

QUARTERLY REPORT

(First Quarter of the 63rd Term)

From April 1, 2010
to June 30, 2010

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. Production, Status of Receipt of Orders and Sales.....	3
2. Business Risk, etc.....	3
3. Important Agreements for Operation, etc.	3
4. Analysis of Financial Conditions, Business Results and Status of Cash Flows.....	4
3. Status of Facilities	7
4. Status of the Submitting Company	8
1. Status of Shares, etc.	8
(1) Total Number of Shares, etc.	8
(2) Status of New Share Subscription Rights, etc.	9
(3) Status of Exercise of Bonds with New Share Subscription Rights, Exercise Price Adjustment Clause attached.....	15
(4) Details of Rights Plan	15
(5) The Change in Total Number of Shares Issued, Capital, etc.	15
(6) Status of Major Shareholders.....	15
(7) 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.....	21
2. Other.....	29
PART II. INFORMATION ON GUARANTY COMPANIES OF THE SUBMITTING COMPANY, ETC.	30
[Quarterly Review Report]	

Cover Page

Type of Submitted Document: Quarterly Report

Authoritative Text: Financial Instruments and Exchange Law, Article 24-4-7, paragraph 1

Submitted to: Chief of Kanto Financial Affairs Bureau

Date of Submission: August 12, 2010

Quarterly Accounting Period: First Quarter of the 63rd Term (from April 1, 2010 to June 30, 2010)

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

Telephone Number: (025) 524-5124

Contact Person: Koji Ohta, General Affairs Department Manager

Nearest Liaison Office: 5-5, Minami Honcho 1-chome, Joetsu City, Niigata Prefecture

Telephone Number: (025) 524-5124

Contact Person: Koji Ohta, General Affairs Department Manager

Places where Copies of Quarterly Report Are Available for Public Inspection: Arisawa Mfg. Co., Ltd., Tokyo Branch Office
(12-5, Yanagibashi 2-chome, Taito-ku, Tokyo)
Arisawa Mfg. Co., Ltd., Osaka Branch Office
(Konishi Nissei Building 11th Floor, 12-12, Minami Senba 4-chome, Chuo-ku, Osaka)
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	62 nd Term Consolidated (Cumulative) First Quarter	63 rd Term Consolidated (Cumulative) First Quarter	62 nd Term
Accounting Period	From April 1, 2009 to June 30, 2009	From April 1, 2010 to June 30, 2010	From April 1, 2009 to March 31, 2010
Sales (¥ millions)	6,994	9,639	29,717
Ordinary profit or loss (Δ) (¥ millions)	Δ468	195	Δ1,328
Net profit or loss (Δ) (¥ millions)	Δ533	98	Δ3,104
Net assets (¥ millions)	38,775	37,173	37,324
Total assets (¥ millions)	51,018	54,108	52,304
Net asset per share (¥)	1,103.33	1,027.69	1,032.36
Net profit or loss (Δ) per share (¥)	Δ15.26	2.82	Δ88.72
Fully diluted net profit per share (¥)	---	2.82	---
Net worth ratio (%)	75.7	66.5	69.1
Cash flows from operating activities (¥ millions)	988	Δ1,018	3,222
Cash flows from investing activities (¥ millions)	Δ269	Δ986	Δ616
Cash flows from financing activities (¥ millions)	1,246	Δ228	146
Cash and cash equivalents at end of period (¥ millions)	5,563	4,040	6,270
Number of employees	954	1,084	1,101

- 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 62nd term consolidated (cumulative) first quarter and the 62nd term, “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 first 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 first quarter.

4. Status of Employees

(1) Status of Consolidated Companies

(As of June 30, 2010)

Number of Employees	1,084 (197)
---------------------	-------------

Note: The number of employees indicates full-time employees (excluding persons who were transferred to companies other than our Group and including persons who were transferred to our Group) and for the number of temporary employees (including part-timers, employees dispatched by staffing companies and seasonal workers), the average number during the current consolidated first quarter is described in ().

(2) Status of the Submitting Company

(As of June 30, 2010)

Number of Employees	673 (162)
---------------------	-----------

Note: The number of employees indicates full-time employees (excluding persons who were transferred to other companies from the Company and including persons who were transferred to the Company from other companies) and for the number of temporary employees (including part-timers, employees dispatched by staffing companies and seasonal workers), the average number during the current first quarter is described in ().

2. Status of Business

1. Production, Status of Receipt of Orders and Sales

(1) Production Results and Status of Receipt of Orders

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 many 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 each segment.

For this reason we have indicated production results and the status of receipt of orders in relation to business results by segment in “4. Analysis of Financial Conditions, Business Results and Status of Cash Flows.”

(2) Sales Results

Sales results for the current consolidated first quarter by segment are as follows.

Segment Name	Current consolidated first quarter (From April 1, 2010 to June 30, 2010)	As compared to the same quarter in the previous year (%)
Electronic materials (million yen)	5,067	10.8
Display materials (million yen)	2,633	205.9
Electric insulation materials (million yen)	710	16.0
Other (million yen)	1,228	29.6
Total (million yen)	9,639	37.8

Note: 1. Intersegment transactions are eliminated by setoff.

2. Sales results by major customer and its percentage of total sales results during the previous consolidated first quarter and the current consolidated first quarter are as follows.

Customer	Previous consolidated first quarter (From April 1, 2009 to June 30, 2009)		Current consolidated first quarter (From April 1, 2010 to June 30, 2010)	
	Amount (thousand yen)	Ratio (%)	Amount (thousand yen)	Ratio (%)
Sumitomo Shoji Chemicals Co., Ltd	2,459	35.2	2,283	23.7

3. 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 first quarter.

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

3. Important Agreements for Operation, etc.

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

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

Matters concerning the future in the text are according to the judgment of our Group (the Company and its consolidated subsidiaries) as of the date of submission of the current Quarterly Report.

(1) Status of Business Results

For the Japanese economy in the current consolidated first quarter, while corporate profits and capital investments trended toward gradual recovery due to emergency economic measures, consumption stimulus measures and external demand, etc., mainly from emerging countries, future uncertainty has increased due to the financial crisis spreading across the European continent and ongoing situations, where autonomous recovery is weak in domestic demand as a whole as a result of continuing employment insecurity and sluggish consumption.

Under such circumstances, our Group (the Company, its consolidated subsidiaries and the companies to which the equity method is applied) has concentrated business resources on the electronic materials field and display materials field with the aim of increasing sales and has made every effort to reduce costs.

As a result, for business results in the current consolidated first quarter, net sales were ¥9,639 million (an increase of 37.8% as compared to the same quarter in the previous year) and operating profit was ¥29 million (operating loss of ¥549 million for the same quarter in the previous year), ordinary profit was ¥195 million (ordinary loss of ¥468 million for the same quarter in the previous year) and net profit was ¥98 million (net loss of ¥533 million for the same quarter in the previous year).

Business results by segment are as follows.

1) Electronic materials field

In the electronic materials field, net sales were ¥5,067 million, an increase of 10.8% as compared to the same quarter in the previous year, mainly from flexible printed circuit board materials, our core product (orders received decreased by 2.6%, production output decreased by 10.1% as compared to the same quarter in the previous year, on a non-consolidated basis of the Submitting Company) and segment profit or loss recorded segment profit of ¥341 million.

2) Display materials field

In the display materials field, net sales were ¥2,633 million, an increase of 205.9% as compared to the same quarter in the previous year due to an increase in sales of 3D-related materials and segment profit or loss recorded segment loss of ¥217 million.

3) Electric insulation materials field

In the electric insulation materials field, net sales were ¥710 million, an increase of 16.0% as compared to the same quarter in the previous year due to an increase in sales of glass cloth and glass tapes and segment profit or loss recorded segment profit of ¥100 million.

4) Other (industrial application structural materials field, other industrial materials field and other business fields)

In other fields, net sales were ¥1,228 million, an increase of 29.6% as compared to the same quarter in the previous year and segment profit or loss recorded segment profit of ¥102 million.

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 first quarter were ¥4,040 million, a decrease of ¥1,523 million as compared to the end of the previous consolidated first quarter (a decrease of 27.4% as compared to the same quarter in the previous year).

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

(Cash Flow from Operating Activities)

Funds disbursed for operating activities were ¥1,018 million (inflow of ¥988 million in the same quarter in the previous year). This was mainly due to an increase in Funds from an increase in purchase debt of ¥1,449 million and depreciation expense of ¥638 million, etc., and a decrease in Funds from an increase in accounts receivable of ¥3,176 million, etc., as a result of suspension of factoring of accounts receivable.

(Cash Flow from Investing Activities)

Funds disbursed for investing activities were ¥986 million, an increase of ¥716 million as compared to the previous consolidated first quarter (an increase of 266.4% as compared to the same quarter in the previous year). This was mainly due to expenditure of ¥1,498 million for acquisition of securities and revenue of ¥600 million from the sale of securities.

(Cash Flow from Financing Activities)

Funds disbursed for financing activities were ¥228 million (inflow of ¥1,246 million in the same quarter in the previous year). This was mainly due to dividends paid of ¥218 million.

(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 first 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 first quarter was ¥364 million.

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

(5) Factors Significantly Affecting Business Results and Current Status and Prospects of Business Strategies

For the business environment surrounding our Group, we expect the sluggish economy and appreciation of the yen will drag on due to increasing future uncertainty as a result of the financial crisis spreading across the European continent, employment insecurity and low consumer spending. Our Group will, based on such conditions, continue to concentrate business resources on the electronic materials field and display materials field with the aim of increasing sales and make every effort to implement cost reductions.

3. Status of Facilities

(1) Status of Major Facilities

In the current consolidated first quarter, there is no significant change in major facilities.

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

There is no material change in the current consolidated first quarter in planned new installation and retirement, etc., of important facilities as of the end of the previous consolidated fiscal year. There is no plan, which was newly established, of new installation, expansion, 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 first quarter (As of June 30, 2010)	Number of shares issued and outstanding as of the date submitted (As of August 12, 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	34,997,824	Tokyo Stock Exchange (First Section Market)	Number of Shares per Trading Unit: 100 shares
Total	34,994,424	34,997,824	---	---

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 August 1, 2010 through the date of submission 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 first quarter (As of June 30, 2010)
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).

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 first quarter (As of June 30, 2010)
Number of new share subscription rights	1,590
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	159,000
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 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.

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

	At the end of the first quarter (As of June 30, 2010)
Number of new share subscription rights	1,878
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	187,800
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 first quarter (As of June 30, 2010)
Number of new share subscription rights	330
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	33,000
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 a director 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 first quarter (As of June 30, 2010)
Number of new share subscription rights	2,190
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	219,000
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 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 first quarter (As of June 30, 2010)
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 first quarter (As of June 30, 2010)
Number of new share subscription rights	2,789
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	278,900
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) Status of Exercise of Bonds with New Share Subscription Rights, Exercise Price Adjustment Clause attached

No applicable matter.

(4) Details of Rights Plan

No applicable matter.

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

Date	Number of shares issued and outstanding		Capital (thousand yen)		Capital reserves (thousand yen)	
	Change	Balance	Change	Balance	Change	Balance
April 1, 2010 through June 30, 2010	---	34,994,424	---	7,117,256	---	6,229,282

Note: 1. Number of outstanding shares increased 3,400 shares and capital increased ¥3,400 by exercise of new share subscription rights during the period from July 1, 2010 to July 31, 2010.

(6) Status of Major Shareholders

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

(7) Status of Voting Rights

For the “Status of Voting Rights” as of the end of the current first 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 (March 31, 2010).

1) Shares issued and outstanding

As of June 30, 2010

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 2,200	---	---
Shares with full voting rights (other)	Common Stock 34,852,200	348,522	---
Odd stocks	Common Stock 140,024	---	---
Total number of shares issued and outstanding	34,994,424	---	---
Total number of voting rights of shareholders	---	348,522	---

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 June 30, 2010

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	2,200	---	2,200	0.00
Total	---	2,200	---	2,200	0.00

2. Share Price Movement

The highest/lowest share prices during the current cumulative quarter:

Month	April 2010	May 2010	June 2010
High (¥)	797	730	680
Low (¥)	659	590	567

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 first quarter (from April 1, 2009 to June 30, 2009) and the previous consolidated cumulative first quarter (from April 1, 2009 to June 30, 2009), the financial statements are prepared in accordance with the Regulations for Quarterly Consolidated Financial Statements before amendment and for the current consolidated first quarter (from April 1, 2010 to June 30, 2010) and the current consolidated cumulative first quarter (from April 1, 2010 to June 30, 2010), 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 first quarter (from April 1, 2009 to June 30, 2009) and the previous consolidated cumulative first quarter (from April 1, 2009 to June 30, 2009) and quarterly consolidated financial statements for the current consolidated first quarter (from April 1, 2010 to June 30, 2010) and the current consolidated cumulative first quarter (from April 1, 2010 to June 30, 2010) 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 First Quarter (As of June 30, 2010)	Consolidated Condensed Balance Sheet for the End of the Previous Consolidated Fiscal Year (As of March 31, 2010)
Assets		
Current Assets		
Cash and deposits	5,015,033	7,721,216
Notes and accounts receivable	10,642,528	7,438,562
Securities	2,498,947	1,598,829
Merchandise and finished goods	2,880,378	2,957,949
Work-in-progress	1,495,743	1,290,597
Raw materials and stores	1,827,068	1,590,850
Other	1,094,525	1,145,000
Allowance for doubtful accounts	Δ122,334	Δ109,568
Total Current Assets	25,331,890	23,633,438
Fixed Assets		
Tangible Fixed Assets		
Buildings & structures (net)	*1 8,371,792	*1 8,493,846
Machinery, equipment and delivery equipment (net)	*1 4,735,805	*1 4,931,761
Other (net)	*1 3,191,047	*1 3,282,357
Total Tangible Fixed Assets	16,298,645	16,707,965
Intangible Fixed Assets		
Goodwill	42,708	47,454
Other	172,507	174,215
Total Intangible Fixed Assets	215,216	221,669
Investments and Other Assets		
Investment securities	9,482,792	9,057,953
Other	3,204,814	3,131,641
Allowance for doubtful accounts	Δ424,918	Δ447,942
Total Investment and Other Assets	12,262,688	11,741,652
Total Fixed Assets	28,776,551	28,671,287
Total Assets	54,108,442	52,304,726

	(Unit: thousand yen)	
	End of the Current Consolidated First Quarter (As of June 30, 2010)	Consolidated Condensed Balance Sheet for the End of the Previous Consolidated Fiscal Year (As of March 31, 2010)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,871,051	5,415,883
Short-term borrowings	*3 1,262,409	*3 951,332
Current portion of long-term borrowings	759,049	730,159
Current portion of bonds	55,446	77,768
Corporate income tax, etc., payable	97,626	108,693
Reserve for bonuses	751,549	453,398
Reserve for officers' bonuses	845	3,059
Provision for product warranties	261,342	199,478
Asset retirement obligations	4,824	---
Other	2,694,319	2,593,413
Total Current Liabilities	12,758,465	10,533,185
Fixed Liabilities		
Bonds payable	137,750	183,905
Long-term borrowings	1,740,490	1,900,565
Reserve for retirement allowance	29,243	28,997
Asset retirement obligations	44,868	---
Other	2,224,127	2,333,812
Total Fixed Liabilities	4,176,480	4,447,281
Total Liabilities	16,934,946	14,980,467
Net Assets		
Shareholders' Equity		
Capital	7,117,256	7,117,256
Capital surplus	6,229,282	6,229,282
Earned surplus	22,545,963	22,727,863
Treasury stock	Δ1,356	Δ1,210
Total Shareholders' Equity	35,891,145	36,073,191
Valuation and Translation Differences, etc.		
Valuation difference on other securities	325,761	438,585
Foreign currency translation adjustments	Δ255,993	Δ387,082
Total Valuation and Translation Differences, etc.	69,767	51,502
New Share Subscription Rights	205,679	192,367
Minority Interests	1,006,903	1,007,196
Total Net Assets	37,173,495	37,324,258
Total Liabilities and Net Assets	54,108,442	52,304,726

(2) Quarterly Consolidated Profit and Loss Statement

[Consolidated cumulative first quarter]

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2009 to June 30, 2009)	Current Consolidated Cumulative First Quarter (From April 1, 2010 to June 30, 2010)
Sales	6,994,291	9,639,963
Cost of Goods Sold	6,860,047	8,615,589
Gross Profit on Sales	134,244	1,024,374
Selling, General and Administrative Expenses	*1 684,107	*1 994,724
Operating Profit or Loss (Δ)	Δ549,862	29,649
Non-operating Income		
Interest received	1,682	7,737
Dividends received	13,026	11,789
Investment profit by equity method	184,231	299,400
Amortization of negative goodwill	---	9,228
Other	75,340	45,231
Total Non-operating Income	274,281	373,388
Non-operating Expenses		
Interest paid	18,193	30,005
Exchange loss	---	98,175
Transfer to provision for product warranties	99,788	62,091
Other	74,446	17,384
Total Non-operating Expenses	192,428	207,657
Ordinary Profit or Loss (Δ)	Δ468,010	195,380
Extraordinary Profits		
Profit on sale of fixed assets	22	121
Reversal of allowance for doubtful accounts	10,441	22,045
Other	3,520	2,636
Total Extraordinary Profits	13,984	24,803
Extraordinary Losses		
Loss on retirement of fixed assets	19,464	---
Loss on adjustment for changes in accounting standard for asset retirement obligations	---	39,926
Other	4,147	3,299
Total Extraordinary Losses	23,611	43,225
Net profit or loss (Δ) before taxes, etc.	Δ477,636	176,958
Corporate income tax, etc.	*2 55,958	*2 105,378
Net profit before minority interests	---	71,579
Minority interests in profit or loss (Δ)	328	Δ27,044
Net profit or loss (Δ)	Δ533,923	98,624

(3) Quarterly Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2009 to June 30, 2009)	Current Consolidated Cumulative First Quarter (From April 1, 2010 to June 30, 2010)
Cash flow from operating activities		
Net profit or loss (Δ) before taxes, etc.	$\Delta 477,636$	176,958
Depreciation expense	700,851	638,084
Amortization of goodwill	4,745	4,745
Increase/decrease in allowance for doubtful accounts (Δ : decrease)	6,380	$\Delta 10,640$
Interest received and dividends received	$\Delta 14,709$	$\Delta 19,526$
Interest paid	18,193	30,005
Exchange profit/loss (Δ : profit)	10,260	41,965
Investment profit/loss by equity method (Δ : profit)	$\Delta 184,231$	$\Delta 299,400$
Increase/decrease in accounts receivable (Δ : increase)	$\Delta 1,611,186$	$\Delta 3,176,025$
Increase/decrease in inventories (Δ : increase)	150,694	$\Delta 350,291$
Increase/decrease in trades payable (Δ : decrease)	1,578,201	1,449,086
Amortization of negative goodwill	---	$\Delta 9,228$
Stock compensation expenses	13,445	15,948
Increase/decrease in reserve for bonuses (Δ : decrease)	217,922	298,150
Increase/decrease in provision for product warranties (Δ : decrease)	88,616	61,864
Increase/decrease in reserve for officers' bonuses (Δ : decrease)	$\Delta 5,298$	$\Delta 2,213$
Loss on retirement of tangible fixed assets	15,635	2,568
Valuation profit/loss on investment securities (Δ : profit)	9,276	2,629
Profit on reversal of new share subscription rights	$\Delta 2,770$	$\Delta 2,636$
Increase/decrease in consumption tax, etc., payable (Δ : decrease)	210,272	$\Delta 45,810$
Increase/decrease in other assets (Δ : increase)	107,367	$\Delta 12,846$
Increase/decrease in other liabilities (Δ : decrease)	130,434	261,564
Other	259	123
Subtotal	966,725	$\Delta 944,925$
Interest and dividends received	74,695	43,618
Interest paid	$\Delta 17,882$	$\Delta 31,054$
Corporate income tax, etc., paid	$\Delta 34,950$	$\Delta 85,826$
Cash flow from operating activities	988,588	$\Delta 1,018,187$

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2009 to June 30, 2009)	Current Consolidated Cumulative First Quarter (From April 1, 2010 to June 30, 2010)
Cash flow from investing activities		
Expenditure for placement in term deposits	Δ290,000	---
Revenue from refund of term deposits	140,000	475,950
Expenditure for acquisition of securities	---	Δ1,498,244
Revenue from sale of securities	---	600,000
Expenditure for acquisition of tangible fixed assets	Δ114,726	Δ310,461
Revenue from sale of tangible fixed assets	1,038	330
Expenditure for acquisition of intangible fixed assets	Δ2,048	Δ974
Expenditure for acquisition of investment securities	Δ300	Δ229,924
Revenue from sale of investment securities	3,554	16,267
Expenditure for lending	Δ6,764	Δ95,000
Revenue from collection of loans	---	55,928
Other	96	---
Cash flow from investing activities	Δ269,150	Δ986,128
Cash flow from financing activities		
Net increase/decrease in short-term borrowings (Δ: decrease)	Δ563,000	288,623
Expenditure for repayment of long-term borrowings	Δ125,350	Δ154,408
Expenditure for redemption of bonds	---	Δ72,848
Revenue from sale and leaseback	2,204,771	---
Expenditure for repayment of lease liabilities	Δ48,573	Δ71,162
Dividends paid	Δ221,186	Δ218,358
Dividends paid to minority shareholders	---	Δ587
Other	Δ293	Δ145
Cash flow from financing activities	1,246,367	Δ228,888
Translation differences in cash and cash equivalents	Δ11,733	2,971
Increase/decrease in cash and cash equivalents (Δ: decrease)	1,954,071	Δ2,230,232
Cash and cash equivalents at beginning of year	3,609,027	6,270,266
Cash and cash equivalents at end of quarter	* 5,563,098	* 4,040,033

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

	Current Consolidated First Quarter (From April 1, 2010 to June 30, 2010)
Changes in matters concerning accounting standards	<p>Application of accounting standard for asset retirement obligations</p> <p>From the current consolidated first quarter, the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.</p> <p>As a result, operating profit and ordinary profit decreased by ¥462 thousand respectively and net profit before taxes, etc., decreased by ¥40,388 thousand. The change in asset retirement obligations due to commencement of application of the accounting standard, etc., is ¥49,602 thousand.</p>

[Changes in Method of Notation]

	Current Consolidated First Quarter (From April 1, 2010 to June 30, 2010)
	<p>(Quarterly Consolidated Profit and Loss Statement)</p> <ol style="list-style-type: none"> 1. Due to application of the “Cabinet Office Ordinance Partially Amending Regulations Concerning Terms, Forms and Preparation Method of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) based on “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), the item of “Net profit before minority interests” is included for the current consolidated cumulative first quarter. 2. “Exchange loss,” which had been included in “Other” in Non-operating Expenses in the previous consolidated cumulative first quarter, is separately stated from the current consolidated cumulative first 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 cumulative first quarter is ¥13,479 thousand. 3. “Loss on retirement of fixed assets” (¥2,577 thousand in the current consolidated cumulative first quarter) in Extraordinary Losses, which had been separately stated in the previous consolidated cumulative first quarter, 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> <p>“Revenue from collection of loans” (¥96 thousand in the previous consolidated cumulative first quarter), which had been included in “Other” in “Cash flow from investing activities,” is separately stated from the current consolidated cumulative first quarter because the importance increased.</p>

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

	Current Consolidated First Quarter (From April 1, 2010 to June 30, 2010)
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 first 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, etc.”</p>

[Notes]

(Notes Related to Quarterly Consolidated Balance Sheet)

End of the Current Consolidated First Quarter (As of June 30, 2010)	End of the Previous Consolidated Fiscal Year (As of March 31, 2010)												
<p>*1 Accumulated depreciation of tangible fixed assets is ¥32,213,215 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. ¥14,334,000</p> <p>(2) Liabilities on guarantee for purchase debt of a company other than the consolidated subsidiaries from the clients</p> <p style="padding-left: 40px;">Asuna Co., Ltd. ¥525,000</p> <p>*3 The Submitting Company has executed an overdraft agreement with four 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 first 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;">4,600,000</td> </tr> <tr> <td>Draw-downs</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Net</td> <td style="text-align: right;">4,560,000</td> </tr> </table>	Total amount of current account overdrafts	4,600,000	Draw-downs	40,000	Net	4,560,000	<p>*1 Accumulated depreciation of tangible fixed assets is ¥31,592,019 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. ¥15,073,000</p> <p>(2) Liabilities on guarantee for purchase debt of a company other than the consolidated subsidiaries from the clients</p> <p style="padding-left: 40px;">Asuna Co., Ltd. ¥1,543,000</p> <p>*3 The Submitting Company has executed an overdraft agreement with five 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;">5,500,000</td> </tr> <tr> <td>Draw-downs</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Net</td> <td style="text-align: right;">5,460,000</td> </tr> </table>	Total amount of current account overdrafts	5,500,000	Draw-downs	40,000	Net	5,460,000
Total amount of current account overdrafts	4,600,000												
Draw-downs	40,000												
Net	4,560,000												
Total amount of current account overdrafts	5,500,000												
Draw-downs	40,000												
Net	5,460,000												

(Notes Related to Quarterly Consolidated Profit and Loss Statement)

Previous Consolidated Cumulative First Quarter (From April 1, 2009 to June 30, 2009)	Current Consolidated Cumulative First Quarter (From April 1, 2010 to June 30, 2010)																						
<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;">165,963</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">41,842</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">725</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">15,299</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">20,310</td> </tr> </table> <p>*2 For tax expenses in the current consolidated first 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>	Salaries, allowances and bonuses	165,963	Transfer to reserve for bonuses	41,842	Transfer to reserve for officers' bonuses	725	Transfer to reserve for retirement allowance	15,299	Transfer to allowance for doubtful accounts	20,310	<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;">197,890</td> </tr> <tr> <td>Transfer to reserve for bonuses</td> <td style="text-align: right;">76,492</td> </tr> <tr> <td>Transfer to reserve for officers' bonuses</td> <td style="text-align: right;">845</td> </tr> <tr> <td>Transfer to reserve for retirement allowance</td> <td style="text-align: right;">14,817</td> </tr> <tr> <td>Transfer to allowance for doubtful accounts</td> <td style="text-align: right;">11,488</td> </tr> <tr> <td>Transfer to provision for product warranties</td> <td style="text-align: right;">16,537</td> </tr> </table> <p>*2 Same as on the left.</p>	Salaries, allowances and bonuses	197,890	Transfer to reserve for bonuses	76,492	Transfer to reserve for officers' bonuses	845	Transfer to reserve for retirement allowance	14,817	Transfer to allowance for doubtful accounts	11,488	Transfer to provision for product warranties	16,537
Salaries, allowances and bonuses	165,963																						
Transfer to reserve for bonuses	41,842																						
Transfer to reserve for officers' bonuses	725																						
Transfer to reserve for retirement allowance	15,299																						
Transfer to allowance for doubtful accounts	20,310																						
Salaries, allowances and bonuses	197,890																						
Transfer to reserve for bonuses	76,492																						
Transfer to reserve for officers' bonuses	845																						
Transfer to reserve for retirement allowance	14,817																						
Transfer to allowance for doubtful accounts	11,488																						
Transfer to provision for product warranties	16,537																						

(Notes Related to Quarterly Consolidated Cash Flow Statement)

Previous Consolidated Cumulative First Quarter (From April 1, 2009 to June 30, 2009)	Current Consolidated Cumulative First Quarter (From April 1, 2010 to June 30, 2010)												
<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. (As of June 30, 2009) (in thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">6,848,098</td> </tr> <tr> <td>Fixed term deposits for a term longer than three months</td> <td style="text-align: right;">Δ1,285,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">5,563,098</td> </tr> </table>	Cash and deposits	6,848,098	Fixed term deposits for a term longer than three months	Δ1,285,000	Cash and cash equivalents	5,563,098	<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. (As of June 30, 2010) (in thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposits</td> <td style="text-align: right;">5,015,033</td> </tr> <tr> <td>Fixed term deposits for a term longer than three months</td> <td style="text-align: right;">Δ975,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">4,040,033</td> </tr> </table>	Cash and deposits	5,015,033	Fixed term deposits for a term longer than three months	Δ975,000	Cash and cash equivalents	4,040,033
Cash and deposits	6,848,098												
Fixed term deposits for a term longer than three months	Δ1,285,000												
Cash and cash equivalents	5,563,098												
Cash and deposits	5,015,033												
Fixed term deposits for a term longer than three months	Δ975,000												
Cash and cash equivalents	4,040,033												

(Notes Related to Shareholders' Equity, etc.)

End of the Current Consolidated First Quarter (as of June 30, 2010) and the Current Consolidated Cumulative First Quarter (from April 1, 2010 to June 30, 2010)

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 2,419 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 first quarter:

Parent ¥205,679 thousand

Note: Balance of new share subscription rights for which the initial date of the period for exercising the right has not arrived is ¥81,807 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 29, 2010	Common stock	279,937	8.00	March 31, 2010	June 30, 2010	Earned surplus

(Segment Information)

[Segment Information by Business Category]

Previous Consolidated Cumulative First Quarter (from April 1, 2009 to June 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 Cumulative First Quarter (from April 1, 2009 to June 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 Cumulative First Quarter (from April 1, 2009 to June 30, 2009)

	Asia	North America	Other Region	Total
I Overseas sales (thousand yen)	2,499,731	427,628	3,984	2,931,344
II Consolidated sales (thousand yen)				6,994,291
III Ratio of overseas sales in consolidated sales (%)	35.7	6.1	0.1	41.9

- 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.

[Segment Information]

1. Outline of reportable segments

Reportable segments of the Company are those whose separate financial information is obtainable out of the composition units of the Company and the subject of periodical review by the board of directors in order to determine distribution of business resources and evaluate performances.

The Company established the manufacturing and sales system by product and service at the head office and develops comprehensive strategies of the handling products and services for Japan and overseas and is developing business activities.

Therefore, the Company is composed of segments by product and service based on the manufacturing and sales system and adopts the three businesses of “electronic materials business,” “display materials business” and “electric insulation materials business” as the reportable segments.

“Electronic materials business” produces materials for flexible and rigid printed circuit boards, etc. “Display materials business” produces 3D display filters, anti-reflection films, special optical films, etc. “Electric insulation materials business” produces glass cloth, glass tapes and prepregs for electric insulation, etc.

2. Information about the amount of net sales and profit or loss by reportable segment

Current Consolidated Cumulative First Quarter (from April 1, 2010 to June 30, 2010)

(Unit: thousand yen)

	Reportable segment				Other (Note)	Total
	Electronic materials	Display materials	Electric insulation materials	Total		
Sales						
Sales to external customers	5,067,627	2,633,280	710,339	8,411,248	1,228,715	9,639,963
Intersegment sales or transfers	---	---	---	---	165,166	165,166
Total	5,067,627	2,633,280	710,339	8,411,248	1,393,881	9,805,129
Segment profit or loss (Δ)	341,934	Δ217,386	100,950	225,498	102,604	328,103

Note: The category “Other” means business segments which are not included in the reportable segments and includes industrial application structural materials business and other industrial materials business, etc.

3. Difference between the total amount of profit or loss of reportable segments and the amount reported in the quarterly consolidated profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	225,498
Profit in category “Other”	102,604
Elimination of intersegment transactions	Δ14,789
Amortization of goodwill	Δ4,745
Expenses of entire company (Note)	Δ274,102
Adjustment of inventories	Δ4,816
Operating profit in quarterly consolidated profit and loss statement	29,649

Note: Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

4. Information about impairment loss of fixed assets or goodwill, etc., by reportable segment

No applicable matter.

(Additional Information)

From the current consolidated first quarter, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(Notes Related to Stock Option, etc.)

Current Consolidated Cumulative First Quarter (from April 1, 2010 to June 30, 2010)

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

Stock compensation expenses in cost of goods sold, selling, general and administrative expenses
¥15,948 thousand

2. Amount appropriated as Profit due to Invalidation by Non-Exercise of Right

Profit on reversal of new share subscription rights
¥2,636 thousand

(Per Share Information)

1. Net asset per share

End of the Current Consolidated First Quarter (As of June 30, 2010)	End of the Previous Consolidated Fiscal Year (As of March 31, 2010)
Net asset per share ¥1,027.69	Net asset per share ¥1,032.36

2. Net profit or loss per share, etc.

Previous Consolidated Cumulative First Quarter (From April 1, 2009 to June 30, 2009)	Current Consolidated Cumulative First Quarter (From April 1, 2010 to June 30, 2010)
Net loss per share ¥15.26	Net profit per share ¥2.82
“Fully diluted net profit per share” is not stated as there was a net loss per share although residual shares existed.	Fully diluted net profit per share ¥2.82

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

	Previous Consolidated Cumulative First Quarter (From April 1, 2009 to June 30, 2009)	Current Consolidated Cumulative First Quarter (From April 1, 2010 to June 30, 2010)
Net profit per share		
Net profit or loss (Δ) (thousand yen)	Δ533,923	98,624
Amounts that are not attributable to common stock holders (thousand yen)	---	---
Net profit or loss (Δ) for common stocks (thousand yen)	Δ533,923	98,624
Average number of shares during the period	34,992,955	34,992,103
Fully diluted net profit per share		
Adjusted amount of net profit (thousand yen)	---	---
Increase in number of common stocks (shares)	---	34,748
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

August 11, 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 first quarter (from April 1, 2009 to June 30, 2009) and the consolidated cumulative first quarter (from April 1, 2009 to June 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.

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 lead us to believe that the quarterly consolidated financial statements did not properly represent the financial conditions of Arisawa Mfg. Co., Ltd. and its consolidated subsidiaries as of June 30, 2009 and business results and status of cash flow in the consolidated cumulative first quarter ended as of the same day in accordance with the standards for preparing quarterly consolidated financial statements generally accepted in Japan.

Additional Information

As stated in Important Events after Closing the Accounts, the Company sold some of the stock of the affiliated company on July 31, 2009.

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

August 11, 2010

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

Ernst & Young ShinNihon LLC

Issei Tsukada [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 first quarter (from April 1, 2010 to June 30, 2010) and the consolidated cumulative first quarter (from April 1, 2010 to June 30, 2010) of the consolidated fiscal year from April 1, 2010 to March 31, 2011, 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 lead us to believe that the quarterly consolidated financial statements did not properly represent the financial conditions of Arisawa Mfg. Co., Ltd. and its consolidated subsidiaries as of June 30, 2010 and business results and status of cash flow in the consolidated cumulative first quarter 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.