

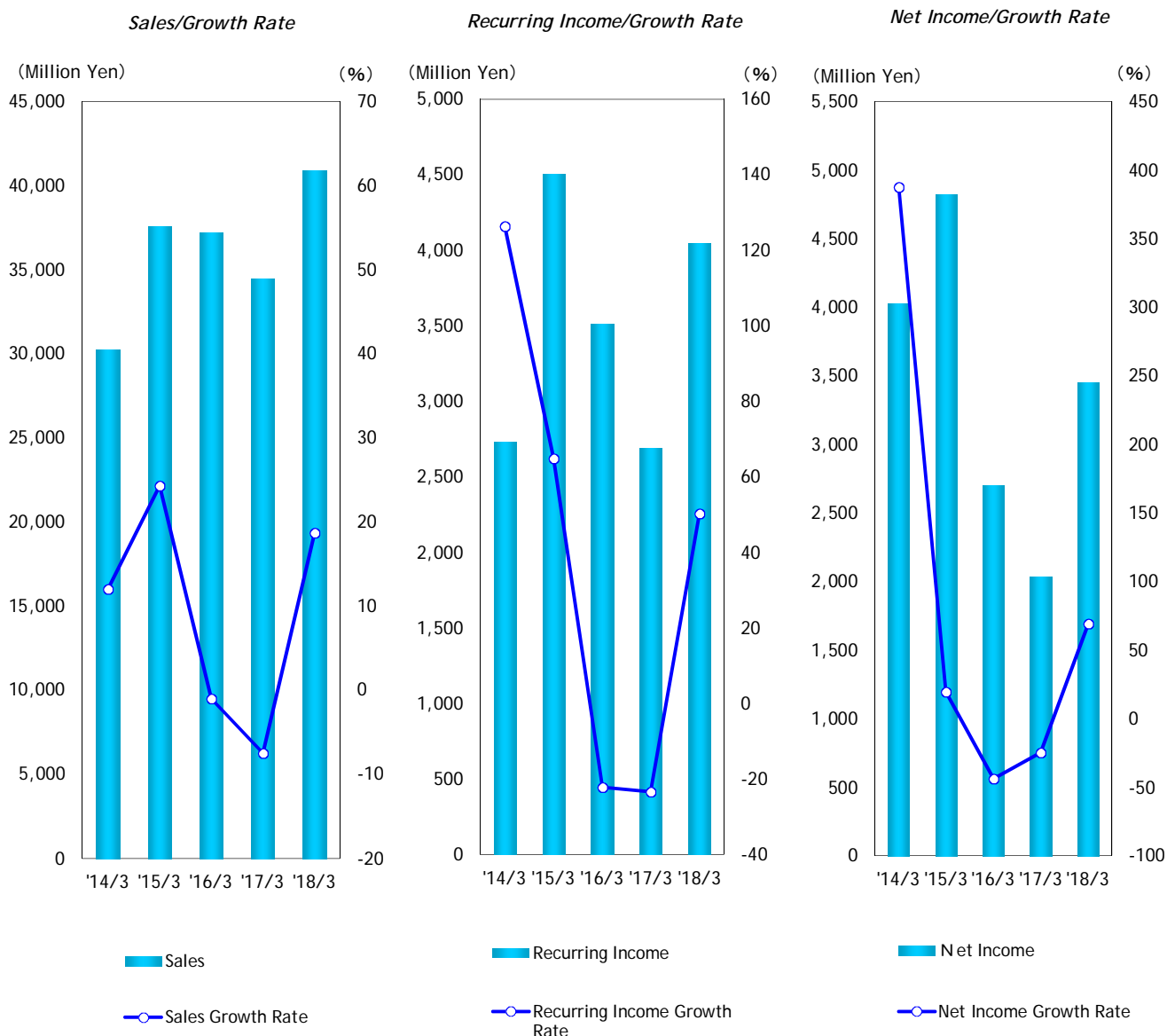
2017 Annual Report

*Arisawa*

## *CONTENTS*

Consolidated Performance.....	1
Consolidated Sales Breakdown by Segments.....	2
Consolidated Shareholders' Equity/Return on Shareholders' Equity.....	3
Per Share Data.....	4
Consolidated Capital Expenditure.....	5
Consolidated Balance Sheet.....	6
Consolidated Income Statement.....	7
Consolidated Cash Flows Statement.....	8

## Consolidated Performance

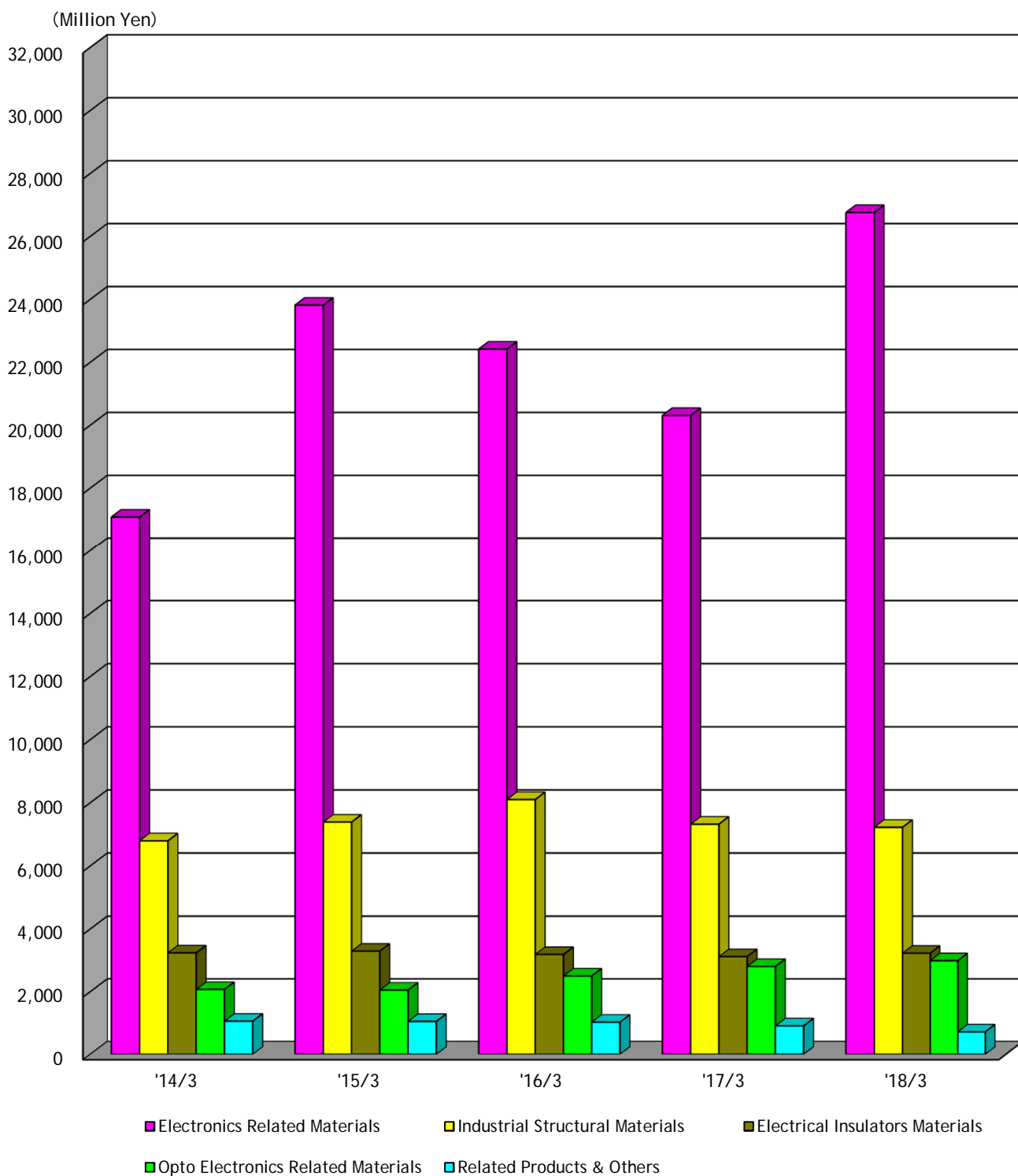


Fiscal Year Ended	'14/3	'15/3	'16/3	'17/3	'18/3
Sales(Million Yen)	30,232	37,589	37,228	34,451	40,909
Sales Growth Rate(%)	12	24.3	-1.0	-7.5	18.7
Operating Income(Million Yen)	986	2,935	2,957	1,790	3,627
Operating Profit Growth Rate(%)		197.5	0.7	-39.5	102.6
Recurring Income(Million Yen)	2,730	4,503	3,510	2,690	4,044
Recurring Income Growth Rate(%)	126.3	64.9	-22.1	-23.4	50.3
Net Income(Million Yen)	4,025	4,821	2,702	2,037	3,452
Net Income Growth Rate(%)	387.6	19.8	-43.9	-24.6	69.5
Gross Profit(%)	15.4	18.6	19.0	17.1	20.0
SG & A Ratio(%)	12.1	10.8	11.1	11.9	11.1

Note: Amounts less than one million yen are omitted

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

## Parent's Sales Breakdown by Segments



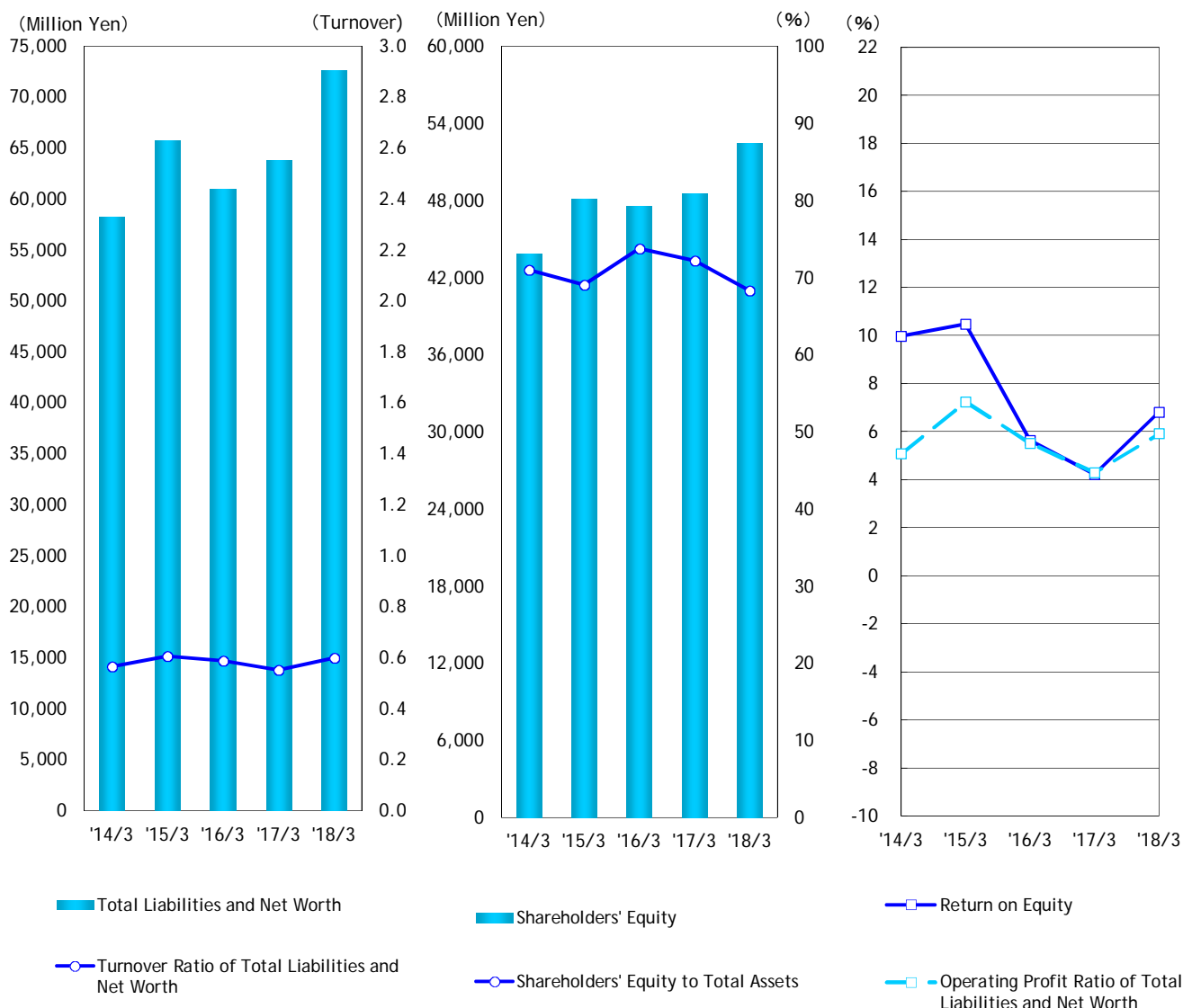
Fiscal Year Ended	'14/3	'15/3	'16/3	'17/3	'18/3
Electronics Related Materials	17,079	23,814	22,417	20,307	26,758
Industrial Structural Materials	6,792	7,386	8,100	7,319	7,221
Electrical Insulators Materials	3,237	3,293	3,188	3,117	3,228
Opto Electronics Related Materials	2,069	2,049	2,499	2,803	2,988
Related Products & Others	1,055	1,047	1,024	905	714
<b>Total</b>	<b>30,232</b>	<b>37,589</b>	<b>37,228</b>	<b>34,451</b>	<b>40,909</b>

## Consolidated Shareholders' Equity/Return on Shareholders' Equity

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

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

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



Fiscal Year Ended	'14/3	'15/3	'16/3	'17/3	'18/3
Total Liabilities and Net Worth(Million Yen)	58,286	65,766	60,983	63,808	72,644
Turnover Ratio of Total Liabilities and Net Worth	0.56	0.61	0.59	0.55	0.60
Operating Profit Ratio of Total Liabilities and Net Worth(%)	5.1	7.3	5.5	4.3	5.9
Shareholders' Equity(Million Yen)	43,848	48,147	47,602	48,551	52,492
Shareholders' Equity to Total Assets(%)	71	69.1	73.8	72.2	68.3
Return on Equity(%)	10.0	10.5	5.6	4.2	6.8

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

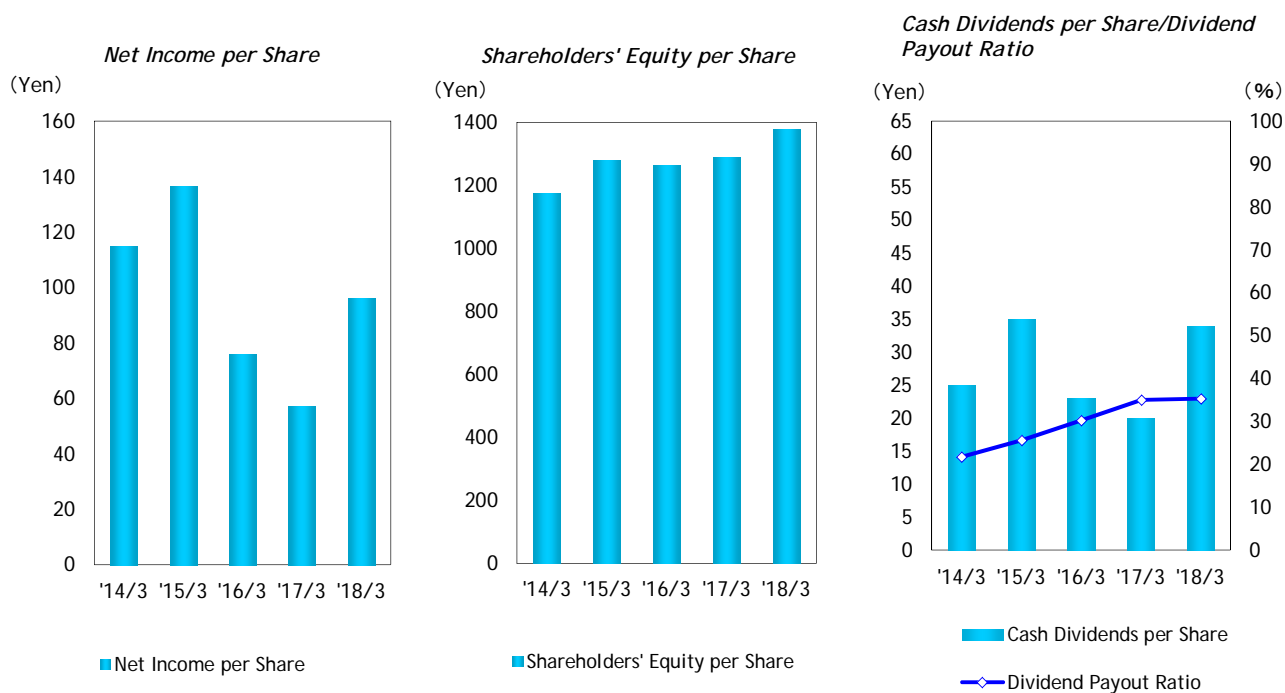
Operating Profit Ratio of Total Liabilities and Net Worth = Ordinary Income/Total Liabilities and Net Worth (Mid-term Average)X100

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

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

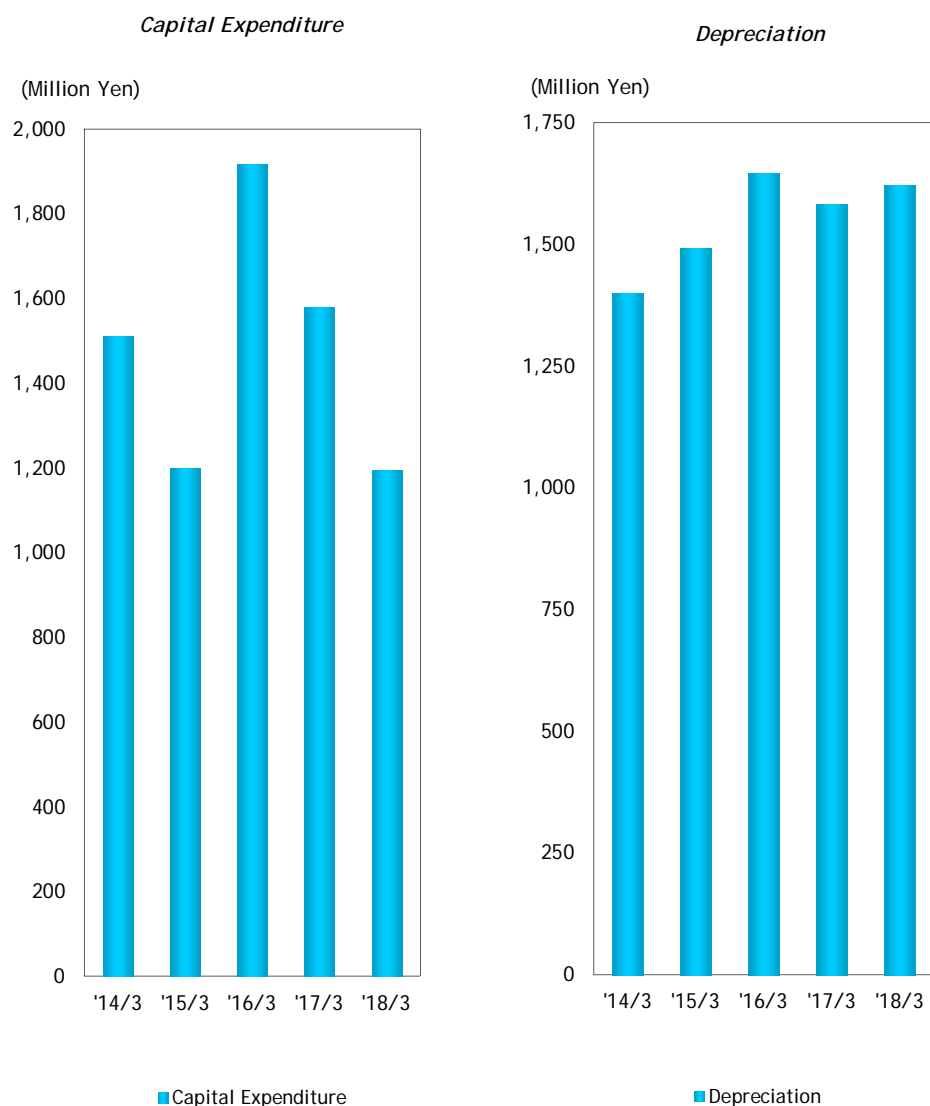
The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology, Forms and Method of Preparation of Financial Statements, etc

## Consolidated Per Share Data



Fiscal Year Ended	'14/3	'15/3	'16/3	'17/3	'18/3
Net Income per Share(Yen)	114.91	136.77	76.02	57.20	96.31
Shareholders' Equity per Share(Yen)	1177.47	1280.69	1263.29	1290.93	1378.12
Cash Dividends per Share(Yen)	25	35	23	20	34
Dividend Payout Ratio(%)	21.8	25.6	30.3	35.0	35.3

## Consolidated Capital Expenditure



Fiscal Year Ended	'14/3	'15/3	'16/3	'17/3	'18/3
Capital Expenditure(Million Yen)	1,510	1,199	1,917	1,580	1,194
Depreciation(Million Yen)	1,399	1,492	1,646	1,583	1,621
Inventory Turnover Period(Days)	65.9	61.3	68.9	68.6	65.9
Interest Coverage	30.1	20.3	46.6	70.5	28.5

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

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

## Consolidated Balance Sheet

(Million Yen)

Fiscal Year Ended		'14/3	'15/3	'16/3	'17/3	'18/3
<b>Assets</b>	<b>Current Assets</b>	29,103	29,752	25,883	28,288	36,367
	Cash and Time Deposits	10,138	8,067	5,696	7,668	9,124
	Notes and Accounts Receivable, Trade	10,814	13,653	11,607	12,619	15,947
	Securities	1,255	36	525	798	1,180
	Inventories	5,525	7,093	6,952	5,999	8,765
	Deferred Tax Assets	1,105	449	249	384	585
	Other Current Assets	481	629	1,092	947	1,328
	Allowance for Doubtful Receivables	-215	-175	-238	-127	-562
	<b>Fixed Assets</b>	29,183	36,014	35,100	35,520	36,277
	<b>(Tangible Fixed Assets)</b>	11,419	11,210	11,281	11,065	11,636
	Buildings and Structures	5,987	5,829	5,711	5,817	5,777
	Machinery, Equipment and Automotive Equipment	3,578	3,432	3,287	3,349	3,496
	Tools, Furnitures, Fixtures	0	0	0	0	0
	Land	1,506	1,450	1,450	1,450	1,836
	Construction in Progress	35	152	435	58	96
	Other Fixed Assets	313	347	398	391	431
	<b>(Intangible Fixed Assets)</b>	125	96	68	65	419
	<b>(Investments and Other Assets)</b>	17,639	24,708	23,751	24,390	24,222
	Investments in Securities	16,755	23,797	23,136	23,864	23,366
	Long-Term Loans	363	546	211	211	219
	Deferred Tax Assets	410	153	132	123	201
	Other Investments	440	581	466	374	613
	Allowance for Doubtful Receivables	-329	-369	-194	-182	-177
<b>Total Assets</b>	<b>58,286</b>	<b>65,766</b>	<b>60,983</b>	<b>63,808</b>	<b>72,644</b>	
<b>負債の部 Liabilities</b>	<b>Current Liabilities</b>	10,364	14,779	10,862	11,679	15,983
	Notes and Accounts Payable, Trade	4,768	6,235	5,245	5,168	6,794
	Short-Term Loan Payables	2,265	4,096	2,553	2,909	4,242
	Accrued Income Taxes	203	1,200	98	363	931
	Deferred Tax Liabilities	9	2	7	25	0
	Reserve for Bonuses	419	485	463	447	598
	Other Current Liabilities	2,700	2,761	2,496	2,767	3,418
	<b>Long-Term Liabilities</b>	4,074	2,840	2,519	3,578	4,169
	Long-Term Debt	1,278	768	1,042	1,836	1,642
	Deferred Tax Liabilities	2,525	1,786	859	1,009	1,275
	Severance and Retirement Benefits	25	61	422	558	604
	Reserve for Officers' Retirement Bonuses	-	-	-	-	-
	Consolidated Adjustments	-	-	-	-	-
	Other Long-Term Liabilities	246	225	196	175	648
<b>Total Liabilities</b>	<b>14,438</b>	<b>17,619</b>	<b>13,381</b>	<b>15,257</b>	<b>20,152</b>	
<b>資本の部 Shareholders' Equity</b>	Common Stock	7,154	7,262	7,294	7,317	7,458
	Additional Paid-in Capital	6,266	6,375	6,406	6,429	6,570
	Earned Surplus	24,384	28,076	29,522	30,740	33,492
	Treasury Stock	-2	-3	-3	-4	-4
	Net Unrealized holding gains on Securities available for Sales	2,980	2,446	647	943	1,214
	Cumulative Translation Adjustments	449	1,100	1,205	808	1,082
	Cost from Issue of New Bonds	146	84	117	143	128
	Minority Interest	2,342	2,624	2,506	2,356	2,729
	Others	129	183	-92	-181	-177
	<b>Total Shareholders' Equity</b>	<b>43,848</b>	<b>48,147</b>	<b>47,602</b>	<b>48,551</b>	<b>52,492</b>
	<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>	<b>58,286</b>	<b>65,766</b>	<b>60,983</b>	<b>63,808</b>	<b>72,644</b>

(注)財務諸表等の一部改正に伴い、改正後の表示区分に組替えてあります。

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

(注)記載金額は、百万円未満を切り捨てて表示してあります。

Note: Amounts Less than one million yen are omitted



## Consolidated Income Statement

(Million Yen)

Fiscal Year Ended	'14/3	'15/3	'16/3	'17/3	'18/3
Net Sales	30,232	37,589	37,228	34,451	40,909
Cost of Sales	25,587	30,600	30,147	28,557	32,730
Gross Profit	4,645	6,989	7,081	5,894	8,179
Selling, General and Administrative Expenses	3,659	4,054	4,124	4,104	4,552
<b>Operating Income</b>	<b>986</b>	<b>2,935</b>	<b>2,957</b>	<b>1,790</b>	<b>3,627</b>
Non-Operating Income	1,940	1,913	1,198	1,254	1,203
Interest and Dividend Income	100	328	365	335	311
Other Non-Operating Income	1,840	1,585	833	919	892
Non-Operating Expenses	196	345	645	354	786
Interest Expenses	92	113	98	48	76
Other Non-Operating Expenses	104	232	547	306	710
<b>Ordinary Income</b>	<b>2,730</b>	<b>4,503</b>	<b>3,510</b>	<b>2,690</b>	<b>4,044</b>
Extraordinary Income	1,630	3,056	882	153	852
Extraordinary Losses	336	323	465	36	151
Income Before Income Taxes	4,024	7,236	3,927	2,807	4,745
Corporation Tax . Inhabitant Tax and Business Taxes	401	1,552	697	654	1,199
Provision for Income Taxes—Deferred	-755	483	300	-62	-204
Minority Stockholder Income	353	380	228	178	298
<b>Net Income</b>	<b>4,025</b>	<b>4,821</b>	<b>2,702</b>	<b>2,037</b>	<b>3,452</b>

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

Note: Amounts Less than one million yen are omitted

## Consolidated Cash Flows Statement

(Million Yen)

Fiscal Year Ended	'14/3	'15/3	'16/3	'17/3	'18/3
<b>Cash Flows from Operating Activities</b>					
Income before Income Taxes	4,024	7,236	3,927	2,807	4,745
Depreciation	1,476	1,575	1,724	1,678	1,712
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	-1,163	-745	-444	-400	-464
Loss on Sale of Investments in Securities	-1,569	-2,976	-756	-9	-703
Gain on Sale of Properties	-4	-3	1	-	-
Loss on Disposal of Tangible Fixed Assets	21	40	10	9	7
Loss on Write-Down of Investments in Securities	135	112	10	1	64
Golf-course-membership depreciation loss	0	0	-	-	-
Exchange Loss(Gain)	-173	-186	362	28	-82
Increase in Reserve for Bonuses	16	66	-22	-15	132
Decrease in Reserve for Retirement Allowances	-66	-	-	-	-
Increase in Allowance for Doubtful Receivables	-49	111	55	-70	353
Interest and Dividend Income	-172	-441	-478	-429	-403
Interest Expenses	92	113	98	48	76
(Increase) Decrease in Receivables	-360	-2,504	1,917	-1,038	-2,663
(Increase) Decrease in Inventories	82	-1,480	71	886	-2,152
(Decrease) Increase in Purchase Liabilities	0	1,361	-929	-33	1,376
(Decrease) Increase in Accrued Consumption Taxes	52	15	51	-86	-36
(Increase) Decrease in Other Assets	-19	-164	435	-287	66
Increase in Other Liabilities	127	129	-187	56	278
Other	121	15	323	-129	66
<b>Subtotal</b>	<b>2,571</b>	<b>2,274</b>	<b>6,168</b>	<b>3,017</b>	<b>2,372</b>
Interest and Dividend Received	552	525	680	605	563
Interest Paid	-93	-113	-98	-32	-84
Income Taxes Paid	-237	-392	-2,202	-170	-669
<b>TOTAL</b>	<b>2,793</b>	<b>2,294</b>	<b>4,548</b>	<b>3,420</b>	<b>2,182</b>
<b>Cash Flows from Investing Activities</b>					
Payments for Received Time Deposits	-667	-3,826	-428	-289	-
Proceeds from Purchase Time Deposits	445	3,223	1,611	422	227
Payments for Purchase of Investments in Securities	-1,593	-1,191	-1,542	-1,292	-1,701
Proceeds from Sales of Property, Plant and Equipment	5	3	12	-	6
Payments for Purchase of Investments in Securities	-1,371	-10,409	-7,571	-1,667	-1,419
Proceeds from Sales of Investments in Securities	4,009	6,288	6,243	1,378	2,987
Payments for Loans	-27	-270	-139	-211	-172
Proceeds from Recovery of Loans	11	11	58	8	157
Other	-42	592	-15	-21	-556
<b>TOTAL</b>	<b>770</b>	<b>-5,579</b>	<b>-1,771</b>	<b>-1,672</b>	<b>-471</b>
<b>Cash Flows from Financing Activities</b>					
Decrease in Short-Term Loans	747	1,544	-1,525	305	911
Borrowings of Long-Term Debt	1,119	571	1,169	2,350	690
Repayments of Long-Term Borrowings	-1,590	-1,314	-1,517	-1,311	-914
Proceeds from Issue of Bonds	55	165	49	35	226
Payments for Purchase of Treasury Stock and Proceeds from Sale	0	-1	-1	0	-1
Cash Dividends	-279	-876	-1,240	-817	-712
Other	-56	-277	-475	-143	-259
<b>TOTAL</b>	<b>-4</b>	<b>-188</b>	<b>-3,540</b>	<b>419</b>	<b>-59</b>
Translation difference of Cash and Cash Equivalents	316	102	-357	-54	262
Changes in Cash and Cash Equivalents	3,876	-3,372	-1,121	2,113	1,914
Cash and Cash Equivalents at Beginning of Year	5,517	9,394	6,022	4,901	7,026
Cash of New Consolidated Subsidiaries and Cash and Cash Equivalents at Beginning of Year	-	-	-	-	-
Cash of Removing Consolidated Subsidiaries and Cash and Cash Equivalents at Mid-Term of Year	-	-	-	13	-
Changes in Cash and Cash Equivalents by changing the scope of consolidation	-	-	-	-	-110
Cash and Cash Equivalents at End of Year	9,394	6,022	4,901	7,026	8,830

Note: Amounts Less than one million yen are omitted