



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

February 7, 2019

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
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Scheduled Date of Submitting Financial Report:	February 14, 2019	
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 Third Quarter of the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to December 31, 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)	%
Third Quarter of the Fiscal Year Ending March 31, 2019	34,696	14.4	2,648	0.5	3,644	14.1	2,411	Δ9.2
Third Quarter of the Fiscal Year Ended March 31, 2018	30,325	17.7	2,636	129.0	3,193	58.6	2,655	79.6

(Note) Comprehensive income: Third Quarter of the Fiscal Year Ending March 31, 2019: 1,530 million yen (Δ67.5%)
Third Quarter of the Fiscal Year Ended March 31, 2018: 4,708 million yen (--- %)

	Net profit per share		Fully diluted net profit per share	
	(Yen, Sen)		(Yen, Sen)	
Third Quarter of the Fiscal Year Ending March 31, 2019	66.73		66.29	
Third Quarter of the Fiscal Year Ended March 31, 2018	74.18		73.52	

(2) Consolidated Financial Conditions

	Total assets		Net assets		Net worth ratio		Net asset per share	
	(million yen)		(million yen)		%		(Yen, Sen)	
Third Quarter of the Fiscal Year Ending March 31, 2019	72,037		52,756		69.3		1,379.91	
Fiscal Year Ended March 31, 2018	72,322		52,493		68.6		1,378.16	

(Reference) Net worth: Third Quarter of the Fiscal Year Ending March 31, 2019: 49,928 million yen
Fiscal Year Ended March 31, 2018: 49,637 million yen

(Note) In the consolidated third quarter in the year ending March 31, 2019, determination of provisional accounting treatment related to business combination was carried out, and for each figure in the year ended March 31, 2018, determination of provisional accounting treatment was reflected.

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)	(Yen, Sen)
Fiscal Year Ended March 31, 2018	---	0.00	---	34.00	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	44,800	9.5	3,200	Δ11.8	4,300	6.3	2,770	Δ19.8	76.56

(Note) Existence of adjustment from the most recently announced forecast of business results: Yes

For details, refer to '1. Qualitative Information concerning Current Quarterly Closing Announcement (3) Explanation about Future Forecast Information, including Forecast of Consolidated Business Results' on page 3 of the attached materials.

* 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):	3Q of Fiscal Year Ending March 31, 2019:	36,189,524 shares	Fiscal Year Ended March 31, 2018:	36,024,124 shares
2) Number of treasury stocks at the end of year:	3Q of Fiscal Year Ending March 31, 2019:	7,304 shares	Fiscal Year Ended March 31, 2018:	7,084 shares
3) Average number of shares during the year (cumulative quarter)	3Q of Fiscal Year Ending March 31, 2019:	36,134,606 shares	3Q of Fiscal Year Ended March 31, 2018:	35,802,682 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 consolidated cumulative third quarter continued along a recovery trend due to improvements in corporate profits and the employment environment, etc. On the other hand, future uncertainty has intensified due to ongoing trade friction originating from U.S. trade policies, concerns about monetary policy, slowing of the Chinese economy and the matter of Brexit.

Under such circumstances, for the business results in the current third quarter cumulative period of the Company Group (the Company, consolidated subsidiaries and companies to which the equity method is applied), sales were ¥34,696 million (an increase of 14.4% as compared with the same period in the previous year). For profit and loss, operating profit was ¥2,648 million (an increase of 0.5% as compared with the same period in the previous year) and ordinary profit was ¥3,644 million (an increase of 14.1% as compared with the same period in the previous year) and the quarterly net profit attributable to owners of the parent was ¥2,411 million (a decrease of 9.2% 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 ¥22,632 million, an increase of ¥2,735 million as compared with the same period in the previous year (13.8% 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 ¥6,291 million, an increase of ¥964 million as compared with the same period in the previous year (18.1% as compared with the same period in the previous year).

(Electric insulation materials)

Due to a slight decrease in infrastructure-related sales, sales were ¥2,406 million, a decrease of ¥19 million as compared with the same period in the previous year (0.8% 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 ¥2,786 million, an increase of ¥675 million as compared with the same period in the previous year (32.0% as compared with the same period in the previous year).

(Other)

Sales were ¥579 million, an increase of ¥14 million as compared with the same period in the previous year (2.5% as compared with the same period in the previous year).

(2) Explanation about Financial Conditions

Total assets at the end of the current consolidated third quarter were ¥72,037 million, a decrease of ¥284 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in cash and deposits of ¥2,230 million. Liabilities were ¥19,281 million, a decrease of ¥547 million as compared with the end of the previous consolidated fiscal year. This was mainly due to a decrease in corporate income tax, etc., payable of ¥597 million. Net assets were ¥52,756 million, an increase of ¥262 million as compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in earned surplus of ¥1,186 million.

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

Forecast of business results for the full-year of the fiscal year ending March 31, 2019, which was announced on May 9, 2018, shall be adjusted as follows.

Adjustment of forecasted figures of consolidated business results for the full-year of the fiscal year ending March 31, 2019

(From April 1, 2018 to March 31, 2019)

	Sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Net profit attributable to owners of the parent (million yen)	Net profit per share (yen)
Previously announced forecast (A)	47,700	4,250	5,450	3,600	99.95
This forecast adjustment (B)	44,800	3,200	4,300	2,770	76.56
Increase or decrease (B-A)	Δ2,900	Δ1,050	Δ1,150	Δ830	
Increase or decrease ratio (%)	Δ6.1	Δ24.7	Δ21.1	Δ23.1	
(Reference) Results of the previous year (Fiscal Year Ended March 31, 2018)	40,909	3,627	4,044	3,453	96.35

For consolidated business results for the full-year of the fiscal year ending March 31, 2019, because it is expected that demand for electronic materials in the fourth quarter will decrease more than expected, we expect that sales, operating profit, ordinary profit, and net profit attributable to owners of the parent will all be lower than the previous forecast.

(Note) The above forecast of business results are based on information obtained by the Company and certain assumptions determined to be reasonable, although actual results may vary significantly depending on various factors in the future.

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 Third Quarter (As of December 31, 2018)
Assets		
Current Assets		
Cash and deposits	9,123,877	6,893,523
Notes and accounts receivable	15,947,189	16,637,582
Securities	1,180,101	1,174,690
Merchandise and finished goods	3,915,375	3,357,063
Work-in-progress	1,898,096	1,870,712
Raw materials and stores	2,951,263	3,712,662
Other	1,328,865	1,336,484
Allowance for doubtful accounts	△562,185	△650,273
Total Current Assets	35,782,583	34,332,448
Fixed Assets		
Tangible fixed assets	11,635,655	12,226,022
Intangible fixed assets		
Goodwill	277,791	233,929
Other	172,949	183,792
Total intangible fixed assets	450,740	417,721
Investments and other assets		
Investment securities	23,365,824	23,152,535
Other	1,264,902	2,090,653
Allowance for doubtful accounts	△176,835	△181,493
Total investments and other assets	24,453,891	25,061,695
Total Fixed Assets	36,540,287	37,705,439
Total Assets	72,322,870	72,037,888

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2018)	Current Consolidated Third Quarter (As of December 31, 2018)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,794,393	6,580,570
Short-term borrowings	4,242,472	4,490,719
Current portion of long-term borrowings	864,130	901,652
Bonds to be redeemed within a year	36,800	36,800
Corporate income tax, etc., payable	930,529	333,347
Reserve for bonuses	598,261	273,356
Reserve for officers' bonuses	5,956	4,082
Provision for product warranties	125	42
Other	2,509,831	3,221,474
Total Current Liabilities	15,982,499	15,842,046
Fixed Liabilities		
Bonds payable	164,800	128,000
Long-term borrowings	1,642,485	1,239,958
Net defined benefit liabilities	603,556	613,755
Asset retirement obligations	92,837	93,103
Other	1,342,953	1,364,549
Total Fixed Liabilities	3,846,632	3,439,366
Total Liabilities	19,829,132	19,281,412
Net Assets		
Shareholders' equity		
Capital	7,458,242	7,529,099
Capital surplus	6,570,209	6,641,022
Earned surplus	33,493,564	34,680,132
Treasury stock	△4,467	△4,703
Total shareholders' equity	47,517,548	48,845,550
Accumulated other comprehensive income		
Valuation difference on other securities	1,214,473	300,543
Deferred hedge profit or loss	---	1,707
Foreign currency translation adjustments	1,081,810	932,205
Accumulated adjustment for retirement benefits	△176,694	△151,631
Total accumulated other comprehensive income	2,119,588	1,082,824
New share subscription rights	127,640	134,479
Non-controlling interest	2,728,960	2,693,620
Total Net Assets	52,493,738	52,756,475
Total Liabilities and Net Assets	72,322,870	72,037,888

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

(Unit: thousand yen)

	Previous Consolidated Cumulative Third Quarter (From April 1, 2017 to December 31, 2017)	Current Consolidated Cumulative Third Quarter (From April 1, 2018 to December 31, 2018)
Sales	30,325,502	34,696,479
Cost of Goods Sold	24,382,712	28,307,028
Gross Profit on Sales	5,942,789	6,389,450
Selling, General and Administrative Expenses	3,306,235	3,740,685
Operating Profit	2,636,553	2,648,765
Non-operating Income		
Interest income	237,864	247,878
Dividend income	88,389	97,087
Investment profit by equity method	382,051	538,963
Other	340,889	399,547
Total Non-operating Income	1,049,193	1,283,475
Non-operating Expenses		
Interest expenses	50,522	62,692
Transfer to allowance for doubtful accounts	329,049	85,712
Other	112,652	139,597
Total Non-operating Expenses	492,224	288,001
Ordinary Profit	3,193,522	3,644,240
Extraordinary Profits		
Profit on sale of fixed assets	2,960	34,125
Profit on sale of investment securities	507,155	65,010
Other	10,904	13,546
Total Extraordinary Profits	521,020	112,681
Extraordinary Losses		
Loss on retirement of fixed assets	7,898	48,759
Valuation loss on investment securities	63,595	---
Compensation for damages	---	91,683
Other	69	---
Total Extraordinary Losses	71,562	140,443
Net profit before taxes, etc.	3,642,980	3,616,478
Corporate income tax, etc.	759,050	982,186
Net profit	2,883,929	2,634,291
Net profit attributable to non-controlling interests	228,230	223,144
Net profit attributable to owners of the parent	2,655,699	2,411,146

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

(Unit: thousand yen)

	Previous Consolidated Cumulative Third Quarter (From April 1, 2017 to December 31, 2017)	Current Consolidated Cumulative Third Quarter (From April 1, 2018 to December 31, 2018)
Net profit	2,883,929	2,634,291
Other comprehensive income		
Valuation difference on other securities	1,574,004	Δ913,898
Deferred hedge profit or loss	Δ5,153	1,707
Foreign currency translation adjustments	288,024	Δ188,103
Adjustment for retirement benefits	7,238	20,289
Share of other comprehensive income of companies to which equity method is applied	Δ39,705	Δ24,089
Total other comprehensive income	1,824,407	Δ1,104,094
Comprehensive income	4,708,337	1,530,197
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,346,209	1,374,383
Comprehensive income attributable to non- controlling interests	362,127	155,813

(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 third 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 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 third quarter (From April 1, 2017 to December 31, 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	19,896,877	5,326,627	2,425,983	2,110,567	29,760,055	565,446	30,325,502
Intersegment sales or transfers	---	---	---	---	---	625,277	625,277
Total	19,896,877	5,326,627	2,425,983	2,110,567	29,760,055	1,190,723	30,950,779
Segment profit or loss (Δ)	2,332,550	804,644	455,288	Δ 111,752	3,480,730	181,340	3,662,070

(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	3,480,730
Profit in category "Other"	181,340
Elimination of intersegment transactions	Δ 68,191
Expenses of entire company (Note)	Δ 931,336
Adjustment of inventories	Δ 25,988
Operating profit in quarterly consolidated profit and loss statement	2,636,553

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
(Material Changes in the Amount of Goodwill)

For “Electronic Materials,” in connection with acquisition of the shares of Satosen Co., Ltd., the company has been included in the scope of consolidation from the consolidated third quarter. The increased amount in goodwill due to the above event was ¥292,412 thousand in the current consolidated cumulative third quarter. In this regard, the amount of goodwill shows the amount after being reflected in the material review of the initial allocation of the acquisition cost as a result of determination of provisional accounting treatment set forth in “Notes (Notes Related to Business Combination, etc.)”

II. Current consolidated cumulative third quarter (From April 1, 2018 to December 31, 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	22,632,723	6,291,123	2,406,831	2,786,181	34,116,860	579,619	34,696,479
Intersegment sales or transfers	---	---	---	---	---	594,710	594,710
Total	22,632,723	6,291,123	2,406,831	2,786,181	34,116,860	1,174,330	35,291,190
Segment profit	2,240,316	1,040,188	344,258	93,068	3,717,831	151,577	3,869,408

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	3,717,831
Profit in category “Other”	151,577
Elimination of intersegment transactions	△81,160
Amortization of goodwill	△43,861
Expenses of entire company (Note)	△1,071,575
Adjustment of inventories	△24,045
Operating profit in quarterly consolidated profit and loss statement	2,648,765

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.

(Notes Related to Business Combination, etc.)

(Determination of provisional accounting treatment related to business combination and material review of the initial allocation of the acquisition cost in the comparative information)

Although provisional accounting treatment was carried out for the previous consolidated third quarter related to business combination with Satosen Co., Ltd. which was conducted in the previous consolidated third quarter, determination was made in the current consolidated third quarter.

In connection with the determination of provisional accounting treatment, in the comparative information included in the quarterly consolidated financial statements for the current consolidated

cumulative third quarter, material review was reflected in the initial allocation of the acquisition cost.

As a result, the provisionally calculated amount of goodwill of ¥355,527 thousand, decreased by ¥63,115 thousand after determination of accounting and it was ¥292,412 thousand. A decrease in goodwill was due to an increase in other amount of intangible fixed assets of ¥95,039 thousand and in other amount of fixed liabilities of ¥31,923 thousand respectively.