



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

November 8, 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 CEO:	Yuta Arisawa	
Contact Person:	Operating Officer,		
	Corporate Planning Department:	Takeshi Masuda	TEL: 025-524-7101
Scheduled Date of Submitting Financial Report: November 14, 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: Yes (for analysts)			

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

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

(1) Consolidated Operating Results

(% indication shows the increase or decrease rate from the same period in the previous year)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Second Quarter of the Fiscal Year Ending March 31, 2019	22,707	17.6	1,732	9.2	2,589	18.8	1,772	13.8
Second Quarter of the Fiscal Year Ended March 31, 2018	19,307	13.7	1,586	194.3	2,179	216.1	1,557	195.1

(Note) Comprehensive income: Second Quarter of the Fiscal Year Ending March 31, 2019: 1,308 million yen (Δ31.5%)
Second Quarter of the Fiscal Year Ended March 31, 2018: 1,909 million yen (--- %)

	Net profit per share		Fully diluted net profit per share	
	(Yen, Sen)		(Yen, Sen)	
Second Quarter of the Fiscal Year Ending March 31, 2019	49.10		48.71	
Second Quarter of the Fiscal Year Ended March 31, 2018	43.55		43.24	

(2) Consolidated Financial Conditions

	Total assets		Net assets		Net worth ratio		Net asset per share	
	(million yen)		(million yen)		%		(Yen, Sen)	
Second Quarter of the Fiscal Year Ending March 31, 2019	71,431		52,518		69.8		1,378.79	
Fiscal Year Ended March 31, 2018	72,290		52,492		68.7		1,378.12	

(Reference) Net worth: Second Quarter of the Fiscal Year Ending March 31, 2019: 49,886 million yen
Fiscal Year Ended March 31, 2018: 49,635 million yen

2. Status of Dividends

	Annual dividends				
	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)
Fiscal Year Ended March 31, 2018	---		0.00	---	34.00
Fiscal Year Ending March 31, 2019	---		0.00	---	---
Fiscal Year Ending March 31, 2019 (Forecast)	---		---	---	---

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

Dividends for the fiscal year ending March 31, 2019 have 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 period)

	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)	%	
Full Year	47,700	16.6	4,250	17.2	5,450	34.8	3,600	4.3	99.95

(Note) Existence of adjustment from the most recently announced forecast of business results: None

* Notes

(1) Changes in material subsidiaries during the current consolidated cumulative period (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):	2Q of Fiscal Year Ending March 31, 2019:	36,188,524 shares	Fiscal Year Ended March 31, 2018:	36,024,124 shares
2) Number of treasury stocks at the end of year:	2Q of Fiscal Year Ending March 31, 2019:	7,242 shares	Fiscal Year Ended March 31, 2018:	7,084 shares
3) Average number of shares during the year (cumulative quarter)	2Q of Fiscal Year Ending March 31, 2019:	36,110,689 shares	2Q of Fiscal Year Ended March 31, 2018:	35,760,445 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 second quarter consolidated cumulative period continued along a recovery trend due to improvements in corporate profits and the employment environment, etc. On the other hand, the outlook for the future remains uncertain due to ongoing trade friction originating from U.S. trade policies and concerns about monetary policy, etc.

Under such circumstances, for the business results in the current second quarter cumulative period of the Company Group (the Company, consolidated subsidiaries and companies to which the equity method is applied), sales were ¥22,707 million (an increase of 17.6% as compared with the same period in the previous year). For profit and loss, operating profit was ¥1,732 million (an increase of 9.2% as compared with the same period in the previous year) and ordinary profit was ¥2,589 million (an increase of 18.8% as compared with the same period in the previous year) and the quarterly net profit attributable to owners of the parent was ¥1,772 million (an increase of 13.8% 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 ¥14,698 million, an increase of ¥2,123 million as compared with the same period in the previous year (16.9% 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 ¥4,257 million, an increase of ¥874 million as compared with the same period in the previous year (25.8% as compared with the same period in the previous year).

(Electric insulation materials)

Due to a slight decrease in infrastructure-related sales, sales were ¥1,569 million, a decrease of ¥42 million as compared with the same period in the previous year (2.6% 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 ¥1,801 million, an increase of ¥461 million as compared with the same period in the previous year (34.4% as compared with the same period in the previous year).

(Other)

Sales were ¥379 million, a decrease of ¥17 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 second quarter were ¥71,431 million, a decrease of ¥859 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in cash and deposits of ¥2,278 million. Liabilities were ¥18,913 million, a decrease of ¥884 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in notes and accounts payable of ¥358 million and short-term borrowings of ¥327 million. Net assets were ¥52,518 million, a decrease of ¥25 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in earned surplus of ¥548 million and a decrease in foreign currency translation adjustments of ¥422 million.

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

As for the business results for the full-year of the fiscal year ending March 31, 2019, there is no change in the consolidated 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 Second Quarter (As of September 30, 2018)
Assets		
Current Assets		
Cash and deposits	9,123,877	6,845,845
Notes and accounts receivable	15,947,189	16,586,315
Securities	1,180,101	1,426,814
Merchandise and finished goods	3,915,375	3,489,009
Work-in-progress	1,898,096	1,881,585
Raw materials and stores	2,951,263	3,380,341
Other	1,328,865	1,275,255
Allowance for doubtful accounts	△562,185	△654,583
Total Current Assets	35,782,583	34,230,583
Fixed Assets		
Tangible fixed assets	11,635,655	11,914,857
Intangible fixed assets		
Other	418,631	393,766
Total intangible fixed assets	418,631	393,766
Investments and other assets		
Investment securities	23,365,824	23,935,333
Other	1,264,902	1,142,975
Allowance for doubtful accounts	△176,835	△186,047
Total investments and other assets	24,453,891	24,892,262
Total Fixed Assets	36,508,177	37,200,885
Total Assets	72,290,761	71,431,469

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2018)	Current Consolidated Second Quarter (As of September 30, 2018)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,794,393	6,435,423
Bonds to be redeemed within a year	36,800	36,800
Short-term borrowings	4,242,472	3,915,262
Current portion of long-term borrowings	864,130	730,294
Corporate income tax, etc., payable	930,529	687,405
Reserve for bonuses	598,261	594,711
Reserve for officers' bonuses	5,956	2,858
Provision for product warranties	125	42
Other	2,509,831	2,698,804
Total Current Liabilities	15,982,499	15,101,602
Fixed Liabilities		
Bonds payable	164,800	146,400
Long-term borrowings	1,642,485	1,643,851
Net defined benefit liabilities	603,556	607,301
Asset retirement obligations	92,837	92,304
Other	1,312,028	1,321,916
Total Fixed Liabilities	3,815,706	3,811,773
Total Liabilities	19,798,206	18,913,376
Net Assets		
Shareholders' equity		
Capital	7,458,242	7,528,782
Capital surplus	6,570,209	6,640,705
Earned surplus	33,492,381	34,040,668
Treasury stock	Δ4,467	Δ4,643
Total shareholders' equity	47,516,364	48,205,513
Accumulated other comprehensive income		
Valuation difference on other securities	1,214,473	1,188,137
Deferred hedge profit or loss	---	Δ7,057
Foreign currency translation adjustments	1,081,810	659,647
Accumulated adjustment for retirement benefits	Δ176,694	Δ159,905
Total accumulated other comprehensive income	2,119,588	1,680,821
New share subscription rights	127,640	119,733
Non-controlling interest	2,728,960	2,512,024
Total Net Assets	52,492,554	52,518,093
Total Liabilities and Net Assets	72,290,761	71,431,469

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

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2017 to September 30, 2017)	Current Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)
Sales	19,307,076	22,707,154
Cost of Goods Sold	15,554,421	18,496,710
Gross Profit on Sales	3,752,655	4,210,443
Selling, General and Administrative Expenses	2,166,268	2,477,821
Operating Profit	1,586,387	1,732,622
Non-operating Income		
Interest income	179,511	163,334
Dividend income	49,225	50,256
Investment profit by equity method	250,320	360,187
Foreign currency exchange profit	30,117	295,978
Other	189,826	212,129
Total Non-operating Income	699,000	1,081,887
Non-operating Expenses		
Interest expenses	33,187	41,176
Transfer to allowance for doubtful accounts	---	95,887
Other	72,507	87,476
Total Non-operating Expenses	105,694	224,541
Ordinary Profit	2,179,693	2,589,969
Extraordinary Profits		
Profit on sale of fixed assets	2,960	441
Profit on sale of investment securities	90,291	65,010
Other	10,904	13,391
Total Extraordinary Profits	104,156	78,843
Extraordinary Losses		
Loss on retirement of fixed assets	7,432	7,435
Other	63,650	---
Total Extraordinary Losses	71,082	7,435
Net profit before taxes, etc.	2,212,767	2,661,376
Corporate income tax, etc.	551,405	742,344
Net profit	1,661,361	1,919,032
Net profit attributable to non-controlling interests	104,040	146,165
Net profit attributable to owners of the parent	1,557,321	1,772,866

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

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2017 to September 30, 2017)	Current Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)
Net profit	1,661,361	1,919,032
Other comprehensive income		
Valuation difference on other securities	329,799	Δ26,288
Deferred hedge profit or loss	Δ4,989	Δ7,057
Foreign currency translation adjustments	Δ20,765	Δ488,849
Adjustment for retirement benefits	4,825	13,526
Share of other comprehensive income of companies to which equity method is applied	Δ60,644	Δ102,046
Total other comprehensive income	248,226	Δ610,714
Comprehensive income	1,909,587	1,308,317
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,805,692	1,334,100
Comprehensive income attributable to non- controlling interests	103,895	Δ25,782

(3) Quarterly Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2017 to September 30, 2017)	Current Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)
Cash flow from operating activities		
Net profit before taxes, etc.	2,212,767	2,661,376
Depreciation expense	819,998	896,379
Amortization of goodwill	---	35,552
Stock compensation expenses	19,713	23,965
Profit on reversal of new share subscription rights	Δ1,442	Δ6,601
Increase/decrease in allowance for doubtful accounts (Δ: decrease)	11,032	100,835
Increase/decrease in reserve for bonuses (Δ: decrease)	162,332	Δ3,549
Increase/decrease in provision for product warranties (Δ: decrease)	Δ42	Δ82
Increase/decrease in reserve for officers' bonuses (Δ: decrease)	15	Δ3,097
Increase/decrease in net defined benefit liabilities (Δ: decrease)	17,939	23,207
Profit/loss on redemption of investment securities (Δ: profit)	Δ23,029	Δ13,698
Interest and dividend income	Δ228,736	Δ213,591
Interest expenses	33,187	41,176
Foreign currency exchange profit/loss (Δ: profit)	Δ739	Δ137,454
Investment profit/loss by equity method (Δ: profit)	Δ250,320	Δ360,187
Profit/loss on changes in equity (Δ: profit)	Δ9,462	Δ6,790
Profit/loss on sale of securities and investment securities (Δ: profit)	Δ90,235	Δ65,010
Valuation profit/loss on investment securities (Δ: profit)	63,595	---
Profit/loss on sale of fixed assets (Δ: profit)	Δ2,960	Δ619
Loss on retirement of tangible fixed assets	4,381	2,426
Increase/decrease in accounts receivable (Δ: increase)	Δ2,386,160	Δ946,055
Increase/decrease in inventories (Δ: increase)	Δ1,428,726	Δ86,007
Increase/decrease in trades payable (Δ: decrease)	1,356,077	Δ262,819
Increase/decrease in consumption tax, etc., payable (Δ: decrease)	5,022	141,268
Increase/decrease in other assets (Δ: increase)	Δ227,813	Δ108,761
Increase/decrease in other liabilities (Δ: decrease)	159,325	Δ30,059
Subtotal	215,717	1,681,802
Interest and dividends received	292,514	293,018
Interest paid	Δ38,430	Δ42,011
Corporate income tax, etc., paid	Δ367,380	Δ848,043
Cash flow from operating activities	102,420	1,084,766

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2017 to September 30, 2017)	Current Consolidated Cumulative Second Quarter (From April 1, 2018 to September 30, 2018)
Cash flow from investing activities		
Revenue from refund of term deposits	229,918	---
Expenditure for acquisition of tangible fixed assets	Δ949,181	Δ1,075,368
Revenue from sale of tangible fixed assets	6,084	1,758
Expenditure for acquisition of intangible fixed assets	Δ7,396	Δ25,113
Expenditure for acquisition of investment securities	Δ254,743	Δ1,315,662
Revenue from sale of investment securities	593,045	890,254
Revenue from liquidation of subsidiaries	31,096	---
Expenditure for lending	Δ105,742	Δ20,000
Revenue from collection of loans	80,000	33,760
Other revenue	8,390	55,672
Cash flow from investing activities	Δ368,526	Δ1,454,698
Cash flow from financing activities		
Net increase/decrease in short-term borrowings (Δ: decrease)	Δ444,132	Δ211,650
Revenue from long-term borrowings	482,698	441,600
Expenditure for repayment of long-term borrowings	Δ547,793	Δ542,270
Expenditure for repayment of lease liabilities	Δ10,941	Δ10,830
Expenditure for redemption of bonds	---	Δ18,400
Expenditure for repayment of long-term accrued amount	---	Δ57,586
Proceeds from stocks issued	103,280	115,765
Expenditure for acquisition of treasury stock	Δ298	Δ175
Dividends paid	Δ711,355	Δ1,220,470
Dividends paid to non-controlling interests	Δ121,662	Δ191,154
Cash flow from financing activities	Δ1,250,204	Δ1,695,171
Translation differences in cash and cash equivalents	21,898	Δ39,209
Increase/decrease in cash and cash equivalents (Δ: decrease)	Δ1,494,413	Δ2,104,313
Cash and cash equivalents at beginning of year	7,026,200	8,832,805
Decrease in cash and cash equivalents in connection with exclusion from consolidation	Δ110,040	---
Cash and cash equivalents at end of quarter	5,421,746	6,728,492

(4) 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 second 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 second quarter (From April 1, 2017 to September 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	12,575,626	3,383,148	1,611,855	1,340,027	18,910,658	396,418	19,307,076
Intersegment sales or transfers	---	---	---	---	---	409,534	409,534
Total	12,575,626	3,383,148	1,611,855	1,340,027	18,910,658	805,952	19,716,611
Segment profit or loss (Δ)	1,401,196	514,847	300,783	Δ91,780	2,125,046	130,423	2,255,470

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 profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	2,125,046
Profit in category "Other"	130,423
Elimination of intersegment transactions	Δ40,772
Expenses of entire company (Note)	Δ605,323
Adjustment of inventories	Δ22,986
Operating profit in quarterly consolidated profit and loss statement	1,586,387

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 second quarter (From April 1, 2018 to September 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	14,698,956	4,257,503	1,569,732	1,801,587	22,327,780	379,374	22,707,154
Intersegment sales or transfers	---	---	---	---	---	396,797	396,797
Total	14,698,956	4,257,503	1,569,732	1,801,587	22,327,780	776,171	23,103,952
Segment profit or loss (Δ)	1,391,669	742,434	230,980	80,109	2,445,192	108,260	2,553,453

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 profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	2,445,192
Profit in category "Other"	108,260
Elimination of intersegment transactions	Δ 54,424
Amortization of goodwill	Δ 35,552
Expenses of entire company (Note)	Δ 703,377
Adjustment of inventories	Δ 27,476
Operating profit in quarterly consolidated profit and loss statement	1,732,622

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.