

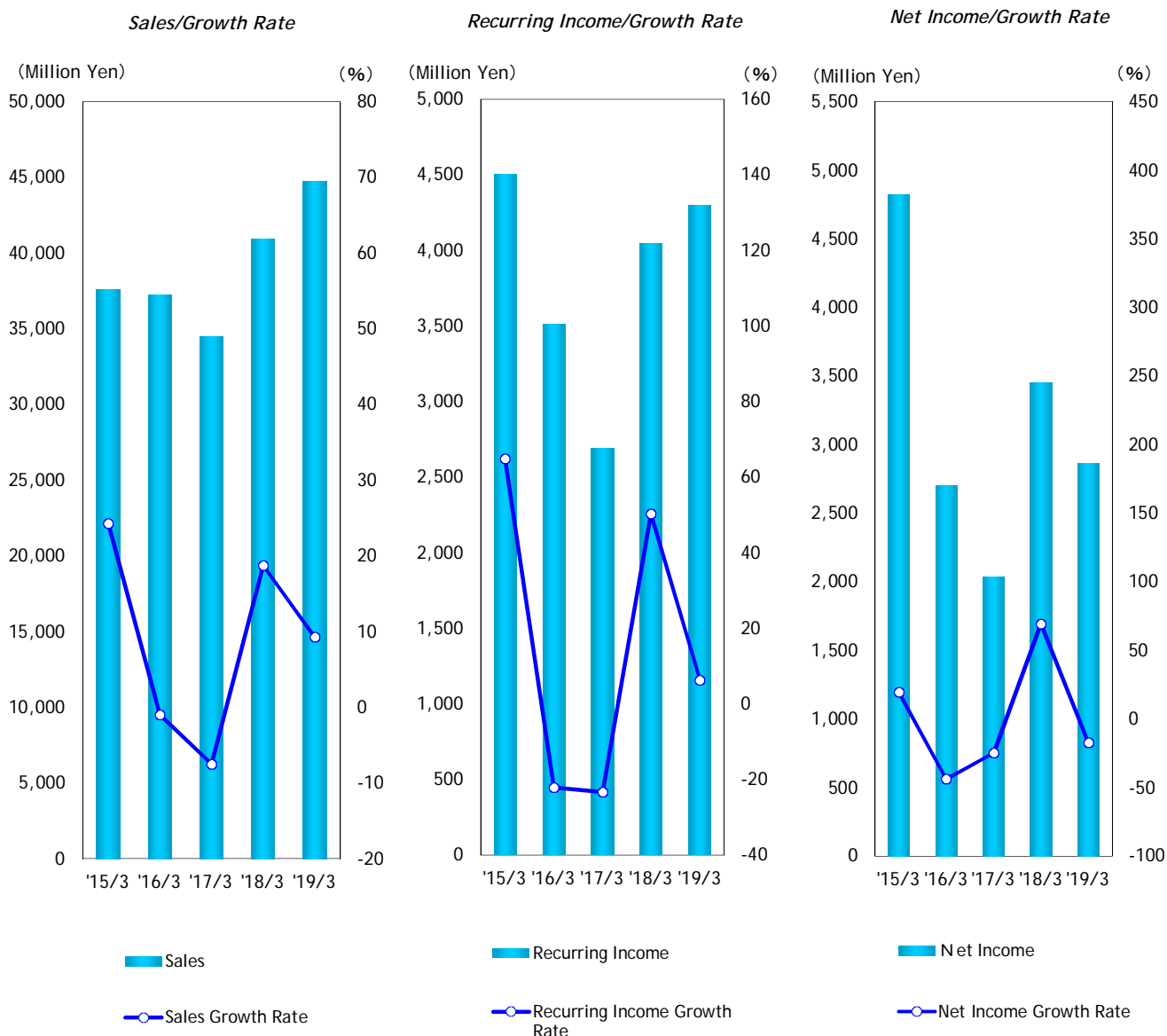
2018 Annual Report

Arisawa

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Consolidated Performance

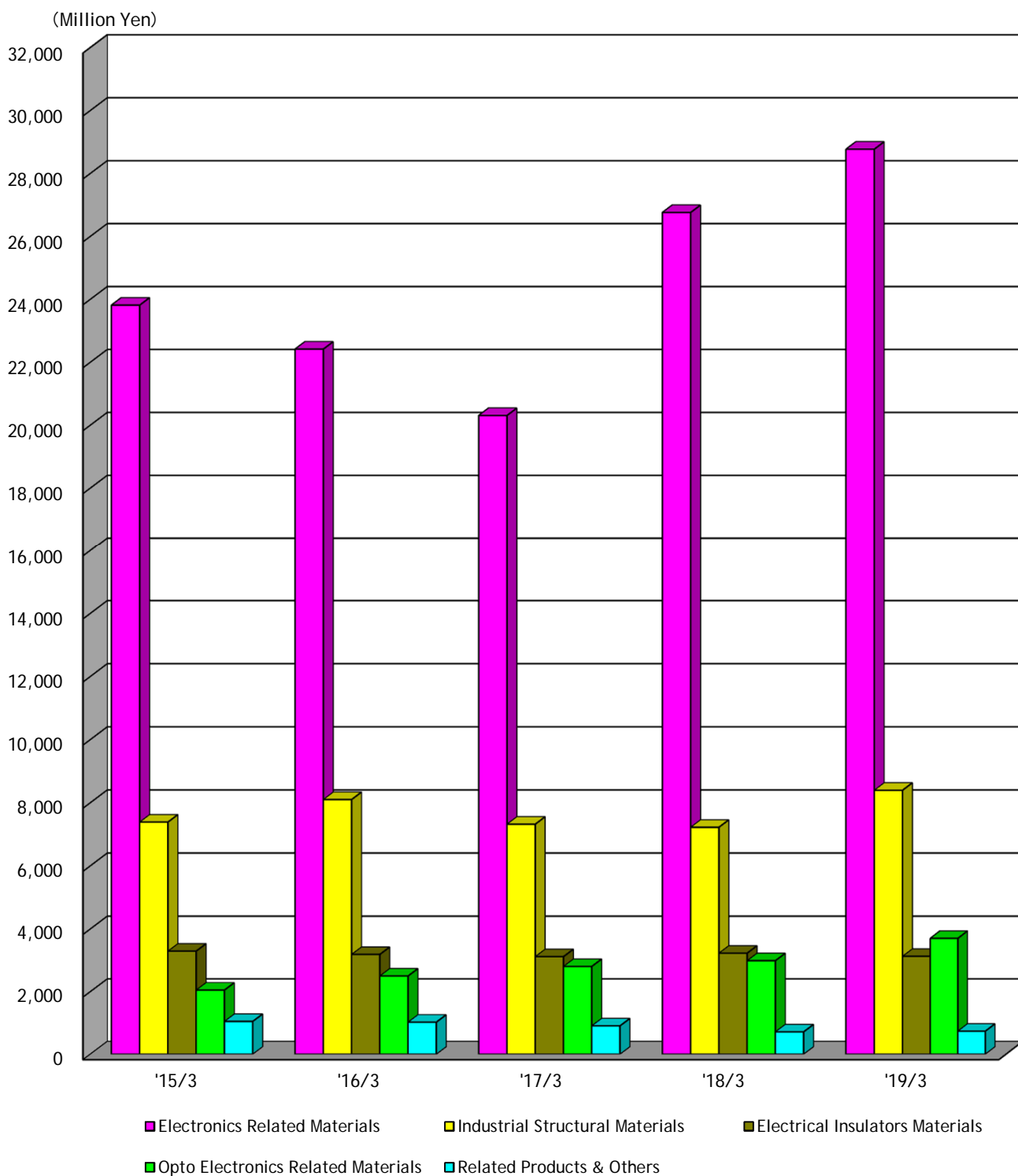


| Fiscal Year Ended | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|---------------------------------|--------|--------|--------|--------|--------|
| Sales(Million Yen) | 37,589 | 37,228 | 34,451 | 40,909 | 44,728 |
| Sales Growth Rate(%) | 24.3 | -1.0 | -7.5 | 18.7 | 9.3 |
| Operating Income(Million Yen) | 2,935 | 2,957 | 1,790 | 3,627 | 3,119 |
| Operating Profit Growth Rate(%) | 197.5 | 0.7 | -39.5 | 102.6 | -14.0 |
| Recurring Income(Million Yen) | 4,503 | 3,510 | 2,690 | 4,044 | 4,297 |
| Recurring Income Growth Rate(%) | 64.9 | -22.1 | -23.4 | 50.3 | 6.3 |
| Net Income(Million Yen) | 4,821 | 2,702 | 2,037 | 3,453 | 2,861 |
| Net Income Growth Rate(%) | 19.8 | -43.9 | -24.6 | 69.5 | -17.2 |
| Gross Profit(%) | 18.6 | 19.0 | 17.1 | 20.0 | 18.2 |
| SG & A Ratio(%) | 10.8 | 11.1 | 11.9 | 11.1 | 11.2 |

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



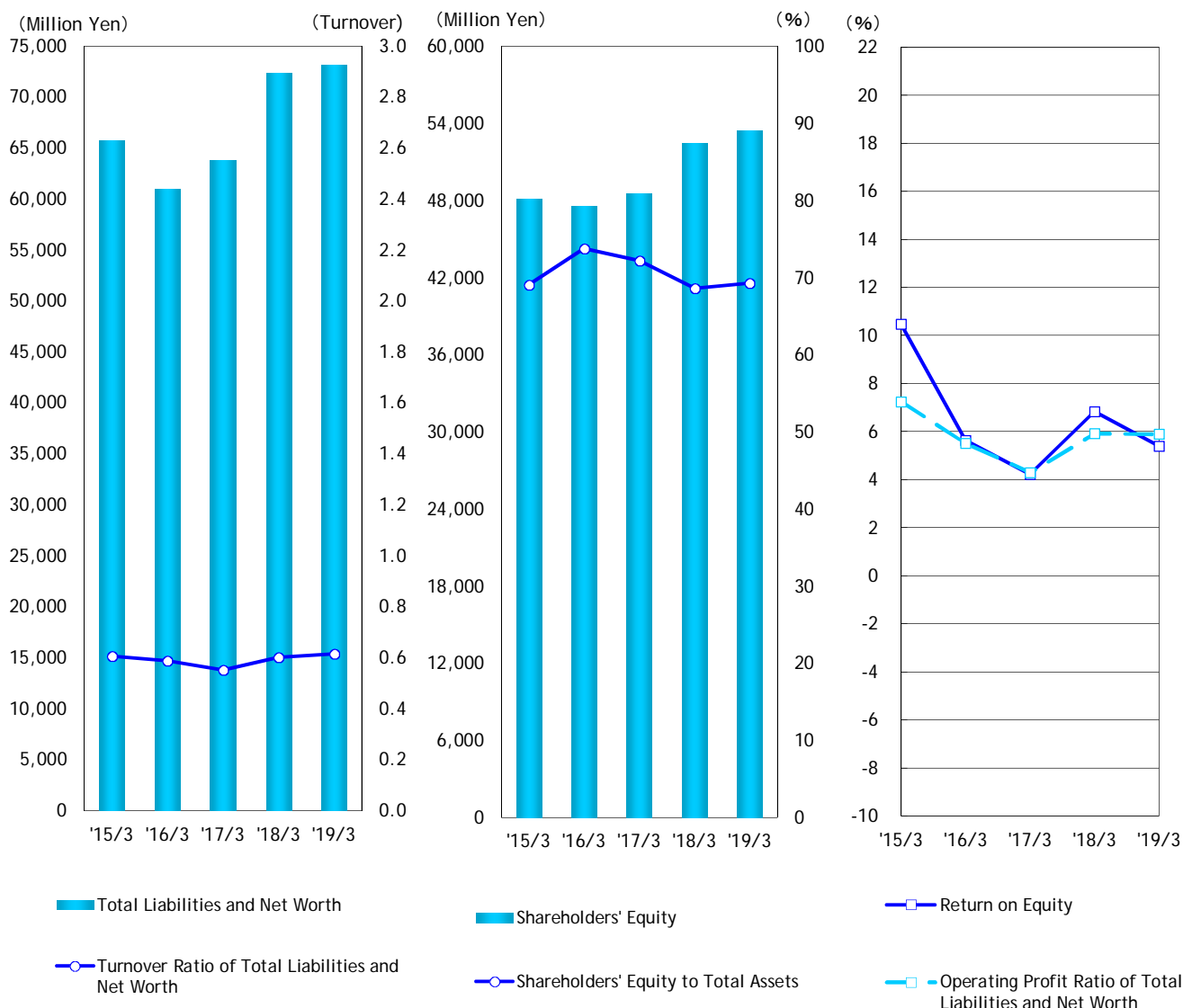
| Fiscal Year Ended | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Electronics Related Materials | 23,814 | 22,417 | 20,307 | 26,758 | 28,770 |
| Industrial Structural Materials | 7,386 | 8,100 | 7,319 | 7,221 | 8,395 |
| Electrical Insulators Materials | 3,293 | 3,188 | 3,117 | 3,228 | 3,128 |
| Opto Electronics Related Materials | 2,049 | 2,499 | 2,803 | 2,988 | 3,700 |
| Related Products & Others | 1,047 | 1,024 | 905 | 714 | 735 |
| Total | 37,589 | 37,228 | 34,451 | 40,909 | 44,728 |

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 | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|--|--------|--------|--------|--------|--------|
| Total Liabilities and Net Worth(Million Yen) | 65,766 | 60,983 | 63,808 | 72,382 | 73,096 |
| Turnover Ratio of Total Liabilities and Net Worth | 0.61 | 0.59 | 0.55 | 0.60 | 0.61 |
| Operating Profit Ratio of Total Liabilities and Net Worth(%) | 7.3 | 5.5 | 4.3 | 5.9 | 5.9 |
| Shareholders' Equity(Million Yen) | 48,147 | 47,602 | 48,551 | 52,493 | 53,462 |
| Shareholders' Equity to Total Assets(%) | 69.1 | 73.8 | 72.2 | 68.6 | 69.3 |
| Return on Equity(%) | 10.5 | 5.6 | 4.2 | 6.8 | 5.4 |

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

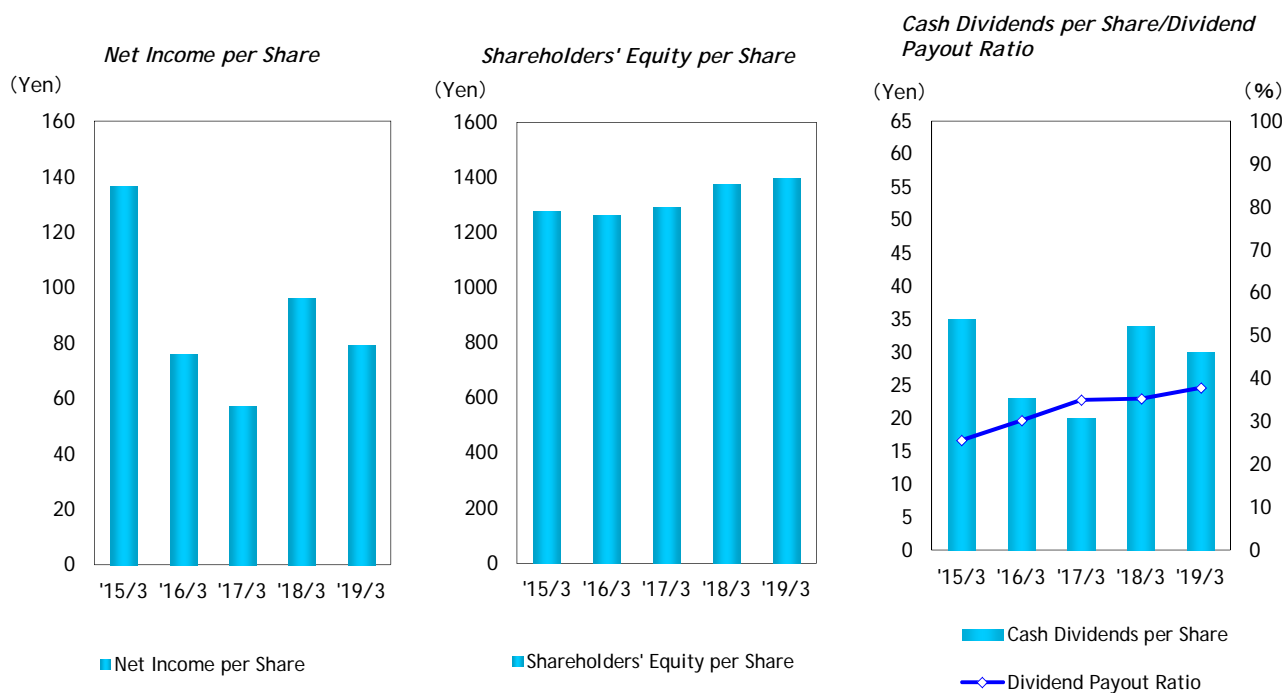
Operating Profit Ratio of Total Liabilities and Net Worth = Ordinary Income/Total Liabilities and Net Worth (Mid-term Average)X100

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

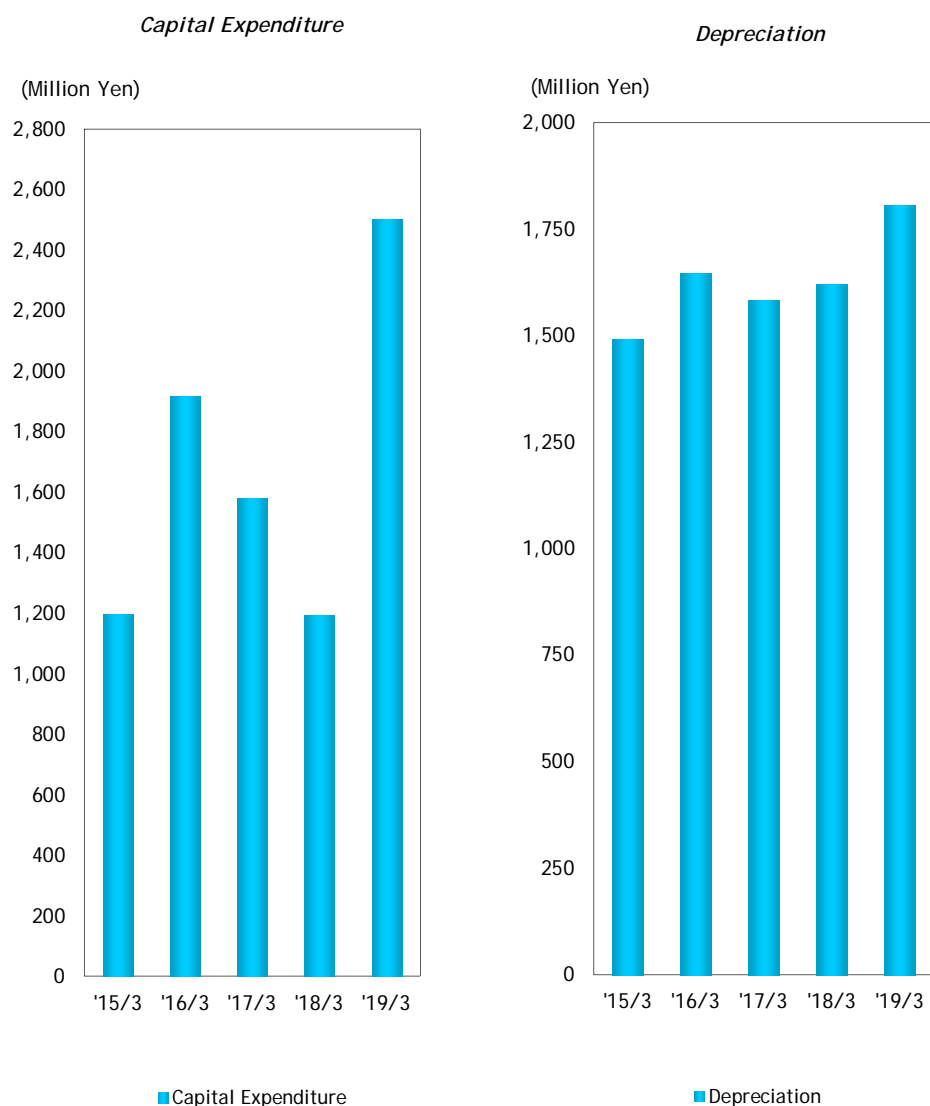
The listed amounts are rearranged to reflect amended financial classifications pursuant to the amendment of a part of the Regulation concerning Terminology, Forms and Method of Preparation of Financial Statements, etc

Consolidated Per Share Data



| Fiscal Year Ended | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Net Income per Share(Yen) | 136.77 | 76.02 | 57.20 | 96.35 | 79.15 |
| Shareholders' Equity per Share(Yen) | 1280.69 | 1263.29 | 1290.93 | 1378.16 | 1397.78 |
| Cash Dividends per Share(Yen) | 35 | 23 | 20 | 34 | 30 |
| Dividend Payout Ratio(%) | 25.6 | 30.3 | 35.0 | 35.3 | 37.9 |

Consolidated Capital Expenditure



| Fiscal Year Ended | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|----------------------------------|-------|-------|-------|-------|-------|
| Capital Expenditure(Million Yen) | 1,199 | 1,917 | 1,580 | 1,194 | 2,501 |
| Depreciation(Million Yen) | 1,492 | 1,646 | 1,583 | 1,621 | 1,805 |
| Inventory Turnover Period(Days) | 61.3 | 68.9 | 68.6 | 65.9 | 73.8 |
| Interest Coverage | 20.3 | 46.6 | 70.5 | 28.5 | 35.3 |

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 | | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|--------------------------------------|--|---------------|---------------|---------------|---------------|---------------|
| Assets | Current Assets | 29,752 | 25,883 | 28,288 | 35,782 | 35,578 |
| | Cash and Time Deposits | 8,067 | 5,696 | 7,668 | 9,124 | 8,194 |
| | Notes and Accounts Receivable, Trade | 13,653 | 11,607 | 12,619 | 15,947 | 16,127 |
| | Securities | 36 | 525 | 798 | 1,180 | 1,401 |
| | Inventories | 7,093 | 6,952 | 5,999 | 8,765 | 9,333 |
| | Other Current Assets | 1,078 | 1,341 | 1,331 | 1,328 | 1,191 |
| | Allowance for Doubtful Receivables | -175 | -238 | -127 | -562 | -668 |
| | Fixed Assets | 36,014 | 35,100 | 35,520 | 36,600 | 37,518 |
| | (Tangible Fixed Assets) | 11,210 | 11,281 | 11,065 | 11,636 | 11,998 |
| | Buildings and Structures | 5,829 | 5,711 | 5,817 | 5,777 | 5,582 |
| | Machinery, Equipment and Automotive Equipment | 3,432 | 3,287 | 3,349 | 3,496 | 3,915 |
| | Tools, Furnitures, Fixtures | 0 | 0 | 0 | 0 | 0 |
| | Land | 1,450 | 1,450 | 1,450 | 1,836 | 1,950 |
| | Construction in Progress | 152 | 435 | 58 | 96 | 122 |
| | Other Fixed Assets | 347 | 398 | 391 | 431 | 429 |
| | (Intangible Fixed Assets) | 96 | 68 | 65 | 451 | 395 |
| | (Investments and Other Assets) | 24,708 | 23,751 | 24,390 | 24,513 | 25,125 |
| | Investments in Securities | 23,797 | 23,136 | 23,864 | 23,366 | 23,143 |
| | Long-Term Loans | 546 | 211 | 211 | 219 | 218 |
| | Deferred Tax Assets | 153 | 132 | 123 | 492 | 536 |
| | Other Investments | 581 | 466 | 374 | 613 | 1,372 |
| | Allowance for Doubtful Receivables | -369 | -194 | -182 | -177 | -144 |
| | Total Assets | 65,766 | 60,983 | 63,808 | 72,382 | 73,096 |
| 負債の部 Liabilities | Current Liabilities | 14,779 | 10,862 | 11,679 | 15,983 | 16,173 |
| | Notes and Accounts Payable, Trade | 6,235 | 5,245 | 5,168 | 6,794 | 6,105 |
| | Short-Term Loan Payables | 4,096 | 2,553 | 2,909 | 4,242 | 5,394 |
| | Accrued Income Taxes | 1,200 | 98 | 363 | 931 | 301 |
| | Deferred Tax Liabilities | 2 | 7 | 25 | 0 | 0 |
| | Reserve for Bonuses | 485 | 463 | 447 | 598 | 510 |
| | Other Current Liabilities | 2,761 | 2,496 | 2,767 | 3,418 | 3,863 |
| | Long-Term Liabilities | 2,840 | 2,519 | 3,578 | 3,906 | 3,461 |
| | Long-Term Debt | 768 | 1,042 | 1,836 | 1,642 | 1,265 |
| | Deferred Tax Liabilities | 1,786 | 859 | 1,009 | 1,012 | 1,074 |
| | Severance and Retirement Benefits | 61 | 422 | 558 | 604 | 627 |
| | Other Long-Term Liabilities | 225 | 196 | 175 | 648 | 495 |
| | Total Liabilities | 17,619 | 13,381 | 15,257 | 19,889 | 19,634 |
| 資本の部 Shareholders' Equity | Common Stock | 7,262 | 7,294 | 7,317 | 7,458 | 7,542 |
| | Additional Paid-in Capital | 6,375 | 6,406 | 6,429 | 6,570 | 6,654 |
| | Earned Surplus | 28,076 | 29,522 | 30,740 | 33,493 | 35,130 |
| | Treasury Stock | -3 | -3 | -4 | -4 | -5 |
| | Net Unrealized holding gains on Securities available for Sales | 2,446 | 647 | 943 | 1,214 | 745 |
| | Cumulative Translation Adjustments | 1,100 | 1,205 | 808 | 1,082 | 708 |
| | Cost from Issue of New Bonds | 84 | 117 | 143 | 128 | 144 |
| | Minority Interest | 2,624 | 2,506 | 2,356 | 2,729 | 2,692 |
| | Others | 183 | -92 | -181 | -177 | -148 |
| | Total Shareholders' Equity | 48,147 | 47,602 | 48,551 | 52,493 | 53,462 |
| | Total Liabilities, Minority Interest and Shareholders' Equity | 65,766 | 60,983 | 63,808 | 72,382 | 73,096 |

(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 | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|---|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 37,589 | 37,228 | 34,451 | 40,909 | 44,728 |
| Cost of Sales | 30,600 | 30,147 | 28,557 | 32,730 | 36,607 |
| Gross Profit | 6,989 | 7,081 | 5,894 | 8,179 | 8,121 |
| Selling, General and Administrative Expenses | 4,054 | 4,124 | 4,104 | 4,552 | 5,002 |
| Operating Income | 2,935 | 2,957 | 1,790 | 3,627 | 3,119 |
| Non-Operating Income | 1,913 | 1,198 | 1,254 | 1,203 | 1,509 |
| Interest and Dividend Income | 328 | 365 | 335 | 311 | 336 |
| Other Non-Operating Income | 1,585 | 833 | 919 | 892 | 1,173 |
| Non-Operating Expenses | 345 | 645 | 354 | 786 | 331 |
| Interest Expenses | 113 | 98 | 48 | 76 | 82 |
| Other Non-Operating Expenses | 232 | 547 | 306 | 710 | 249 |
| Ordinary Income | 4,503 | 3,510 | 2,690 | 4,044 | 4,297 |
| Extraordinary Income | 3,056 | 882 | 153 | 852 | 113 |
| Extraordinary Losses | 323 | 465 | 36 | 151 | 194 |
| Income Before Income Taxes | 7,236 | 3,927 | 2,807 | 4,745 | 4,216 |
| Corporation Tax . Inhabitant Tax and Business Taxes | 1,552 | 697 | 654 | 1,199 | 863 |
| Provision for Income Taxes—Deferred | 483 | 300 | -62 | -205 | 204 |
| Minority Stockholder Income | 380 | 228 | 178 | 298 | 288 |
| Net Income | 4,821 | 2,702 | 2,037 | 3,453 | 2,861 |

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 | '15/3 | '16/3 | '17/3 | '18/3 | '19/3 |
|--|---------------|---------------|---------------|--------------|---------------|
| Cash Flows from Operating Activities | | | | | |
| Income before Income Taxes | 7,236 | 3,927 | 2,807 | 4,745 | 4,216 |
| Depreciation | 1,575 | 1,724 | 1,678 | 1,715 | 1,902 |
| Equity in Earnings of Unconsolidated Subsidiaries and Affiliates | -745 | -444 | -400 | -464 | -558 |
| Loss on Sale of Investments in Securities | -2,976 | -756 | -9 | -703 | -65 |
| Gain on Sale of Properties | -3 | 1 | - | -3 | -34 |
| Loss on Disposal of Tangible Fixed Assets | 40 | 10 | 9 | 7 | 20 |
| Loss on Write-Down of Investments in Securities | 112 | 10 | 1 | 64 | 45 |
| Golf-course-membership depreciation loss | 0 | - | - | - | - |
| Exchange Loss(Gain) | -186 | 362 | 28 | -82 | -21 |
| Increase in Reserve for Bonuses | 66 | -22 | -15 | 132 | -88 |
| Decrease in Reserve for Retirement Allowances | - | - | - | - | - |
| Increase in Allowance for Doubtful Receivables | 111 | 55 | -70 | 353 | 110 |
| Interest and Dividend Income | -441 | -478 | -429 | -403 | -437 |
| Interest Expenses | 113 | 98 | 48 | 76 | 82 |
| (Increase) Decrease in Receivables | -2,504 | 1,917 | -1,038 | -2,663 | -518 |
| (Increase) Decrease in Inventories | -1,480 | 71 | 886 | -2,152 | -682 |
| (Decrease) Increase in Purchase Liabilities | 1,361 | -929 | -33 | 1,376 | -589 |
| (Decrease) Increase in Accrued Consumption Taxes | 15 | 51 | -86 | -36 | 36 |
| (Increase) Decrease in Other Assets | -164 | 435 | -287 | 66 | 136 |
| Increase in Other Liabilities | 129 | -187 | 56 | 278 | 45 |
| Other | 15 | 323 | -129 | 66 | 239 |
| Subtotal | 2,274 | 6,168 | 3,017 | 2,372 | 3,839 |
| Interest and Dividend Received | 525 | 680 | 605 | 563 | 604 |
| Interest Paid | -113 | -98 | -32 | -84 | -85 |
| Income Taxes Paid | -392 | -2,202 | -170 | -669 | -1,465 |
| TOTAL | 2,294 | 4,548 | 3,420 | 2,182 | 2,893 |
| Cash Flows from Investing Activities | | | | | |
| Payments for Received Time Deposits | -3,826 | -428 | -289 | - | -100 |
| Proceeds from Purchase Time Deposits | 3,223 | 1,611 | 422 | 227 | 3 |
| Payments for Purchase of Investments in Securities | -1,191 | -1,542 | -1,292 | -1,701 | -2,758 |
| Proceeds from Sales of Property, Plant and Equipment | 3 | 12 | - | 6 | 38 |
| Payments for Purchase of Investments in Securities | -10,409 | -7,571 | -1,667 | -1,419 | -1,930 |
| Proceeds from Sales of Investments in Securities | 6,288 | 6,243 | 1,378 | 2,987 | 1,477 |
| Payments for Loans | -270 | -139 | -211 | -172 | -55 |
| Proceeds from Recovery of Loans | 11 | 58 | 8 | 157 | 34 |
| Other | 592 | -15 | -21 | -556 | -13 |
| TOTAL | -5,579 | -1,771 | -1,672 | -471 | -3,304 |
| Cash Flows from Financing Activities | | | | | |
| Decrease in Short-Term Loans | 1,544 | -1,525 | 305 | 911 | 1,295 |
| Borrowings of Long-Term Debt | 571 | 1,169 | 2,350 | 690 | 918 |
| Repayments of Long-Term Borrowings | -1,314 | -1,517 | -1,311 | -914 | -1,341 |
| Proceeds from Issue of Bonds | 165 | 49 | 35 | 226 | 137 |
| Payments for Purchase of Treasury Stock and Proceeds from Sale | -1 | -1 | 0 | -1 | 0 |
| Cash Dividends | -876 | -1,240 | -817 | -712 | -1,221 |
| Other | -277 | -475 | -143 | -259 | -364 |
| TOTAL | -188 | -3,540 | 419 | -59 | -576 |
| Translation difference of Cash and Cash Equivalents | 102 | -357 | -54 | 262 | -124 |
| Changes in Cash and Cash Equivalents | -3,372 | -1,121 | 2,113 | 1,914 | -1,111 |
| Cash and Cash Equivalents at Beginning of Year | 9,394 | 6,022 | 4,901 | 7,026 | 8,930 |
| 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 | 6,022 | 4,901 | 7,026 | 8,830 | 7,719 |

Note: Amounts Less than one million yen are omitted