



Closing Announcement of First Quarter of the Fiscal Year Ending March 31, 2019 [Japanese Standards] (Consolidated)

August 2, 2018

Name of Listed Company: Arisawa Mfg. Co., Ltd. Listed on the Tokyo Stock Exchange
 Code No.: 5208 (URL <http://www.arisawa.co.jp/>)
 Representative: Representative Director and COO: Yuta Arisawa
 Contact Person: Operating Officer,
 Corporate Planning Department: Takeshi Masuda TEL: 025-524-7101
 Scheduled Date of Submitting Financial Report: August 10, 2018
 Scheduled Date of Commencement of Dividend Payment: ---
 Whether supplementary explanation materials for the closing are prepared: No
 Whether explanation meeting is held for the closing: No

(Indicated by rounding off an amount less than 1 million yen)

1. Consolidated Results in First Quarter of the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results (% indication shows the increase or decrease rate from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
First Quarter of the Fiscal Year Ending March 31, 2019	10,961	19.9	842	34.6	1,237	52.6	857	44.0
First Quarter of the Fiscal Year Ended March 31, 2018	9,140	6.2	625	183.1	810	323.9	595	610.2

(Note) Comprehensive income: First Quarter of the Fiscal Year Ending March 31, 2019: 48 million yen ($\Delta 92.1\%$)
 First Quarter of the Fiscal Year Ended March 31, 2018: 620 million yen (--- %)

	Net profit per share	Fully diluted net profit per share
	(Yen, Sen)	(Yen, Sen)
First Quarter of the Fiscal Year Ending March 31, 2019	23.77	23.54
First Quarter of the Fiscal Year Ended March 31, 2018	16.67	16.57

(2) Status of Consolidated Cash Flow

	Total assets	Net assets	Net worth ratio	Net asset per share
	(million yen)	(million yen)	(million yen)	(million yen)
First Quarter of the Fiscal Year Ending March 31, 2019	71,196	51,413	68.4	1,347.05
Fiscal Year Ended March 31, 2018	72,290	52,492	68.7	1,378.12

(Reference) Net worth: First Quarter of the Fiscal Year Ending March 31, 2019: 48,669 million yen
 Fiscal Year Ended March 31, 2018: 49,635 million yen

2. Status of Dividend

	Annual dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of year	Annual
	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)
Fiscal Year Ended March 31, 2018	---	0.00	---	34.00	34.00
Fiscal Year Ending March 31, 2019	---				
Fiscal Year Ending March 31, 2019 (Forecast)		---	---	---	---

(Note) Existence of adjustment of the dividend forecast most recently announced: None

Dividend for the fiscal year ending March 31, 2019 has yet to be determined.

3. Expected Consolidated Results for Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(% indication shows the increase or decrease rate from the previous year for full-year and from the same quarter of previous year for each quarter)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent		Net profit per share
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%	(Yen, Sen)
Second Quarter (Cumulative)	23,400	21.2	2,000	26.1	2,550	17.0	1,650	6.0	45.81
Full Year	47,700	16.6	4,250	17.2	5,450	34.8	3,600	4.3	99.95

(Note) Existence of adjustment of the dividend forecast most recently announced: None

* Notes

(1) Changes in material subsidiaries during the year (changes in specified subsidiaries accompanying changes in scope of consolidation): None

New: --- (Company Name:) Exclusion: --- (Company Name:)

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

(3) Changes in accounting policy, changes in accounting estimates and restatement

1) Changes in accounting policy in connection with the amendment of accounting standards, etc.: None

2) Changes in accounting policy other than 1) above: None

3) Changes in accounting estimate: None

4) Restatement: None

(4) Number of outstanding shares (common stocks)

1) Number of outstanding shares at the end of year (including treasury stocks):	1Q of Fiscal Year Ending March 31, 2019:	36,137,524 shares	Fiscal Year Ended March 31, 2018:	36,024,124 shares
2) Number of treasury stocks at the end of year:	1Q of Fiscal Year Ending March 31, 2019:	7,114 shares	Fiscal Year Ended March 31, 2018:	7,084 shares
3) Average number of shares during the year (cumulative quarter)	1Q of Fiscal Year Ending March 31, 2019:	36,058,809 shares	1Q of Fiscal Year Ended March 31, 2018:	35,711,753 shares

* The quarterly closing announcement is not subject to quarterly review by a certified public accountant or an audit corporation.

* Explanation about Appropriate Use of the Forecast of Business Results and other Matters to be Noted

Description regarding the future such as the forecast of business results stated in this material is based on information which the Company has currently obtained and certain assumptions that the Company determines to be reasonable, although actual results may significantly differ from the forecast depending on various factors.

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1. Qualitative Information concerning Current Quarterly Closing Announcement

(1) Explanation about Business Results

The Japanese economy in the current first quarter consolidated cumulative period continued along a gradual recovery trend against the backdrop of a steady global economy. On the other hand, there are concerns about US protectionist policies and monetary policy, etc., and uncertainties continue to linger.

Under such circumstances, for the business results in the current first quarter cumulative period of the Company Group (the Company, consolidated subsidiaries and companies to which the equity method is applied), sales were ¥10,961 million (an increase of 19.9% as compared with the same period in the previous year). For profit and loss, operating profit was ¥842 million (an increase of 34.6% as compared with the same period in the previous year) and ordinary profit was ¥1,237 million (an increase of 52.6% as compared with the same period in the previous year) and the quarterly net profit attributable to owners of the parent was ¥857 million (an increase of 44.0% as compared with the same period in the previous year).

Business results of each segment were as follows.

(Electronic materials)

Due to the steady advancements in sales of flexible printed circuit board materials, etc., sales were ¥6,860 million, an increase of ¥957 million as compared with the same period in the previous year (16.2% as compared with the same period in the previous year).

(Industrial application structural materials)

Due to the steady advancements in sales of pressure vessels for water treatment, etc., sales were ¥2,172 million, an increase of ¥520 million as compared with the same period in the previous year (31.5% as compared with the same period in the previous year).

(Electric insulation materials)

Due to a slight increase in infrastructure-related sales, sales were ¥804 million, an increase of ¥17 million as compared with the same period in the previous year (2.2% as compared with the same period in the previous year).

(Display materials)

Due to the steady advancements in sales of 3D-related materials, sales were ¥936 million, an increase of ¥351 million as compared with the same period in the previous year (60.0% as compared with the same period in the previous year).

(Other)

Sales were ¥185 million, a decrease of ¥25 million as compared with the same period in the previous year.

(2) Explanation about Financial Conditions

Total assets at the end of the current consolidated fiscal period were ¥71,196 million, a decrease of 1,094 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in cash and deposits of ¥1,414 million. Liabilities were ¥19,783 million, a decrease of ¥15 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in short-term borrowings of ¥410 million. Net assets were ¥51,413 million, a decrease of ¥1,078 million as compared with the end of the previous consolidated fiscal year. This was due to a decrease in foreign currency translation adjustments of ¥479 million and a decrease in valuation difference on other securities of ¥223 million respectively.

(3) Explanation about Future Forecast Information, including Forecast of Consolidated Business Results

As for the forecast of consolidated (cumulative) business results for the second quarter and the consolidated business results for the full-year of the fiscal year ending March 31, 2019, there is no change in the business results forecast as announced on May 9, 2018.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2018)	Current Consolidated First Quarter (As of June 30, 2018)
Assets		
Current Assets		
Cash and deposits	9,123,877	7,709,848
Notes and accounts receivable	15,947,189	16,071,038
Securities	1,180,101	1,070,794
Merchandise and finished goods	3,915,375	4,063,362
Work-in-progress	1,898,096	1,831,006
Raw materials and stores	2,951,263	3,391,973
Other	1,328,865	1,258,313
Allowance for doubtful accounts	Δ562,185	Δ621,297
Total Current Assets	35,782,583	34,775,040
Fixed Assets		
Tangible fixed assets	11,635,655	11,711,398
Intangible fixed assets		
Other	418,631	408,659
Total intangible fixed assets	418,631	408,659
Investments and other assets		
Investment securities	23,365,824	23,204,115
Other	1,264,902	1,279,868
Allowance for doubtful accounts	Δ176,835	Δ182,370
Total investments and other assets	24,453,891	24,301,613
Total Fixed Assets	36,508,177	36,421,671
Total Assets	72,290,761	71,196,711

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2018)	Current Consolidated First Quarter (As of June 30, 2018)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,794,393	6,966,519
Bonds to be redeemed within a year	36,800	36,800
Short-term borrowings	4,242,472	3,831,539
Current portion of long-term borrowings	864,130	857,136
Corporate income tax, etc., payable	930,529	433,093
Reserve for bonuses	598,261	909,484
Reserve for officers' bonuses	5,956	1,446
Provision for product warranties	125	43
Other	2,509,831	2,637,811
Total Current Liabilities	15,982,499	15,673,875
Fixed Liabilities		
Bonds payable	164,800	146,400
Long-term borrowings	1,642,485	1,921,144
Net defined benefit liabilities	603,556	610,867
Asset retirement obligations	92,837	91,188
Other	1,312,028	1,339,587
Total Fixed Liabilities	3,815,706	4,109,188
Total Liabilities	19,798,206	19,783,064
Net Assets		
Shareholders' equity		
Capital	7,458,242	7,511,317
Capital surplus	6,570,209	6,623,243
Earned surplus	33,492,381	33,124,909
Treasury stock	Δ4,467	Δ4,506
Total shareholders' equity	47,516,364	47,254,964
Accumulated other comprehensive income		
Valuation difference on other securities	1,214,473	991,364
Deferred hedge profit or loss	---	Δ10,595
Foreign currency translation adjustments	1,081,810	601,992
Accumulated adjustment for retirement benefits	Δ176,694	Δ168,180
Total accumulated other comprehensive income	2,119,588	1,414,581
New share subscription rights	127,640	118,491
Non-controlling interest	2,728,960	2,625,610
Total Net Assets	52,492,554	51,413,647
Total Liabilities and Net Assets	72,290,761	71,196,711

(2) Quarterly Consolidated Profit and Loss Statement and Consolidated Statement of Comprehensive Income
 (Quarterly Consolidated Profit and Loss Statement)
 (Consolidated Cumulative First Quarter)

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)	Current Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)
Sales	9,140,478	10,961,088
Cost of Goods Sold	7,449,200	8,915,670
Gross Profit on Sales	1,691,277	2,045,418
Selling, General and Administrative Expenses	1,065,640	1,203,075
Operating Profit	625,637	842,342
Non-operating Income		
Interest income	91,866	79,254
Dividend income	43,872	46,179
Investment profit by equity method	97,103	118,455
Foreign currency exchange profit	---	199,729
Other	99,014	83,611
Total Non-operating Income	331,856	527,230
Non-operating Expenses		
Interest expenses	14,792	20,495
Profit/loss on redemption of investment securities	300	30,596
Foreign currency exchange loss	103,055	---
Transfer to allowance for doubtful accounts	---	57,755
Other	28,402	23,557
Total Non-operating Expenses	146,550	132,404
Ordinary Profit	810,943	1,237,169
Extraordinary Profits		
Profit on sale of investment securities	49,876	65,010
Other	9,462	7,501
Total Extraordinary Profits	59,338	72,511
Extraordinary Losses		
Loss on retirement of fixed assets	2,226	1,412
Valuation loss on investment securities	63,595	---
Other	38	---
Total Extraordinary Losses	65,859	1,412
Net profit before taxes, etc.	804,422	1,308,268
Corporate income tax, etc.	181,519	367,657
Net profit	622,903	940,611
Net profit attributable to non-controlling interests	27,622	83,503
Net profit attributable to owners of the parent	595,281	857,108

(Quarterly Consolidated Statement of Comprehensive Income)
(Consolidated Cumulative First Quarter)

(Unit: thousand yen)

	Previous Consolidated Cumulative First Quarter (From April 1, 2017 to June 30, 2017)	Current Consolidated Cumulative First Quarter (From April 1, 2018 to June 30, 2018)
Net profit	622,903	940,611
Other comprehensive income		
Valuation difference on other securities	157,080	Δ223,080
Deferred hedge profit or loss	Δ4,607	Δ10,595
Foreign currency translation adjustments	Δ73,387	Δ518,282
Adjustment for retirement benefits	2,412	6,763
Share of other comprehensive income of companies to which equity method is applied	Δ83,664	Δ146,665
Total other comprehensive income	Δ2,165	Δ891,861
Comprehensive income	620,737	48,750
(Breakdown)		
Comprehensive income attributable to owners of the parent	612,006	152,100
Comprehensive income attributable to non- controlling interests	8,731	Δ103,350

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Assumptions on a Going Concern)

No applicable matter.

(Explanatory Note in Case of Significant Changes in the Amount of Shareholders' Equity)

No applicable matter.

(Application of Accounting Particular to Preparation of Consolidated Quarterly Financial Statements)

(Calculation of tax expenses)

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.

(Additional Information)

(Application of "Partial Amendment of the 'Accounting Standards for Tax Effect Accounting,'" etc.)

"Partial Amendment of the 'Accounting Standards for Tax Effect Accounting'" (Accounting Standards for Business Enterprises No.28, February 16, 2018), etc., has been applied from the beginning of the current first quarter consolidated fiscal period. Accordingly, deferred tax assets are indicated in the category of investments and other assets and deferred tax liabilities are indicated in the category of fixed liabilities.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative first quarter (From April 1, 2017 to June 30, 2017)

1. Information about the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	5,903,691	1,651,770	787,716	585,721	8,928,899	211,578	9,140,478
Intersegment 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 profit or loss (Δ)	592,645	252,095	136,183	Δ 95,764	885,160	64,543	949,703

Note: The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated financial statements and major details for the difference (matters concerning difference adjustment)

Profit	Amount
Total of reportable segments	885,160
Profit in category "Other"	64,543
Elimination of intersegment transactions	Δ 18,489
Expenses of entire company (Note)	Δ 284,024
Adjustment of inventories	Δ 21,553
Operating profit in quarterly consolidated financial statements	625,637

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

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

No applicable matter.

II Current consolidated cumulative first quarter (From April 1, 2018 to June 30, 2018)

1. Information about the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	6,860,712	2,172,576	804,959	936,945	10,775,193	185,895	10,961,088
Intersegment sales or transfers	---	---	---	---	---	191,602	191,602
Total	6,860,712	2,172,576	804,959	936,945	10,775,193	377,498	11,152,691
Segment profit	644,029	397,135	131,692	50,542	1,223,400	53,804	1,277,205

Note: The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated financial statements and major details for the difference (matters concerning difference adjustment)

Profit	Amount
Total of reportable segments	1,223,400
Profit in category "Other"	53,804
Elimination of intersegment transactions	Δ22,499
Amortization of goodwill	Δ17,776
Expenses of entire company (Note)	Δ366,916
Adjustment of inventories	Δ27,669
Operating profit in quarterly consolidated financial statements	842,342

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

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

No applicable matter.