Business Risk, etc.

There is no business risk, etc., which occurred during the current consolidated second quarter.

There is no significant change in business risk, etc., stated in the financial report of the previous business year.

3. Important Agreement for Operation, etc.

In the current consolidated second quarter, no decision on or execution of important agreement for operation, etc., was made.

4. Analysis of Financial Conditions, Business Results and Status of Cash Flows

(1) Status of Business Results

For the Japanese economy in the current consolidated second quarter, while it is expected that the global financial crisis triggered by the sub-prime loan problem has been gradually resolved by the effects of economic stimulus measures by the governments of each country and some export and production segments showed signs of recovery, severe situations have continued with regard to corporate income and employment.

Under such circumstances, our Group (the Company, its consolidated subsidiaries and companies to which the equity method is applied) has concentrated business resources in the electronic materials field and display materials field with the aim of increasing sales and has made every effort to reduce costs, but we were significantly affected by sluggishness in actual demand due to the economic slowdown and the significant appreciation of the yen.

For business results in the current consolidated second quarter, net sales were ¥8,168 million (a decrease of 17.7% as compared to the same quarter of the previous year), operating profit was ¥44 million (a decrease of 92.9% as compared to the same quarter of the previous year), ordinary loss was ¥109 million (ordinary profit of ¥107 million in the same quarter of the previous year) and net loss was ¥1,307 million (net profit of ¥36 million in the same quarter of the previous year).

The results by business segment are as follows.

In the electronic materials field in manufacturing and sales operation of industrial materials, etc., net sales were ¥5,312 million, a decrease of 18.0% as compared to the same quarter of the previous year, mainly from flexible printed circuit board materials, our core product (orders received: ¥5,313 million, production output: ¥4,008 million, on a non-consolidated basis of the Submitting Company).

In the display materials field, net sales were ¥1,091 million, an increase of 8.1% as compared to the same

quarter of the previous year and in the electric insulation materials field, net sales were ¥643 million, a decrease of 28.7% as compared to the same quarter of the previous year. In the industrial application structural materials field, net sales were ¥642 million, a decrease of 30.9% as compared to the same quarter of the previous year and for the related products, net sales were ¥454 million, a decrease of 22.9% as compared to the same quarter of the previous year.

In other segments, net sales were ¥24 million, an increase of 5.1% as compared to the same quarter of the previous year.

For segment business results by region, statement of segment information by region is not included as sales in Japan account for over 90% of the total sales of all segments.

It should also be noted that the amounts of sales, orders received and the like stated in this section do not include the amount for consumption tax, etc.

(2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as the “Funds”) as of the end of the current consolidated second quarter were ¥5,266 million, an increase of ¥2,492 million as compared to the end of the previous consolidated second quarter (an increase of 89.8% as compared to the same quarter of the previous year).

The following is the status of each cash flow category and their major factors in the current consolidated second quarter.

(Cash Flow from Operating Activities)

Funds earned from operating activities were ¥1,700 million, an increase of ¥1,108 million as compared to the previous consolidated second quarter (an increase of 187.4% as compared to the same quarter of the previous year). This was mainly due to an increase of ¥1,592 million as a result of an increase in purchase debt, loss on sale of investment securities of ¥1,051 million, depreciation expense of ¥712 million and a decrease of ¥504 million as a result of an increase in accounts receivable.

(Cash Flow from Investing Activities)

Funds disbursed for investing activities were ¥1,542 million, a decrease of ¥1,674 million as compared to the previous consolidated second quarter (a decrease of 52.0% as compared to the same quarter of the previous year). This was mainly due to revenue of ¥3,445 million from the sale of investment securities, expenditures of ¥2,400 million for placement in term deposits, expenditures of ¥1,993 million for acquisition of securities and expenditures of ¥527 million for acquisition of investment securities.

(Cash Flow from Financing Activities)

Funds disbursed for financing activities were ¥404 million (earnings of ¥898 million for the same quarter of the previous year). This was mainly due to a decrease in short-term borrowings of ¥180 million and expenditures of ¥125 million for repayment of long-term borrowings.

(3) Business and Financial Tasks to be Tackled

There was no significant change in the tasks to be tackled by our Group in the current consolidated second quarter.

In this regard, the Company provides for the basic policy for how the person controlling financial and business policies should be and the contents (the matters set forth in Article 118, item 3 of the Enforcement Rules of the Corporation Law) are as follows.

- 1) Effective use of the contents of the basic policy and the assets of the Company and formulation of appropriate corporate group as well as the efforts for realization of other basic policies.

The Company since its incorporation in 1909, has made efforts at technological innovation and product development while consistently responding to user needs as well as addressing improvements in corporate value by developing unique technologies integrating weaving, coating and molding under an environment of favorable labor relations. The Company’s Board of Directors believes that the company is always obligated to continue to develop along its historical path of accumulating technologies as well as understanding such corporate value and fostering improvement of this corporate value over the long run.

Based on the above, our Group aims at enhancing profitability by creating new businesses and markets, prioritizing safety and quality as our objectives under the corporate policies based on the philosophy of “Creation, Innovation and Challenge.”

- 2) Efforts for preventing control by inappropriate persons of decisions on financing and corporate policies of the Company

We have witnessed such takeover methods across stock markets recently, through forceful acquisition of large block share buyouts without sufficient explanation or consultation with shareholders of a targeted company or its top management. Not a few of these buyouts can be regarded as leading to loss of corporate value, forced sale of large block shares or violation of shareholder

interests.

We have determined that it is necessary to secure the disclosure of necessary and sufficient information and a period for examination and consideration of a takeover bid by presenting rules and procedures to be complied with by a bidder or proposer who seeks a takeover (hereinafter collectively referred to as a "Takeover Bidder") through Company developed countermeasures for acquisition of large block shares of the Company (hereinafter referred to as the "Rules"), and obtained approval for the Rules at the 61st ordinary general meeting of shareholders held on June 26, 2009.

Under the Rules, in the event that implementation of countermeasures has been approved at the general meeting of shareholders, etc., to confirm the will of shareholders, and that a Takeover Bidder does not comply with the Rules or that it is clear a large block acquisition of shares of the Company and similar acts or proposals (hereinafter collectively referred to as a "Takeover") will destroy corporate value, countermeasures shall be implemented in accordance with the Rules.

(For the details of the Rules, please refer to the website of the Company at <http://www.arisawa.co.jp/>)

- 3) That the said efforts in accordance with the basic policy do not encroach on the corporate value of the Company and the common interest of shareholders and that they do not aim at maintaining the status of officers.

The Board of Directors of the Company believes that while the Company's shares have been listed on the stock exchange and investors can freely trade shares of the Company, a large block acquisition of shares of the Company against the will of the Board of Directors of the Company or a takeover bid accompanying the transfer of control of the Company should not be denied if such actions contribute to the interest of all shareholders through an improvement in corporate value, and a final judgment should be made by all shareholders of the Company.

If such Takeover is made, in order for shareholders to make an appropriate judgment, we think it is best to have the Takeover Bidder provide detailed information and disclose sufficient information to shareholders as well as having the Board of Directors of the Company express its opinions which will in turn allow the shareholders to directly express their opinions at the general meeting of shareholders, etc., on which proposal is best suited to securing and improving corporate value and the common interest of the shareholders, and the Rules provide for as follows.

- a. Judgment by direct resolution of shareholders

The Rules are to confirm directly the will of shareholders on approval or disapproval of a takeover bid by a Takeover Bidder except for noncompliance of the Rules by the Takeover Bidder, etc. In confirmation of the will of shareholders, it is almost impossible for the Directors to make individual solicitation for the protection of their own interests and there is no room for arbitrary intention of the Directors.

- b. Restrictions on implementation of countermeasures by the judgment of the board of directors

It is restricted to the cases where the violation of the Rules or destruction of corporate value and the common interest of shareholders are clear that a countermeasure can be implemented by the Board of Directors of the Company without confirming the will of shareholders, and so-called "Sunset-clause," which limits the term of the Rules to two (2) years, is also attached.

Therefore, the Board of Directors of the Company believes that the "Basic Policy for Control of the Company" is the efforts for securing the corporate value of the Company and the common interest of shareholders and that it shall not impair the common interest of shareholders.

(4) Research and Development Activities

Amount of expenses for research and development activities of the entire Group in the current consolidated second quarter was ¥526 million.

In this regard, there was no significant change in the status of research and development activities of our Group in the current consolidated second quarter.

3. Status of Facilities

(1) Status of Major Facilities

There was no significant change in major facilities during the current consolidated second quarter.

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

There is no material change in the current consolidated second quarter in planned new installation and retirement, etc., of important facilities as of the end of the consolidated first quarter. There is no plan, which was newly established, for new installation, expansion, renovation, retirement or sale, etc., of important facilities.

4. Status of the Submitting Company

1. Status of Shares, etc.

(1) Total Number of Shares, etc.

1) Total number of shares

Class	Authorized number of shares to be issued
Common Stock	130,000,000
Total	130,000,000

2) Shares issued

Class	Number of shares issued and outstanding at the end of the second quarter (as of September 30, 2009)	Number of shares issued and outstanding as of the date submitted (as of November 13, 2009)	Name of financial instruments exchange where listed or the name of registered and authorized financial instruments firms association	Remarks
Common Stock	34,994,424	34,994,424	Tokyo Stock Exchange (First Section Market)	Number of Shares per Trading Unit: 100 shares
Total	34,994,424	34,994,424	---	---

Note: In the column "Number of shares issued and outstanding as of the date submitted," the number of shares issued by the exercise of new share subscription rights during the period from November 1, 2009 through the submitting date of this quarterly report is not included.

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

New share subscription rights issued under the former Commercial Code were as follows.

1) Resolution at the Ordinary General Meeting of Shareholders as of June 29, 2005

	At the end of the second quarter (as of September 30, 2009)
Number of new share subscription rights	348
Number of treasury new share subscription rights out of new share subscription rights (unit)	---
Class of shares to be subject to new share subscription rights	Common Stock
Number of shares to be subject to new share subscription rights	34,800
Amount to be paid-in upon exercise of the new share subscription rights (yen)	1
Exercise period of the new share subscription rights	August 1, 2005 through July 31, 2025
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price 1 Paid-in Capital Amount 1
Terms and conditions to exercise the new share subscription rights	(1) Eligible persons may exercise the new share subscription rights only at the time of their retirement from office of directors of the Company; provided, however, that the eligible persons may exercise the new share subscription rights during the period between the following day of the date of retirement (hereinafter referred to as the "Commencement Date of Exercising Right") and the date elapsing ten (10) days from the Commencement Date of Exercising Right. (2) In the event that the eligible person has died, among his/her heirs, only the spouse, children and direct ancestors of the first degree may exercise the new share subscription rights; provided, however, that heirs may exercise the new share subscription rights during the period between following day of the retirement of the eligible person by death and the date elapsing three (3) months from that date.
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.
Matters concerning substitute payment	---
Matters concerning issue of new share subscription rights in connection with reorganization	---

Note: It was granted in lieu of payment of money to the directors of the Company whose termination of the retirement bonuses was approved at the 56th ordinary general meeting of shareholders (June 29, 2004).

2) Resolution at the Ordinary General Meeting of Shareholders as of June 29, 2005

	At the end of the second quarter (as of September 30, 2009)
Number of new share subscription rights	1,207
Number of treasury new share subscription rights out of new share subscription rights (unit)	---
Class of shares to be subject to new share subscription rights	Common Stock
Number of shares to be subject to new share subscription rights	120,700
Amount to be paid-in upon exercise of the new share subscription rights (yen)	2,637
Exercise period of the new share subscription rights	July 1, 2007 through June 30, 2010
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price 2,637 Paid-in Capital Amount 1,319
Terms and conditions to exercise the new share subscription rights	Being an employee of the Company or a director or an employee of the affiliated companies of the Company at the time of exercising the rights.
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.
Matters concerning substitute payment	---
Matters concerning issue of new share subscription rights in connection with reorganization	---

New share subscription rights issued under the Corporation Law were as follows.

1) Resolution at the Ordinary General Meeting of Shareholders as of June 29, 2006

	At the end of the second quarter (as of September 30, 2009)
Number of new share subscription rights	1,656
Number of treasury new share subscription rights out of new share subscription rights (unit)	---
Class of shares to be subject to new share subscription rights	Common Stock
Number of shares to be subject to new share subscription rights	165,600
Amount to be paid-in upon exercise of the new share subscription rights (yen)	1,810
Exercise period of the new share subscription rights	July 1, 2008 through June 30, 2011
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price 2,243 Paid-in Capital Amount 1,122
Terms and conditions to exercise the new share subscription rights	Being an employee of the Company or a director or an employee of a subsidiary of the Company at the time of exercising the rights.
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.
Matters concerning substitute payment	---
Matters concerning issue of new share subscription rights in connection with reorganization	---

2) Resolution at the Ordinary General Meeting of Shareholders as of June 28, 2007

	At the end of the second quarter (as of September 30, 2009)
Number of new share subscription rights	1,938
Number of treasury new share subscription rights out of new share subscription rights (unit)	---
Class of shares to be subject to new share subscription rights	Common Stock
Number of shares to be subject to new share subscription rights	193,800
Amount to be paid-in upon exercise of the new share subscription rights (yen)	1,187
Exercise period of the new share subscription rights	July 1, 2009 through June 30, 2012
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price 1,480 Paid-in Capital Amount 740
Terms and conditions to exercise the new share subscription rights	Being an officer or an employee of the Company or a director or an employee of a subsidiary of the Company at the time of exercising the rights.
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.
Matters concerning substitute payment	---
Matters concerning issue of new share subscription rights in connection with reorganization	In the event that a merger contract in which the Company is a defunct company has been approved, or that a proposal for approval of a stock swap agreement in which the Company becomes a wholly owned subsidiary or a proposal for a transfer of stocks has been approved at a general meeting of shareholders, except as the surviving company or the wholly owning parent approves the obligation to grant new share subscription rights, the Company may acquire the New Share Subscription Rights without consideration.

3) Resolution at the Board of Directors' Meeting as of June 27, 2008

	At the end of the second quarter (as of September 30, 2009)
Number of new share subscription rights	380
Number of treasury new share subscription rights out of new share subscription rights (unit)	---
Class of shares to be subject to new share subscription rights	Common Stock
Number of shares to be subject to new share subscription rights	38,000
Amount to be paid-in upon exercise of the new share subscription rights (yen)	743
Exercise period of the new share subscription rights	July 1, 2010 through June 30, 2013
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price 917 Paid-in Capital Amount 459
Terms and conditions to exercise the new share subscription rights	Being an officer of the Company at the time of exercising the rights.
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.
Matters concerning substitute payment	---
Matters concerning issue of new share subscription rights in connection with reorganization	In the event that a merger contract in which the Company is a defunct company has been approved, or that a proposal for approval of a stock swap agreement in which the Company becomes a wholly owned subsidiary or a proposal for a transfer of stocks has been approved at a general meeting of shareholders, except as the surviving company or the wholly owning parent approves the obligation to grant new share subscription rights, the Company may acquire the New Share Subscription Rights without consideration.

4) Resolution at the Ordinary General Meeting of Shareholders as of June 27, 2008

	At the end of the second quarter (as of September 30, 2009)
Number of new share subscription rights	2,237
Number of treasury new share subscription rights out of new share subscription rights (unit)	---
Class of shares to be subject to new share subscription rights	Common Stock
Number of shares to be subject to new share subscription rights	223,700
Amount to be paid-in upon exercise of the new share subscription rights (yen)	743
Exercise period of the new share subscription rights	July 1, 2010 through June 30, 2013
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price 917 Paid-in Capital Amount 459
Terms and conditions to exercise the new share subscription rights	Being an officer or an employee of the Company or a director or an employee of a subsidiary of the Company at the time of exercising the rights.
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.
Matters concerning substitute payment	---
Matters concerning issue of new share subscription rights in connection with reorganization	In the event that a merger contract in which the Company is a defunct company has been approved, or that a proposal for approval of a stock swap agreement in which the Company becomes a wholly owned subsidiary or a proposal for a transfer of stocks has been approved at a general meeting of shareholders, except as the surviving company or the wholly owning parent approves the obligation to grant new share subscription rights, the Company may acquire the New Share Subscription Rights without consideration.

5) Resolution at the Board of Directors' Meeting as of June 26, 2009

	At the end of the second quarter (as of September 30, 2009)
Number of new share subscription rights	497
Number of treasury new share subscription rights out of new share subscription rights (unit)	---
Class of shares to be subject to new share subscription rights	Common Stock
Number of shares to be subject to new share subscription rights	49,700
Amount to be paid-in upon exercise of the new share subscription rights (yen)	752
Exercise period of the new share subscription rights	July 1, 2011 through June 30, 2014
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price 988 Paid-in Capital Amount 494
Terms and conditions to exercise the new share subscription rights	Being an officer of the Company or an advisor or a counselor provided for in Article 28 of the Articles of Incorporation of the Company at the time of exercising the rights.
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.
Matters concerning substitute payment	---
Matters concerning issue of new share subscription rights in connection with reorganization	In the event that a merger contract in which the Company is a defunct company has been approved, or that a proposal for approval of a stock swap agreement in which the Company becomes a wholly owned subsidiary or a proposal for a transfer of stocks has been approved at a general meeting of shareholders, except as the surviving company or the wholly owning parent approves the obligation to grant new share subscription rights, the Company may acquire the New Share Subscription Rights without consideration.

6) Resolution at the Ordinary General Meeting of Shareholders as of June 26, 2009

	At the end of the second quarter (as of September 30, 2009)	
Number of new share subscription rights	2,879	
Number of treasury new share subscription rights out of new share subscription rights (unit)	---	
Class of shares to be subject to new share subscription rights	Common Stock	
Number of shares to be subject to new share subscription rights	287,900	
Amount to be paid-in upon exercise of the new share subscription rights (yen)	752	
Exercise period of the new share subscription rights	July 1, 2011 through June 30, 2014	
Issue price and paid-in capital amount per share to be issued upon exercise of the new share subscription rights (yen)	Issue Price	988
	Paid-in Capital Amount	494
Terms and conditions to exercise the new share subscription rights	Being an officer or an employee of the Company or a director or an employee of a subsidiary of the Company at the time of exercising the rights.	
Provisions concerning the transfer of the new share subscription rights	Transfer of the new share subscription rights must be approved by the Board of Directors.	
Matters concerning substitute payment	---	
Matters concerning issue of new share subscription rights in connection with reorganization	In the event that a merger contract in which the Company is a defunct company has been approved, or that a proposal for approval of a stock swap agreement in which the Company becomes a wholly owned subsidiary or a proposal for a transfer of stocks has been approved at a general meeting of shareholders, except as the surviving company or the wholly owning parent approves the obligation to grant new share subscription rights, the Company may acquire the New Share Subscription Rights without consideration.	

(3) Details of Rights Plan

No applicable matter.

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

Date	Number of shares issued and outstanding		Capital (in thousands of yen)		Capital reserves (in thousands of yen)	
	Change	Balance	Change	Balance	Change	Balance
July 1, 2009 through September 30, 2009	---	34,994,424	---	7,117,256	---	6,229,282

(5) Status of Major Shareholders

As of September 30, 2009

Full name or corporate name	Address	Number of shares held	Ratio of shares held to total number of shares issued and outstanding (%)
Taiyo Pearl Fund L.P. (Standing Agent: Citibank Japan Ltd.)	C/O WALKERS SPV LIMITED, WALKER HOUSE, 87 MARY ST. GEORGE TOWN, GRAND CAYMAN KY1-9002, CAYMAN ISLANDS (3-14 Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo)	3,289,300	9.39
Japan Trustee Services Bank, Ltd. (Trust account)	8-11 Harumi 1-chome, Chuo-ku, Tokyo	1,549,100	4.42
Mitsubishi Gas Chemical Co., Ltd.	5-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo	1,472,166	4.20
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3 Hamamatsu-cho 2-chome, Minato-ku, Tokyo	1,077,800	3.07
Hachijuni Bank, Ltd. (Standing Agent: The Master Trust Bank of Japan, Ltd.)	178-8 Nakagoshō Okada, Nagano City, Nagano Prefecture (11-3 Hamamatsu-cho 2-chome, Minato-ku, Tokyo)	1,000,930	2.86
Arisawa Kenko Ltd.	3-11-44 Nishishiro-cho, Joetsu City, Niigata Prefecture	824,238	2.35
Eiichi Arisawa	Joetsu City, Niigata Prefecture	735,446	2.10
The Chase Manhattan Bank N.A. London S.L. Omnibus Account (Standing Agent: Mizuho Corporate Bank, Ltd., Settlement Sales Department)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (16-13 Tsukishima 4-chome, Chuo-ku, Tokyo)	729,600	2.08
The Daishi Bank, Ltd. (Standing Agent: The Master Trust Bank of Japan, Ltd.)	1071-1 7-bancho, Higashiborimaedori, Chuo-ku, Niigata City, Niigata Prefecture (11-3 Hamamatsu-cho 2-chome, Minato-ku, Tokyo)	628,903	1.79
The Master Trust Bank of Japan, Ltd. (Employee retirement funds account and Mitsubishi Electric Corporation's Account)	11-3 Hamamatsu-cho 2-chome, Minato-ku, Tokyo	530,536	1.51
Total	---	11,838,019	33.82

Note: Number of shares held by Mitsubishi Gas Chemical Co., Ltd. includes 966,306 shares that have been contributed as the trust property of employee retirement funds by Mitsubishi Gas Chemical Co., Ltd. (Name in the registry of shareholders is "The Master Trust Bank of Japan, Ltd. (Employee retirement funds account and Mitsubishi Gas Chemical Company's Account)."

(6) Status of Voting Rights

1) Shares issued and outstanding

As of September 30, 2009

Category	Number of Shares	Number of Rights	Remarks
Shares without voting rights	---	---	---
Shares with restricted voting rights (treasury stock, etc.)	---	---	---
Shares with restricted voting rights (other)	---	---	---
Shares with full voting rights (treasury stock, etc.)	Common Stock 1,900	---	---
Shares with full voting rights (other)	Common Stock 34,850,700	348,507	---
Odd stocks	Common Stock 141,824	---	---
Total number of shares issued and outstanding	34,994,424	---	---
Total number of voting rights of shareholders	---	348,507	---

Note: 500 shares and 5 rights held in the name of Japan Securities Depository Center, Inc. are included in Number of Shares and Number of Rights of Shares with full voting rights (other), respectively.

2) Treasury Stocks, etc.

As of September 30, 2009

Full name or corporate name, etc., of holder		Number of shares held			Ratio of shares held to total number of shares issued and outstanding (%)
Full name or corporate name	Address	In own name	In other's name	Total	
Arisawa Mfg. Co., Ltd.	5-5 Minami Honcho 1-chome, Joetsu City, Niigata Prefecture	1,900	---	1,900	0.00
Total	---	1,900	---	1,900	0.00

2. Share Price Movement

The highest/lowest share prices during the current quarter aggregate period:

Month	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009
High (¥)	413	427	628	778	806	779
Low (¥)	348	362	420	534	711	615

Note: Highest and lowest share prices are those on the 1st Section Market of Tokyo Stock Exchange.

3. Status of Officers

There are no changes to Officers from the date of submission of Financial Report for the previous fiscal year through the date of submission of the current Quarterly Report.

5. Status of Accounting

1. Method of Preparation of Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements of the Company are prepared in compliance with the “Regulations Concerning Terms, Forms and Preparation Method of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64, 2007; hereinafter referred to as “Regulations for Quarterly Consolidated Financial Statements”).

In this regard, for the previous consolidated second quarter (from July 1, 2008 to September 30, 2008) and the previous second quarter consolidated aggregate period (from April 1, 2008 to September 30, 2008), the financial statements are prepared in accordance with the Regulations for Quarterly Consolidated Financial Statements before amendment and for the current consolidated second quarter (from July 1, 2009 to September 30, 2009) and the current second quarter consolidated aggregate period (from April 1, 2009 to September 30, 2009), the financial statements are prepared in accordance with the amended Regulations for Quarterly Consolidated Financial Statements.

2. Certification of Auditing

The Company received a quarterly review of quarterly consolidated financial statements for the previous consolidated second quarter (from July 1, 2008 to September 30, 2008) and the previous second quarter consolidated aggregate period (from April 1, 2008 to September 30, 2008) and quarterly consolidated financial statements for the current consolidated second quarter (from July 1, 2009 to September 30, 2009) and the current second quarter consolidated aggregate period (from April 1, 2009 to September 30, 2009) by Ernst & Young ShinNihon LLC under the provision of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Law.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

	(Unit: thousand yen)	
	End of the Current Consolidated Second Quarter (as of September 30, 2009)	Consolidated Condensed Balance Sheet for the End of the Previous Consolidated Fiscal Year (as of March 31, 2009)
Assets		
Current Assets		
Cash and deposits	6,251,079	4,744,027
Notes and accounts receivable	7,355,060	5,254,417
Securities	1,994,400	---
Merchandise and finished goods	3,032,971	3,174,025
Work-in-progress	1,307,730	1,383,394
Raw materials and stores	1,565,255	1,460,110
Other	1,191,785	1,405,612
Allowance for doubtful accounts	Δ197,131	Δ159,864
Total Current Assets	22,501,152	17,261,721
Fixed Assets		
Tangible Fixed Assets		
Buildings & structures (net)	*1 7,988,300	*1 8,324,744
Machinery, equipment and delivery equipment (net)	*1 4,367,368	*1 6,960,826
Other (net)	*1 3,723,866	*1 1,917,544
Total Tangible Fixed Assets	16,079,534	17,203,115
Intangible Fixed Assets		
Goodwill	56,944	66,435
Other	86,065	90,897
Total Intangible Fixed Assets	143,009	157,333
Investments and Other Assets		
Investment securities	9,129,843	12,918,532
Other	3,088,196	628,858
Allowance for doubtful accounts	Δ353,986	Δ398,037
Total Investment and Other Assets	11,864,053	13,149,353
Total Fixed Assets	28,086,598	30,509,802
Total Assets	50,587,750	47,771,524

	(Unit: thousand yen)	
	End of the Current Consolidated Second Quarter (as of September 30, 2009)	Consolidated Condensed Balance Sheet for the End of the Previous Consolidated Fiscal Year (as of March 31, 2009)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,580,803	3,409,863
Short-term borrowings	*3 294,000	*3 1,037,000
Current portion of long-term borrowings	507,400	501,400
Corporate income tax, etc., payable	128,234	63,097
Reserve for bonuses	476,168	447,071
Reserve for officers' bonuses	2,021	6,024
Provision for product warranties	192,159	42,148
Other	1,191,087	852,369
Total Current Liabilities	9,371,875	6,358,975
Fixed Liabilities		
Long-term borrowings	1,522,140	1,749,340
Reserve for retirement allowance	28,516	28,034
Other	2,166,790	274,366
Total Fixed Liabilities	3,717,446	2,051,740
Total Liabilities	13,089,322	8,410,716
Net Assets		
Shareholders' Equity		
Capital	7,117,256	7,117,256
Capital surplus	6,229,282	6,229,282
Earned surplus	23,990,887	26,112,651
Treasury stock	Δ1,049	Δ733
Total Shareholders' Equity	37,336,375	39,458,456
Valuation and Translation Differences, etc.		
Valuation difference on other securities	301,151	169,297
Foreign currency translation adjustments	Δ317,281	Δ422,706
Total Valuation and Translation Differences, etc.	Δ16,129	Δ253,409
New Share Subscription Rights	163,133	141,479
Minority interests	15,047	14,281
Total Net Assets	37,498,428	39,360,808
Total Liabilities and Net Assets	50,587,750	47,771,524

(2) Quarterly Consolidated Profit and Loss Statement

[Second quarter consolidated aggregate period]

(Unit: thousand yen)

	Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)		Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)	
Sales		18,659,689		15,163,234
Cost of Goods Sold		15,929,044		14,234,032
Gross Profit on Sales		2,730,644		929,202
Selling, General and Administrative Expenses	*1	1,791,223	*1	1,434,151
Operating Profit or Loss (Δ)		939,421		Δ504,949
Non-operating Income				
Interest received		15,733		8,725
Dividends received		18,718		13,076
Investment profit by equity method		---		221,658
Technical support fee		53,100		---
Rent income		36,347		---
Other		37,773		123,145
Total Non-operating Income		161,672		366,605
Non-operating Expenses				
Interest paid		5,653		37,503
Investment loss by equity method		314,025		---
Exchange loss		---		112,265
Compensation expenses		44,139		---
Transfer to allowance for doubtful accounts		59,642		---
Transfer to provision for product warranties		---		192,159
Other		71,420		96,776
Total Non-operating Expenses		494,882		438,705
Ordinary Profit or Loss (Δ)		606,211		Δ577,049
Extraordinary Profits				
Profit on sale of fixed assets		855		22
Profit on sale of investment securities		84,138		---
Reversal of allowance for doubtful accounts		---		51,977
Other		5,959		5,308
Total Extraordinary Profits		90,953		57,309
Extraordinary Losses				
Loss on sale of fixed assets		486		---
Loss on retirement of fixed assets		13,545		---
Loss on impairment		2,110		---
Loss on sale of investment securities		---		1,051,796
Valuation loss on investment securities		15,158		---
Other		5,044		176,723
Total Extraordinary Losses		36,345		1,228,520
Net profit or loss (Δ) before taxes, etc.		660,819		Δ1,748,260
Corporate income tax, etc.	*2	200,171	*2	92,595
Minority interests in profit		197		766
Net profit or loss (Δ)		460,450		Δ1,841,621

[Consolidated second quarter]

(Unit: thousand yen)

	Previous Consolidated Second Quarter (From July 1, 2008 to September 30, 2008)	Current Consolidated Second Quarter (From July 1, 2009 to September 30, 2009)
Sales	9,929,652	8,168,943
Cost of Goods Sold	8,412,181	7,373,985
Gross Profit on Sales	1,517,471	794,957
Selling, General and Administrative Expenses	*1 880,483	*1 750,044
Operating Profit	636,987	44,913
Non-operating Income		
Interest received	10,648	7,042
Dividends received	1,209	50
Investment profit by equity method	---	37,426
Rent income	17,629	---
Other	19,845	47,805
Total Non-operating Income	49,333	92,324
Non-operating Expenses		
Interest paid	4,340	19,310
Investment loss by equity method	436,264	---
Exchange loss	---	98,786
Transfer to allowance for doubtful accounts	35,854	---
Transfer to provision for product warranties	---	92,370
Other	102,713	35,810
Total Non-operating Expenses	579,173	246,277
Ordinary Profit or Loss (Δ)	107,147	Δ 109,039
Extraordinary Profits		
Profit on sale of fixed assets	472	---
Profit on reversal of new share subscription rights	1,385	---
Reversal of allowance for doubtful accounts	---	41,536
Other	173	1,788
Total Extraordinary Profits	2,031	43,324
Extraordinary Losses		
Loss on retirement of fixed assets	12,145	---
Loss on impairment	2,110	---
Loss on sale of investment securities	---	1,051,755
Other	302	153,153
Total Extraordinary Losses	14,557	1,204,909
Net profit or loss (Δ) before taxes, etc.	94,621	Δ 1,270,623
Corporate income tax, etc.	*2 57,498	*2 36,636
Minority interests in profit	197	437
Net profit or loss (Δ)	36,925	Δ 1,307,697

(3) Quarterly Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)	Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)
Cash flow from operating activities		
Net profit or loss (Δ) before taxes, etc.	660,819	Δ1,748,260
Depreciation expense	1,180,639	1,413,139
Loss on impairment	2,110	---
Amortization of goodwill	12,013	9,490
Stock compensation expenses	29,754	26,213
Profit on reversal of new share subscription rights	Δ1,385	Δ4,558
Increase/decrease in allowance for doubtful accounts (Δ: decrease)	179,681	Δ6,784
Increase/decrease in reserve for bonuses (Δ: decrease)	Δ64,331	29,097
Increase/decrease in provision for product warranties (Δ: decrease)	---	150,010
Increase/decrease in reserve for officers' bonuses (Δ: decrease)	Δ5,613	Δ4,002
Increase/decrease in reserve for retirement allowance (Δ: decrease)	---	481
Interest received and dividends received	Δ34,451	Δ21,801
Interest paid	5,653	37,503
Exchange profit/loss (Δ: profit)	Δ24,392	84,481
Investment profit/loss by equity method (Δ: profit)	314,025	Δ221,658
Profit/loss on changes in equity (Δ: profit)	Δ4,567	---
Profit/loss on sale of securities and investment securities (Δ: profit)	Δ84,138	1,051,796
Valuation profit/loss on investment securities (Δ: profit)	28,748	162,713
Profit/loss on sale of fixed assets (Δ: profit)	Δ369	---
Loss on retirement of tangible fixed assets	---	2,853
Increase/decrease in accounts receivable (Δ: increase)	233,224	Δ2,115,600
Increase/decrease in inventories (Δ: increase)	112,389	111,571
Increase/decrease in trades payable (Δ: decrease)	Δ1,041,213	3,170,939
Increase/decrease in consumption tax, etc., payable (Δ: decrease)	Δ19,237	184,493
Increase/decrease in other assets (Δ: increase)	Δ151,248	150,312
Increase/decrease in other liabilities (Δ: decrease)	65,684	90,639
Other	490	Δ22
Subtotal	1,394,285	2,553,050
Interest and dividends received	301,028	198,945
Interest paid	Δ6,180	Δ36,776
Corporate income tax, etc., paid	Δ99,867	Δ26,400
Cash flow from operating activities	1,589,266	2,688,819

(Unit: thousand yen)

	Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)	Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)
Cash flow from investing activities		
Expenditure for placement in term deposits	Δ140,000	Δ2,690,000
Revenue from refund of term deposits	20,000	339,999
Expenditure for acquisition of securities	---	Δ1,993,903
Expenditure for acquisition of tangible fixed assets	Δ3,714,130	Δ379,782
Revenue from sale of tangible fixed assets	2,994	1,038
Expenditure for acquisition of intangible fixed assets	Δ3,050	Δ3,490
Expenditure for acquisition of investment securities	Δ250,287	Δ527,786
Revenue from sale of investment securities	126,618	3,448,569
Expenditure for lending	Δ86,892	Δ6,764
Revenue from collection of loans	---	322
Other	298	---
Cash flow from investing activities	Δ4,044,448	Δ1,811,797
Cash flow from financing activities		
Net increase/decrease in short-term borrowings (Δ: decrease)	Δ5,000	Δ743,000
Revenue from long-term borrowings	1,000,000	30,000
Expenditure for repayment of long-term borrowings	Δ33,560	Δ251,200
Expenditure for repayment of lease liabilities	Δ515	Δ119,625
Revenue from sale and leaseback	---	2,204,771
Expenditure for acquisition of treasury stock	Δ525	Δ316
Dividends paid	Δ628,030	Δ278,789
Proceeds from payments by minority shareholders	21,028	---
Dividends paid to minority shareholders	---	Δ197
Other	Δ13	---
Cash flow from financing activities	353,382	841,642
Translation differences in cash and cash equivalents	19,792	Δ61,611
Increase/decrease in cash and cash equivalents (Δ: decrease)	Δ2,082,007	1,657,052
Cash and cash equivalents at beginning of year	4,856,007	3,609,027
Cash and cash equivalents at end of quarter	* 2,774,000	* 5,266,079

[Changes in Method of Notation]

Current Second Quarter Consolidated Aggregate Period
(From April 1, 2009 to September 30, 2009)

(Quarterly Consolidated Profit and Loss Statement)

1. "Rent income" (¥35,144 thousand in the current second quarter consolidated aggregate period) in Non-operating Income, which had been separately stated in the previous second quarter consolidated aggregate period, is included in "Other" in Non-operating Income because it decreased to less than 20/100 of the total amount of Non-operating Income.
2. "Exchange loss," which had been included in "Other" in Non-operating Expenses in the previous second quarter consolidated aggregate period, is separately stated in the current second quarter consolidated aggregate period because it exceeded 20/100 of the total amount of Non-operating Expenses. In this regard, "Exchange Loss" included in "Other" in Non-operating Expenses for the previous second quarter consolidated aggregate period is ¥1,994 thousand.
3. "Compensation expenses" (¥17,585 thousand in the current second quarter consolidated aggregate period) in Non-operating Expenses, which had been separately stated in the previous second quarter consolidated aggregate period, is included in "Other" in Non-operating Expenses because it decreased to less than 20/100 of the total amount of Non-operating Expenses.
4. "Loss on retirement of fixed assets" (¥20,120 thousand in the current second quarter consolidated aggregate period) in Extraordinary Losses, which had been separately stated in the previous second quarter consolidated aggregate period, is included in "Other" in Extraordinary Losses because it decreased to less than 20/100 of the total amount of Extraordinary Losses.
5. "Valuation loss on investment securities" (¥156,603 thousand in the current second quarter consolidated aggregate period) in Extraordinary Losses, which had been separately stated in the previous second quarter consolidated aggregate period, is included in "Other" in Extraordinary Losses because it decreased to less than 20/100 of the total amount of Extraordinary Losses.

(Quarterly Consolidated Cash Flow Statement)

1. "Increase/decrease in reserve for retirement allowance (Δ : decrease)," which had been included in "Other" in "Cash flow from operating activities" in the previous second quarter consolidated aggregate period, is separately stated in the current second quarter consolidated aggregate period because the importance increased. In this regard, "Increase/decrease in reserve for retirement allowance (Δ : decrease)" included in "Other" in "Cash flow from operating activities" for the previous second quarter consolidated aggregate period is ¥177 thousand.
2. "Profit/loss on sale of fixed assets (Δ : profit)" in "Cash flow from operating activities," which had been separately stated in the previous second quarter consolidated aggregate period, is included in "Other" in the current second quarter consolidated aggregate period because the importance in the amount became insignificant. In this regard, "Profit/loss on sale of fixed assets (Δ : profit)" included in "Other" in "Cash flow from operating activities" for the current second quarter consolidated aggregate period is ¥22 thousand.
3. "Loss on retirement of tangible fixed assets," which had been included in "Other" in "Cash flow from operating activities" in the previous second quarter consolidated aggregate period, is separately stated in the current second quarter consolidated aggregate period because the importance increased. In this regard, "Loss on retirement of tangible fixed assets" included in "Other" in "Cash flow from operating activities" for the previous second quarter consolidated aggregate period is ¥297 thousand.
4. "Revenue from collection of loans," which had been included in "Other" in "Cash flow from investing activities" in the previous second quarter consolidated aggregate period, is separately stated in the current second quarter consolidated aggregate period because the importance increased. In this regard, "Revenue from collection of loans" included in "Other" in "Cash flow from investing activities" for the previous second quarter consolidated aggregate period is ¥298 thousand.

Current Consolidated Second Quarter
(From July 1, 2009 to September 30, 2009)

(Quarterly Consolidated Balance Sheet)

In connection with application of the “Cabinet Office Ordinance Partially Amending Regulations Concerning Terms, Forms and Preparation Method of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008), items stated as “Merchandise” “Finished goods” and “Semi-finished goods” in the previous consolidated second quarter are stated en bloc as “Merchandise and finished goods” in the current consolidated second quarter. In this regard, “Merchandise” “Finished goods” and “Semi-finished goods” included in the current consolidated second quarter are ¥70,706 thousand, ¥227,550 thousand and ¥2,734,714 thousand, respectively.

In addition, “Raw materials” and “Stores” (¥129,725 thousand), which had been included in “Other” in Current Assets in the previous consolidated second quarter, are stated en bloc as “Raw materials and stores” in the current consolidated second quarter. In this regard, “Raw materials” and “Stores” included in the current consolidated second quarter are ¥1,354,380 thousand and ¥210,875 thousand, respectively.

(Quarterly Consolidated Profit and Loss Statement)

1. “Rent income” (¥17,819 thousand in the current consolidated second quarter) in Non-operating Income, which had been separately stated in the previous consolidated second quarter, is included in “Other” in Non-operating Income because it decreased to less than 20/100 of the total amount of Non-operating Income.
2. “Exchange loss,” which had been included in “Other” in Non-operating Expenses in the previous consolidated second quarter, is separately stated in the current consolidated second quarter because it exceeded 20/100 of the total amount of Non-operating Expenses. In this regard, “Exchange Loss” included in “Other” in Non-operating Expenses for the previous consolidated second quarter is ¥61,780 thousand.
3. “Profit on reversal of new share subscription rights” (¥1,788 thousand in the current consolidated second quarter) in Extraordinary Profits, which had been separately stated in the previous consolidated second quarter, is included in “Other” in Extraordinary Profits because it decreased to less than 20/100 of the total amount of Extraordinary Profits.
4. “Loss on retirement of fixed assets” (¥655 thousand in the current consolidated second quarter) in Extraordinary Losses, which had been separately stated in the previous consolidated second quarter, is included in “Other” in Extraordinary Losses because it decreased to less than 20/100 of the total amount of Extraordinary Losses.

[Particular accounting applied to preparation of quarterly consolidated financial statements]

Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)	
Calculation of tax expenses	For tax expenses, the effective tax rate is reasonably estimated after application of tax effect accounting for net profit before taxes in the consolidated fiscal year including the current consolidated second quarter and these are calculated by multiplying the quarterly net profit before taxes by the estimated effective tax rate. In this regard, adjustment of corporate income tax, etc., is included in “corporate income tax, etc.”

[Notes]

(Notes Related to Quarterly Consolidated Balance Sheet)

End of the Current Consolidated Second Quarter (as of September 30, 2009)	End of the Previous Consolidated Fiscal Year (as of March 31, 2009)												
<p>*1 Accumulated depreciation of tangible fixed assets is ¥29,314,415 thousand.</p> <p>2 Liabilities on guarantee</p> <p>(1) Liabilities on guarantee for deposit money deposited in connection with transfer of business</p> <p style="padding-left: 40px;">SURFCO HAWAII, INC. ¥14,615,000</p> <p>(2) Liabilities on guarantee for purchase debt of a subsidiary other than the consolidated subsidiaries from the clients</p> <p style="padding-left: 40px;">Asuna Co., Ltd. ¥420,000</p> <p>*3 The Submitting Company has executed an overdraft agreement with six correspondent banks for the purpose of efficient procurement of operating capital. The following are unused lines of credit based on these agreements as of the end of the current consolidated second quarter:</p> <p style="text-align: right;">(in thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Total amount of current account overdrafts</td> <td style="text-align: right;">5,950,000</td> </tr> <tr> <td><u>Draw-downs</u></td> <td style="text-align: right;"><u>190,000</u></td> </tr> <tr> <td>Net</td> <td style="text-align: right;">5,760,000</td> </tr> </table>	Total amount of current account overdrafts	5,950,000	<u>Draw-downs</u>	<u>190,000</u>	Net	5,760,000	<p>*1 Accumulated depreciation of tangible fixed assets is ¥28,311,888 thousand.</p> <p>2 Liabilities on guarantee</p> <p>(1) Liabilities on guarantee for deposit money deposited in connection with transfer of business</p> <p style="padding-left: 40px;">SURFCO HAWAII, INC. ¥15,914,000</p> <p>(2) ---</p> <p>*3 The Submitting Company has executed an overdraft agreement with six correspondent banks for the purpose of efficient procurement of operating capital. The following are unused lines of credit based on these agreements as of the end of the current consolidated fiscal year:</p> <p style="text-align: right;">(in thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Total amount of current account overdrafts</td> <td style="text-align: right;">5,950,000</td> </tr> <tr> <td><u>Draw-downs</u></td> <td style="text-align: right;"><u>790,000</u></td> </tr> <tr> <td>Net</td> <td style="text-align: right;">5,160,000</td> </tr> </table>	Total amount of current account overdrafts	5,950,000	<u>Draw-downs</u>	<u>790,000</u>	Net	5,160,000
Total amount of current account overdrafts	5,950,000												
<u>Draw-downs</u>	<u>190,000</u>												
Net	5,760,000												
Total amount of current account overdrafts	5,950,000												
<u>Draw-downs</u>	<u>790,000</u>												
Net	5,160,000												

(Notes Related to Quarterly Consolidated Profit and Loss Statement)

Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)	Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)																						
<p>*1 Major items and amount of selling, general and administrative expenses are as follows.</p> <p style="text-align: right;">(in thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Freight and packaging expenses</td> <td style="text-align: right;">355,115</td> </tr> <tr> <td>Salaries, allowances and bonuses</td> <td style="text-align: right;">370,455</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">104,450</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">2,935</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">15,275</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">123,098</td> </tr> </table> <p>*2 For tax expenses in the current second quarter consolidated aggregate period, adjustment of corporate income tax, etc., is included in "corporate income tax, etc." as the accounting particular to preparation of quarterly consolidated financial statements is applied.</p>	Freight and packaging expenses	355,115	Salaries, allowances and bonuses	370,455	Transfer to reserve for bonuses	104,450	Transfer to reserve for officers' bonuses	2,935	Transfer to reserve for retirement allowance	15,275	Transfer to allowance for doubtful accounts	123,098	<p>*1 Major items and amount of selling, general and administrative expenses are as follows.</p> <p style="text-align: right;">(in thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Salaries, allowances and bonuses</td> <td style="text-align: right;">322,233</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">95,965</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">2,021</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">30,033</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">48,762</td> </tr> </table> <p>*2 Same as on the left.</p>	Salaries, allowances and bonuses	322,233	Transfer to reserve for bonuses	95,965	Transfer to reserve for officers' bonuses	2,021	Transfer to reserve for retirement allowance	30,033	Transfer to allowance for doubtful accounts	48,762
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Previous Consolidated Second Quarter (From July 1, 2008 to September 30, 2008)	Current Consolidated Second Quarter (From July 1, 2009 to September 30, 2009)																								
<p>*1 Major items and amount of selling, general and administrative expenses are as follows.</p> <p style="text-align: right;">(in thousands of yen)</p> <table> <tr> <td>Freight and packaging expenses</td> <td style="text-align: right;">184,324</td> </tr> <tr> <td>Salaries, allowances and bonuses</td> <td style="text-align: right;">184,527</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">56,016</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">1,048</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">7,509</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">30,205</td> </tr> </table>	Freight and packaging expenses	184,324	Salaries, allowances and bonuses	184,527	Transfer to reserve for bonuses	56,016	Transfer to reserve for officers' bonuses	1,048	Transfer to reserve for retirement allowance	7,509	Transfer to allowance for doubtful accounts	30,205	<p>*1 Major items and amount of selling, general and administrative expenses are as follows.</p> <p style="text-align: right;">(in thousands of yen)</p> <table> <tr> <td>Freight and packaging expenses</td> <td style="text-align: right;">152,916</td> </tr> <tr> <td>Salaries, allowances and bonuses</td> <td style="text-align: right;">156,270</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">54,123</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">1,296</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">14,733</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">28,452</td> </tr> </table>	Freight and packaging expenses	152,916	Salaries, allowances and bonuses	156,270	Transfer to reserve for bonuses	54,123	Transfer to reserve for officers' bonuses	1,296	Transfer to reserve for retirement allowance	14,733	Transfer to allowance for doubtful accounts	28,452
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<p>*2 For tax expenses in the current consolidated second quarter, adjustment of corporate income tax, etc., is included in "corporate income tax, etc." as the accounting particular to preparation of quarterly consolidated financial statements is applied.</p>	<p>*2 Same as on the left.</p>																								

(Notes Related to Quarterly Consolidated Cash Flow Statement)

Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)	Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)												
<p>* Relationship between the final figures of cash and cash equivalents at end of quarter and the amounts of items shown on the quarterly consolidated balance sheets.</p> <p style="text-align: right;">(as of September 30, 2008)</p> <p style="text-align: right;">(in thousands of yen)</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">3,909,000</td> </tr> <tr> <td>Fixed term deposits for a term longer than three months</td> <td style="text-align: right;">Δ1,135,000</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>2,774,000</u></td> </tr> </table>	Cash and deposits	3,909,000	Fixed term deposits for a term longer than three months	Δ1,135,000	Cash and cash equivalents	<u>2,774,000</u>	<p>* Relationship between the final figures of cash and cash equivalents at end of quarter and the amounts of items shown on the quarterly consolidated balance sheets.</p> <p style="text-align: right;">(as of September 30, 2009)</p> <p style="text-align: right;">(in thousands of yen)</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">6,251,079</td> </tr> <tr> <td>Fixed term deposits for a term longer than three months</td> <td style="text-align: right;">Δ985,000</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>5,266,079</u></td> </tr> </table>	Cash and deposits	6,251,079	Fixed term deposits for a term longer than three months	Δ985,000	Cash and cash equivalents	<u>5,266,079</u>
Cash and deposits	3,909,000												
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Cash and deposits	6,251,079												
Fixed term deposits for a term longer than three months	Δ985,000												
Cash and cash equivalents	<u>5,266,079</u>												

(Notes Related to Shareholders' Equity, etc.)

End of the Current Consolidated Second Quarter (as of September 30, 2009) and the Current Second Quarter Consolidated Aggregate Period (from April 1, 2009 to September 30, 2009)

1. Types and Total Number of Outstanding Shares

Common stock 34,994,424 shares

2. Types and Number of Shares of Treasury Stock

Common stock 1,937 shares

3. Matters concerning New Share Subscription Rights, etc.

New share subscription rights as stock option

Balance of new share subscription rights at the end of the consolidated second quarter:

Parent ¥163,133 thousand

Note: Balance of new share subscription rights for which the initial date of the period for exercising the right has not arrived is ¥34,645 thousand.

4. Matters concerning Dividends

Dividend Amount

(Resolution)	Type of stock	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date	Underlying assets of dividends
Ordinary general meeting of shareholders held on June 26, 2009	Common stock	279,944	8.00	March 31, 2009	June 29, 2009	Earned surplus

(Segment Information)

[Segment Information by Business Category]

Previous Consolidated Second Quarter (from July 1, 2008 to September 30, 2008) and Current Consolidated Second Quarter (from July 1, 2009 to September 30, 2009), and Previous Second Quarter Consolidated Aggregate Period (from April 1, 2008 to September 30, 2008) and Current Second Quarter Consolidated Aggregate Period (from April 1, 2009 to September 30, 2009)

As both sales and operating profit of manufacturing and sales operation of industrial materials, etc., account for over 90% of the total sales and total operating profit of all segments, respectively, statement of segment information by business category is not included.

[Segment Information by Region]

Previous Consolidated Second Quarter (from July 1, 2008 to September 30, 2008) and Current Consolidated Second Quarter (from July 1, 2009 to September 30, 2009), and Previous Second Quarter Consolidated Aggregate Period (from April 1, 2008 to September 30, 2008) and Current Second Quarter Consolidated Aggregate Period (from April 1, 2009 to September 30, 2009)

As sales in Japan account for over 90% of the total sales of all segments, statement of segment information by region is not included.

[Overseas Sales]

Previous Consolidated Second Quarter (from July 1, 2008 to September 30, 2008)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	3,793,667	31,855	29,807	3,855,330
II Consolidated sales (in thousands of yen)				9,929,652
III Ratio of overseas sales in the consolidated sales (%)	38.2	0.3	0.3	38.8

Current Consolidated Second Quarter (from July 1, 2009 to September 30, 2009)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	3,051,618	301,377	5,187	3,358,183
II Consolidated sales (in thousands of yen)				8,168,943
III Ratio of overseas sales in the consolidated sales (%)	37.4	3.7	0.0	41.1

Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	6,539,710	59,307	36,870	6,635,889
II Consolidated sales (in thousands of yen)				18,659,689
III Ratio of overseas sales in the consolidated sales (%)	35.1	0.3	0.2	35.6

Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	5,551,350	729,005	9,171	6,289,527
II Consolidated sales (in thousands of yen)				15,163,234
III Ratio of overseas sales in the consolidated sales (%)	36.6	4.8	0.1	41.5

- Note:
- The regions are segmented by proximity.
 - The respective regions are composed of the following countries.
 Asia: Korea, China, Taiwan and Malaysia, etc.
 North America: USA and Canada
 - Overseas sales are the sales (including indirect exports) by the Company and consolidated subsidiaries of countries or areas other than Japan.

(Notes Related to Securities)

End of the Current Consolidated Second Quarter (as of September 30, 2009)

Securities with market value in other securities are growing increasingly important in operation of business of the corporate group and significant changes occurred as compared to the end of the previous consolidated fiscal year.

(in thousands of yen)

	Acquisition Cost	Value shown on Quarterly Consolidated Balance Sheet	Balance
(1) Equity Shares	680,128	1,371,886	691,757
(2) Bonds			
Government bonds, local government bonds, etc.	---	---	---
Corporate bonds	2,500,070	2,494,150	Δ5,920
Other	---	---	---
(3) Other	231,916	201,955	Δ29,961
Total	3,412,115	4,067,991	655,876

(Notes Related to Stock Option, etc.)

Current Consolidated Second Quarter (From July 1, 2009 to September 30, 2009)

1. Amount of Expenses appropriated and Item in the Current Consolidated Second Quarter concerning Stock Option

Stock compensation expenses in cost of goods sold, selling, general and administrative expenses

¥12,768,000

2. Details of Stock Option granted in the Current Consolidated Second Quarter

	Compensation to Directors Stock option in 2009
Classification and number of persons to be granted	Directors of the Company: 7 persons
Number of stock options granted by type of stock	Common stock: 49,700 shares
Granted date	August 1, 2009
Condition for ascertained claim	Condition for ascertained claim is not attached, but the condition for exercising the right is as follows: - To be an officer of the Company or an advisor or a counselor provided for in Article 28 of the Articles of Incorporation of the Company at the time of exercising the rights.
Subject period of service	From: August 1, 2009 To: June 30, 2011
Period for exercising rights	From: July 1, 2011 To: June 30, 2014
Right exercising price (yen)	752
Fair valuation unit price at the granted date (yen)	236

	Employees, etc. Stock option in 2009
Classification and number of persons to be granted	Employees of the Company: 224 persons Directors and employees of a subsidiary of the Company: 5 persons
Number of stock options granted by type of stock	Common stock: 287,900 shares
Granted date	August 1, 2009
Condition for ascertained claim	Condition for ascertained claim is not attached, but the condition for exercising the right is as follows: - To be an officer or an employee of the Company or a director or an employee of a subsidiary of the Company at the time of exercising the rights.
Subject period of service	From: August 1, 2009 To: June 30, 2011
Period for exercising rights	From: July 1, 2011 To: June 30, 2014
Right exercising price (yen)	752
Fair valuation unit price at the granted date (yen)	236

(Per Share Information)

1. Net asset per share

End of the Current Consolidated Second Quarter (as of September 30, 2009)	End of the Previous Consolidated Fiscal Year (as of March 31, 2009)
Net asset per share ¥1,066.52	Net asset per share ¥1,120.37

2. Net profit per share, etc.

Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)	Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)
Net profit per share ¥13.16	Net loss per share ¥52.63
Fully diluted net profit per share ¥13.14	“Fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.

Note: Net profit or loss per share and fully diluted net profit per share are calculated on the basis of the following:

	Previous Second Quarter Consolidated Aggregate Period (From April 1, 2008 to September 30, 2008)	Current Second Quarter Consolidated Aggregate Period (From April 1, 2009 to September 30, 2009)
Net profit per share		
Net profit or loss (Δ) (in thousands of yen)	460,450	Δ 1,841,621
Amounts that are not attributable to common stock holders (in thousands of yen)	---	---
Net profit or loss (Δ) for common stocks (in thousands of yen)	460,450	Δ 1,841,621
Average number of shares during the period	34,992,909	34,992,782
Fully diluted net profit per share		
Adjusted amount of net profit (in thousands of yen)	---	---
Increase in number of common stocks	35,917	---
The outline of potential shares which were not included in the calculation of the amount of fully-diluted net profit per share due to the absence of dilutive effects and significantly changed from the end of the previous consolidated fiscal year.	---	---

Previous Consolidated Second Quarter (From July 1, 2008 to September 30, 2008)		Current Consolidated Second Quarter (From July 1, 2009 to September 30, 2009)	
Net profit per share	¥1.06	Net loss per share	¥37.37
Fully diluted net profit per share	¥1.05	“Fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.	

Note: Net profit or loss per share and fully diluted net profit per share are calculated on the basis of the following:

	Previous Consolidated Second Quarter (From July 1, 2008 to September 30, 2008)	Current Consolidated Second Quarter (From July 1, 2009 to September 30, 2009)
Net profit per share		
Net profit or loss (Δ) (in thousands of yen)	36,925	Δ 1,307,697
Amounts that are not attributable to common stock holders (in thousands of yen)	---	---
Net profit or loss (Δ) for common stocks (in thousands of yen)	36,925	Δ 1,307,697
Average number of shares during the period	34,993,876	34,992,610
Fully diluted net profit per share		
Adjusted amount of net profit (in thousands of yen)	---	---
Increase in number of common stocks	34,800	---
The outline of potential shares which were not included in the calculation of the amount of fully-diluted net profit per share due to the absence of dilutive effects and significantly changed from the end of the previous consolidated fiscal year.	---	---

(Important Events after Closing the Accounts)

Previous Consolidated Second Quarter (From July 1, 2008 to September 30, 2008)	Current Consolidated Second Quarter (From July 1, 2009 to September 30, 2009)																														
---	<p>Purchase of Companies, etc., by Acquisition of Shares</p> <p>The Company adopted a resolution at the board of directors' meeting held on August 18, 2009 that the Company would purchase 78,726,000 shares out of new shares issued by third party allocation with the payment date as of December 30, 2009, up to 104,712,041 shares of ThinFlex Corporation and made payment on October 2, 2009. However, due to the adoption of a resolution of finishing offer at the extraordinary board of directors' meeting of ThinFlex, held on October 7, 2009, the voting rights of the Company in ThinFlex would be 51% and ThinFlex became a subsidiary of the Company.</p> <p>In this regard, as the capital of ThinFlex is more than 10/100 of the capital of the Company, ThinFlex is a specific subsidiary of the Company.</p> <p>1. Purpose of acquisition of shares</p> <p>In order to reinforce and expand the flexible printed circuit board materials business in the electronic materials field of the Company, it is to secure the production base in Taiwan and China and to expand business foundations in Asian region.</p> <p>2. Overview of changed subsidiary</p> <table border="0"> <tr> <td>Name</td> <td>ThinFlex Corporation</td> </tr> <tr> <td>Address</td> <td>No. 8, Luke 2nd Rd., Luzhu Shiang, Kaohsiung County 821 Taiwan (R.O.C.)</td> </tr> <tr> <td>Title and Name of Representative</td> <td>Chairman: Lu Chi-Hsiung</td> </tr> <tr> <td>Business Line</td> <td>Development, manufacture and sale of flexible printed circuit board materials, etc.</td> </tr> <tr> <td>Capital</td> <td>NT\$ 1,543,643,960 (As of October 7, 2009)</td> </tr> <tr> <td>Consolidated Business Results</td> <td>(Fiscal year ended December 31, 2008) (in thousands of NT\$)</td> </tr> <tr> <td></td> <td>Net sales 692,512</td> </tr> <tr> <td></td> <td>Operating profit Δ300,693</td> </tr> <tr> <td></td> <td>Ordinary profit Δ554, 983</td> </tr> <tr> <td></td> <td>Net profit Δ571,680</td> </tr> <tr> <td></td> <td>Total assets 1,308,781</td> </tr> <tr> <td></td> <td>Net assets 378,012</td> </tr> </table> <p>3. Overview of subscription of allocation of new shares to third party</p> <table border="0"> <tr> <td>Number of shares subscribed</td> <td>Dividend preferred shares with voting rights: 78,726,000 shares</td> </tr> <tr> <td>Subscription price</td> <td>NT\$ 300,733,320</td> </tr> <tr> <td>Voting rights ratio after acquisition</td> <td>51.0%</td> </tr> </table> <p>4. Procurement Method of Funds for Payment</p> <p>Own funds for entire payment</p>	Name	ThinFlex Corporation	Address	No. 8, Luke 2 nd Rd., Luzhu Shiang, Kaohsiung County 821 Taiwan (R.O.C.)	Title and Name of Representative	Chairman: Lu Chi-Hsiung	Business Line	Development, manufacture and sale of flexible printed circuit board materials, etc.	Capital	NT\$ 1,543,643,960 (As of October 7, 2009)	Consolidated Business Results	(Fiscal year ended December 31, 2008) (in thousands of NT\$)		Net sales 692,512		Operating profit Δ300,693		Ordinary profit Δ554, 983		Net profit Δ571,680		Total assets 1,308,781		Net assets 378,012	Number of shares subscribed	Dividend preferred shares with voting rights: 78,726,000 shares	Subscription price	NT\$ 300,733,320	Voting rights ratio after acquisition	51.0%
Name	ThinFlex Corporation																														
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Voting rights ratio after acquisition	51.0%																														

2. Other

No applicable matter.

PART II. INFORMATION ON GUARANTY COMPANIES OF THE SUBMITTING COMPANY, ETC.

No applicable matter.

Quarterly Review Report of Independent Auditor

November 13, 2008

To: Board of Directors
Arisawa Mfg. Co., Ltd.

Ernst & Young ShinNihon LLC

Shinji Tanabe [Seal]
Designated Limited Partner and Operating Partner,
Certified Public Accountant

Naoki Nomoto [Seal]
Designated Limited Partner and Operating Partner,
Certified Public Accountant

This Audit Corporation conducted, under the provision of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Law, a quarterly review of the quarterly consolidated financial statements of Arisawa Mfg. Co., Ltd. listed in "Status of Accounting" for the consolidated second quarter (From July 1, 2008 to September 30, 2008) and the second quarter consolidated aggregate period (from April 1, 2008 to September 30, 2008) of the consolidated fiscal year from April 1, 2008 to March 31, 2009, consisting of a quarterly consolidated balance sheet, quarterly consolidated profit and loss statement and quarterly consolidated cash flow statement. Management holds responsibility for preparation of these quarterly consolidated financial statements and the responsibility of this Audit Corporation is to express our conclusions on these quarterly consolidated financial statements from an independent position.

This Audit Corporation conducted the quarterly review in accordance with the standards for quarterly review generally accepted in Japan. The quarterly review was mainly conducted by asking questions to the management and the persons responsible for the matters concerning finance and accounting, analytical procedures and other quarterly review procedures, which was conducted in accordance with procedures limited in comparison to the procedures for audit of annual financial statements, which is conducted in accordance with the audit standards generally accepted in Japan.

In the quarterly review conducted by this Audit Corporation, no matters were discovered in every material respect, which led us to believe that the above quarterly consolidated financial statements did not properly represent the financial conditions of Arisawa Mfg. Co., Ltd. and its consolidated subsidiaries as of September 30, 2008, business results for the consolidated second quarter and the second quarter consolidated aggregate period, and status of cash flow in the second quarter consolidated aggregate period ended as of the same day, in accordance with the standards for preparing quarterly consolidated financial statements generally accepted in Japan.

There exists no special interest between the Company and this Audit Corporation or the Operating Partners to be stated under the provisions of the Certified Public Accountants Law.

Note: 1. All matters in the above are copied electronically from the matters stated in the original quarterly review report. The original quarterly review report is kept separately by the Company (submitting company of the quarterly report).
2. XBRL data is not included in the scope of quarterly consolidated financial statements.

Quarterly Review Report of Independent Auditor

November 12, 2009

To: Board of Directors
Arisawa Mfg. Co., Ltd.

Ernst & Young ShinNihon LLC

Shinji Tanabe [Seal]
Designated Limited Partner and Operating Partner,
Certified Public Accountant

Naoki Nomoto [Seal]
Designated Limited Partner and Operating Partner,
Certified Public Accountant

Shinichi Oshima [Seal]
Designated Limited Partner and Operating Partner,
Certified Public Accountant

This Audit Corporation conducted, under the provision of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Law, a quarterly review of the quarterly consolidated financial statements of Arisawa Mfg. Co., Ltd. listed in "Status of Accounting" for the consolidated second quarter (From July 1, 2009 to September 30, 2009) and the second quarter consolidated aggregate period (from April 1, 2009 to September 30, 2009) of the consolidated fiscal year from April 1, 2009 to March 31, 2010, consisting of a quarterly consolidated balance sheet, quarterly consolidated profit and loss statement and quarterly consolidated cash flow statement. Management holds responsibility for preparation of these quarterly consolidated financial statements and the responsibility of this Audit Corporation is to express our conclusions on these quarterly consolidated financial statements from an independent position.

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