

QUARTERLY REPORT

(Third Quarter of the 62nd Term)

From October 1, 2009
to December 31, 2009

ARISAWA MFG. CO., LTD.

E01152

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Quarterly Accounting Period: Third Quarter of the 62nd Term (from October 1, 2009 to December 31, 2009)

Name of Company: Kabushiki Kaisha Arisawa Seisakusho

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

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PART I. INFORMATION ABOUT THE BUSINESS

1. General Conditions of Business

1. Changes in Principal Business Indicators, etc.

Term	61 st Term Third Quarter Consolidated Aggregate Period	62 nd Term Third Quarter Consolidated Aggregate Period	61 st Term Consolidated Third Quarter	62 nd Term Consolidated Third Quarter	61 st Term
Accounting Period	From April 1, 2008 to December 31, 2008	From April 1, 2009 to December 31, 31, 2009	From October 1, 2008 to December 31, 2008	From October 1, 2009 to December 31, 2009	From April 1, 2008 to March 31, 2009
Sales (¥ millions)	25,514	22,515	6,855	7,352	29,511
Ordinary profit or loss (Δ) (¥ millions)	404	Δ800	Δ202	Δ286	Δ1,139
Net loss (Δ) (¥ millions)	Δ247	Δ2,094	Δ707	Δ253	Δ2,758
Net assets (¥ millions)	---	---	42,113	38,163	39,360
Total assets (¥ millions)	---	---	53,415	53,015	47,771
Net asset per share (¥)	---	---	1,199.32	1,055.53	1,120.37
Net loss (Δ) per share (¥)	Δ7.07	Δ59.86	Δ20.23	Δ7.23	Δ78.84
Fully diluted net profit per share (¥)	---	---	---	---	---
Net worth ratio (%)	---	---	78.6	69.7	82.1
Cash flows from operating activities (¥ millions)	1,609	3,052	---	---	2,245
Cash flows from investing activities (¥ millions)	Δ5,301	Δ2,102	---	---	Δ5,777
Cash flows from financing activities (¥ millions)	2,119	649	---	---	2,287
Cash and cash equivalents at end of period (¥ millions)	---	---	3,243	5,098	3,609
Number of employees	---	---	1,000	1,111	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. "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 third quarter.

Changes in major affiliated companies during the current consolidated third quarter are shown in “3. Status of Affiliated Companies.”

3. Status of Affiliated Companies

During the current consolidated third quarter, the following companies became affiliated companies of the Submitting Company.

Name	Address	Capital	Details of major operations	Ownership ratio of voting rights (%)	Pertinent details
(Consolidated subsidiaries) ThinFlex Corporation (Note 1)	Kaohsiung, Taiwan	NT\$1,543,643 thousand	Manufacturing and sales operation of industrial materials	51.0	Holding office of directorate concurrently: two officers
Witspool Corporation	Taipei, Taiwan	NT\$9,500 thousand	Manufacturing and sales operation of industrial materials	99.9 (99.9)	---
TopFlex Corporation (Note 1)	Kunshan, China	US\$15,000 thousand	Manufacturing and sales operation of industrial materials	90.0 (90.0)	---
ThinFlex Technology Corporation (B.V.I.) (Note 1)	British Virgin Islands	US\$13,710 thousand	Manufacturing and sales operation of industrial materials	98.5 (98.5)	---

Note: 1. The company falls under specified subsidiary.

2. Figures in () in ownership ratio of voting rights indicate indirect ownership ratio included in the total.

4. Status of Employees

(1) Status of Consolidated Companies

As of December 31, 2009

Number of Employees	1,111
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Note: 1. The number of employees indicates full-time employees and does not include part-time and temporary employees.

2. The number of employees increased by 152 persons during the current consolidated third quarter. This was mainly due to an increase in consolidated subsidiaries.

(2) Status of the Submitting Company

As of December 31, 2009

Number of Employees	669
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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 third quarter.

Customer	Previous consolidated third quarter (From October 1, 2008 to December 31, 2008)		Current consolidated third quarter (From October 1, 2009 to December 31, 2009)	
	Amount (¥1,000)	Ratio (%)	Amount (¥1,000)	Ratio (%)
Sumitomo Shoji Chemicals Co., Ltd	1,902,960	27.7	2,245,783	30.5

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 third 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 third 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 third quarter, while it has been reported that the global financial crisis triggered by the sub-prime loan problem has been gradually resolved by the effects of economic stimulus measures by respective governments around the world and some production and export segments have shown signs of recovery, severe economic situations remain with regard to corporate income and employment as indicated by the significant decrease in capital investment and continuously high levels of unemployment.

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 third quarter, net sales were ¥7,352 million (an increase of 7.3% as compared to the same period of the previous year), operating loss was ¥326 million (operating loss of ¥294 million in the same period of the previous year), ordinary loss was ¥286 million (ordinary loss of ¥202 million in the same period of the previous year) and net loss was ¥253 million (net loss of ¥707 million in the same period 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 ¥4200 million, an increase of 0.2% as compared to the same quarter of the previous year, mainly from flexible printed circuit board materials, our core product (orders received: ¥4,205 million, production output: ¥3,026 million, on a non-consolidated basis of the Submitting Company).

In the display materials field, net sales were ¥836 million, an increase of 151.5% as compared to the same quarter of the previous year and in the electric insulation materials field, net sales were ¥708 million,

a decrease of 19.6% as compared to the same quarter of the previous year. In the industrial application structural materials field, net sales were ¥1,136 million, an increase of 32.1% as compared to the same quarter of the previous year and for the related products, net sales were ¥456 million, a decrease of 20.5% as compared to the same quarter of the previous year.

In other segments, net sales were ¥14 million, an increase of 1.1% 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 third quarter were ¥5,098 million, an increase of ¥1,854 million as compared to the end of the previous consolidated third quarter (an increase of 57.2% 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 third quarter.

(Cash Flow from Operating Activities)

Funds earned from operating activities were ¥363 million, an increase of ¥344 million as compared to the previous consolidated third quarter (¥19 million for the same quarter of the previous year). This was mainly due to depreciation expense of ¥778 million, a decrease of ¥519 million as a result of a decrease in purchase debt, an increase of ¥297 million as a result of a decrease in inventories and an increase of ¥284 million as a result of a decrease in accounts receivable.

(Cash Flow from Investing Activities)

Funds disbursed for investing activities were ¥291 million, a decrease of ¥966 million as compared to the previous consolidated third quarter (a decrease of 76.8% as compared to the same quarter of the previous year). This was mainly due to expenditures of ¥598 million for acquisition of securities, revenue of ¥553 million from acquisition of stocks of subsidiaries accompanying the change in scope of consolidation and expenditures of ¥186 million for acquisition of investment securities.

(Cash Flow from Financing Activities)

Funds disbursed for financing activities were ¥192 million (earnings of ¥1,766 million for the same quarter of the previous year). This was mainly due to expenditures of ¥168 million for redemption of bonds.

(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 third 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 third quarter was ¥541 million.

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

3. Status of Facilities

(1) Status of Major Facilities

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

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

There is no material change in the current consolidated third 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 third quarter (as of December 31, 2009)	Number of shares issued and outstanding as of the date submitted (as of February 15, 2010)	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 February 1, 2010 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 third quarter (as of December 31, 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 third quarter (as of December 31, 2009)
Number of new share subscription rights	1,191
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	119,100
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 third quarter (as of December 31, 2009)
Number of new share subscription rights	1,629
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	162,900
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 third quarter (as of December 31, 2009)
Number of new share subscription rights	1,916
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	191,600
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 third quarter (as of December 31, 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 third quarter (as of December 31, 2009)
Number of new share subscription rights	2,215
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	221,500
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 third quarter (as of December 31, 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 third quarter (as of December 31, 2009)
Number of new share subscription rights	2,853
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	285,300
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
October 1, 2009 through December 31, 2009	---	34,994,424	---	7,117,256	---	6,229,282

(5) Status of Major Shareholders

Changes in major shareholders are not recognized in the current third quarter as a copy of the report on large shareholders, etc., has not been sent to the Company.

(6) Status of Voting Rights

For the “Status of Voting Rights” as of the end of the current third quarter, since it is unable to be stated here as the entries in the list of shareholders could not be confirmed, it is stated based on the list of shareholders as of the most recent record date (September 30, 2009).

1) Shares issued and outstanding

As of December 31, 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 December 31, 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	October 2009	November 2009	December 2009
High (¥)	413	427	628	778	806	779	759	566	522
Low (¥)	348	362	420	534	711	615	554	391	411

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 third quarter (from October 1, 2008 to December 31, 2008) and the previous third quarter consolidated aggregate period (from April 1, 2008 to December 31, 2008), the financial statements are prepared in accordance with the Regulations for Quarterly Consolidated Financial Statements before amendment and for the current consolidated third quarter (from October 1, 2009 to December 31, 2009) and the current third quarter consolidated aggregate period (from April 1, 2009 to December 31, 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 third quarter (from October 1, 2008 to December 31, 2008) and the previous third quarter consolidated aggregate period (from April 1, 2008 to December 31, 2008) and quarterly consolidated financial statements for the current consolidated third quarter (from October 1, 2009 to December 31, 2009) and the current third quarter consolidated aggregate period (from April 1, 2009 to December 31, 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 Third Quarter (as of December 31, 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	6,113,046	4,744,027
Notes and accounts receivable	*5 7,745,117	5,254,417
Securities	2,598,978	---
Merchandise and finished goods	2,941,719	3,174,025
Work-in-progress	1,298,475	1,383,394
Raw materials and stores	1,721,807	1,460,110
Other	1,246,801	1,405,612
Allowance for doubtful accounts	Δ233,341	Δ159,864
Total Current Assets	23,432,604	17,261,721
Fixed Assets		
Tangible Fixed Assets		
Buildings & structures (net)	*1, *2 8,667,122	*1, *2 8,324,744
Machinery, equipment and delivery equipment (net)	*1, *2 5,026,629	*1, *2 6,960,826
Other (net)	*1, *2 3,575,722	*1, *2 1,917,544
Total Tangible Fixed Assets	17,269,474	17,203,115
Intangible Fixed Assets		
Goodwill	52,199	66,435
Other	*2 178,925	90,897
Total Intangible Fixed Assets	231,124	157,333
Investments and Other Assets		
Investment securities	9,286,140	12,918,532
Other	*2 3,154,753	628,858
Allowance for doubtful accounts	Δ358,185	Δ398,037
Total Investment and Other Assets	12,082,709	13,149,353
Total Fixed Assets	29,583,308	30,509,802
Total Assets	53,015,913	47,771,524

	(Unit: thousand yen)	
	End of the Current Consolidated Third Quarter (as of December 31, 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	*5 6,183,633	3,409,863
Short-term borrowings	*2, *4 1,179,319	*2, *4 1,037,000
Current portion of long-term borrowings	*2 704,209	*2 501,400
Current portion of bonds	36,297	---
Corporate income tax, etc., payable	93,106	63,097
Reserve for bonuses	237,365	447,071
Reserve for officers' bonuses	2,687	6,024
Provision for product warranties	179,614	42,148
Other	*5 1,560,728	852,369
Total Current Liabilities	10,176,962	6,358,975
Fixed Liabilities		
Bonds payable	221,777	---
Long-term borrowings	*2 2,096,592	*2 1,749,340
Reserve for retirement allowance	28,757	28,034
Negative goodwill	175,296	---
Other	2,152,755	274,366
Total Fixed Liabilities	4,675,178	2,051,740
Total Liabilities	14,852,140	8,410,716
Net Assets		
Shareholders' Equity		
Capital	7,117,256	7,117,256
Capital surplus	6,229,282	6,229,282
Earned surplus	23,737,734	26,112,651
Treasury stock	Δ1,156	Δ733
Total Shareholders' Equity	37,083,116	39,458,456
Valuation and Translation Differences, etc.		
Valuation difference on other securities	299,553	169,297
Foreign currency translation adjustments	Δ447,192	Δ422,706
Total Valuation and Translation Differences, etc.	Δ147,638	Δ253,409
New Share Subscription Rights	177,235	141,479
Minority interests	1,051,059	14,281
Total Net Assets	38,163,772	39,360,808
Total Liabilities and Net Assets	53,015,913	47,771,524

(2) Quarterly Consolidated Profit and Loss Statement

[Third quarter consolidated aggregate period]

(Unit: thousand yen)

	Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)		Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)	
Sales		25,514,757		22,515,984
Cost of Goods Sold		22,354,881		21,087,100
Gross Profit on Sales		3,159,876		1,428,883
Selling, General and Administrative Expenses	*1	2,514,575	*1	2,232,417
Operating Profit or Loss (Δ)		645,300		Δ 803,533
Non-operating Income				
Interest received		18,421		18,472
Dividends received		32,288		21,691
Amortization of negative goodwill		---		9,226
Investment profit by equity method		---		271,928
Technical support fee		53,100		---
Rent income		54,466		---
Other		65,189		187,622
Total Non-operating Income		223,465		508,941
Non-operating Expenses				
Interest paid		15,857		67,376
Investment loss by equity method		46,117		---
Exchange loss		131,829		114,527
Transfer to allowance for doubtful accounts		49,727		---
Transfer to provision for product warranties		---		179,614
Other		221,064		143,914
Total Non-operating Expenses		464,597		505,433
Ordinary Profit or Loss (Δ)		404,168		Δ 800,024
Extraordinary Profits				
Profit on prior period adjustment		1,510		---
Profit on sale of fixed assets		6,012		22
Profit on sale of investment securities		83,829		---
Profit on redemption of bonds		---		79,852
Other		8,958		23,115
Total Extraordinary Profits		100,311		102,989
Extraordinary Losses				
Loss on sale of fixed assets		486		---
Loss on impairment		2,110		---
Loss on sale of investment securities		---		1,051,796
Valuation loss on investment securities		503,520		---
Other		21,209		177,672
Total Extraordinary Losses		527,326		1,229,469
Net loss (Δ) before taxes, etc.		Δ 22,846		Δ 1,926,504
Corporate income tax, resident tax and business tax payable	*2	176,791	*2	146,892
Corporate income tax, etc., for prior periods		47,965		---
Total Corporate income tax, etc.		224,757		146,892
Minority interests in profit or loss (Δ)		Δ 156		21,376
Net loss (Δ)		Δ 247,446		Δ 2,094,774

[Consolidated third quarter]

(Unit: thousand yen)

	Previous Consolidated Third Quarter (From October 1, 2008 to December 31, 2008)	Current Consolidated Third Quarter (From October 1, 2009 to December 31, 2009)
Sales	6,855,067	7,352,750
Cost of Goods Sold	6,425,836	6,853,068
Gross Profit on Sales	429,231	499,681
Selling, General and Administrative Expenses	*1 723,352	*1 826,123
Operating Loss (Δ)	Δ294,120	Δ326,441
Non-operating Income		
Interest received	2,687	9,747
Dividends received	13,569	8,614
Amortization of negative goodwill	---	9,226
Investment profit by equity method	267,908	50,270
Other	60,051	67,021
Total Non-operating Income	344,217	144,880
Non-operating Expenses		
Interest paid	10,203	29,872
Exchange loss	134,437	---
Transfer to allowance for doubtful accounts	---	36,116
Other	107,498	39,317
Total Non-operating Expenses	252,139	105,306
Ordinary Loss (Δ)	Δ202,042	Δ286,867
Extraordinary Profits		
Profit on prior period adjustment	1,510	---
Profit on sale of fixed assets	5,156	---
Reversal of allowance for doubtful accounts	2,426	27,857
Profit on redemption of bonds	---	79,852
Other	264	1,862
Total Extraordinary Profits	9,358	109,572
Extraordinary Losses		
Loss on retirement of fixed assets	---	949
Valuation loss on investment securities	488,362	---
Other	2,619	---
Total Extraordinary Losses	490,981	949
Net loss (Δ) before taxes, etc.	Δ683,666	Δ178,244
Corporate income tax, resident tax and business tax payable	*2 Δ23,379	*2 54,297
Corporate income tax, etc., for prior periods	47,965	---
Total Corporate income tax, etc.	24,585	54,297
Minority interests in profit or loss (Δ)	Δ354	20,610
Net loss (Δ)	Δ707,897	Δ253,152

(3) Quarterly Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)
Cash flow from operating activities		
Net loss (Δ) before taxes, etc.	$\Delta 22,846$	$\Delta 1,926,504$
Depreciation expense	1,828,108	2,191,454
Loss on impairment	2,110	---
Amortization of goodwill	14,376	14,236
Amortization of negative goodwill	---	$\Delta 9,226$
Stock compensation expenses	43,507	42,177
Profit on reversal of new share subscription rights	$\Delta 1,958$	$\Delta 6,421$
Profit on redemption of bonds	---	$\Delta 79,852$
Increase/decrease in allowance for doubtful accounts (Δ : decrease)	173,405	$\Delta 1,633$
Increase/decrease in reserve for bonuses (Δ : decrease)	$\Delta 343,648$	$\Delta 209,706$
Increase/decrease in provision for product warranties (Δ : decrease)	---	137,465
Increase/decrease in reserve for officers' bonuses (Δ : decrease)	$\Delta 4,072$	$\Delta 3,337$
Increase/decrease in reserve for retirement allowance (Δ : decrease)	---	722
Interest received and dividends received	$\Delta 50,709$	$\Delta 40,164$
Interest paid	15,857	67,376
Exchange profit/loss (Δ : profit)	98,357	80,901
Investment profit/loss by equity method (Δ : profit)	46,117	$\Delta 271,928$
Profit/loss on changes in equity (Δ : profit)	$\Delta 4,567$	---
Profit/loss on sale of securities and investment securities (Δ : profit)	$\Delta 83,829$	1,051,796
Valuation profit/loss on investment securities (Δ : profit)	542,813	154,536
Profit/loss on sale of fixed assets (Δ : profit)	$\Delta 5,526$	---
Loss on retirement of tangible fixed assets	2,108	3,715
Profit/loss on prior period adjustment (Δ : profit)	$\Delta 1,510$	---
Increase/decrease in accounts receivable (Δ : increase)	1,214,036	$\Delta 1,831,554$
Increase/decrease in inventories (Δ : increase)	611,267	409,482
Increase/decrease in trades payable (Δ : decrease)	$\Delta 2,251,047$	2,651,080
Increase/decrease in consumption tax, etc., payable (Δ : decrease)	$\Delta 23,071$	219,753
Increase/decrease in other assets (Δ : increase)	39,442	171,279
Increase/decrease in other liabilities (Δ : decrease)	$\Delta 72,787$	218,002
Other	235	$\Delta 22$
Subtotal	1,766,165	3,033,632
Interest and dividends received	319,552	207,981
Interest paid	$\Delta 19,183$	$\Delta 64,670$
Corporate income tax, etc., paid	$\Delta 394,750$	$\Delta 124,156$
Corporate income tax, etc., for prior periods paid	$\Delta 62,623$	---
Cash flow from operating activities	1,609,160	3,052,786

(Unit: thousand yen)

	Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)
Cash flow from investing activities		
Expenditure for placement in term deposits	Δ140,000	Δ3,090,000
Revenue from refund of term deposits	20,000	710,000
Expenditure for acquisition of securities	---	Δ2,592,113
Expenditure for acquisition of tangible fixed assets	Δ4,872,664	Δ418,744
Revenue from sale of tangible fixed assets	36,958	9,611
Expenditure for acquisition of intangible fixed assets	Δ3,810	Δ4,285
Expenditure for acquisition of investment securities	Δ356,250	Δ714,321
Revenue from sale of investment securities	128,142	3,450,086
Revenue from acquisition of stocks of subsidiaries accompanying the change in scope of consolidation	---	553,050
Expenditure for lending	Δ114,892	Δ6,764
Revenue from collection of loans	524	548
Cash flow from investing activities	Δ5,301,994	Δ2,102,934
Cash flow from financing activities		
Net increase/decrease in short-term borrowings (Δ: decrease)	320,000	Δ591,114
Revenue from long-term borrowings	2,500,000	30,000
Expenditure for repayment of long-term borrowings	Δ90,460	Δ355,122
Expenditure for redemption of bonds	---	Δ168,239
Expenditure for repayment of lease liabilities	Δ1,004	Δ190,857
Revenue from sale and leaseback	---	2,204,771
Expenditure for acquisition of treasury stock	Δ596	Δ423
Dividends paid	Δ628,961	Δ279,339
Proceeds from payments by minority shareholders	21,028	---
Dividends paid to minority shareholders	---	Δ197
Other	Δ13	---
Cash flow from financing activities	2,119,992	649,476
Translation differences in cash and cash equivalents	Δ39,344	Δ110,310
Increase/decrease in cash and cash equivalents (Δ: decrease)	Δ1,612,185	1,489,019
Cash and cash equivalents at beginning of year	4,856,007	3,609,027
Cash and cash equivalents at end of quarter	* 3,243,822	* 5,098,046

[Changes in Substantial Underlying Matters for Preparation of Quarterly Consolidated Financial Statements]

	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)
Changes in matters concerning scope of consolidation	<p>(1) Changes in Scope of Consolidation</p> <p>As ThinFlex Corporation became a subsidiary whose majority of voting rights is owned by the Company through subscription for capital increase, it is included in the scope of consolidation from the consolidated third quarter results.</p> <p>For Witspool Corporation, TopFlex Corporation and ThinFlex Technology Corporation (B.V.I.), as they became our subsidiaries through acquisition of shares of ThinFlex Corporation, they are included in the scope of consolidation from the consolidated third quarter results.</p> <p>(2) Number of Consolidated Subsidiaries after the Change</p> <p>10 companies</p>

[Changes in Method of Notation]

Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)
<p>(Quarterly Consolidated Profit and Loss Statement)</p> <ol style="list-style-type: none"> 1. "Rent income" (¥52,691 thousand in the current third quarter consolidated aggregate period) in Non-operating Income, which had been separately stated in the previous third 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. "Valuation loss on investment securities" (¥156,603 thousand in the current third quarter consolidated aggregate period) in Extraordinary Losses, which had been separately stated in the previous third 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. <p>(Quarterly Consolidated Cash Flow Statement)</p> <ol style="list-style-type: none"> 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 third quarter consolidated aggregate period, is separately stated in the current third 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 third quarter consolidated aggregate period is ¥219 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 third quarter consolidated aggregate period, is included in "Other" in the current third 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 third quarter consolidated aggregate period is ¥22 thousand.

Current Consolidated Third Quarter
(From October 1, 2009 to December 31, 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 third quarter are stated en bloc as “Merchandise and finished goods” in the current consolidated third quarter. In this regard, “Merchandise” “Finished goods” and “Semi-finished goods” included in the current consolidated third quarter are ¥74,685 thousand, ¥417,398 thousand and ¥2,449,635 thousand, respectively.

In addition, “Raw materials” and “Stores” (¥131,050 thousand), which had been included in “Other” in Current Assets in the previous consolidated third quarter, are stated en bloc as “Raw materials and stores” in the current consolidated third quarter. In this regard, “Raw materials” and “Stores” included in the current consolidated third quarter are ¥1,534,294 thousand and ¥187,513 thousand, respectively.

(Quarterly Consolidated Profit and Loss Statement)

1. “Exchange loss” (¥2,262 thousand in the current consolidated third quarter) in Non-operating Expenses, which had been separately stated in the previous consolidated third quarter, is included in “Other” in Non-operating Expenses because it decreased to less than 20/100 of the total amount of Non-operating Expenses.
2. “Loss on retirement of fixed assets,” which had been included in “Other” in Extraordinary Losses in the previous consolidated third quarter, is separately stated in the current consolidated third quarter because it exceeded 20/100 of the total amount of Extraordinary Losses. In this regard, “Loss on retirement of fixed assets” included in “Other” in Extraordinary Losses for the previous consolidated third quarter is ¥2,619 thousand.

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

	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)
Calculation of tax expenses	<p>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 third quarter and these are calculated by multiplying the quarterly net profit before taxes by the estimated effective tax rate.</p> <p>In this regard, adjustment of corporate income tax, etc., is included in “corporate income tax, resident tax and business tax payable.”</p>

[Notes]

(Notes Related to Quarterly Consolidated Balance Sheet)

End of the Current Consolidated Third Quarter (as of December 31, 2009)			End of the Previous Consolidated Fiscal Year (as of March 31, 2009)		
*1 Accumulated depreciation of tangible fixed assets is ¥30,920,604 thousand.			*1 Accumulated depreciation of tangible fixed assets is ¥28,311,888 thousand.		
*2 Assets provided as security and secured debt are as follows: <div style="text-align: right;">(in thousands of yen)</div>			*2 Assets provided as security and secured debt are as follows: <div style="text-align: right;">(in thousands of yen)</div>		
Security assets:			Security assets:		
Buildings and structures	4,447,217	(3,767,300)	Buildings and structures	3,985,587	(3,985,587)
Machinery, equipment and delivery equipment	2,219,565	(1,807,137)	Machinery, equipment and delivery equipment	2,223,968	(2,223,968)
Tangible fixed assets (Other)	300,529	(233,212)	Tangible fixed assets (Other)	313,469	(246,152)
Intangible fixed assets (Other)	44,183	(---)			
Investments and other assets (Other)	48,973	(---)			
Total	7,060,469	(5,807,649)	Total	6,523,025	(6,455,708)
Secured debt:			Secured debt:		
Short tem borrowings	321,169	(150,000)	Short tem borrowings	650,000	(650,000)
Current portion of long- term borrowings	698,209	(501,400)	Current portion of long- term borrowings	501,400	(501,400)
Long-term borrowings	2,074,092	(1,406,740)	Long-term borrowings	1,749,340	(1,749,340)
Total	3,093,470	(2,058,140)	Total	2,900,740	(2,900,740)
The figures in the parentheses show mortgages of the Factory Foundation and its liabilities.			The figures in the parentheses show mortgages of the Factory Foundation and its liabilities.		
3 Liabilities on guarantee			3 Liabilities on guarantee		
(1) Liabilities on guarantee for deposit money deposited in connection with transfer of business			(1) Liabilities on guarantee for deposit money deposited in connection with transfer of business		
SURFCO HAWAII, INC.	¥14,921,000		SURFCO HAWAII, INC.	¥15,914,000	
*4 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 third quarter:			*4 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:		
<div style="text-align: right;">(in thousands of yen)</div>			<div style="text-align: right;">(in thousands of yen)</div>		
Total amount of current account overdrafts	5,950,000		Total amount of current account overdrafts	5,950,000	
Draw-downs	190,000		Draw-downs	790,000	
Net	5,760,000		Net	5,160,000	
*5 Notes to mature at the end of current consolidated quarter			---		
For accounting treatment of notes to mature at the end of the current consolidated quarter, settlement as of the clearance date of the notes is made. As the end of the current consolidated quarter falls on a bank holiday, the notes to mature at the end of the next consolidated quarter are included in the balance at the end of current consolidated quarter.					
<div style="text-align: right;">(in thousands of yen)</div>					
Notes and accounts receivable	101,581				
Notes and accounts payable	167,380				
Other (Equipment notes payable)	2,757				

(Notes Related to Quarterly Consolidated Profit and Loss Statement)

Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 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>Salaries, allowances and bonuses</td> <td style="text-align: right;">628,011</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">46,102</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">4,476</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">21,795</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">129,180</td> </tr> </table> <p>*2 For tax expenses in the current third quarter consolidated aggregate period, adjustment of corporate income tax, etc., is included in "corporate income tax, resident tax and business tax payable" as the accounting particular to preparation of quarterly consolidated financial statements is applied.</p>	Salaries, allowances and bonuses	628,011	Transfer to reserve for bonuses	46,102	Transfer to reserve for officers' bonuses	4,476	Transfer to reserve for retirement allowance	21,795	Transfer to allowance for doubtful accounts	129,180	<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>Salaries, allowances and bonuses</td> <td style="text-align: right;">629,864</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">50,023</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">2,687</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">46,387</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">20,905</td> </tr> </table> <p>*2 For tax expenses in the current third quarter consolidated aggregate period, adjustment of corporate income tax, etc., is included in "corporate income tax, resident tax and business tax payable" as the accounting particular to preparation of quarterly consolidated financial statements is applied.</p>	Salaries, allowances and bonuses	629,864	Transfer to reserve for bonuses	50,023	Transfer to reserve for officers' bonuses	2,687	Transfer to reserve for retirement allowance	46,387	Transfer to allowance for doubtful accounts	20,905
Salaries, allowances and bonuses	628,011																				
Transfer to reserve for bonuses	46,102																				
Transfer to reserve for officers' bonuses	4,476																				
Transfer to reserve for retirement allowance	21,795																				
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Salaries, allowances and bonuses	629,864																				
Transfer to reserve for bonuses	50,023																				
Transfer to reserve for officers' bonuses	2,687																				
Transfer to reserve for retirement allowance	46,387																				
Transfer to allowance for doubtful accounts	20,905																				

Previous Consolidated Third Quarter (From October 1, 2008 to December 31, 2008)	Current Consolidated Third Quarter (From October 1, 2009 to December 31, 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>Salaries, allowances and bonuses</td> <td style="text-align: right;">153,105</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">46,102</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">1,540</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">6,520</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">6,082</td> </tr> </table> <p>*2 For tax expenses in the current consolidated third quarter, adjustment of corporate income tax, etc., is included in "corporate income tax, resident tax and business tax payable" as the accounting particular to preparation of quarterly consolidated financial statements is applied.</p>	Salaries, allowances and bonuses	153,105	Transfer to reserve for bonuses	46,102	Transfer to reserve for officers' bonuses	1,540	Transfer to reserve for retirement allowance	6,520	Transfer to allowance for doubtful accounts	6,082	<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>Salaries, allowances and bonuses</td> <td style="text-align: right;">211,664</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">50,023</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">665</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">16,354</td> </tr> </table> <p>*2 For tax expenses in the current consolidated third quarter, adjustment of corporate income tax, etc., is included in "corporate income tax, resident tax and business tax payable" as the accounting particular to preparation of quarterly consolidated financial statements is applied.</p>	Salaries, allowances and bonuses	211,664	Transfer to reserve for bonuses	50,023	Transfer to reserve for officers' bonuses	665	Transfer to reserve for retirement allowance	16,354
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(Notes Related to Quarterly Consolidated Cash Flow Statement)

Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 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 December 31, 2008)</p> <p style="text-align: right;">(in thousands of yen)</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">4,378,822</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>3,243,822</u></td> </tr> </table>	Cash and deposits	4,378,822	Fixed term deposits for a term longer than three months	Δ1,135,000	Cash and cash equivalents	<u>3,243,822</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 December 31, 2009)</p> <p style="text-align: right;">(in thousands of yen)</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">6,113,046</td> </tr> <tr> <td>Fixed term deposits for a term longer than three months</td> <td style="text-align: right;">Δ1,015,000</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>5,098,046</u></td> </tr> </table>	Cash and deposits	6,113,046	Fixed term deposits for a term longer than three months	Δ1,015,000	Cash and cash equivalents	<u>5,098,046</u>
Cash and deposits	4,378,822												
Fixed term deposits for a term longer than three months	Δ1,135,000												
Cash and cash equivalents	<u>3,243,822</u>												
Cash and deposits	6,113,046												
Fixed term deposits for a term longer than three months	Δ1,015,000												
Cash and cash equivalents	<u>5,098,046</u>												

(Notes Related to Shareholders' Equity, etc.)

End of the Current Consolidated Third Quarter (as of December 31, 2009) and the Current Third Quarter Consolidated Aggregate Period (from April 1, 2009 to December 31, 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 2,119 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 third quarter:

Parent ¥177,235 thousand

Note: Balance of new share subscription rights for which the initial date of the period for exercising the right has not arrived is ¥50,561 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 Third Quarter (from October 1, 2008 to December 31, 2008) and Current Consolidated Third Quarter (from October 1, 2009 to December 31, 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.

Previous Third Quarter Consolidated Aggregate Period (from April 1, 2008 to December 31, 2008) and Current Third Quarter Consolidated Aggregate Period (from April 1, 2009 to December 31, 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 Third Quarter (from October 1, 2008 to December 31, 2008) and Current Consolidated Third Quarter (from October 1, 2009 to December 31, 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.

Previous Third Quarter Consolidated Aggregate Period (from April 1, 2008 to December 31, 2008) and Current Third Quarter Consolidated Aggregate Period (from April 1, 2009 to December 31, 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 Third Quarter (from October 1, 2008 to December 31, 2008)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	2,057,756	29,917	6,618	2,094,293
II Consolidated sales (in thousands of yen)				6,855,067
III Ratio of overseas sales in consolidated sales (%)	30.0	0.5	0.1	30.6

Current Consolidated Third Quarter (from October 1, 2009 to December 31, 2009)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	2,711,392	173,460	43,580	2,928,434
II Consolidated sales (in thousands of yen)				7,352,750
III Ratio of overseas sales in consolidated sales (%)	36.9	2.3	0.6	39.8

Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	8,597,467	89,225	43,489	8,730,182
II Consolidated sales (in thousands of yen)				25,514,757
III Ratio of overseas sales in consolidated sales (%)	33.7	0.3	0.2	34.2

Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)

	Asia	North America	Other Region	Total
I Overseas sales (in thousands of yen)	8,262,743	902,465	52,752	9,217,961
II Consolidated sales (in thousands of yen)				22,515,984
III Ratio of overseas sales in consolidated sales (%)	36.7	4.0	0.2	40.9

- Note:
1. The regions are segmented by proximity.
 2. The respective regions are composed of the following countries.
 Asia: Korea, China, Taiwan and Malaysia, etc.
 North America: USA and Canada
 3. Overseas sales are the sales (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 Third Quarter (as of December 31, 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	769,664	1,436,269	666,604
(2) Bonds			
Government bonds, local government bonds, etc.	---	---	---
Corporate bonds	3,101,850	3,107,528	5,677
Other	---	---	---
(3) Other	230,399	201,783	△28,615
Total	4,101,913	4,745,580	643,666

(Notes Related to Stock Option, etc.)

Current Consolidated Third Quarter (From October 1, 2009 to December 31, 2009)

Amount of Expenses appropriated and Item in the Current Consolidated Third Quarter concerning Stock Option

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

¥15,964 thousand

(Per Share Information)

1. Net asset per share

End of the Current Consolidated Third Quarter (as of December 31, 2009)	End of the Previous Consolidated Fiscal Year (as of March 31, 2009)
Net asset per share ¥1,055.53	Net asset per share ¥1,120.37

2. Net loss per share, etc.

Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)
Net loss per share ¥7.07 “Fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.	Net loss per share ¥59.86 “Fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.

Note: Net loss per share is calculated on the basis of the following:

	Previous Third Quarter Consolidated Aggregate Period (From April 1, 2008 to December 31, 2008)	Current Third Quarter Consolidated Aggregate Period (From April 1, 2009 to December 31, 2009)
Net loss (in thousands of yen)	247,446	2,094,774
Amounts that are not attributable to common stock holders (in thousands of yen)	---	---
Net loss for common stocks (in thousands of yen)	247,446	2,094,774
Average number of shares during the period	34,993,129	34,992,646
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 Third Quarter (From October 1, 2008 to December 31, 2008)	Current Consolidated Third Quarter (From October 1, 2009 to December 31, 2009)
Net loss per share ¥20.23 “Fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.	Net loss per share ¥7.23 “Fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.

Note: Net loss per share is calculated on the basis of the following:

	Previous Consolidated Third Quarter (From October 1, 2008 to December 31, 2008)	Current Consolidated Third Quarter (From October 1, 2009 to December 31, 2009)
Net loss (in thousands of yen)	707,897	253,152
Amounts that are not attributable to common stock holders (in thousands of yen)	---	---
Net loss for common stocks (in thousands of yen)	707,897	253,152
Average number of shares during the period	34,993,566	34,992,376
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)

No applicable matter.

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

February 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

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 third quarter (From October 1, 2008 to December 31, 2008) and the third quarter consolidated aggregate period (from April 1, 2008 to December 31, 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 December 31, 2008, business results for the consolidated third quarter and the third quarter consolidated aggregate period, and status of cash flow in the third 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

February 12, 2010

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

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