



Consolidated Financial Results for the Three Months Ended June 30, 2017 [Japanese GAAP]

Date: August 3, 2017

Name of listed company: Arisawa Mfg. Co., Ltd. Listed on the Tokyo Stock Exchange (First Section)
 Securities code: 5208 (Website: <http://www.arisawa.co.jp/>)
 Name and title of representative: Yuta Arisawa, President and Representative Director
 Name and title of contact person: Takeshi Masuda, Operating Officer supervising Corporate Planning Dept. Telephone: +81-25-524-7101
 Scheduled date of filing Quarterly Report: August 10, 2017
 Scheduled date of commencing dividend payments: ---
 Preparation of supplementary briefing materials on the quarterly financial results: No
 Holding of a briefing session on the quarterly financial results: No

(Amounts of less than one million yen have been truncated.)

1. Financial results for the consolidated cumulative first quarter of the fiscal year ending March 31, 2018 (From April 1, 2017 to June 30, 2017)

(1) Consolidated results of operations (Percentage figures represent changes from the year-earlier quarter.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Three months ended June 30, 2017	9,140	6.2	625	183.1	810	323.9	624	683.2
Three months ended June 30, 2016	8,607	Δ7.1	220	Δ66.1	191	Δ79.1	79	Δ91.4

(Note) Comprehensive income: 649 million yen (--- %) for the three months ended June 30, 2017
 Δ1,424 million yen (--- %) for the three months ended June 30, 2016

	Net income per share		Fully diluted net income per share	
	(Yen)		(Yen)	
Three months ended June 30, 2017	17.49		17.38	
Three months ended June 30, 2016	2.24		2.24	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
June 30, 2017	64,488	49,274	72.5	1,307.52
March 31, 2017	63,808	49,282	73.3	1,311.41

(Reference) Shareholders' equity: 46,769 million yen as of June 30, 2017
 46,782 million yen as of March 31, 2017

2. Dividends

	Dividend per share				
	1 st quarter end	2 nd quarter end	3 rd quarter end	Fiscal year end	Annual
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2017	---	0.00	---	20.00	20.00
Fiscal year ending March 31, 2018	---				
Fiscal year ending March 31, 2018 (Forecast)		---	---	---	---

(Note) Revision of the most recently announced dividend forecast: No
 No decision or forecast has hitherto been made regarding the dividend(s) for the fiscal year ending March 31, 2018.

3. Forecast of consolidated results of operations for the fiscal year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Percentage figures represent changes from the year-earlier quarter.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Six months ending September 30, 2017	18,600	9.5	1,350	150.5	1,800	161.0	1,300	143.5	36.34
Full fiscal year	37,900	10.0	2,650	48.0	3,550	32.0	2,650	27.9	74.09

(Note) Revision of the most recently announced forecast of the consolidated results of operations: Yes
 For details, please refer to "Notice of Adjustment of Forecast of Business Results" announced today (August 3, 2017).

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries entailing changes in the scope of consolidation): None

New companies: --- (Company name:) Excluded companies: --- (Company name:)

(2) Application of accounting treatments particular to preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting estimates, retrospective restatements

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than those falling under item 1): None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of shares issued and outstanding (Common stock)

1) Number of shares issued and outstanding as of the most recent quarter end and fiscal year end (including treasury stock)

June 30, 2017	35,776,224 shares
March 31, 2017	35,679,624 shares

2) Number of shares of treasury stock as of the most recent quarter end and fiscal year end

June 30, 2017	6,624 shares
March 31, 2017	6,536 shares

3) Average number of shares during the most recent consolidated cumulative first quarters

Three months ended June 30, 2017	35,711,753 shares
Three months ended June 30, 2016	35,605,651 shares

*This summary is not subject to quarterly review procedures.

*Proper Use of Forward-looking Statements and Other Matters to be Noted

Earnings forecasts and other forward-looking statements contained in this summary are based on information currently available to Arisawa Mfg. Co., Ltd. (hereinafter referred to as the "Company") and certain assumptions that the Company deems to be reasonable. The actual business results, etc. may therefore differ materially from these statements for various reasons.

Table of Contents

- 1. Qualitative Information Concerning Quarterly Financial Results 2
 - (1) Explanation Concerning Consolidated Results of Operations 2
 - (2) Explanation Concerning Financial Conditions 2
 - (3) Explanation Concerning Forecast of Consolidated Results of Operations 3
- 2. Quarterly Consolidated Financial Statements 4
 - (1) Quarterly Consolidated Balance Sheets 4
 - (2) Quarterly Consolidated Statements of Income and
 Quarterly Consolidated Statements of Comprehensive Income 6
 - [Quarterly Consolidated Statements of Income] 6
 - [Quarterly Consolidated Statements of Comprehensive Income] 7
 - (3) Notes Related to Going Concern Assumption 8
 - (4) Notes Related to Significant Changes in the Amount of Shareholders' Equity 8
 - (5) Particular Accounting Treatments
 Applied in Preparation of Quarterly Consolidated Financial Statements 8
 - (6) Segment Information, etc. 8

1. Qualitative Information Concerning Quarterly Financial Results

(1) Explanation Concerning Consolidated Results of Operations

The Japanese economy in the current consolidated cumulative first quarter, against the backdrop of the government's economic stimulus measures on the monetary and fiscal fronts, etc., remained on an overall recovery track. Meanwhile, a sense of uncertainty regarding the economic outlook persisted due largely to the general misgivings about the apparent deceleration of growth in most major emerging economies.

Under such circumstances, our group (the Company, its consolidated subsidiaries and the companies accounted for under the equity method) saw a year-on-year upturn in both net sales and operating income as a result of the stagnant demand for electronic materials for use primarily in multifunctional mobile terminals and efforts to improve the profitability of industrial application structural materials.

Consequently, our group's results of operations for the current consolidated cumulative first quarter showed net sales of 9,140 million yen (representing a 6.2% increase as compared with the year-earlier quarter), an operating income of 625 million yen (representing a 183.1% increase as compared with the year-earlier quarter), an ordinary income of 810 million yen (representing a 323.9% increase as compared with the year-earlier quarter) and a profit attributable to owners of the parent of 624 million yen (representing a 683.2% increase as compared with the year-earlier quarter).

(2) Explanation Concerning Financial Conditions

Total assets as of the end of the current consolidated first quarter were 64,488 million yen (an increase of 680 million yen compared with the end of the fiscal year ended March 31, 2017). This was due largely to an increase of 638 million yen in notes and accounts receivable-trade.

Total liabilities as of the end of the current consolidated first quarter were 15,213 million yen (an increase of 687 million yen compared with the end of the fiscal year ended March 31, 2017). This was due largely to an increase of 643 million yen in notes and accounts payable-trade.

Total net assets as of the end of the current consolidated first quarter were 49,274 million yen (a decrease of 7 million yen compared with the end of the fiscal year ended March 31, 2017). This was due largely to an increase of 156 million yen in valuation difference on available-for-sale securities and a decrease of 139 million yen in foreign currency translation adjustment and 93 million yen in retained earnings.

(3) Explanation Concerning Forecast of Consolidated Results of Operations

On the basis of the first quarter results, the forecast of the consolidated results of operations for the cumulative second quarter and the full fiscal year ending March 31, 2018 has been revised as follows.

Revisions of forecast of consolidated results of operations for the cumulative second quarter of the fiscal year ending March 31, 2018 (From April 1, 2017 to September 30, 2017)

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of the parent (Millions of yen)	Net income per share (Yen)
Previously announced forecast (A)	18,300	1,000	1,400	950	26.63
Revised forecast (B)	18,600	1,350	1,800	1,300	36.34
Difference (B-A)	300	350	400	350	
Percentage change (%)	1.6	35.0	28.6	36.8	
(Reference) Results for the six months ended September 30, 2016	16,984	539	689	533	14.99

Revisions of forecast of consolidated results of operations for the full fiscal year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of the parent (Millions of yen)	Net income per share (Yen)
Previously announced forecast (A)	37,600	2,300	3,150	2,300	64.47
Revised forecast (B)	37,900	2,650	3,550	2,650	74.09
Difference (B-A)	300	350	400	350	
Percentage change (%)	0.8	15.2	12.7	15.2	
(Reference) Results for the full fiscal year ended March 31, 2017	34,451	1,790	2,690	2,072	58.20

2. Quarterly Consolidated Financial Statements
 (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2017)	Current consolidated first quarter (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	7,667,985	7,064,389
Notes and accounts receivable-trade	12,618,700	13,257,309
Securities	797,550	1,032,759
Merchandise and finished goods	2,602,353	2,741,193
Work in process	1,301,381	1,354,875
Raw materials and supplies	2,095,419	2,623,206
Other	1,331,705	1,310,271
Allowance for doubtful accounts	△127,077	△130,756
Total current assets	28,288,018	29,253,249
Non-current assets		
Property, plant and equipment	11,065,403	10,812,767
Intangible assets		
Other	65,486	64,236
Total intangible assets	65,486	64,236
Investments and other assets		
Investment securities	23,864,265	23,703,106
Other	707,162	844,912
Allowance for doubtful accounts	△181,927	△189,719
Total investments and other assets	24,389,500	24,358,298
Total non-current assets	35,520,391	35,235,302
Total assets	63,808,409	64,488,551

(Thousands of yen)

	Previous consolidated fiscal year (As of March 31, 2017)	Current consolidated first quarter (As of June 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,168,250	5,811,315
Short-term loans payable	2,908,630	3,188,538
Current portion of long-term loans payable	446,754	448,424
Income taxes payable	362,974	203,459
Provision for bonuses	447,415	712,214
Provision for directors' bonuses	3,573	1,376
Provision for product warranties	169	168
Other	2,341,381	1,937,878
Total current liabilities	11,679,149	12,303,374
Non-current liabilities		
Long-term loans payable	1,836,093	1,829,763
Net defined benefit liability	558,112	563,825
Asset retirement obligations	57,448	56,413
Other	395,551	460,180
Total non-current liabilities	2,847,205	2,910,183
Total liabilities	14,526,354	15,213,557
Net assets		
Shareholders' equity		
Capital stock	7,317,019	7,348,934
Capital surplus	6,429,038	6,460,952
Retained earnings	31,471,074	31,377,774
Treasury stock	△3,891	△3,966
Total shareholders' equity	45,213,240	45,183,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	942,763	1,099,743
Deferred gains or losses on hedges	5,153	546
Foreign currency translation adjustment	808,002	668,508
Remeasurements of defined benefit plans	△187,018	△183,171
Total accumulated other comprehensive income	1,568,901	1,585,626
Subscription rights to shares	143,292	140,319
Non-controlling interests	2,356,620	2,365,352
Total net assets	49,282,055	49,274,994
Total liabilities and net assets	63,808,409	64,488,551

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
[Quarterly Consolidated Statements of Income]
[Consolidated cumulative first quarter]

(Thousands of yen)

	Previous consolidated cumulative first quarter (From April 1, 2016 to June 30, 2016)	Current consolidated cumulative first quarter (From April 1, 2017 to June 30, 2017)
Net sales	8,607,601	9,140,478
Cost of sales	7,353,170	7,449,200
Gross profit	1,254,431	1,691,277
Selling, general and administrative expenses	1,033,439	1,065,640
Operating income	220,991	625,637
Non-operating income		
Interest income	78,074	91,866
Dividends income	40,824	43,872
Share of profit of entities accounted for using equity method	11,937	97,103
Reversal of allowance for doubtful accounts	157,906	99,014
Other	288,743	331,856
Total non-operating income		
Non-operating expenses	13,451	14,792
Interest expenses	273,054	103,055
Foreign exchange losses	31,903	28,702
Other	318,409	146,550
Total non-operating expenses	191,325	810,943
Ordinary income		
Extraordinary income	3	49,876
Gain on sales of investment securities	413	9,462
Other	416	59,338
Total extraordinary income		
Extraordinary losses	—	63,595
Loss on valuation of investment securities	4,990	2,264
Other	4,990	65,859
Total extraordinary losses	186,752	804,422
Income before income taxes	101,811	152,317
Income taxes	84,941	652,105
Profit	5,207	27,622
Profit attributable to non-controlling interests	79,733	624,482
Profit attributable to owners of the parent	8,607,601	9,140,478

[Quarterly Consolidated Statements of Comprehensive Income]
[Consolidated cumulative first quarter]

(Thousands of yen)

	Previous consolidated cumulative first quarter (From April 1, 2016 to June 30, 2016)	Current consolidated cumulative first quarter (From April 1, 2017 to June 30, 2017)
Profit	84,941	652,105
Other comprehensive income		
Valuation difference on available-for-sale securities	△867,014	157,080
Deferred gains or losses on hedges	—	△4,607
Foreign currency translation adjustment	△457,710	△73,387
Remeasurements of defined benefit plans	2,321	2,412
Share of other comprehensive income of entities accounted for using equity method	△187,377	△83,664
Total other comprehensive income	△1,509,780	△2,165
Comprehensive income	△1,424,839	649,939
(Breakdown)		
Comprehensive income attributable to owners of the parent	△1,181,257	641,208
Comprehensive income attributable to non-controlling interests	△243,582	8,731

(3) Notes Related to Going Concern Assumption

No applicable matter.

(4) Notes Related to Significant Changes in the Amount of Shareholders' Equity

No applicable matter.

(5) Particular Accounting Treatments Applied in Preparation of Quarterly Consolidated Financial Statements

<Calculation of tax expenses>

Tax expenses are calculated by multiplying the quarterly income before income taxes by an estimated effective tax rate. Such effective tax rate is reasonably estimated after applying tax effect accounting to the income before income taxes for the consolidated fiscal year including the current consolidated first quarter.

(6) Segment Information, etc.

[Segment Information]

I Previous consolidated cumulative first quarter (From April 1, 2016 to June 30, 2016)

1. Information on the amount of net sales and income or loss with respect to each reportable segment

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Net sales							
Net sales to external customers	4,916,077	2,034,161	756,526	649,966	8,356,732	250,869	8,607,601
Inter-segment sales or transfers	—	—	—	—	—	183,897	183,897
Total	4,916,077	2,034,161	756,526	649,966	8,356,732	434,767	8,791,499
Segment income or loss (Δ)	306,635	90,241	115,335	Δ 16,267	495,946	54,052	549,999

Note: The column "Other" represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

2. Difference between the aggregate amount of income or loss of reportable segments and the pertinent amount shown on the quarterly consolidated statements of income as well as the key components of such difference (Matters concerning difference adjustment)

(Thousands of yen)

Income	Amount
Total of reportable segments	495,946
Income in the category "Other"	54,052
Elimination of inter-segment transactions	Δ 16,990
Amortization of goodwill	Δ 29
Unallocated corporate expenses (See Note)	Δ 293,972
Adjustment of inventories	Δ 18,014
Operating income shown on the quarterly consolidated statements of income	220,991

Note: Unallocated corporate expenses are mostly general and administrative expenses that are not attributable to any of the reportable segments.

3. Information on impairment loss on non-current assets or goodwill, etc. with respect to each reportable segment

No applicable matter.

II Current consolidated cumulative first quarter (From April 1, 2017 to June 30, 2017)

1. Information on the amount of net sales and income or loss with respect to each reportable segment

(Thousands of yen)

	Reportable segment					Other (See Note)	Total
	Electronic materials	Industrial application structural materials	Electrical insulating materials	Display materials	Subtotal		
Net sales							
Net sales to external customers	5,903,691	1,651,770	787,716	585,721	8,928,899	211,578	9,140,478
Inter-segment sales or transfers	—	—	—	—	—	192,343	192,343
Total	5,903,691	1,651,770	787,716	585,721	8,928,899	403,921	9,332,821
Segment income or loss (Δ)	592,645	252,095	136,183	△95,764	885,160	64,543	949,703

Note: The column “Other” represents business operations that do not fall under any of the reportable segments and includes the related goods sales, the logistics-related operations and other businesses, etc.

2. Difference between the aggregate amount of income or loss of reportable segments and the pertinent amount shown on the quarterly consolidated statements of income as well as the key components of such difference (Matters concerning difference adjustment)

(Thousands of yen)

Income	Amount
Total of reportable segments	885,160
Income in the category “Other”	64,543
Elimination of inter-segment transactions	△18,489
Unallocated corporate expenses (See Note)	△284,024
Adjustment of inventories	△21,553
Operating income shown on the quarterly consolidated statements of income	625,637

Note: Unallocated corporate expenses are mostly general and administrative expenses that are not attributable to any of the reportable segments.

3. Matters concerning changes in reportable segments, etc.

The categorization, introduced in the current consolidated cumulative first quarter, of reportable segments was changed due to the liquidation of a subsidiary so that the “Related goods sales”, which was categorized as a reportable segment, is incorporated into the “Other”.

In this regard, the segment information for the previous consolidated cumulative first quarter is reported on the basis of the reportable segments reflecting the said change in categorization.

4. Information on impairment loss on non-current assets or goodwill, etc. with respect to each reportable segment

No applicable matter.