

Interim Closing Announcement (Consolidation)

Name of Listed Company: Arisawa Manufacturing Co., Ltd.

Code No.: 5208

(url http://www.arisawa.co.jp/)

Representative:

Contact Person:

Date of Board of Directors

Meeting for Interim Closing:

Adoption of US accounting

standards:

President and CEO: Sanji Arisawa

Director & Managing Operating Officer: Teisuro Iizuka

October 24, 2006

None

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INTERNATIONAL CORPORATE FINANCE

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1. Consolidated Results for Interim Accounting Period of the Year 2006 (From April 1, 2006 to September 30, 2006)

(1) Consolidated Operation Results

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

	Sales		Operating profit		Ordinary profit	
	(million yen)	%	(million yen)	%	(million yen)	%
Interim Accounting Period of 2006	24,431	10.3	2,067	Δ2.4	2,590	Δ12.3
Interim Accounting Period of 2005	22,146	Δ30.7	2,117	Δ63.2	2,954	Δ54.9
Fiscal Year Ending March 31, 2006	44,759		3,828		5,320	

	Interim (current) net profit		Interim (current) net profit per share	Fully diluted interim (current) net profit per share
	(million yen)	%	(Yen, Sen)	(Yen, Sen)
Interim Accounting Period of 2006	1,599	Δ15.7	45.13	44.97
Interim Accounting Period of 2005	1,897	Δ53.8	52.27	52.14
Fiscal Year Ending March 31, 2006	3,892		108.06	107.82

- (Note)
- Equity method investment income: Interim accounting Period of 2006: 417 million yen, Interim accounting Period of 2005: 595 million yen, FY2006: 1,298 million yen
 - Average number of shares during the accounting period (consolidation) Interim accounting Period of 2006: 35,440,415 shares, Interim accounting Period of 2005: 36,293,719 shares, FY2006: 35,946,424 shares
 - Change in accounting method: None
 - Indication of percentage of sales, operating profit, ordinary profit and interim (current) net profit shows the rate of increase or decrease against the previous interim accounting period.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
Interim Accounting Period of 2006	59,708	42,966	71.9	1,215.95
Interim Accounting Period of 2005	54,899	40,503	73.8	1,127.14
Fiscal Year Ending March 31, 2006	56,385	42,927	76.1	1,209.94

- (Note) Number of outstanding shares at the end of period (consolidation) Interim accounting Period of 2006: 35,328,602 shares, Interim accounting Period of 2005: 35,935,054 shares, FY2006: 35,472,132 shares

(3) Status of Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Closing balance of cash and cash equivalents
	(million yen)	(million yen)	(million yen)	(million yen)
Interim Accounting Period of 2006	2,207	Δ8	Δ1,418	6,088
Interim Accounting Period of 2005	986	230	Δ3,115	4,145
Fiscal Year Ending March 31, 2006	4,470	Δ1,097	Δ4,122	5,308

(4) Scope of Consolidation and Matters related to Application of Equity Method

Number of consolidated subsidiaries: 5 companies, Number of non-consolidated subsidiaries to which equity method is applied: 0, Number of affiliated companies to which equity method is applied: 5 companies

(5) Scope of Consolidation and Changes in Application of Equity Method

Consolidation (New) 0 company, (Exclusion) 1, Equity method (New) 0, (Exclusion) 0 (as compared to the previous interim period)

2. Anticipated Consolidated Results for FY 2007 (From April 1, 2006 to March 31, 2007)

	Sales	Ordinary profit	Current net profit
	(million yen)	(million yen)	(million yen)
Full year	46,300	4,500	3,050

(Reference) Forecasted current net profit per share (Full year) 86 yen 33 sen

- * The above forecast was made based on the available information as of the date of announcement and results may differ in the future due to various factors.

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Our Group (filing company and the affiliated companies of the filing company) is comprised of the Company, 9 subsidiaries and 7 affiliated companies. The Group manufactures and sells electronic materials, display materials, electric insulation materials, and industrial application structural materials. It is also developing business activities, including sales and distribution of goods related to each business and sales of other services and sporting goods.

Business lines of our Group and positioning of the businesses in the Company and affiliated companies are as follows.

(1) Manufacture and Sales of Industrial Materials, etc.

1) Electronic materials

The Company carries out manufacture and sales of base materials for flexible and rigid printed-wiring boards, etc., to be used as electronic materials and Arisawa Fiber Glass Co., Ltd., one of our subsidiaries conducts manufacture of glass cloth for printed-wiring boards. ARISAWA MANUFACTURING (DALIAN) CO., LTD., one of our subsidiaries, also performs the post-processing of materials for flexible printed-wiring boards and an affiliated company, Taiflex Scientific Co., Ltd. also manufactures and sells the products.

2) Display Materials

The Company manufactures and sells Fresnel lenses and anti-reflection films for projection TVs, and Asuna Co., Ltd., a subsidiary, sells three-dimensional display equipment. Polatechno Co., Ltd., an affiliated company, manufactures and sells polarizing plates for liquid crystal displays, etc., Colorlink Japan Co., Ltd. manufactures and sells special optical films and DDD Group plc develops and sells 3D contents and hardware.

3) Electric Insulation Materials

Arisawa Fiber Glass Co., Ltd., a subsidiary, manufactures glass cloth tapes used as electric insulation materials and the Company sells these while other subsidiary Arisawa Sogyo Co., Ltd. and an affiliated company, Tochio Nakajin Shosen, Ltd. manufacture these products.

The Company manufactures and sells pre-preg for electric insulation and Arisawa Jushi Kogyo Co., Ltd., one of our subsidiaries also carries out manufacturing.

4) Industrial application structural materials

While the Company manufactures and sells FW molded products used as industrial application structural materials, and honeycomb panels and pre-preg, etc., for aircraft, Arisawa Sogyo Co., Ltd., a subsidiary, and, Shinano Co., Ltd. an affiliated company manufacture drawing molded products and FRP ski sheets, etc.

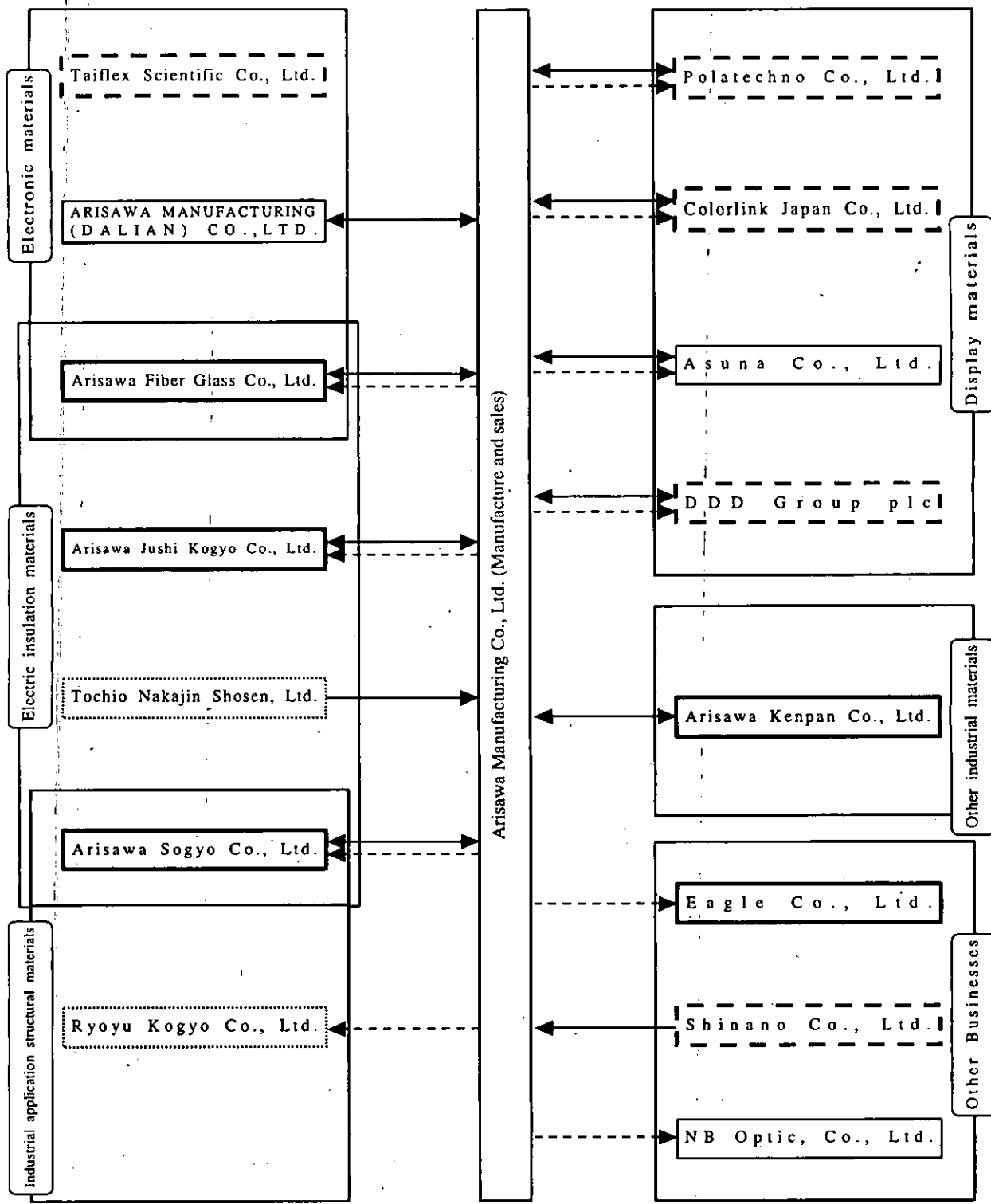
5) Others

Related products set forth in 3) and 4) in the above are sold by the Company and also by Arisawa Kenpan Co., Ltd., a subsidiary.

(2) Other Businesses

Eagle Co., Ltd., a subsidiary, operates a driving range, and Shinano Co., Ltd., an affiliated company, sells sporting goods.

The above matters shall be shown by a business activities diagram.



— Transactions of products, etc.
 - - - - - Other Businesses
 [Solid box] Consolidated subsidiary
 [Dashed box] Non-consolidated subsidiary
 [Dashed box with double border] Affiliated company for which equity method has been applied
 [Dotted box with double border] Affiliated company for which equity method has not been applied

(Note) Shinano Co., Ltd. manufactures and sells industrial materials (industrial application structural materials) in addition to Other businesses.

Corporate Basic Policy

The Company has implemented the following corporate policies, based on the philosophy of "creation, innovation and challenge."

- I. To reform ourselves under a sense of crisis.
- II. To promote business differentiation through speedy actions, anticipating changes in the market.
- III. To formulate a new business foundation through bold ideas and an aggressive approach.

Based on its corporate policy, the Company aims at creating corporate value and increasing shareholder value through improvements in customer satisfaction levels, increased speed in new product development and strengthening profitability via thorough cost reductions.

Basic Policy for Profit Distribution

Regarding the dividend policy of the Company, profit returns to all shareholders are a top priority of management. We will continue profit distribution coupled with consolidated results and pay out dividends aiming at a dividend ratio of 25% to the current consolidated net profit, taking into consideration performance and financial requirements. With respect to internal reserves, the Company will appropriate capital for research and development and capital investment for business expansion, etc., in order to increase profits for our shareholders in the future. Specifically, we will pay out dividends of ¥920 million for the period ended March 31, 2007.

Target Management Index

Our target management index is set out for mid and long-term as follows: a new product sales ratio exceeds 50%, ordinary profit is of more than 15% and ROE (Return on Equity) is of more than 12%.

Mid and Long-Term Corporate Strategy

The Company invested business resources in the two fields of materials for flexible printed-circuit boards and Fresnel lenses, which used to be niche markets, and has built up a robust management foundation. The competition has become much tougher, however, as the market has expanded. We will continue thorough cost reductions and development of differentiated products in these fields as well as focusing on early development of our next core products.

Tasks to be Tackled by the Company

Our Group is promoting the following as our tasks to be tackled in order to achieve the aforementioned management strategy earlier and more securely.

- 1) To concentrate business resources in the electronic materials field and accelerate development of differentiated products to increase net sales as well as aim at early development of our next core products in the display materials field.
- 2) To promote proactive technical tie-ups to attempt early start of developed products.
- 3) To strongly promote the Arisawa Production System to realize thorough cost reductions.
- 4) To aim at utilizing a network system and promoting reinforcement of mobility through anticipation and sharing of information.

Matters Related to Parent Company, etc.

No applicable matter.

Business Results

As for economic conditions in the current interim consolidated accounting period, business progressed on a gradual recovery trajectory due to improvements in corporate business results and an increase in capital investment.

In related industries of the Company, in addition to tougher competition, centering on such digital products as mobile phones and large-size TVs, as a result of price hikes in raw materials due to soaring crude oil prices, the business environment became increasingly more severe.

Under such circumstances the Group made efforts at sales expansion, concentrating business resources in the electronic materials field. As a result, sales in the current interim consolidated accounting period were ¥24,431 million, an increase of 10.3% from the same period of the previous year. Due to a significant decrease in sales prices in connection with fierce competition and an increase in materials prices, operating profit was ¥2,067 million, a decrease of 2.4% from the same period of the previous year, ordinary profit was ¥2,590 million, a decrease of 12.3% from the same period of the previous year and interim net profit was ¥1,599 million, a decrease of 15.7% from the same period of the previous year.

For non-consolidation, net sales were ¥22,907 million (an increase of 11.9% from the same period of the previous year). By segment, in the electronics materials field, revenue increased 13.5% from the same period of the previous year due to the increase in sales of flexible and rigid printed circuit board materials. In the display materials field, while sales of Fresnel lenses and materials for stereoscopic 3D displays increased, sales of anti-reflection plates decreased, which resulted in a revenue decrease of 1.3% from the same period of the previous year. In the electric insulation materials field, revenues increased 17.4% from the same period of the previous year, in the industrial application structural materials field, revenues increased 37.0% from the same period of the previous year and revenues of related products increased 17.8% from the same period of the previous year. As for profits, operating profit was ¥1,528 million, a decrease of 9.3% from the same period of the previous year, ordinary profit was ¥2,346 million, a decrease of 1.2% from the same period of the previous year and interim net profit was ¥1,555 million, an increase of 10.4% from the same period of the previous year.

Net Sales by Segment (Non-consolidation)

(Unit: Indicated by rounding down less than one million yen)

	Interim Period of the Year ending September 30, 2005		Interim Period of the Year ending September 30, 2006		Rate of increase or decrease against the previous year
	Amount	Composition ratio	Amount	Composition ratio	
Electronic materials	12,287	60.0%	13,941	60.9%	13.5%
Display materials	4,755	23.2%	4,695	20.5%	Δ1.3%
Electric insulation materials	1,409	6.9%	1,653	7.2%	17.4%
Industrial application structural materials	1,216	5.9%	1,666	7.3%	37.0%
Related products	806	3.9%	949	4.1%	17.8%
Total	20,475	100.0%	22,907	100.0%	11.9%

Forecast for the full year

In related industries of the Company, we expect severe circumstances will continue as competition intensifies and pressure for lower prices strengthen. Under such circumstances, with respect to the forecast of consolidated results for the full year, we expect net sales of ¥46,300 million (an increase of 3.4% from the same period of the previous year) and as regards profits, we expect ordinary profit of ¥4,500 million (a decrease of 15.4% from the same period of the previous year) and net profit of ¥ 3,050 million (a decrease of 21.6% from the same period of the previous year).

Regarding the parent only, we expect net sales of ¥43,300 million (an increase of 3.8% from the same period of the previous year), ordinary profit of ¥3,290 million (a decrease of 10.5% from the same period of the previous year) and net profit of ¥2,150 million (a decrease of 11.1% from the same period of the previous year). We have set an exchange rate of 110 yen against the dollar.

Financial Condition

Cash Flow

Cash and cash equivalents (hereinafter referred to as "Funds") in the current interim consolidated accounting period increased by ¥1,942 million from the previous interim consolidated accounting period to ¥6,088 million due a decrease in payments of corporate income tax, etc., and dividends. Conditions of each cash flow and the factors are as follows.

(Cash Flow from Operating Activities)

While net profit before taxes, etc., decreased, cash inflow increased by ¥1,221 million as compared to the previous interim consolidated accounting period due to a decrease in payment of corporate taxes, etc.

(Cash Flow from Investment Activities)

Cash outflow was ¥8 million due to a decrease in time deposit refunds, and cash outflow increased by ¥238 million as compared to the previous interim consolidated accounting period.

(Cash Flow from Financing Activities)

From financial activities, due to a decrease in payments of dividends and expense by acquisition of treasury stock, outflow decreased by ¥1,697 million as compared to the previous interim consolidated accounting period.

Cash Flow Index

	Period ended March 31, 2005		Period ended March 31, 2006		Period ended March 31, 2007
	Interim	End of Year	Interim	End of Year	End of Year
Net worth ratio (%)	63.0	70.5	73.8	76.1	71.9
Net worth ratio on a basis of market price (%)	247.5	219.6	141.7	164.2	85.5
Years for debt redemption (years)	0.0	0.0	0.2	0.0	0.1
Interest coverage ratio (times)	3,513.6	2,799.2	1,593.3	2,087.1	3,171.4

Note) Each index is calculated by the financial figures on a consolidated basis.

Net worth ratio : (Net assets - New share subscription rights - Minority Interest)/ Total assets

Net worth ratio on a basis of market price: Total market value of shares/ Total assets

Years for debt redemption: Interest bearing debts/ Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities / Interest paid

* Total market value of shares is calculated by final share price at the end of period × total number of outstanding shares at the end of period (after deducting treasury shares).

* Interest bearing debts cover all the debts that paid interest out of debts appropriated on the consolidated balance sheet. As for interest paid, the amount of interest paid in the consolidated cash flow statement is used.

Business Risks

With respect to the contents stated in the business performance and financial conditions, the matters that might significantly affect the judgment of investors seem to be as follows.

(1) Regarding fluctuations in demand for products

Major users of the products manufactured and sold by our group are consumer electronic appliance manufacturers, electronic components manufacturers and industrial electronic appliance manufacturers and the fluctuations in demand for consumer electronic appliances affected the business performance of our group.

(2) Regarding dependence on particular products

Net sales of the Company largely depend on the fields of electronic materials and display materials. If sales in these fields decrease, it might affect the business performance of our group.

(3) Regarding fluctuations in foreign exchange

In determining the sales price of display materials, we determine the sales price for users on a foreign currency basis and it might affect the business performance of our group due to large fluctuations in foreign exchange rates.

(4) Regarding procurement of raw materials

For the raw materials our group purchases, an upward trend in purchase prices has been observed due to soaring crude oil prices. If the purchase prices of raw materials rise considerably, it might affect the business performance of our group.

(5) Regarding the impact of disasters

Many of our production bases are concentrated in Joetsu-shi, Niigata Prefecture. In the event of an earthquake or power failure and other disasters, it might affect the business performance of our group due to interruption of production activities, etc.

1. [Interim Consolidated Financial Statement, etc.]

(1) Interim Consolidated Financial Statement

1) Interim Consolidated Balance Sheet

Item	Note	End of previous interim consolidated accounting period (As of September 30, 2005)		End of current interim consolidated accounting period (As of September 30, 2006)		Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2006)	
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen) ¹	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Assets)							
I. Current Assets							
1. Cash and deposits		4,865,406		6,833,261		6,568,685	
2. Notes and accounts receivable	*4	10,763,766		13,352,022		10,138,086	
3. Inventories		7,954,744		8,142,178		7,700,263	
4. Deferred taxable assets		525,387		279,588		278,068	
5. Others		942,427		808,508		990,257	
Allowance for doubtful accounts		Δ10,544		Δ47,774		Δ50,732	
Total Current Assets		25,041,187	45.6	29,367,785	49.2	25,624,628	45.4
II. Fixed Assets							
1. Tangible fixed assets							
(1) Buildings and structures	*1 *2	7,437,084		7,412,561		7,474,180	
(2) Machinery, equipment and delivery equipment	*1 *2	7,489,171		6,802,608		6,868,911	
(3) Land	*2	1,549,772		1,551,385		1,549,772	
(4) Others	*1 *2	1,711,965	18,187,995	886,149	16,652,704	1,015,539	16,908,404
Total Tangible fixed assets		18,187,995	33.1	16,652,704	27.9	16,908,404	30.0
2. Intangible fixed assets		109,567	0.2	147,010	0.2	96,511	0.2
3. Investments and other assets							
(1) Investment Securities		10,927,562		12,990,272		13,346,493	
(2) Deferred taxable assets		79,434		48,754		49,802	
(3) Others		589,780		709,469		526,919	
Allowance for doubtful debts		Δ35,929	11,560,848	Δ207,862	13,540,634	Δ167,294	13,755,921
Total Fixed Assets		11,560,848	21.1	13,540,634	22.7	13,755,921	24.4
Total Assets		54,899,598	100.0	59,708,134	100.0	56,385,465	100.0

Item	Note	End of previous interim consolidated accounting period (As of September 30, 2005)		End of current interim consolidated accounting period (As of September 30, 2006)		Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2006)	
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Liabilities)							
I. Current Liabilities							
1. Notes and accounts payable	*4	10,269,691		12,251,982		9,915,961	
2. Short-term borrowings	*2 *3	196,000		191,000		194,000	
3. Accrued income tax and others		918,067		977,086		821,716	
4. Allowance for bonuses		585,414		1,011,716		787,797	
5. Reserve for officers' bonuses		—		5,565		—	
6. Others		1,917,017		1,916,393		1,255,931	
Total Current Liabilities		13,886,191	25.3	16,353,744	27.4	12,975,406	23.0
II. Fixed Liabilities							
1. Long-term borrowings	*2	1,000		—		—	
2. Deferred taxable liabilities		366,027		271,732		344,905	
3. Reserve for severance payment		36,911		38,318		37,598	
4. Consolidated Adjustment Account		2,676		—		—	
5. Others		103,055		77,498		100,061	
Total Fixed Liabilities		509,671	0.9	387,548	0.6	482,565	0.9
Total Liabilities		14,395,862	26.2	16,741,293	28.0	13,457,971	23.9
(Stockholder Equity)							
I. Capital							
I. Capital		7,073,223	12.9	—		7,101,486	12.5
II. Capital Reserve							
II. Capital Reserve		6,185,254	11.3	—		6,213,517	11.0
III. Earned Surplus							
III. Earned Surplus		27,734,960	50.5	—		30,882,205	54.8
IV. Other Differences from Appreciation of Securities							
IV. Other Differences from Appreciation of Securities		852,315	1.5	—		1,076,085	1.9
V. Exchange Conversion Adjustment Settlement							
V. Exchange Conversion Adjustment Settlement		43,892	0.1	—		98,336	0.2
VI. Treasury Stock							
VI. Treasury Stock		Δ1,385,911	Δ2.5	—		Δ2,444,136	Δ4.3
Total Stockholder Equity		40,503,735	73.8	—		42,927,494	76.1
Total Liabilities and Stockholder Equity		54,899,598	100.0	—		56,385,465	100.0

Item	Note	End of previous interim consolidated accounting period (As of September 30, 2005)		End of current interim consolidated accounting period (As of September 30, 2006)		Consolidated condensed balance sheet for previous consolidated fiscal year (As of March 31, 2006)	
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Net Assets)							
I. Shareholders' Equity							
1. Capital				7,117,251	11.9		
2. Capital reserve				6,229,282	10.4		
3. Earned surplus				31,302,754	52.4		
4. Treasury stock				Δ2,724,400	Δ4.5		
Total Shareholders' Equity				41,924,886	70.2		
II. Valuation and Translation Difference, etc.							
1. Other differences from appreciation of securities				969,727	1.6		
2. Exchange conversion adjustment settlement				63,266	0.2		
Total valuation and translation difference, etc.				1,032,993	1.8		
III. New Share Subscription Rights							
Total Net Assets				42,966,841	72.0		
Total Liabilities and Net Assets				59,708,134	100.0		

2) Interim Consolidated Statement of Income

Item	Note	Previous interim consolidated accounting period (From April 1, 2005 to September 30, 2005)		Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)		Consolidated condensed statement of income for previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)				
		Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)			
I. Sales		22,146,667	100.0	24,431,730	100.0	44,759,600	100.0			
II. Sales Cost		18,243,756	82.4	20,600,125	84.3	37,433,192	83.6			
Gross profit on sales		3,902,911	17.6	3,831,605	15.7	7,326,408	16.4			
III. Selling and General Administration Expenses										
1. Freight and packaging cost		383,804		407,291		735,913				
2. Officer's compensation		189,859		—		366,949				
3. Wage allowances		310,779		284,350		741,282				
4. Transfer to reserve for bonus		117,143		162,850		133,711				
5. Transfer to reserve for officers' bonuses		—		5,565		—				
6. Transfer to retirement wage allowance		27,802		21,001		53,366				
7. Transfer to allowance for doubtful accounts		3,593		8,297		28,619				
8. Other		752,363	1,785,347	8.1	874,653	1,764,010	7.2	1,438,341	3,498,185	7.8
Operating Profit		2,117,564	9.5	2,067,594	8.5	3,828,222	8.6			
IV. Non-Operating Revenue										
1. Interest received		14,828		9,908		25,976				
2. Dividend received		38,765		16,549		58,007				
3. Write-off of consolidated adjustment account		535		—		—				
4. Investment profit on equity method		595,296		417,726		1,298,262				
5. Others		263,354	912,780	4.1	151,921	596,105	2.4	487,490	1,869,736	4.2
V. Non-Operating Expenses										
1. Interest paid		620		696		2,146				
2. Compensation for insufficient payment		30,286		—		64,601				
3. Loss on sale of accounts receivable		—		12,837		—				
4. Rent payment		25,794		19,794		48,363				
5. Transfer to allowance for doubtful accounts		—		25,712		193,060				
6. Other		19,320	76,021	0.3	14,592	73,633	0.3	68,872	377,045	0.9
Ordinary Profit		2,954,323	13.3	2,590,067	10.6	5,320,913	11.9			
VI. Extraordinary Profit										
1. Profit on sale of investment securities		23,249		10,277		570,300				
2. Profit on sale of fixed assets	*1	—		3,867		2,023				
3. Profit from reversal of officers' retirement bonuses		127,034		—		127,034				
4. Other		500	150,783	0.7	1,659	15,804	0.1	511	699,869	1.6

Item	Note	Previous interim consolidated accounting period (From April 1, 2005 to September 30, 2005)		Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)		Consolidated condensed statement of income for previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)				
		Amount (thousand yen)		(%)	Amount (thousand yen)		(%)	Amount (thousand yen)		(%)
VII. Extraordinary Losses										
1. Loss on retirement of fixed assets	*2	13,199			11,528			337,602		
2. Loss on sale of fixed assets	*3	—			1,424			442		
3. Loss on retirement of inventories		128,921			—			85,628		
4. Loss on impairment	*4	5,604			—			5,604		
5. Loss on sale of investment securities		—			—			36,003		
6. Valuation loss on investment securities		—			—			152,773		
7. Transfer to allowance for doubtful accounts		—			3,600			—		
8. Other		26,845	174,571	0.8	1,000	17,552	0.1	38,023	656,078	1.5
Interim (current) net profit, before taxes, etc.			2,930,535	13.2		2,588,319	10.6		5,364,705	12.0
Corporate income tax, local resident tax, and enterprise tax	*5	1,033,387			988,797			1,301,589		
Adjustment of corporate income tax, etc.	*5	—	1,033,387	4.7	—	988,797	4.0	170,525	1,472,115	3.3
Interim (current) net profits			1,897,148	8.5		1,599,522	6.6		3,892,589	8.7

3) Statements of Interim Consolidated Surplus and Interim Consolidated Shareholders' Equity Fluctuation
Statement of Interim Consolidated Surplus

Item	Note	Current interim consolidated accounting period (From April 1, 2005 to September 30, 2005)		Consolidated condensed statement of surplus for previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)	
		Amount (thousand yen)		Amount (thousand yen)	
(Capital surplus)					
I. Balance at the beginning of period			6,135,250		6,135,250
II. Adjustment of surplus					
1. New share issues by capital increase		50,004	50,004	78,267	78,267
III. Balance at the end of interim period (at the end of year)			6,185,254		6,213,517
(Earned surplus)					
I. Balance at the beginning of period			27,798,452		27,798,452
II. Increase in earned surplus					
1. Interim (current) net profit		1,897,148		3,892,589	
2. Increase amount in connection with changes in the ratio of interests in the companies to which the equity method applies		—		1,327,868	
3. Increase amount in connection with the decrease in the number of consolidated subsidiaries		—	1,897,148	9,984	5,230,443
III. Adjustment of earned surplus					
1. Dividends		1,952,178		1,952,178	
2. Bonuses for directors		8,462		8,462	
3. Decrease amount due to merger with a non-consolidated subsidiary		—	1,960,640	186,049	2,146,690
IV. Balance at the end of interim period (at the end of year)			27,734,960		30,882,205

Statement of Interim Consolidated Shareholders' Equity Fluctuation

Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)

	Shareholders' Equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total Shareholders' equity
Balance as of March 31, 2006 (in thousands of yen)	7,101,486	6,213,517	30,882,205	Δ2,444,136	41,753,072
Fluctuating amount during the interim consolidated accounting period					
Issue of new shares	15,764	15,764			31,529
Dividend of surplus (Note)			Δ1,170,580		Δ1,170,580
Officers' bonuses (Note)			Δ8,393		Δ8,393
Interim net profit			1,599,522		1,599,522
Acquisition of treasury stock				Δ280,263	Δ280,263
Fluctuating amount of items other than shareholders' equity during the interim consolidated accounting period (net amount)					
Total fluctuating amount during the interim consolidated accounting period (in thousands of yen)	15,764	15,764	420,548	Δ280,263	171,814
Balance as of September 30, 2006 (in thousands of yen)	7,117,251	6,229,282	31,302,754	Δ2,724,400	41,924,886

	Valuation and translation difference, etc.			New share subscription rights	Total Net Assets
	Other revaluation balance of securities	Exchange rate adjusting accounts	Total valuation and translation differences, etc.		
Balance as of March 31, 2006 (in thousands of yen)	1,076,085	98,336	1,174,422	—	42,927,494
Fluctuating amount during the interim consolidated accounting period					
Issue of new shares					31,529
Dividend of surplus (Note)					Δ1,170,580
Officers' bonuses (Note)					Δ8,393
Interim net profit					1,599,522
Acquisition of treasury stock					Δ280,263
Fluctuating amount of items other than shareholders' equity during the interim consolidated accounting period (net amount)	Δ106,358	Δ35,070	Δ141,429	8,961	Δ132,467
Total fluctuating amount during the interim consolidated accounting period (in thousands of yen)	Δ106,358	Δ35,070	Δ141,429	8,961	39,346
Balance as of September 30, 2006 (in thousands of yen)	969,727	63,266	1,032,993	8,961	42,966,841

(Note) This is the item of profit appropriation at the general meeting of shareholders held in June 2006.

4) Statement of Interim Consolidated Cash Flow

		Previous interim consolidated accounting period (From April 1, 2005 to September 30, 2005)	Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)	Statement of consolidated condensed cash flow for previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)
Item	Note	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
I. Cash flow from operation activities				
Interim (current) net profit before taxes, etc.		2,930,535	2,588,319	5,364,705
Depreciation		1,338,499	1,209,575	2,771,557
Loss on impairment		5,604	—	5,604
Amortization of consolidated adjustment account		Δ535	—	—
Stock compensation expenses		—	8,961	—
Investment profit by equity method		Δ595,296	Δ417,726	Δ1,298,262
Profit on sale of fixed assets		—	Δ3,867	Δ2,023
Loss on sale of fixed assets		—	1,424	442
Expenses for shares issued		1,817	557	2,713
Loss on retirement of tangible fixed assets		13,199	11,528	337,602
Profit on sale of investment securities		Δ23,249	Δ10,277	Δ570,300
Loss on sale of investment securities, etc.		—	—	36,275
Valuation loss on investment securities, etc.		—	—	167,680
Loss on arrangement of subsidiaries		—	—	22,368
Profit on conversion		Δ33,470	Δ233	Δ59,656
Bad debt loss		—	—	13,062
Increase or (decrease) in reserve for bonuses		Δ463,910	223,919	Δ263,373
Increase in reserve for officers' bonuses		—	5,565	—
Increase in reserve for retirement allowance		687	719	1,374
Increase in allowance for doubtful accounts		3,713	37,609	206,926
Interest and dividends received		Δ53,594	Δ26,458	Δ83,983
Interest paid		620	696	2,146
Decrease or (increase) in sales receivables		1,662,177	Δ3,214,938	2,259,656
Increase in inventories		Δ659,736	Δ441,915	Δ405,255
Increase or (decrease) in purchase liabilities		Δ1,008,166	2,336,021	Δ1,361,897
Increase or (decrease) in accrued consumption tax, etc.		Δ259,854	149,991	Δ324,827
Increase in other assets		Δ155,226	Δ99,984	Δ289,559
Increase or (decrease) in other liabilities		Δ304,085	57,460	Δ223,773
Bonuses to officers paid		Δ8,462	Δ8,393	Δ8,462
Others		—	Δ649	—
Subtotal		2,391,266	2,407,904	6,300,741

		Previous interim consolidated accounting period (From April 1, 2005 to September 30, 2005)	Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)	Statement of consolidated condensed cash flow for previous consolidated fiscal year (From April 1, 2005 to March 31, 2006)
Item	Note	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)
Interest and dividends received		378,497	605,931	401,648
Interest paid		Δ619	Δ686	Δ2,142
Corporate income tax, etc., paid		Δ1,782,909	Δ805,871	Δ2,229,647
Cash flow from operation activities		986,235	2,207,277	4,470,600
II. Cash flow from investment activities				
Expenditure for placement in time deposits		—	Δ695,000	Δ2,950,000
Revenue from refund of time deposits		1,900,000	1,210,039	4,309,996
Expenditure for acquisition of tangible fixed assets		Δ1,458,782	Δ572,021	Δ2,578,913
Revenue from sale of tangible fixed assets		—	18,879	8,674
Expenditure for acquisition of intangible fixed assets		—	Δ40,732	Δ5,781
Expenditure for acquisition of investment securities		Δ596,263	Δ222,347	Δ1,181,204
Revenue from sale of investment securities		358,332	209,593	1,132,635
Expenditure for lending		Δ108,380	Δ6,969	Δ184,509
Revenue from collection of loans		135,447	90,453	349,280
Others		Δ124	—	2,015
Cash flow from investment activities		230,230	Δ8,103	Δ1,097,805
III. Cash flow from financing activities				
Expenditure for repayment of long-term borrowings		Δ3,000	Δ3,000	Δ6,000
Proceeds from stocks issued		98,191	30,971	153,820
Expense by acquisition of treasury stock		Δ1,263,655	Δ280,263	Δ2,321,881
Dividends paid		Δ1,947,307	Δ1,166,399	Δ1,948,891
Cash flow from financing activities		Δ3,115,771	Δ1,418,691	Δ4,122,951
IV. Conversion difference in cash and cash equivalents				
		8,465	Δ867	15,155
V. Increase (decrease) in cash and cash equivalents				
		Δ1,890,840	779,615	Δ735,001
VI. Cash and cash equivalents at the beginning of year				
		6,036,210	5,308,645	6,036,210
VII. Increase amount of cash and cash equivalents in connection with merger				
		—	—	7,437
VIII. Cash and cash equivalents at the end of interim period (year)	*			
		4,145,369	6,088,261	5,308,645

Substantial Underlying Matters for Preparation of Interim Consolidated Financial Statements

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
<p>1. Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries: 6</p> <p>Name of important consolidated subsidiaries: Arisawa Jushi Kogyo Co., Ltd. Arisawa Kenpan Co., Ltd. Arisawa Sogyo Co., Ltd. Arisawa Fiber Glass Co., Ltd. Arisawa Sporting Goods Co., Ltd. Eagle Co., Ltd.</p> <p>As regards Arisawa Sporting Goods Co., Ltd., as stated in the significant subsequent events, a resolution was adopted at the board of directors' meeting of the Company held on September 22, 2005 that it will be dissolved by the end of January, 2006.</p> <p>(2) Name of important non-consolidated subsidiaries</p> <p>Important non-consolidated subsidiaries: NB Optic, Co., Ltd. Howa Sangyo, Ltd. Kei Ski Garage, Ltd. Arisawa PG Co., Ltd. ARISAWA MANUFACTURING (DALIAN) CO., LTD. Asuna Co., Ltd.</p> <p>In this regard, Arisawa PG Co., Ltd. was bought out by the Company as of December 1, 2005, as stated in the "Significant subsequent events," after entering into a merger agreement as of September 22, 2005.</p> <p>(Reason for excluding the non-consolidated subsidiary above from consolidation:) Because non-consolidated subsidiary is small in size and any of total assets, sales, interim net income (amount corresponding to interest) and earned surplus (amount corresponding to interest), etc., does not materially affect the interim consolidated financial statements.</p>	<p>1. Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries: 5</p> <p>Name of important consolidated subsidiaries: Arisawa Jushi Kogyo Co., Ltd. Arisawa Kenpan Co., Ltd. Arisawa Sogyo Co., Ltd. Arisawa Fiber Glass Co., Ltd. Eagle Co., Ltd.</p> <p>(2) Name of important non-consolidated subsidiaries</p> <p>Important non-consolidated subsidiaries: NB Optic, Co., Ltd. Howa Sangyo, Ltd. ARISAWA MANUFACTURING (DALIAN) CO., LTD. Asuna Co., Ltd.</p> <p>In this regard, Arisawa PG Co., Ltd. was bought out by the Company as of December 1, 2005, as stated in the "Significant subsequent events," after entering into a merger agreement as of September 22, 2005.</p> <p>(Reason for excluding the non-consolidated subsidiary above from consolidation:) Same as on the left.</p>	<p>1. Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries: 5</p> <p>Name of important consolidated subsidiaries: Arisawa Jushi Kogyo Co., Ltd. Arisawa Kenpan Co., Ltd. Arisawa Sogyo Co., Ltd. Arisawa Fiber Glass Co., Ltd. Eagle Co., Ltd.</p> <p>Arisawa Sporting Goods Co., Ltd., which had been one of our consolidated subsidiaries until the previous consolidated fiscal year, completed liquidation and the profit and loss statement for the period by the completion of liquidation was consolidated.</p> <p>(2) Name of important non-consolidated subsidiaries</p> <p>Important non-consolidated subsidiaries: NB Optic, Co., Ltd. Howa Sangyo, Ltd. Kei Ski Garage, Ltd. ARISAWA MANUFACTURING (DALIAN) CO., LTD. Asuna Co., Ltd.</p> <p>The Company absorbed Arisawa PG Co., Ltd., a non-consolidated subsidiary, as of December 1, 2005. A resolution to dissolve Kei Ski Garage, Ltd. as of January 26, 2006 was adopted as stated in the important events after closing the accounts and liquidation is to be completed by the end of June 2006.</p> <p>(Reason for excluding the non-consolidated subsidiary above from consolidation:) Because non-consolidated subsidiary is small in size and any of total assets, sales, interim net income (amount corresponding to interest) and earned surplus (amount corresponding to interest), etc., does not materially affect the consolidated financial statements.</p>

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
<p>2. Application of equity method</p> <p>(1) Companies to which the equity method is applied: 5 Affiliates Name of important affiliates: Polatechno Co., Ltd. Shinano Co., Ltd. Taiflex Scientific Co., Ltd. Colorlink Japan Co., Ltd. DDD Group plc As regards Scalar Corporation, all the shares were sold during the current interim consolidated accounting period and as it is no longer an affiliate, it was excluded from the companies to which the equity method is applied.</p> <p>(2) Because non-consolidated subsidiaries (NB Optic, Co., Ltd. and other five companies) and affiliated companies (Ryoyu Industry Co., Ltd. and one other company), to which the equity method does not apply, have only a slight effect on the interim consolidated financial statements and have no significance as a whole in terms of interim net income or loss (amount corresponding to interest) and earned surplus (amount corresponding to interest), etc., if it is possible to exclude from equity method application, they have been excluded from application of the equity method.</p> <p>(3) The interim financial statements of the interim accounting period of the company in question have been used for those companies covered under the equity method whose interim settlement dates differ from the interim consolidated settlement date.</p> <p>(4) —</p> <p>3. Interim Closing Date of Consolidated Subsidiaries Interim closing date of consolidated subsidiaries is the same as the consolidated interim closing date except for Arisawa Sporting Goods Co., Ltd. The interim closing date of the company is July 31, 2005, but in preparing current consolidated interim financial statements, we have used interim financial statements as of the interim closing date. With respect to substantial transactions made between different closing dates, necessary adjustment for consolidation has been made.</p>	<p>2. Application of equity method</p> <p>(1) Companies to which the equity method is applied: 5 Affiliates Name of important affiliates: Polatechno Co., Ltd. Shinano Co., Ltd. Taiflex Scientific Co., Ltd. Colorlink Japan Co., Ltd. DDD Group plc</p> <p>(2) Because non-consolidated subsidiaries (NB Optic, Co., Ltd. and other three companies) and affiliated companies (Ryoyu Industry Co., Ltd. and one other company), to which the equity method does not apply, have only a slight effect on the interim consolidated financial statements and have no significance as a whole in terms of interim net income or loss (amount corresponding to interest) and earned surplus (amount corresponding to interest), etc., if it is possible to exclude from equity method application, they have been excluded from application of the equity method.</p> <p>(3) Same as on the left.</p> <p>(4) —</p> <p>3. Interim Closing Date of Consolidated Subsidiaries End of interim period of all consolidated subsidiaries is the same as the interim consolidated closing date.</p>	<p>2. Application of equity method</p> <p>(1) Companies to which the equity method is applied: 5 Affiliates Name of important affiliates: Polatechno Co., Ltd. Shinano Co., Ltd. Taiflex Scientific Co., Ltd. Colorlink Japan Co., Ltd. DDD Group plc As regards Scalar Corporation, all the shares were sold during the current consolidated fiscal year and as it is no longer an affiliate, it was excluded from the companies to which the equity method is applied.</p> <p>(2) Because non-consolidated subsidiaries (NB Optic, Co., Ltd. and other five companies) and affiliated companies (Ryoyu Industry Co., Ltd. and one other company), to which the equity method does not apply, have only a slight effect on the consolidated financial statements and have no significance as a whole in terms of current net income or loss (amount corresponding to interest) and earned surplus (amount corresponding to interest), etc., if it is possible to exclude from equity method application, they have been excluded from application of the equity method.</p> <p>(3) The financial statements of the fiscal year of the company in question have been used for those companies covered under the equity method whose settlement dates differ from the consolidated settlement date.</p> <p>(4) Profit and loss on the change of equity due to the decrease in equity in connection with capital increase by new shares at market price of Polatechno Co., Ltd. was appropriated in the consolidated surplus statement as increase amount in connection with changes in the ratio of interests in the companies to which the equity method applies.</p> <p>3. Closing Date of Consolidated Subsidiaries End of fiscal year of all consolidated subsidiaries is the same as the consolidated closing date.</p>

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
<p>4. Accounting standards</p> <p>(1) Valuation standard and valuation method of important assets</p> <p>1) Securities Other securities Securities where a market value is available: Valued at the current price based on the market value on the interim closing day, etc. (All revaluation balance is transferred directly to capital stock and sales cost is calculated by the gross average method.) Securities where a market value is unavailable: Valued by the gross average method at cost.</p> <p>2) Derivatives Valued at the current price.</p> <p>3) Inventories Finished goods, merchandise, semi-finished goods, and work-in-progress: Mainly valued at cost by the FIFO method, but two of the consolidated subsidiaries adopt valuation at cost by the gross average method. Raw materials and stores: Valued by the gross average method at cost.</p> <p>(2) Depreciation method for important depreciable assets</p> <p>1) Depreciation method for tangible fixed assets Declining balance method However, the straight line method is used for buildings (excluding facilities connected to buildings) acquired on or after April 1, 1998. The durable length of time is as follows: Buildings & structures: 10 - 31 years Machinery & delivery equipment: 4 - 9 years</p> <p>2) Depreciation method for intangible fixed assets: The straight line method is adopted. However, straight line method is adopted for software for own use based on the period of in-house useful life (5 years).</p>	<p>4. Accounting standards</p> <p>(1) Valuation standard and valuation method of important assets</p> <p>1) Securities Other securities Securities where a market value is available: Valued at the current price based on the market value on the interim closing day, etc. (All revaluation balance is transferred directly to net assets and sales cost is calculated by the gross average method.) Securities where a market value is unavailable: Same as on the left.</p> <p>2) Derivatives Same as on the left.</p> <p>3) Inventories Finished goods, merchandise, semi-finished goods, and work-in-progress: Mainly valued at cost by the FIFO method, but one of the consolidated subsidiaries adopts valuation at cost by the gross average method. Raw materials and stores: Same as on the left.</p> <p>(2) Depreciation method for important depreciable assets</p> <p>1) Depreciation method for tangible fixed assets Same as on the left.</p> <p>2) Depreciation method for intangible fixed assets: Same as on the left.</p>	<p>4. Accounting standards</p> <p>(1) Valuation standard and valuation method of important assets</p> <p>1) Securities Other securities Securities where a market value is available: Valued at the current price based on the market value on the closing day, etc. (All revaluation balance is transferred directly to capital stock and sales cost is calculated by the gross average method.) Securities where a market value is unavailable: Same as on the left.</p> <p>2) Derivatives Same as on the left.</p> <p>3) Inventories Finished goods, merchandise, semi-finished goods, and work-in-progress: Mainly valued at cost by the FIFO method, but one of the consolidated subsidiaries adopts valuation at cost by the gross average method. Raw materials and stores: Same as on the left.</p> <p>(2) Depreciation method for important depreciable assets</p> <p>1) Depreciation method for tangible fixed assets Same as on the left.</p> <p>2) Depreciation method for intangible fixed assets: Same as on the left.</p>

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
<p>(3) Posting standards for important allowances</p> <p>1) Allowance for doubtful accounts In order to reserve for losses from defaults on claims, a write-down as non-collectible has been charged at the actual rate of default for normal claims, and has been charged on the basis of the expected amount of default in each instance for specified claims such as those which present concerns about default.</p> <p>2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, expenses of the current interim accounting period is booked as reserve based on estimation.</p> <p>3) Reserve for retirement allowances In order to reserve retirement benefits for employees, the expected amount at the end of this interim period has been booked on the basis of the liability for benefits as of the end of the consolidated fiscal year, and the expected amount of pension assets. The difference resulting from actuarial accounting will be expensed from the next consolidated fiscal year, according to the straight line method over a certain number of years (five years) within the average period of remaining service of the employees at the time the difference occurred. In this connection, the submitting company has appropriated ¥310,632 thousand to prepaid pension expenses as pension assets at the end of the current interim consolidated accounting period exceeding the liability for retirement benefits.</p> <p>(Changes in Accounting Policy) From the current interim consolidated accounting period, "Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 3 of Accounting Standards for Business Enterprises, March 16, 2005) and "Guidelines for Application concerning Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 7 of Application Guidelines of Accounting Standards for Business Enterprises, March 16, 2005) have been applied. As a result of this, operating profit, ordinary profit and interim net profit before taxes, etc., increased by ¥719 thousand.</p>	<p>(3) Posting standards for important allowances</p> <p>1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Reserve for bonuses Same as on the left.</p> <p>3) Reserve for retirement allowances In order to reserve retirement benefits for employees, the expected amount at the end of this interim period has been booked on the basis of the liability for benefits as of the end of the consolidated fiscal year, and the expected amount of pension assets. The difference resulting from actuarial accounting will be expensed from the next consolidated fiscal year, according to the straight line method over a certain number of years (five years) within the average period of remaining service of the employees at the time the difference occurred. In this connection, the submitting company has appropriated ¥441,766 thousand to prepaid pension expenses as pension assets at the end of the current interim consolidated accounting period exceeding the liability for retirement benefits.</p>	<p>(3) Posting standards for important allowances</p> <p>1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, the estimated amount is booked as reserve for the year.</p> <p>3) Reserve for retirement allowances In order to reserve retirement benefits for employees, this has been booked on the basis of the liability for benefits as of the end of the consolidated fiscal year, and the expected amount of pension assets. The difference resulting from actuarial accounting will be expensed from the next consolidated fiscal year, according to the straight line method over a certain number of years (five years) within the average period of remaining service of the employees at the time the difference occurred. In this connection, the submitting company has appropriated ¥459,865 thousand to prepaid pension expenses as pension assets at the end of the current consolidated fiscal year exceeding the liability for retirement benefits.</p> <p>(Changes in Accounting Policy) From the current consolidated fiscal year, "Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 3 of Accounting Standards for Business Enterprises, March 16, 2005) and "Guidelines for Application concerning Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 7 of Application Guidelines of Accounting Standards for Business Enterprises, March 16, 2005) have been applied. As a result of this, operating profit, ordinary profit and current net profit before taxes, etc., increased by ¥1,438 thousand. Amount of impact on segment information is stated in the pertinent place.</p>

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
<p>4) —</p> <p>(4) Standards for converting important foreign currency denominated assets and liabilities into yen Foreign currency denominated assets and liabilities are converted into yen at the spot exchange rate, on the closing day of the interim consolidated accounting period, and the difference in conversion is entered as income or loss.</p> <p>(5) Treatment of important leasing transactions Finance leasing transactions other than those for which ownership is deemed to be fully transferred to the lessee are treated in the same way as ordinary leasing transactions.</p> <p>(6) Method of accounting for major hedges</p> <p>1) Method of hedge accounting Allocation of foreign exchange transactions</p> <p>2) Method of hedging and accounts hedged The risk of exchange fluctuation in foreign currency transactions is avoided through foreign exchange contracts, which are used as a means to finalize the price of sale or the price of acquisition.</p> <p>3) Hedging policy In order to improve the financial balance, hedging shall be conducted within the extent of liabilities involved.</p>	<p>4) Reserves for Officers' Bonuses Some domestic consolidated subsidiaries appropriated the amount to be incurred in the current interim consolidated accounting period of the expected amount to be paid in the current consolidated fiscal year in preparation for expenses of bonuses to officers. (Changes in Accounting Policy) From the current interim consolidated accounting period, "Accounting Standards for Officers' bonuses" (Issue No. 4 of Accounting Standards for Business Enterprises, November 29, 2005) has been applied. As a result of this, operating profit, ordinary profit and interim net profit before taxes, etc., decrease by ¥5,565 thousand.</p> <p>(4) Standards for converting important foreign currency denominated assets and liabilities into yen Same as on the left.</p> <p>(5) Treatment of important leasing transactions Same as on the left.</p> <p>(6) Method of accounting for major hedges</p> <p>1) Method of hedge accounting Same as on the left.</p> <p>2) Method of hedging and accounts hedged Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p>	<p>4) —</p> <p>(4) Standards for converting important foreign currency denominated assets and liabilities into yen Foreign currency denominated assets and liabilities are converted into yen at the spot exchange rate on the closing day of the consolidated accounting period, and the difference in conversion is entered as income or loss.</p> <p>(5) Treatment of important leasing transactions Same as on the left.</p> <p>(6) Method of accounting for major hedges</p> <p>1) Method of hedge accounting Same as on the left.</p> <p>2) Method of hedging and accounts hedged Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p>

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
<p>4) Method of evaluating the effectiveness of hedging In the period from hedging commencing time to the effectiveness determination time, the target of the hedge and the cumulative market fluctuation of the means of hedging shall be compared, and a determination will be made on the basis of factors such as the amount of fluctuation of both.</p> <p>(7) Other important matters for preparation of interim consolidated financial statements</p> <p>1) Method for treatment of deferred assets All the costs for new share issuance are treated as costs at the time of expenditure.</p> <p>2) Accounting treatment of consumption tax, etc. Accounting treatment of consumption tax, etc., employs a tax-excluded system.</p> <p>5. Scope of funds in interim consolidated cash flow statements The funds are cash, demand deposits that can be withdrawn at any time and short term investments which are easily convertible into cash that carries only a small risk of price fluctuation, and will reach maturity dates within 3 months from the dates on which they are acquired.</p>	<p>4) Method of evaluating the effectiveness of hedging Same as on the left.</p> <p>(7) Other important matters for preparation of interim consolidated financial statements</p> <p>1) Method for treatment of deferred assets Same as on the left.</p> <p>2) Accounting treatment of consumption tax, etc. Same as on the left.</p> <p>5. Scope of funds in interim consolidated cash flow statements Same as on the left.</p>	<p>4) Method of evaluating the effectiveness of hedging Same as on the left.</p> <p>(7) Other important matters for preparation of consolidated financial statements</p> <p>1) Method for treatment of deferred assets Same as on the left.</p> <p>2) Accounting treatment of consumption tax, etc. Same as on the left.</p> <p>5. Scope of funds in consolidated cash flow statements Same as on the left.</p>

Changes in Substantial Underlying Matters for Preparation of Interim Consolidated Financial Statements

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
<p>(Accounting Standards for Impairment of Fixed Assets) From the current interim consolidated accounting period, accounting standards for impairment of fixed assets ("Statement of Position on Establishment of Accounting Standards for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002) and "Application Guidelines of Accounting Standards for Impairment of Fixed Assets" (Issue No. 6 of Application Guidelines of Accounting Standards for Business Enterprises, October 31, 2003) have been applied. As a result of this, interim net profit before taxes, etc., decreased by ¥5,604 thousand. In this regard, accumulated amount of impairment losses is directly deducted from the amount of each asset, based on the revised regulations of interim consolidated financial statements.</p>	<p>—</p> <p>(Accounting Standards for Representation of Net Assets in the Balance Sheet) From the current interim consolidated accounting period, "Accounting Standards for Representation of Net Assets in the Balance Sheet" (Issue No. 5 of Accounting Standards for Business Enterprises, December 9, 2005) and "Guidelines for Application of Accounting Standards for Representation of Net Assets in the Balance Sheet" (Issue No. 8 of Application Guidelines of Accounting Standards for Business Enterprises, December 9, 2005) have been applied. The amount equal to the previous Total Stockholder Equity is ¥42,957,880 thousand. In this regard, Net Assets in the interim consolidated balance sheet in the current interim consolidated accounting period is prepared in compliance with the revised rules for interim consolidated financial statements in connection with the revised rules for interim consolidated financial statements. (Accounting Standards for Stock Option, etc.) From the current interim consolidated accounting period, "Accounting Standards for Stock Option, etc." (Issue No. 8 of Accounting Standards for Business Enterprises, December 27, 2005) and "Application Guidelines of Accounting Standards for Stock Option, etc." (Issue No. 11 of Application Guidelines of Accounting Standards for Business Enterprises, May 31, 2006) have been applied. As a result, operating profit, ordinary profit and interim net profit before taxes, etc., decreased by ¥8,961 thousand.</p>	<p>(Accounting Standards for Impairment of Fixed Assets) From the current consolidated fiscal year, accounting standards for impairment of fixed assets ("Statement of Position on Establishment of Accounting Standards for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002) and "Application Guidelines of Accounting Standards for Impairment of Fixed Assets" (Issue No. 6 of Application Guidelines of Accounting Standards for Business Enterprises, October 31, 2003) have been applied. As a result of this, interim net profit before taxes, etc., decreased by ¥5,604 thousand. In this regard, accumulated amount of impairment losses is directly deducted from the amount of each asset, based on the revised regulations of consolidated financial statements.</p>

Changes in Method of Notation

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)
<p>(Interim Consolidated Profit and Loss Statement)</p> <p>“Officer’s Compensation” in Selling, General & Admin. Expenses has been included in “Others” of Selling, General & Admin. Expenses by the previous interim consolidated accounting period, but as it exceeded 10/100 of the total amount of Selling, General & Admin. Expenses, it was separately stated.</p> <p>In this regard, the amount of “Officer’s Compensation” in the previous interim consolidated accounting period was ¥150,745 thousand.</p>	<p>(Interim Consolidated Profit and Loss Statement)</p> <ol style="list-style-type: none"> 1. “Officer’s Compensation” (¥162,530 thousand in the current interim consolidated accounting period) in Selling, General & Admin. Expenses, which had been separately stated by the previous interim consolidated accounting period, are stated in “Others” in Selling, General & Admin. Expenses, because they decreased to less than 10/100 of the total amount of Selling, General & Admin. Expenses. 2. “Compensation for insufficient payment” (¥6,846 thousand in the current interim consolidated accounting period), in Non-operating Expenses, which had been separately stated by the previous interim consolidated accounting period, is stated in “Others” in Non-operating Expenses because it decreased to less than 10/100 of the total amount of Non-operating Expenses. 3. “Transfer to allowance for doubtful accounts” in Extraordinary losses has been included in “Others” of Extraordinary losses by the previous interim consolidated accounting period, but as it exceeded 10/100 of the total amount of Extraordinary losses, it was separately stated. In this regard, the amount of “Transfer to allowance for doubtful accounts” in the previous interim consolidated accounting period was ¥17,230 thousand.

Explanatory Notes
(Notes Related to Interim Consolidated Balance Sheet)

End of Previous Interim Consolidated Accounting Period (as of September 30, 2005)	End of Current Interim Consolidated Accounting Period (as of September 30, 2006)	Previous consolidated fiscal year (as of March 31, 2006)
<p>*1 Accumulated depreciation of tangible fixed assets</p> <p align="right">¥22,471,250 thousand</p>	<p>*1 Accumulated depreciation of tangible fixed assets</p> <p align="right">¥23,869,162 thousand</p>	<p>*1 Accumulated depreciation of tangible fixed assets</p> <p align="right">¥22,786,810 thousand</p>
<p>*2 Assets provided as security and secured debt are as follows:</p> <p>Security assets: (in thousands of yen)</p> <p>Buildings and structures</p> <p align="right">2,643,683 (2,643,683)</p> <p>Machinery, equipment and delivery equipment</p> <p align="right">1,432,710 (1,432,710)</p> <p>Tools and fixtures</p> <p align="right">35,896 (35,896)</p> <p>Land</p> <p align="right">258,342 (191,025)</p> <p><u>Total</u></p> <p align="right">4,370,632 (4,303,315)</p> <p>Secured debt: (in thousands of yen)</p> <p>Short term borrowings</p> <p align="right">150,000 (150,000)</p> <p>Current portion of long term borrowings payable within one year</p> <p align="right">6,000 (6,000)</p> <p>Long term borrowings</p> <p align="right">1,000 (1,000)</p> <p><u>Total:</u></p> <p align="right">157,000 (157,000)</p> <p>The figures in the brackets show mortgages of the Factory Foundation and its liabilities.</p>	<p>*2 Assets provided as security and secured debt are as follows:</p> <p>Security assets: (in thousands of yen)</p> <p>Buildings and structures</p> <p align="right">4,286,392 (4,286,392)</p> <p>Machinery, equipment and delivery equipment</p> <p align="right">3,376,015 (3,376,015)</p> <p>Tools and fixtures</p> <p align="right">58,627 (58,627)</p> <p>Land</p> <p align="right">258,342 (191,025)</p> <p><u>Total</u></p> <p align="right">7,979,377 (7,912,060)</p> <p>Secured debt: (in thousands of yen)</p> <p>Short term borrowings</p> <p align="right">150,000 (150,000)</p> <p>Current portion of long term borrowings payable within one year</p> <p align="right">1,000 (1,000)</p> <p><u>Total:</u></p> <p align="right">151,000 (151,000)</p> <p>The figures in the brackets show mortgages of the Factory Foundation and its liabilities.</p>	<p>*2 Assets provided as security and secured debt are as follows:</p> <p>Security assets: (in thousands of yen)</p> <p>Buildings and structures</p> <p align="right">4,446,373 (4,446,373)</p> <p>Machinery, equipment and delivery equipment</p> <p align="right">3,828,422 (3,828,422)</p> <p>Tools and fixtures</p> <p align="right">67,948 (67,948)</p> <p>Land</p> <p align="right">258,342 (191,025)</p> <p><u>Total</u></p> <p align="right">8,601,087 (8,533,770)</p> <p>Secured debt: (in thousands of yen)</p> <p>Short term borrowings</p> <p align="right">150,000 (150,000)</p> <p>Current portion of long term borrowings payable within one year</p> <p align="right">4,000 (4,000)</p> <p><u>Total:</u></p> <p align="right">154,000 (154,000)</p> <p>The figures in the brackets show mortgages of the Factory Foundation and its liabilities.</p>
<p>*3 The submitting company has executed an overdraft agreement with three correspondent banks for the purpose of efficient procurement of operating capital. The following are unused lines of credit based on these agreements as of the end of the current interim consolidated accounting period:</p> <p align="right">(in thousands of yen)</p> <p>Current account overdrafts</p> <p align="right">¥2,050,000</p> <p>Draw-downs</p> <p align="right">¥190,000</p> <p><u>Net</u></p> <p align="right">¥1,860,000</p>	<p>*3 The submitting company has executed an overdraft agreement with five correspondent banks for the purpose of efficient procurement of operating capital. The following are unused lines of credit based on these agreements as of the end of the current interim consolidated accounting period:</p> <p align="right">(in thousands of yen)</p> <p>Current account overdrafts</p> <p align="right">¥5,450,000</p> <p>Draw-downs</p> <p align="right">¥190,000</p> <p><u>Net</u></p> <p align="right">¥5,260,000</p>	<p>*3 The submitting company has executed an overdraft agreement with five correspondent banks for the purpose of efficient procurement of operating capital. The following are unused lines of credit based on these agreements as of the end of the current consolidated fiscal year:</p> <p align="right">(in thousands of yen)</p> <p>Current account overdrafts</p> <p align="right">¥5,450,000</p> <p>Draw-downs</p> <p align="right">¥190,000</p> <p><u>Net</u></p> <p align="right">¥5,260,000</p>
<p>*4 —</p>	<p>*4 Notes to be Matured at the End of Interim Consolidated Accounting Period</p> <p>For accounting treatment of notes to be matured at the end of interim consolidated accounting period, it is settled as of the clearance date of notes. As the end of the current interim consolidated accounting period fall on a bank holiday, the notes to be matured at the end of the next interim consolidated accounting period are included in the balance at the end of interim consolidated accounting period.</p> <p align="right">(in thousands of yen)</p> <p>Notes receivable</p> <p align="right">¥461,654</p> <p>Notes payable</p> <p align="right">¥444,696</p>	<p>*4 —</p>

(Notes to Related Interim Consolidated Profit and Loss Statement)

Previous Interim Consolidated Accounting Period (April 1, 2005 to September 30, 2005)	Current Interim Consolidated Accounting Period (April 1, 2006 to September 30, 2006)	Previous consolidated fiscal year (April 1, 2005 to March 31, 2006)																										
<p>*1 —</p>	<p>*1 Profit from sale of fixed assets is ¥3,867,000, From sale of machinery, equipment and delivery equipment.</p>	<p>*1 Profit from sale of fixed assets are as follows: (in thousands of yen)</p> <table border="0"> <tr> <td>Tools and fixtures</td> <td align="right">¥1,759</td> </tr> <tr> <td>Machinery, equipment and delivery equipment</td> <td align="right">¥264</td> </tr> <tr> <td>Total</td> <td align="right">¥2,023</td> </tr> </table>	Tools and fixtures	¥1,759	Machinery, equipment and delivery equipment	¥264	Total	¥2,023																				
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<p>*2. Loss on retirement of fixed assets are as follows: (in thousands of yen)</p> <table border="0"> <tr> <td>Building and Structure</td> <td align="right">¥4,354</td> </tr> <tr> <td>Machinery, equipment and delivery equipment</td> <td align="right">¥3,502</td> </tr> <tr> <td><u>Others</u></td> <td align="right"><u>¥5,342</u></td> </tr> <tr> <td>Total</td> <td align="right">¥13,199</td> </tr> </table>	Building and Structure	¥4,354	Machinery, equipment and delivery equipment	¥3,502	<u>Others</u>	<u>¥5,342</u>	Total	¥13,199	<p>*2. Loss on retirement of fixed assets are as follows: (in thousands of yen)</p> <table border="0"> <tr> <td>Machinery, equipment and delivery equipment</td> <td align="right">¥10,032</td> </tr> <tr> <td>Tools and fixtures</td> <td align="right">¥1,079</td> </tr> <tr> <td><u>Expense for disposal of facilities</u></td> <td align="right"><u>¥416</u></td> </tr> <tr> <td>Total</td> <td align="right">¥11,528</td> </tr> </table>	Machinery, equipment and delivery equipment	¥10,032	Tools and fixtures	¥1,079	<u>Expense for disposal of facilities</u>	<u>¥416</u>	Total	¥11,528	<p>*2. Loss on retirement of fixed assets are as follows: (in thousands of yen)</p> <table border="0"> <tr> <td>Machinery, equipment and delivery equipment</td> <td align="right">¥293,935</td> </tr> <tr> <td>Building and Structure</td> <td align="right">¥27,866</td> </tr> <tr> <td>Expense for disposal of facilities</td> <td align="right">¥9,328</td> </tr> <tr> <td><u>Tools and fixtures</u></td> <td align="right"><u>¥6,472</u></td> </tr> <tr> <td>Total</td> <td align="right">¥337,602</td> </tr> </table>	Machinery, equipment and delivery equipment	¥293,935	Building and Structure	¥27,866	Expense for disposal of facilities	¥9,328	<u>Tools and fixtures</u>	<u>¥6,472</u>	Total	¥337,602
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<p>*3. —</p>	<p>*3. Loss on sale of fixed assets is ¥1,424,000, From sale of machinery, equipment and delivery equipment.</p>	<p>*3 Loss on sale of fixed assets are as follows: (in thousands of yen)</p> <table border="0"> <tr> <td>Machinery, equipment and delivery equipment</td> <td align="right">¥370</td> </tr> <tr> <td><u>Telephone subscription right</u></td> <td align="right"><u>¥71</u></td> </tr> <tr> <td>Total</td> <td align="right">¥442</td> </tr> </table>	Machinery, equipment and delivery equipment	¥370	<u>Telephone subscription right</u>	<u>¥71</u>	Total	¥442																				
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<p>Our group makes grouping of leased assets and dormant assets by each asset based on the segment of business type. In the current interim consolidated accounting period, book value was reduced to the recoverable value with respect to the dormant assets whose market value largely decreased. The reduced amount was appropriated in Extraordinary losses as loss on impairment (¥5,604 thousand). Breakdown is Land of ¥1,197 thousand and investment real property of ¥4,407 thousand. In this regard, recoverable value of the assets is measured by the net sales price and evaluated on the basis of fixed assets tax valuation amount.</p>		<p>Our group makes grouping of leased assets and dormant assets by each asset based on the segment of business type. In the current consolidated fiscal year, book value was reduced to the recoverable value with respect to the dormant assets whose market value largely decreased. The reduced amount was appropriated in Extraordinary losses as loss on impairment (¥5,604 thousand). Breakdown is Land of ¥1,197 thousand and investment real property of ¥4,407 thousand. In this regard, recoverable value of the assets is measured by the net sales price and evaluated on the basis of fixed assets tax valuation amount.</p>																										
<p>*5 Since tax effect accounting by the simplified method is applied to Tax expenses in the current interim consolidated accounting period, adjustment of corporate income tax, etc. is included in "Corporate income tax, local resident tax and enterprise tax."</p>	<p>*5 Same as at the left.</p>	<p>*5 —</p>																										

(Notes Related to Statement of Interim Consolidated Shareholders' Equity Fluctuation)

Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)

1. Matters concerning Types and Total Number of Outstanding Shares and Types and Number of Shares of Treasury Stock

	Number of shares at the end of previous consolidated fiscal year (shares)	Number of shares increased in the current interim consolidated accounting period (shares)	Number of shares decreased in the current interim consolidated accounting period (shares)	Number of shares at the end of the current interim consolidated accounting period (shares)
Outstanding shares				
Common stock (Note) 1	36,526,129	20,900	—	36,547,029
Total	36,526,129	20,900	—	36,547,029
Treasury stock				
Common stock (Note) 2	1,053,997	164,430	—	1,218,427
Total	1,053,997	164,430	—	1,218,427

- (Note) 1. Increase in total number of outstanding shares of common stock of 20,900 shares is due to the exercise of new share subscription rights (including exercise of preemptive rights under the former Commercial Code, Article 280-19, paragraph 1).
2. Increase in number of the common stock of treasury stock of 164,430 shares consists of the increase of 830 shares by the purchase of odd stock and the increase of 163,600 shares by the purchase based on the resolution of the board of directors.

2. Matters related to New Shares Subscription Right

Classification	Details of new share subscription rights	Classes of shares subject to the new share subscription rights	Number of shares subject to the new share subscription rights (shares)				Balance at the end of the current interim consolidated accounting period (thousand yen)
			At the end of previous consolidated fiscal year	Increase in the current interim consolidated accounting period	Decrease in the current interim consolidated accounting period	At the end of the current interim consolidated accounting period	
Submitting Company (Parent)	New share subscription rights as stock option	—	—	—	—	—	8,961
	Total	—	—	—	—	—	8,961

3. Matters concerning Dividends

(1) Dividend Amount

Resolution	Type of stock	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders held on June 29, 2006	Common stock	1,170,580	33.00	March 31, 2006	June 30, 2006

- (2) Out of dividends whose record date belongs to the current interim period, the effective date of dividend is after the end of the interim period:
No applicable matter.

(Notes Related to Interim Consolidated Cash Flow Statement)

Previous Interim Consolidated Accounting Period (April 1, 2005 to September 30, 2005)	Current Interim Consolidated Accounting Period (April 1, 2006 to September 30, 2006)	Previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
* Relationship between the final figures of cash and cash equivalents at end of the interim period and the amounts of items shown in the interim consolidated balance sheets. (As of September 30, 2005) (in thousands of yen)	* Relationship between the final figures of cash and cash equivalents at end of the interim period and the amounts of items shown in the interim consolidated balance sheets. (As of September 30, 2006) (in thousands of yen)	* Relationship between the final figures of cash and cash equivalents at end of the year and the amounts of items shown in the consolidated balance sheets. (As of March 31, 2006) (in thousands of yen)
Cash and deposits ¥4,865,406	Cash and deposits ¥6,833,261	Cash and deposits ¥6,568,685
Fixed term deposits for a term longer than three months Δ¥720,036	Fixed term deposits for a term longer than three months Δ¥745,000	Fixed term deposits for a term longer than three months Δ¥1,260,039
Cash and cash equivalents ¥4,145,369	Cash and cash equivalents ¥6,088,261	Cash and cash equivalents ¥5,308,645

(Notes Related to Leasing Transaction)

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)																																																												
Finance-lease transactions except for which titles to the leased items are deemed to be transferred to the lessee.	Finance-lease transactions except for which titles to the leased items are deemed to be transferred to the lessee.	Finance-lease transactions except for which titles to the leased items are deemed to be transferred to the lessee.																																																												
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Other	181,919	43,059	138,859																																																											
Total	296,991	104,662	192,329																																																											
(Notes) The amount equivalent to acquisition prices are calculated on an interest paid included basis because the prepaid lease balance makes up such a small portion of tangible asset balance at the end of interim period.	(Note) Same as on the left.	(Note) The amount equivalent to acquisition prices are calculated on an interest paid included basis because the prepaid lease balance makes up such a small portion of tangible asset balance at the end of term.																																																												
2. Amount equivalent to prepaid lease balance at the end of interim period, etc. Amount equivalent to prepaid lease balance at the end of interim period	2. Amount equivalent to prepaid lease balance at the end of interim period, etc. Amount equivalent to prepaid lease balance at the end of interim period	2. Amount equivalent to prepaid lease balance at the end of term, etc. Amount equivalent to prepaid lease balance at the end of term																																																												
(Thousands of yen)	(Thousands of yen)	(Thousands of yen)																																																												
Less than 1 year ¥45,172	Less than 1 year ¥58,141	Less than 1 year ¥54,346																																																												
More than 1 year ¥96,301	More than 1 year ¥149,063	More than 1 year ¥137,982																																																												
Total: ¥141,474	Total: ¥207,205	Total: ¥192,329																																																												
(Note) The amount equivalent to the prepaid lease balance at the end of the interim period is calculated on an interest paid included basis because this balance makes up such a small portion of tangible asset balance at the end of interim period.	(Note) Same as on the left.	(Note) The amount equivalent to the prepaid lease balance at the end of the term is calculated on an interest paid included basis because this balance makes up such a small portion of tangible asset balance at the end of term.																																																												
3. Prepaid lease payments, reversal amount of lease assets impairment account, depreciation cost equivalents and impairment losses:	3. Prepaid lease payments, reversal amount of lease assets impairment account, depreciation cost equivalents and impairment losses:	3. Prepaid lease payments, reversal amount of lease assets impairment account, depreciation cost equivalents and impairment losses:																																																												
(Thousands of yen)	(Thousands of yen)	(Thousands of yen)																																																												
(1) Prepaid lease payments: ¥23,006	(1) Prepaid lease payments: ¥29,283	(1) Prepaid lease payments: ¥48,767																																																												
(2) Depreciation cost equivalent: ¥23,006	(2) Depreciation cost equivalent: ¥29,283	(2) Depreciation cost equivalent: ¥48,767																																																												
4. Method for calculating depreciation cost equivalent:	4. Method for calculating depreciation cost equivalent:	4. Method for calculating depreciation cost equivalent:																																																												
The straight line method is adopted, where the period of lease is set as the useful life and the salvage value is set at zero.	Same as on the left.	Same as on the left.																																																												
(Regarding Impairment Losses) There is no impairment loss allocated to lease assets.	(Regarding Impairment Losses) Same as on the left.	(Regarding Impairment Losses) Same as on the left.																																																												

(Notes Related to Securities)

End of previous interim consolidated accounting period (as of September 30, 2005)

1. Other Market Value bearing Securities

(in thousands of yen)

	Acquisition Cost	Value shown on Interim Consolidated Balance Sheet	Balance
(1) Equity Shares	699,166	2,127,650	1,428,484
(2) Others	434,755	443,604	8,848
Total	1,133,921	2,571,254	1,437,332

2. Major Securities Not Marked to Market

(in thousands of yen)

	Value shown on Interim Consolidated Balance Sheet
Other Securities	
Unlisted Shares	436,643
Unlisted foreign investment trust	101,871

End of current interim consolidated accounting period (as of September 30, 2006)

1. Other Market Value bearing Securities

(in thousands of yen)

	Acquisition Cost	Value shown on Interim Consolidated Balance Sheet	Balance
(1) Equity Shares	440,811	2,027,639	1,586,827
(2) Others	239,596	251,242	11,646
Total	680,407	2,278,882	1,598,474

2. Major Securities Not Marked to Market

(in thousands of yen)

	Value shown on Interim Consolidated Balance Sheet
Other Securities	
Unlisted Shares	434,116
Others	166,959

End of previous consolidated fiscal year (as of March 3, 2006)

1. Other Market Value bearing Securities

(in thousands of yen)

	Acquisition Cost	Value shown on Consolidated Balance Sheet	Balance
(1) Equity Shares	440,013	2,204,559	1,764,546
(2) Others	438,911	453,991	15,079
Total	878,925	2,658,551	1,779,625

2. Major Securities Not Marked to Market

(in thousands of yen)

	Value shown on Consolidated Balance Sheet
Other Securities	
Unlisted Shares	432,464
Others	131,137

(Note) In the current consolidated fiscal year, with regard to the securities without market value, impairment of ¥152,773,000 was made.

In this connection, in impairment of securities without market value, all of them are impaired if the interest of the Company in net asset value of the pertinent company at the end of year has decreased by over 50% against acquisition cost. If it has decreased by 30-50%, impairment is made for the necessary amount, taking recoverability into consideration.

(Notes Related to Derivative Transactions)

Previous interim consolidated accounting period (as of September 30, 2005)

No applicable matters as there is no balance at the end of interim period.

Current interim consolidated accounting period (as of September 30, 2006)

No applicable matters as our Group does not use derivative transactions.

At the end of previous consolidated fiscal year (as of March 31, 2006)

No applicable matters as there is no balance at the end of the term.

(Stock Option, etc.)

1. Current Interim Consolidated Accounting Period (From April 1, 2006 to September 30, 2006)

Amount of Expenses appropriated and Item in the Current Interim Consolidated Accounting Period concerning Stock Option

Sales cost, Selling, General & Admin. Expenses ¥8,961 thousand

2. Details of Stock Option granted in the Current Interim Consolidated Accounting Period

	Stock Option for Directors as the compensation in 2006
Classification and number of persons to be granted	Directors of the Company: 7 persons
Number of stock options granted by type of stock	Common stock: 39,000 shares
Granted Date	August 12, 2006
Condition for Ascertained Claim	Condition for ascertained claim is not attached, but the condition for exercising the right is as follows: - To be in position of Director of the Company at the time of exercising right.
Subject period of service	1 year and 11 months (From August 1, 2006 to June 30, 2008)
Period for exercising rights	From: July 1, 2008 To: June 30, 2011
Price of exercising rights (yen)	1,810
Fair valued unit price at the granted date (yen)	433

Stock Option for Employees in 2006	
Classification and number of persons to be granted	Employees of the Company: 220 persons Directors and Employees of affiliated companies: 5 persons
Number of stock options granted by type of stock	Common stock: 199,000 shares
Granted Date	August 12, 2006
Condition for Ascertained Claim	Condition for ascertained claim is not attached, but the condition for exercising the right is as follows: - To be an employee of the Company or a director or an employee of the subsidiaries of the Company at the time of exercising rights.
Subject period of service	1 year and 11 months (From August 1, 2006 to June 30, 2008)
Period for exercising rights	From: July 1, 2008 To: June 30, 2011
Price of exercising rights (yen)	1,810
Fair valued unit price at the granted date (yen)	433

(Segment Information)

Segment Information by Business Category

Previous interim consolidated accounting period (From April 1, 2005 to September 30, 2005)

(Thousands of yen)

	Manufacturing and sales of industrial materials, etc.	Other businesses	Total	Elimination or all companies	Consolidation
Sales					
(1) Sales to outside customers	21,849,288	297,379	22,146,667	—	22,146,667
(2) Inter-segmental internal sales or transfers	1,697	—	1,697	(1,697)	—
Total	21,850,985	297,379	22,148,365	(1,697)	22,146,667
Operating expenses	19,771,845	255,056	20,026,901	2,201	20,029,103
Operating income	2,079,140	42,322	2,121,463	(3,899)	2,117,564

- Notes:
1. Segmentation of businesses
Businesses engaged by the Company are segmented, taking into account product lines and similarity of related markets.
 2. Main products categorized into respective business category

Business category	Main products, etc.
Manufacturing and Sales of Industrial materials, etc.	Manufacture and sale of electronic materials, display materials, electric insulating materials and industrial-use structural materials, and the purchase and sale of related products.
Other businesses	Management of golf driving ranges, and purchase and sale of sports and recreation equipment

Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)

As a result of liquidation of Arisawa Sporting Goods Co., Ltd, which conducted other businesses in the previous consolidated fiscal year, in the current interim consolidated accounting period, either ratio of sales and operating profit of other businesses to the total sales and total operating profit of all segments is significantly below 10%, and this is expected to continue in the future, statement of segment information by business category is omitted.

	Manufacturing and sales of industrial materials, etc.	Other businesses	Total	Elimination or all companies	Consolidation
Sales					
(1) Sales to outside customers	44,348,745	410,855	44,759,600	—	44,759,600
(2) Inter-segmental internal sales or transfers	1,914	—	1,914	(1,914)	—
Total	44,350,660	410,855	44,761,515	(1,914)	44,759,600
Operating expenses	40,525,038	400,468	40,925,506	5,871	40,931,378
Operating income	3,825,621	10,386	3,836,008	(7,786)	3,828,222

(Note) 1. Segmentation of businesses

Businesses engaged by the Company are segmented, taking into account product lines and similarity of related markets.

2. Main products categorized into respective business category

Business category	Main products, etc.
Manufacturing and Sales of Industrial materials, etc.	Manufacture and sale of electronic materials, display materials, electric insulating materials and industrial-use structural materials, and the purchase and sale of related products.
Other businesses	Management of golf driving ranges, and purchase and sale of sports and recreation equipment

3. As stated in "Changes in Accounting Policy" of "Substantial Underlying Matters for Preparing Consolidated Financial Statements," from the current consolidated fiscal year, "Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 3 of Accounting Standards for Business Enterprises, March 16, 2005) and "Guidelines for Application concerning Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 7 of Application Guidelines of Accounting Standards for Business Enterprises, March 16, 2005) have been applied. In connection with this amendment, for operating expenses in the current consolidated fiscal year, manufacture and sales of industrial materials decreased by ¥1,438 thousand and operating profit increased by the same amount as compared to the results in accordance with the previous method.

Segment Information by Location

There is no applicable matter as there is no consolidated subsidiary or overseas branch office located in any country or region other than Japan for the previous interim consolidated accounting period (from April 1, 2005 to September 30, 2005), current interim consolidated accounting period (from April 1, 2006 to September 30, 2006) and previous consolidated fiscal year (from April 1, 2005 to March 31, 2006).

Overseas Sales

Previous interim consolidated accounting period (From April 1, 2005 to September 30, 2005)

	Asia	North America	Other regions	Total
I. Overseas Sales (thousand yen)	7,468,131	2,670,823	205,585	10,344,540
II. Consolidated Sales (thousand yen)				22,146,667
III. Proportion of Overseas Sales to Consolidated Sales (%)	33.7	12.1	0.9	46.7

Current interim consolidated accounting period (From April 1, 2006 to September 30, 2006)

	Asia	North America	Other regions	Total
I. Overseas Sales (thousand yen)	7,213,222	2,852,351	346,643	10,412,217
II. Consolidated Sales (thousand yen)				24,431,730
III. Proportion of Overseas Sales to Consolidated Sales (%)	29.5	11.7	1.4	42.6

Previous Consolidated Fiscal Year (From April 1, 2005 to March 31, 2006)

	Asia	North America	Other regions	Total
I. Overseas Sales (thousand yen)	14,594,838	4,641,845	418,093	19,654,776
II. Consolidated Sales (thousand yen)				44,759,600
III. Proportion of Overseas Sales to Consolidated Sales (%)	32.6	10.4	0.9	43.9

- (Note) 1. The regions are classified by geographical proximity.
2. The respective regions are composed of the following countries.
 Asia: Korea, China, Taiwan, Malaysia, etc.
 North America: USA and Canada
3. Overseas sales are the sales (including indirect exports) by the Company and consolidated subsidiaries of countries or areas other than Japan.

(Per share information)

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
Net asset per share ¥1,127.14	Net asset per share ¥1,215.95	Net asset per share ¥1,209.94
Net profit per share for the interim period ¥52.27	Net profit per share for the interim period ¥45.13	Net profit per share for the current term ¥108.06
Fully diluted net profit per share for the interim period ¥52.14	Fully diluted net profit per share for the interim period ¥44.97	Fully diluted net profit per share for the current term ¥107.82
		In the current consolidated fiscal year, the Company carried out a stock split at a ratio of 1: 1.1 of the shares of the company as of May 20, 2005, and the per share information for the previous consolidated fiscal year is as follows, on assumption that the stock split was made on the beginning of the previous consolidated fiscal year.
		Net asset per share ¥1,138.10
		Net profit per share for the current term ¥197.05
		Fully diluted net profit per share for the current term ¥195.66

(Note) Net profit per share and fully diluted net profit per share for the interim (current) period are calculated on the basis of the following:

	The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)
Net profit per share for the interim (current) period			
Net Profit for the interim (current) period (thousands of yen)	1,897,148	1,599,522	3,892,589
Amounts that are not attributable to common share holders (thousands of yen):	—	—	8,393
(of those, officers' bonuses by profit appropriation)	—	—	(8,393)
Net profit for common shares for the interim (current) period (thousands of yen)	1,897,148	1,599,522	3,884,196
Average number of shares during the term	36,293,719	35,440,415	35,946,424
Fully diluted net profit per share for the interim (current) period			
Adjusted amount of net profit for the interim (current) period (thousands of yen)	—	—	—
Increase in number of common shares	90,881	20,900	77,228
(Of those, number of new share subscription rights)	(90,881)	(20,900)	(77,228)
The outline of potential dilution includes no dilution in the calculation of net profit per share after dilution for the interim (current) period due to the absence of dilutive effects:	One type of new share subscription rights under the provisions of the Commercial Code, Article 280-20 and Article 280-21 (Number of new share subscription rights: 4,561 shares).	One type of new share subscription rights under the provisions of the Commercial Code, Article 280-20 and Article 280-21 (Number of new share subscription rights: 6,036 shares).	One type of new share subscription rights under the provisions of the Commercial Code, Article 280-20 and Article 280-21 (Number of new share subscription rights: 6,286 shares).

(Significant subsequent events)

The previous interim consolidated accounting period (April 1, 2005 to September 30, 2005)	The current interim consolidated accounting period (April 1, 2006 to September 30, 2006)	The previous consolidated fiscal year (April 1, 2005 to March 31, 2006)								
<p>1. Merger with Arisawa PG Co., Ltd. The Company entered into a merger agreement as of September 22, 2005 and merged on December 1, 2005, for the purpose of efficient organizational operations of the display business and a synergistic effect of technology by merging with Arisawa PG Co., Ltd., our wholly owned subsidiary. Matters concerning the merger are stated in the "Significant subsequent events" in "2 Interim Financial Statements, etc."</p> <p>2. Dissolution of Arisawa Sporting Goods Co., Ltd. The Company adopted a resolution, at the board of directors' meeting held as of September 22, 2005, that Arisawa Sporting Goods Co., Ltd., one of our consolidated subsidiaries shall be dissolved. In this regard, the overview of the dissolved company is stated in the "Significant subsequent events" in "2 Interim Financial Statements, etc."</p> <p>(1) Reasons for Dissolution Arisawa Sporting Goods Co., Ltd. has been engaged in the import and sale of sporting goods, but improvement in performance cannot be expected due to deterioration of the business environment. Therefore, for more efficient business management, we have decided to transfer and concentrate the business of the company to Shinano Co., Ltd., one of our equity method affiliated companies and that the company shall be dissolved.</p> <p>(2) Schedule of Dissolution It is expected that the company shall be dissolved by the end of January 2006.</p> <p>3. Purchase of Treasury Stock The Company adopted a resolution, at the board of directors' meeting held as of July 22, 2005, based on the provisions of Article 211-3, paragraph 1, item 2 of the Commercial Code, that the Company shall purchase treasury stocks for the purpose of greater capital efficiency. The details of purchase state are reported in the "Significant subsequent events" in "2 Interim Financial Statements, etc."</p>	<p>1. Acquisition of Treasury Stocks The Company adopted a resolution at the board of directors' meeting held on July 25, 2006 to acquire treasury stocks under the provisions of Article 156 of the Corporation Law the reading of which has been changed to be applied under the provisions of Article 165, paragraph 3 of the Corporation Law.</p> <p>(1) Reasons for Acquisition of Treasury Stocks To carry out expeditious capital policy.</p> <p>(2) Details of Acquisition</p> <p>1) Type of shares to be acquired Common shares of the Company</p> <p>2) Total number of shares to be acquired 500,000 shares (upper limit)</p> <p>3) Total acquired amount of shares ¥1,250,000,000 (upper limit)</p> <p>4) Period for purchasing treasury stocks From August 1, 2006 to January 19, 2007 Also, 163,600 shares and total amount of ¥278,340 thousand were purchased as of September 30, 2006.</p>	<p>Dissolution of Kei Ski Garage, Ltd. The Company has adopted a resolution to dissolve Kei Ski Garage, Ltd., a non-consolidated subsidiary, on January 26, 2006.</p> <p>(1) Reasons for Dissolution Kei Ski Garage, Ltd. has been engaged in manufacture and sale of skis, but since the improvement of performance cannot be expected due to deterioration in the business environment, we decided to dissolve the company.</p> <p>(2) Overview of the Dissolved Company</p> <p>1) Trade name Kei Ski Garage, Ltd.</p> <p>2) Address of head office 1-5-5 Minami-Honcho, Joetsu City, Niigata Prefecture</p> <p>3) Representative Kiyoshi Kanai</p> <p>4) Business line Manufacture and sale of skis, purchase and sale of sports wear and accessories</p> <p>5) Date of incorporation November 20, 1997</p> <p>6) Capital amount ¥15 million</p> <p>7) Shareholder composition Arisawa Manufacturing Co., Ltd. 94% Director: Hideo Komori 3% Director: Satoru Kasuya 3%</p> <p>8) Business results for the year ending March 2005</p> <table data-bbox="1055 1228 1409 1354"> <tr> <td>Sales</td> <td>¥74 million</td> </tr> <tr> <td>Operating profit</td> <td>Δ¥8 million</td> </tr> <tr> <td>Ordinary profit</td> <td>Δ¥8 million</td> </tr> <tr> <td>Current net profit</td> <td>Δ¥8 million</td> </tr> </table> <p>(3) Losses of the Company in connection with Dissolution Expected loss of ¥15,596 thousand, including waiver of loan claims is appropriated in Extraordinary losses for the current period.</p> <p>(4) Schedule of Dissolution It was dissolved as of March 31, 2006 and liquidation is to be completed by the end of June 2006.</p>	Sales	¥74 million	Operating profit	Δ¥8 million	Ordinary profit	Δ¥8 million	Current net profit	Δ¥8 million
Sales	¥74 million									
Operating profit	Δ¥8 million									
Ordinary profit	Δ¥8 million									
Current net profit	Δ¥8 million									

Summary of Individual Interim Financial Statements

Name of Listed Company: Arisawa Manufacturing Co., Ltd.

Listed on the 1st Section of Tokyo Stock Exchange

Code No.: 5208

Prefecture where Head Office is located

(url http://www.arisawa.co.jp/)

Niigata Prefecture

Representative:

President and CEO: Sanji Arisawa

Contact Person:

Director & Managing Operating Officer: Tetsuro Iizuka TEL: (025) 524-7101

Date of Board of Directors

Commencement date of payment for interim dividend: —

Meeting for Interim Closing: October 24, 2006

Adoption of group share plan: Yes (1 group: 100 shares)

1. Business Results for Interim Accounting Period of 2006 (From April 1, 2006, to September 30, 2006)

(1) Operating Results

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

	Sales amount		Operating profit		Ordinary profit	
	(million yen)	%	(million yen)	%	(million yen)	%
Interim Accounting Period of 2006	22,907	11.9	1,528	Δ9.3	2,346	Δ1.2
Interim Accounting Period of 2005	20,475	Δ32.1	1,686	Δ68.0	2,373	Δ58.3
Fiscal Year Ending March 31, 2006	41,696		2,982		3,676	

	Interim (current) net profit		Interim (current) net profit per share
	(million yen)	%	(Yen, Sen)
Interim Accounting Period of 2006	1,555	10.4	43.88
Interim Accounting Period of 2005	1,408	Δ9.0	38.80
Fiscal Year Ending March 31, 2006	2,419		67.31

(Note) 1) Average number of shares during the accounting period:

Interim accounting Period of 2006: 35,440,415 shares, Interim accounting Period of 2005: 36,293,719 shares, FY2006: 35,946,424 shares

2) Change in accounting method: None

3) Indication of percentage of sales, operating profit, ordinary profit and interim (current) net profit shows the rate of increase or decrease against the previous interim accounting period.

(2) Financial Conditions

	Total assets	Net assets	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
Interim Accounting Period of 2006	48,802	33,408	68.4	945.38
Interim Accounting Period of 2005	46,744	33,325	71.3	927.37
Fiscal Year Ending March 31, 2006	45,884	33,370	72.7	940.76

(Note) 1. Number of outstanding shares at the end of period:

Interim accounting Period of 2006: 35,328,602 shares, Interim accounting Period of 2005: 35,935,054 shares, FY2006: 35,472,132 shares

2. Number of treasury stocks at the end of period: Interim accounting Period of 2006: 1,218,427 shares, Interim accounting Period of 2005: 558,375 shares, FY2006: 1,053,997 shares

2. Forecasted Business Results for FY 2007 (From April 1, 2006 to March 31, 2007)

	Sales amount	Ordinary profit	Current net profit
	(million yen)	(million yen)	(million yen)
Full year	43,300	3,290	2,150

(Reference) Forecasted current net profit per share (Full year) 60 yen 86 sen

3. Dividend Status

- Cash dividend	Dividend per share (yen)		
	End of the interim period	End of Period	Full-year
Fiscal Year Ending March 31, 2006	—	33.00	33.00
Fiscal Year Ending March 31, 2007 (actual)	—	—	26.00
Fiscal Year Ending March 31, 2007 (forecast)	—	26.00	

* The above forecast was made based on the available information as of the date of announcement and results may differ in the future due to various factors.

2. [Interim Financial Statement, etc.]

(1) Interim Financial Statement

1) Interim Balance Sheet

Item	Note	End of Previous Interim Accounting Period (As of September 30, 2005)		End of Current Interim Accounting Period (As of September 30, 2006)		Condensed Balance Sheet for Previous Fiscal year (As of March 31, 2006)		
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	
(Assets)								
I. Current Assets								
1. Cash and deposits		3,848,894		5,331,121		5,449,609		
2. Notes receivable	*6	1,391,422		2,363,720		1,509,606		
3. Accounts receivable		8,314,193		9,898,705		7,728,694		
4. Inventories		6,756,047		7,046,654		6,578,097		
5. Deferred taxable assets		470,895		182,192		182,192		
6. Others		1,553,748		1,175,464		1,215,992		
Allowance for doubtful accounts		Δ10,765		Δ45,888		Δ49,346		
Total Current Assets			22,324,437	47.8		25,951,971	53.2	
II. Fixed Assets								
1. Tangible fixed assets								
(1) Buildings	*1	6,762,337		6,681,363		6,736,070		
(2) Machinery and Equipment	*2	7,272,267		6,599,903		6,667,486		
(3) Land	*2	1,389,464		1,391,077		1,389,464		
(4) Construction in progress		1,440,853		623,808		758,743		
(5) Others	*1	644,741		711,338		694,199		
Total Tangible Fixed Assets	*2	17,509,665		16,007,490		16,245,964		
2. Intangible Fixed Assets		105,564		143,397		92,583		
3. Investments and other assets								
(1) Investment Securities		2,991,488		2,754,649		3,098,885		
(2) Stocks of affiliated companies		2,992,243		3,309,501		3,219,463		
(3) Others		938,523		843,203		781,910		
Allowance for doubtful debts		Δ117,613		Δ207,757		Δ168,716		
Total investments and other assets		6,804,642		6,699,597		6,931,542		
Total Fixed Assets			24,419,872	52.2		22,850,485	46.8	
Total Assets			46,744,309	100.0		48,802,456	100.0	

Item	Note	End of Previous Interim Accounting Period (As of September 30, 2005)		End of Current Interim Accounting Period (As of September 30, 2006)		Condensed Balance Sheet for Previous Fiscal year (As of March 31, 2006)	
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Liabilities)							
I. Current Liabilities							
1. Notes payable	*6	4,908,840		6,502,566		5,271,614	
2. Accounts payable		4,738,701		4,925,787		4,127,286	
3. Short-term borrowings	*2 *4	190,000		190,000		190,000	
4. Accrued income tax and others		778,840		774,078		662,472	
5. Equipment notes payable		1,004,175		661,275		433,223	
6. Allowance for bonuses		455,551		819,818		618,181	
7. Others	*5	876,177		1,173,173		767,795	
Total Current Liabilities		12,952,287	27.7	15,046,701	30.8	12,070,573	26.3
II. Fixed Liabilities							
1. Deferred taxable liabilities		365,300		271,732		344,905	
2. Others		101,555		75,998		98,561	
Total Fixed Liabilities		466,855	1.0	347,730	0.7	443,466	1.0
Total Liabilities		13,419,143	28.7	15,394,432	31.5	12,514,040	27.3
(Stockholder Equity)							
I. Capital							
7,073,223 15.1 7,101,486 15.5							
II. Capital Surplus							
1. Capital reserve		6,185,254				6,213,517	
Total capital surplus		6,185,254	13.2			6,213,517	13.5
III. Earned Surplus							
1. Revenue reserve		748,262				748,262	
2. Voluntary reserve		16,351,790				16,351,790	
3. Unappropriated retained earnings at the end of interim period (current)		3,501,193				4,326,507	
Total earned surplus		20,601,247	44.1			21,426,561	46.7
V. Other Securities Valuation Differences							
		851,350	1.8			1,073,469	2.3
VI. Treasury Stock							
		Δ1,385,911	Δ2.9			Δ2,444,136	Δ5.3
Total Stockholder Equity		33,325,165	71.3			33,370,897	72.7
Total Liabilities and Stockholder Equity		46,744,309	100.0			45,884,937	100.0

Item	Note	End of Previous Interim Accounting Period (As of September 30, 2005)		End of Current Interim Accounting Period (As of September 30, 2006)		Condensed Balance Sheet for Previous Fiscal year (As of March 31, 2006)	
		Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)	Amount (thousand yen)	Com- position ratio (%)
(Net Assets)							
I. Shareholders' Equity							
1. Capital				7,117,251	14.6		
2. Capital surplus							
(1) Capital reserve				6,229,282			
Total capital surplus				6,229,282	12.8		
3. Earned surplus							
(1) Revenue reserve				748,262			
(2) Other earned surplus							
Reserve for dividends				171,600			
Reserve for advanced depreciation of fixed assets				59,989			
Reserve for special depreciation				2,489			
Contingent reserve				18,130,000			
Earned surplus carried forward				2,698,887			
Total Earned Surplus				21,811,229	44.7		
4. Treasury stock				Δ2,724,400	Δ5.6		
Total shareholders' equity				32,433,362	66.5		
II. Valuation and Translation Difference, etc.							
1. Other securities valuation differences				965,701	2.0		
Total valuation and translation difference, etc.				965,701	2.0		
III. New Share Subscription Rights							
Total Net Assets				33,408,024	68.5		
Total Liabilities and Net Assets				48,802,456	100.0		

2) Interim Statement of Income

Item	Note	Previous Interim Accounting Period (From April 1, 2005 to September 30, 2005)		Current Interim Accounting Period (From April 1, 2006 to September 30, 2006)		Condensed statement of income for previous Fiscal year (From April 1, 2005 to March 31, 2006)	
		Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)
I. Sales		20,475,304	100.0	22,907,321	100.0	41,696,008	100.0
II. Sales Cost		17,116,365	83.6	19,650,429	85.8	35,422,091	84.9
Gross profit on sales		3,358,939	16.4	3,256,892	14.2	6,273,916	15.1
III. Selling and General Administration Expenses		1,672,503	8.2	1,728,076	7.5	3,291,141	7.9
Operating profit		1,686,435	8.2	1,528,815	6.7	2,982,775	7.2
IV. Non-Operating Revenue	*1	855,050	4.2	967,057	4.2	1,220,275	2.9
V. Non-Operating Expense	*2	167,669	0.8	149,595	0.7	526,079	1.3
Ordinary profit		2,373,817	11.6	2,346,277	10.2	3,676,972	8.8
VI. Extraordinary Profit	*3	127,034	0.6	14,308	0.1	700,360	1.7
VII. Extraordinary Losses	*4	263,554	1.3	17,331	0.1	807,286	1.9
Interim (current) net profit before taxes, etc.		2,237,297	10.9	2,343,254	10.2	3,570,046	8.6
Corporate income tax, local resident tax, and enterprise tax	*7	829,109		788,005		1,033,000	
Adjustment of corporate income tax, etc.	*7	—	829,109	4.0	—	788,005	3.4
Interim (current) net profit		1,408,188	6.9	1,555,248	6.8	2,419,552	5.8
Profit carried forward from the previous term		2,093,005		—		2,093,005	
Assumed amount of unappropriated losses on merger		—		—		△186,049	
Unappropriated retained earnings for interim period (current)		3,501,193		—		4,326,507	

Statement of Interim Shareholders' Equity Fluctuation
 Current interim accounting period (From April 1, 2006 to September 30, 2006)

	Shareholders' Equity							
	Capital	Capital surplus		Earned surplus			Treasury stock	Total Shareholders' equity
		Capital reserve	Total capital surplus	Earned surplus reserve	Other earned surplus (Note)	Total earned surplus		
Balance as of March 31, 2006 (in thousands of yen)	7,101,486				20,678,298	21,426,561	Δ2,444,136	32,297,427
Fluctuating amount during the interim accounting period								
Issue of new shares	15,764	15,764	15,764					31,529
Dividend of surplus					Δ1,170,580	Δ1,170,580		Δ1,170,580
Interim net profit					1,555,248	1,555,248		1,555,248
Acquisition of treasury stock							Δ280,263	Δ280,263
Fluctuating amount of items other than shareholders' equity during the interim accounting period (net amount)								
Total fluctuating amount during the interim accounting period (in thousands of yen)	15,764	15,764	15,764	—	384,668	384,668	Δ280,263	135,934
Balance as of September 30, 2006 (in thousands of yen)	7,117,251	6,229,282	6,229,282	748,262	21,062,966	21,811,229	Δ2,724,400	32,433,362

	Valuation and translation difference, etc.		New share subscription rights	Total Net Assets
	Other revaluation balance of securities	Total valuation and translation differences, etc.		
Balance as of March 31, 2006 (in thousands of yen)	1,073,469	1,073,469	—	33,370,897
Fluctuating amount during the interim accounting period				
Issue of new shares				31,529
Dividend of surplus				Δ1,170,580
Interim net profit				1,555,248
Acquisition of treasury stock				Δ280,263
Fluctuating amount of items other than shareholders' equity during the interim accounting period (net amount)	Δ107,768	Δ107,768	8,961	Δ98,806
Total fluctuating amount during the interim accounting period (in thousands of yen)	Δ107,768	Δ107,768	8,961	37,127
Balance as of September 30, 2006 (in thousands of yen)	965,701	965,701	8,961	33,408,024

(Note) Details of other earned surplus

	Reserve for dividends	Reserve for advanced depreciation of fixed assets	Reserve for special account of advanced depreciation of fixed assets	Reserve for special depreciation	Contingent reserve	Earned surplus carried forward	Total
Balance as of March 31, 2006 (in thousands of yen)	171,600	4,608	41,166	4,415	16,130,000	4,326,507	20,678,298
Fluctuating amount during the interim accounting period							
Accumulation of reserve for advanced depreciation of fixed assets (Note)		62,859				Δ62,859	—
Reversal of reserve for advanced depreciation of fixed assets (Note)		Δ7,479				7,479	—
Reversal of reserve for special account of advanced depreciation of fixed assets (Note)			Δ41,166			41,166	—
Reversal of reserve for special depreciation (Note)				Δ1,925		1,925	—
Accumulation of contingent reserve (Note)					2,000,000	Δ2,000,000	—
Dividend of surplus (Note)						Δ1,170,580	Δ1,170,580
Interim net profit						1,555,248	1,555,248
Total fluctuating amount during the interim accounting period (in thousands of yen)	—	55,380	Δ41,166	Δ1,925	2,000,000	Δ1,627,619	384,668
Balance as of September 30, 2006 (in thousands of yen)	171,600	59,989	—	2,489	18,130,000	2,698,887	21,062,966

(Note) This is the item of profit appropriation at the general meeting of shareholders held in June 2006.

Underlying Substantial Matters for Preparation of Interim Financial Statements

The previous interim accounting period (April 1, 2005 to September 30, 2005)	The current interim accounting period (April 1, 2006 to September 30, 2006)	The previous fiscal year (April 1, 2005 to March 31, 2006)
<p>1. Valuation standard and method of valuing assets:</p> <p>(1) Securities</p> <p>(a) Stocks of the subsidiaries and affiliated companies: Valued at cost using the gross average method</p> <p>(b) Other Securities: Securities where a market value is available: Valued at the current price based on the market value on the interim closing day, etc. (All revaluation balance is transferred directly to the capital stock and the sales cost is calculated by the gross average methods.) Securities where a market value is unavailable: Valued by the gross average method at cost.</p> <p>(2) Derivatives: Valued at the current price.</p> <p>(3) Inventories: Finished goods/Merchandise/Semi-finished goods/Work in progress: Cost method using first-in, first-out method. Raw materials/Stores: Cost method using gross average method.</p>	<p>1. Valuation standard and method of valuing assets:</p> <p>(1) Securities</p> <p>(a) Stocks of the subsidiaries and affiliated companies: Same as on the left.</p> <p>(b) Other Securities: Securities where a market value is available: Valued at the current price based on the market value on the interim closing day, etc. (All revaluation balance is transferred directly to the net assets and the sales cost is calculated by the gross average methods.) Securities where a market value is unavailable: Same as on the left.</p> <p>(2) Derivatives: Same as on the left.</p> <p>(3) Inventories: Finished goods/Merchandise/Semi-finished goods/Work in progress: Same as on the left. Raw materials/Stores: Same as on the left.</p>	<p>1. Valuation standard and method of valuing assets:</p> <p>(1) Securities</p> <p>(a) Stocks of the subsidiaries and affiliated companies: Same as on the left.</p> <p>(b) Other Securities: Securities where a market value is available: Valued at the current price based on the market value on the closing day, etc. (All revaluation balance is transferred directly to the capital stock and the sales cost is calculated by the gross average methods.) Securities where a market value is unavailable: Same as on the left.</p> <p>(2) Derivatives: Same as on the left.</p> <p>(3) Inventories: Finished goods/Merchandise/Semi-finished goods/Work in progress: Same as on the left. Raw materials/Stores: Same as on the left.</p>
<p>2. Depreciation method for fixed assets</p> <p>(1) Tangible fixed assets: Declining balance method The straight line depreciation method is used for buildings acquired after April 1, 1998 (excluding facilities connected to buildings). The durable length of time is as follows: Buildings & structures: 15 - 31 years Machinery & equipment: 8 - 9 years</p> <p>(2) Intangible fixed assets: Straight line method However, straight line method is adopted for software for own use based on the period of in-house useful life (5 years).</p>	<p>2. Depreciation method for fixed assets</p> <p>(1) Tangible fixed assets: Same as on the left.</p> <p>(2) Intangible fixed assets: Same as on the left.</p>	<p>2. Depreciation method for fixed assets</p> <p>(1) Tangible fixed assets: Same as on the left.</p> <p>(2) Intangible fixed assets: Same as on the left.</p>
<p>3. Posting standard for allowances:</p> <p>(1) Allowance for doubtful accounts: In order to reserve for losses from defaults on claims, a write-down as non-collectible has been charged at the actual rate of default for normal claims, and has been charged on the basis of the expected amount of default in each instance for specified claims such as those which present concerns about default.</p> <p>(2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, expenses of the current interim accounting period are booked as reserve based on estimation.</p>	<p>3. Posting standard for allowances:</p> <p>(1) Allowance for doubtful accounts: Same as on the left.</p> <p>(2) Reserve for bonuses Same as on the left.</p>	<p>3. Posting standard for allowances:</p> <p>(1) Allowance for doubtful accounts: Same as on the left.</p> <p>(2) Reserve for bonuses In order to prepare for expenses of bonuses to employees, the estimated amount is booked as reserve for the year.</p>

The previous interim accounting period (April 1, 2005 to September 30, 2005)	The current interim accounting period (April 1, 2006 to September 30, 2006)	The previous fiscal year (April 1, 2005 to March 31, 2006)
<p>(3) Reserve for retirement allowance: The projected amount of retirement benefit liabilities and pension assets as of the end of the current interim accounting period has been booked in order to provide for retirement benefits to employees. The difference based on actuarial accounting will be expensed from the following fiscal year, according to the straight line method over a fixed number of years (five years) within the average period of remaining service of the employees at the time the difference occurred. In this connection, the submitting company has appropriated ¥310,632 thousand to prepaid pension expenses as pension assets at the end of the current interim accounting period exceeding the liability for retirement benefits. (Changes in Accounting Policy) From the current interim accounting period, "Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 3 of Accounting Standards for Business Enterprises, March 16, 2005) and "Guidelines for Application concerning Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 7 of Application Guidelines of Accounting Standards for Business Enterprises, March 16, 2005) have been applied. As a result of this, operating profit, ordinary profit and interim net profit before taxes, etc., increased by ¥719 thousand.</p>	<p>(3) Reserve for retirement allowance: The projected amount of retirement benefit liabilities and pension assets as of the end of the current interim accounting period has been booked in order to provide for retirement benefits to employees. The difference based on actuarial accounting will be expensed from the following fiscal year, according to the straight line method over a fixed number of years (five years) within the average period of remaining service of the employees at the time the difference occurred. In this connection, the submitting company has appropriated ¥441,766 thousand to prepaid pension expenses as pension assets at the end of the current interim accounting period exceeding the liability for retirement benefits.</p>	<p>(3) Reserve for retirement allowance: The projected amount of retirement benefit liabilities and pension assets as of the end of the fiscal year has been booked in order to provide for retirement benefits to employees. The difference based on actuarial accounting will be expensed from the following fiscal year, according to the straight line method over a fixed number of years (five years) within the average period of remaining service of the employees at the time the difference occurred. In this connection, the submitting company has appropriated ¥459,865 thousand to prepaid pension expenses as pension assets at the end of the current fiscal year exceeding the liability for retirement benefits. (Changes in Accounting Policy) From the current fiscal year, "Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 3 of Accounting Standards for Business Enterprises, March 16, 2005) and "Guidelines for Application concerning Partial Amendment of Accounting Standards for Retirement Benefits" (Issue No. 7 of Application Guidelines of Accounting Standards for Business Enterprises, March 16, 2005) have been applied. As a result of this, operating profit, ordinary profit and current net profit before taxes, etc., increased by ¥1,438 thousand.</p>
<p>4. Standards for converting foreign currency denominated assets and liabilities into yen Foreign currency denominated assets and liabilities are converted into yen at the spot exchange rate, etc., on the closing day of the interim accounting period, and the difference in conversion is entered as income or loss.</p>	<p>4. Standards for converting foreign currency denominated assets and liabilities into yen Same as on the left.</p>	<p>4. Standards for converting foreign currency denominated assets and liabilities into yen Foreign currency denominated assets and liabilities are converted at the spot exchange rate, etc., on the closing day of the term, and the difference in conversion is entered as income or loss.</p>
<p>5. Treatment of leasing transactions Finance leasing transactions other than those for which ownership is deemed to be fully transferred to the lessee are treated in the same way as ordinary leasing transactions.</p>	<p>5. Treatment of leasing transactions Same as on the left.</p>	<p>5. Treatment of leasing transactions Same as on the left.</p>
<p>6. Other important matters for preparation of interim financial statements (1) Method for treatment of deferred assets All costs for new share issuance are treated as costs at the time of expenditure. (2) Accounting treatment of consumption tax, etc. Accounting treatment of consumption tax, etc., employs a tax-excluded system.</p>	<p>6. Other important matters for preparation of interim financial statements (1) Method for treatment of deferred assets Same as on the left. (2) Accounting treatment of consumption tax, etc. Same as on the left.</p>	<p>6. Other important matters for preparation of financial statements (1) Method for treatment of deferred assets Same as on the left. (2) Accounting treatment of consumption tax, etc. Same as on the left.</p>

Changes in Substantial Underlying Matters for Preparation of Interim Financial Statements

The previous interim accounting period (April 1, 2005 to September 30, 2005)	The current interim accounting period (April 1, 2006 to September 30, 2006)	The previous fiscal year (April 1, 2005 to March 31, 2006)
<p>(Accounting Standards for Impairment of Fixed Assets) From the current interim accounting period, accounting standards for impairment of fixed assets ("Statement of Position on Establishment of Accounting Standards for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002) and "Application Guidelines of Accounting Standards for Impairment of Fixed Assets" (Issue No. 6 of Application Guidelines of Accounting Standards for Business Enterprises, October 31, 2003) have been applied. As a result of this, interim net profit before taxes, etc., decreased by ¥5,604 thousand. In this regard, accumulated impairment losses are directly deducted from the amount of each asset in compliance with the revised rules for interim financial statements.</p>	<p>(Accounting Standards for Representation of Net Assets in the Balance Sheet) From the current interim accounting period, "Accounting Standards for Representation of Net Assets in the Balance Sheet" (Issue No. 5 of Accounting Standards for Business Enterprises, December 9, 2005) and "Guidelines for Application of Accounting Standards for Representation of Net Assets in the Balance Sheet" (Issue No. 8 of Application Guidelines of Accounting Standards for Business Enterprises, December 9, 2005) have been applied. The amount equal to the previous Total Stockholder Equity is ¥33,399,063 thousand. In this regard, Net Assets in the interim balance sheet in the current interim accounting period is prepared in compliance with the revised rules for interim financial statements in connection with the revised rules for interim financial statements. (Accounting Standards for Stock Option, etc.) From the current interim accounting period, "Accounting Standards for Stock Option, etc." (Issue No. 8 of Accounting Standards for Business Enterprises, December 27, 2005) and "Application Guidelines of Accounting Standards for for Stock Option, etc." (Issue No. 11 of Application Guidelines of Accounting Standards for Business Enterprises, May 31, 2006) have been applied. As a result, operating profit, ordinary profit and interim net profit before taxes, etc., decreased by ¥8,961 thousand.</p>	<p>(Accounting Standards for Impairment of Fixed Assets) From the current fiscal year, accounting standards for impairment of fixed assets ("Statement of Position on Establishment of Accounting Standards for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002) and "Application Guidelines of Accounting Standards for Impairment of Fixed Assets" (Issue No. 6 of Application Guidelines of Accounting Standards for Business Enterprises, October 31, 2003) have been applied. As a result of this, current net profit before taxes, etc., decreased by ¥5,604 thousand. In this regard, accumulated impairment losses are directly deducted from the amount of each asset in compliance with the revised rules for financial statements.</p>

**Explanatory Notes
(Notes Related to Interim Balance Sheet)**

End of Previous Interim Accounting Period (as of September 30, 2005)	End of Current Interim Accounting Period (as of September 30, 2006)	Previous fiscal year (as of March 31, 2006)																																																																								
<p>*1 Accumulated depreciation of tangible fixed assets ¥21,121,902 thousand</p>	<p>*1 Accumulated depreciation of tangible fixed assets ¥22,472,554 thousand</p>	<p>*1 Accumulated depreciation of tangible fixed assets ¥21,420,168 thousand</p>																																																																								
<p>*2 Assets provided as security and secured debt are as follows:</p> <p>Security assets: (in thousands of yen)</p> <table border="0"> <tr> <td>Buildings</td> <td align="right">2,580,631</td> <td align="right">(2,580,631)</td> </tr> <tr> <td>Structures</td> <td align="right">63,052</td> <td align="right">(63,052)</td> </tr> <tr> <td>Machinery and equipment</td> <td></td> <td></td> </tr> <tr> <td></td> <td align="right">1,432,710</td> <td align="right">(1,432,710)</td> </tr> <tr> <td>Tools and fixtures</td> <td align="right">35,896</td> <td align="right">(35,896)</td> </tr> <tr> <td>Land</td> <td align="right">258,342</td> <td align="right">(191,025)</td> </tr> <tr> <td>Total</td> <td align="right">4,370,632</td> <td align="right">(4,303,315)</td> </tr> </table> <p>Secured debt: (in thousands of yen)</p> <table border="0"> <tr> <td>Short term borrowings</td> <td align="right">150,000</td> <td align="right">(150,000)</td> </tr> </table> <p>The figures in the brackets show mortgages of the Factory Foundation and its liabilities.</p>	Buildings	2,580,631	(2,580,631)	Structures	63,052	(63,052)	Machinery and equipment				1,432,710	(1,432,710)	Tools and fixtures	35,896	(35,896)	Land	258,342	(191,025)	Total	4,370,632	(4,303,315)	Short term borrowings	150,000	(150,000)	<p>*2 Assets provided as security and secured debt are as follows:</p> <p>Security assets: (in thousands of yen)</p> <table border="0"> <tr> <td>Buildings</td> <td align="right">4,174,160</td> <td align="right">(4,174,160)</td> </tr> <tr> <td>Structures</td> <td align="right">112,232</td> <td align="right">(112,232)</td> </tr> <tr> <td>Machinery and equipment</td> <td></td> <td></td> </tr> <tr> <td></td> <td align="right">3,376,015</td> <td align="right">(3,376,015)</td> </tr> <tr> <td>Tools and fixtures</td> <td align="right">58,627</td> <td align="right">(58,627)</td> </tr> <tr> <td>Land</td> <td align="right">258,342</td> <td align="right">(191,025)</td> </tr> <tr> <td>Total</td> <td align="right">7,979,377</td> <td align="right">(7,912,060)</td> </tr> </table> <p>Secured debt: (in thousands of yen)</p> <table border="0"> <tr> <td>Short term borrowings</td> <td align="right">150,000</td> <td align="right">(150,000)</td> </tr> </table> <p>The figures in the brackets show mortgages of the Factory Foundation and its liabilities.</p>	Buildings	4,174,160	(4,174,160)	Structures	112,232	(112,232)	Machinery and equipment				3,376,015	(3,376,015)	Tools and fixtures	58,627	(58,627)	Land	258,342	(191,025)	Total	7,979,377	(7,912,060)	Short term borrowings	150,000	(150,000)	<p>*2 Assets provided as security and secured debt are as follows:</p> <p>Security assets: (in thousands of yen)</p> <table border="0"> <tr> <td>Buildings</td> <td align="right">4,325,230</td> <td align="right">(4,325,230)</td> </tr> <tr> <td>Structures</td> <td align="right">121,142</td> <td align="right">(121,142)</td> </tr> <tr> <td>Machinery and equipment</td> <td></td> <td></td> </tr> <tr> <td></td> <td align="right">3,828,422</td> <td align="right">(3,828,422)</td> </tr> <tr> <td>Tools and fixtures</td> <td align="right">67,948</td> <td align="right">(67,948)</td> </tr> <tr> <td>Land</td> <td align="right">258,342</td> <td align="right">(191,025)</td> </tr> <tr> <td>Total</td> <td align="right">8,601,087</td> <td align="right">(8,533,770)</td> </tr> </table> <p>Secured debt: (in thousands of yen)</p> <table border="0"> <tr> <td>Short term borrowings</td> <td align="right">150,000</td> <td align="right">(150,000)</td> </tr> </table> <p>The figures in the brackets show mortgages of the Factory Foundation and its liabilities.</p>	Buildings	4,325,230	(4,325,230)	Structures	121,142	(121,142)	Machinery and equipment				3,828,422	(3,828,422)	Tools and fixtures	67,948	(67,948)	Land	258,342	(191,025)	Total	8,601,087	(8,533,770)	Short term borrowings	150,000	(150,000)
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<p>3 Liabilities on guarantee</p> <p>1) Liabilities on guarantee for borrowings of affiliated companies from financial institutions:</p> <table border="0"> <tr> <td></td> <td align="right">(in thousands of yen)</td> </tr> <tr> <td>Eagle Co., Ltd.</td> <td align="right">¥7,000</td> </tr> <tr> <td>Total</td> <td align="right">¥7,000</td> </tr> </table> <p>2) Liabilities on guarantee for purchase debt of affiliated companies from the clients</p> <table border="0"> <tr> <td></td> <td align="right">(in thousands of yen)</td> </tr> <tr> <td>Arisawa Kenpan Co., Ltd.</td> <td align="right">¥4,703</td> </tr> </table>		(in thousands of yen)	Eagle Co., Ltd.	¥7,000	Total	¥7,000		(in thousands of yen)	Arisawa Kenpan Co., Ltd.	¥4,703	<p>3 Liabilities on guarantee</p> <p>1) Liabilities on guarantee for borrowings of affiliated companies from financial institutions:</p> <table border="0"> <tr> <td></td> <td align="right">(in thousands of yen)</td> </tr> <tr> <td>Eagle Co., Ltd.</td> <td align="right">¥1,000</td> </tr> <tr> <td>Total</td> <td align="right">¥1,000</td> </tr> </table> <p>2) Liabilities on guarantee for purchase debt of affiliated companies from the clients</p> <table border="0"> <tr> <td></td> <td align="right">(in thousands of yen)</td> </tr> <tr> <td>Arisawa Kenpan Co., Ltd.</td> <td align="right">¥7,081</td> </tr> </table>		(in thousands of yen)	Eagle Co., Ltd.	¥1,000	Total	¥1,000		(in thousands of yen)	Arisawa Kenpan Co., Ltd.	¥7,081	<p>3 Liabilities on guarantee</p> <p>1) Liabilities on guarantee for borrowings of affiliated companies from financial institutions:</p> <table border="0"> <tr> <td></td> <td align="right">(in thousands of yen)</td> </tr> <tr> <td>Eagle Co., Ltd.</td> <td align="right">¥4,000</td> </tr> <tr> <td>Total</td> <td align="right">¥4,000</td> </tr> </table> <p>2) Liabilities on guarantee for purchase debt of affiliated companies from the clients</p> <table border="0"> <tr> <td></td> <td align="right">(in thousands of yen)</td> </tr> <tr> <td>Arisawa Kenpan Co., Ltd.</td> <td align="right">¥4,286</td> </tr> </table>		(in thousands of yen)	Eagle Co., Ltd.	¥4,000	Total	¥4,000		(in thousands of yen)	Arisawa Kenpan Co., Ltd.	¥4,286																																										
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<p>*5 Suspense payment consumption tax, etc., and suspense receipt consumption tax, etc., are set off and the set off amount is included in "Others" of current liabilities.</p>	<p>*5 Same as at the left.</p>	<p>*5 —</p>																																																																								
<p>*6 —</p>	<p>*6 Notes to be Matured at the end of Interim Period</p> <p>For accounting treatment of notes to be matured at the end of interim period, it is settled as of the clearance date of notes. As the end of the current interim accounting period fall on a bank holiday, the notes to be matured at the end of the next interim period are included in the balance at the end of interim period.</p> <table border="0"> <tr> <td></td> <td align="right">(in thousands of yen)</td> </tr> <tr> <td>Notes receivable</td> <td align="right">¥355,833</td> </tr> <tr> <td>Notes payable</td> <td align="right">¥277,076</td> </tr> </table>		(in thousands of yen)	Notes receivable	¥355,833	Notes payable	¥277,076	<p>*6 —</p>																																																																		
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Previous Interim Accounting Period (April 1, 2005 to September 30, 2005)	Current Interim Accounting Period (April 1, 2006 to September 30, 2006)	Previous fiscal year (April 1, 2005 to March 31, 2006)																								
<p>*1 Material non-operating profits (in thousands of yen)</p> <p>Interest received ¥21,829 Dividend received ¥450,786 Rent ¥185,601</p>	<p>*1 Material non-operating profits (in thousands of yen)</p> <p>Interest received ¥13,123 Dividend received ¥685,834 Rent ¥151,177</p>	<p>*1 Material non-operating profits (in thousands of yen)</p> <p>Interest received ¥38,567 Dividend received ¥466,554 Rent ¥364,493</p>																								
<p>*2 Material non-operating expenses (in thousands of yen)</p> <p>Interest paid ¥537 Rent payment ¥120,269</p>	<p>*2 Material non-operating expenses (in thousands of yen)</p> <p>Interest paid ¥677 Rent payment ¥100,909 Transfer to allowance for doubtful accounts ¥25,712</p>	<p>*2 Material non-operating expenses (in thousands of yen)</p> <p>Interest paid ¥1,077 Rent payment ¥238,366 Transfer to allowance for doubtful accounts ¥178,203 Compensation for defects ¥53,246</p>																								
<p>*3 Material extraordinary profits (in thousands of yen)</p> <p>Profit from reversal of officers' retirement bonuses ¥127,034</p>	<p>*3 Material extraordinary profits (in thousands of yen)</p> <p>Profit on sale of investment securities ¥10,277 Profit on sale of fixed assets ¥3,866</p>	<p>*3 Material extraordinary profits (in thousands of yen)</p> <p>Profit on sale of investment securities ¥572,864 Profit from reversal of officers' retirement bonuses ¥127,034</p>																								
<p>*4 Material extraordinary losses (in thousands of yen)</p> <p>Loss on sale of investment securities ¥142,520 Transfer to allowance for doubtful accounts ¥102,230 Loss on impairment ¥5,604</p>	<p>*4 Material extraordinary losses (in thousands of yen)</p> <p>Loss on retirement of fixed assets ¥11,306 Transfer to allowance for doubtful accounts ¥3,600 Loss on sale of fixed assets ¥1,424</p>	<p>*4 Material extraordinary losses (in thousands of yen)</p> <p>Loss on retirement of fixed assets ¥336,703 Loss on sale of investment securities ¥201,773 Valuation loss on investment securities ¥152,773 Loss on arrangement of subsidiaries ¥98,700 Loss on impairment ¥5,604</p>																								
<p>*5 Loss on impairment The company appropriated the following loss on impairment in the current interim accounting period.</p> <table border="1"> <thead> <tr> <th>Place</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Myoko-shi, Niigata Prefecture</td> <td>Dormant assets</td> <td>Land</td> </tr> <tr> <td>Hichiso-cho, Kamo-gun, Gifu Prefecture</td> <td>Dormant assets</td> <td>Investment real estate property</td> </tr> <tr> <td>Shirakawa-cho, Kamo-gun, Gifu Prefecture</td> <td>Dormant assets</td> <td>Investment real estate property</td> </tr> </tbody> </table> <p>The company makes grouping of leased assets and dormant assets by each asset based on the segment of business type. In the current interim accounting period, book value was reduced to the recoverable value with respect to the dormant assets whose market value largely decreased. The reduced amount was appropriated in Extraordinary losses as loss on impairment (¥5,604 thousand). Breakdown is Land of ¥1,197 thousand and investment real estate property of ¥4,407 thousand. In this regard, recoverable value of the assets is measured by the net sales price and evaluated on the basis of fixed assets tax valuation amount.</p>	Place	Usage	Type	Myoko-shi, Niigata Prefecture	Dormant assets	Land	Hichiso-cho, Kamo-gun, Gifu Prefecture	Dormant assets	Investment real estate property	Shirakawa-cho, Kamo-gun, Gifu Prefecture	Dormant assets	Investment real estate property	<p>*5 —</p>	<p>*5 Loss on impairment The company appropriated the following loss on impairment in the current fiscal year.</p> <table border="1"> <thead> <tr> <th>Place</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Myoko-shi, Niigata Prefecture</td> <td>Dormant assets</td> <td>Land</td> </tr> <tr> <td>Hichiso-cho, Kamo-gun, Gifu Prefecture</td> <td>Dormant assets</td> <td>Investment real estate property</td> </tr> <tr> <td>Shirakawa-cho, Kamo-gun, Gifu Prefecture</td> <td>Dormant assets</td> <td>Investment real estate property</td> </tr> </tbody> </table> <p>The company makes grouping of leased assets and dormant assets by each asset based on the segment of business type. In the current fiscal year, book value was reduced to the recoverable value with respect to the dormant assets whose market value largely decreased. The reduced amount was appropriated in Extraordinary losses as loss on impairment (¥5,604 thousand). Breakdown is Land of ¥1,197 thousand and investment real estate property of ¥4,407 thousand. In this regard, recoverable value of the assets is measured by the net sales price and evaluated on the basis of fixed assets tax valuation amount.</p>	Place	Usage	Type	Myoko-shi, Niigata Prefecture	Dormant assets	Land	Hichiso-cho, Kamo-gun, Gifu Prefecture	Dormant assets	Investment real estate property	Shirakawa-cho, Kamo-gun, Gifu Prefecture	Dormant assets	Investment real estate property
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Previous Interim Accounting Period (April 1, 2005 to September 30, 2005)	Current Interim Accounting Period (April 1, 2006 to September 30, 2006)	Previous fiscal year (April 1, 2005 to March 31, 2006)
6 Effectuated depreciation (in thousands of yen) Tangible fixed assets ¥1,284,758 Intangible fixed assets ¥16,500 Total ¥1,301,259	6 Effectuated depreciation (in thousands of yen) Tangible fixed assets ¥1,155,456 Intangible fixed assets ¥20,383 Total ¥1,175,839	6 Effectuated depreciation (in thousands of yen) Tangible fixed assets ¥2,664,857 Intangible fixed assets ¥33,038 Total ¥2,697,895
*7 Since tax effect accounting by the simplified method is applied to Tax expenses in the current interim accounting period, adjustment of corporate income tax, etc. is included in "Corporate income tax, local resident tax and enterprise tax."	*7 Same as at the left.	*7 —

(Notes Related to Statement of Interim Shareholders' Equity Fluctuation)

Current interim accounting period (From April 1, 2006 to September 30, 2006)

Matters concerning Types and Number of Shares of Treasury Stock

	Number of shares at the end of previous fiscal year (shares)	Number of shares increased in the current interim accounting period (shares)	Number of shares decreased in the current interim accounting period (shares)	Number of shares at the end of the current interim accounting period (shares)
Common stock (Note)	1,053,997	164,430	—	1,218,427
Total	1,053,997	164,430	—	1,218,427

(Note) Increase in number of the common stock of treasury stock of 164,430 shares consists of the increase of 830 shares by the purchase of odd stock and the increase of 163,600 shares by the purchase based on the resolution of the board of directors.

The previous interim accounting period (April 1, 2005 to September 30, 2005)

The current interim accounting period (April 1, 2006 to September 30, 2006)

The previous fiscal year (April 1, 2005 to March 31, 2006)

Finance-lease transactions except for which titles to the leased items are deemed to be transferred to the lessee.

1. The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs, amount equivalent to accumulated impairment losses, and the balance at the end of the interim period

(Thousands of yen)

	Amount equivalent to acquisition prices	Amount equivalent to accumulated depreciation costs	Balance at interim period end
Tools and fixtures	101,302	46,219	55,082
Other	122,386	47,350	75,035
Total	223,688	93,570	130,118

(Notes) The amount equivalent to acquisition prices are calculated on an interest paid included basis because the prepaid lease balance makes up such a small portion of tangible asset balance at the end of interim period.

2. Amount equivalent to prepaid lease balance at the end of interim period, etc.
Amount equivalent to prepaid lease balance at the end of interim period

(Thousands of yen)

Less than 1 year	¥40,699
More than 1 year	¥89,418
Total:	¥130,118

(Note) The amount equivalent to the prepaid lease balance at the end of the interim period is calculated on an interest paid included basis because this balance makes up such a small portion of tangible asset balance at the end of interim period.

3. Prepaid lease payments, reversal amount of lease assets impairment account, depreciation cost equivalents and impairment losses:

(Thousands of yen)

(1) Prepaid lease payments:	¥20,615
(2) Depreciation cost equivalent:	¥20,615

4. Method for calculating depreciation cost equivalent:

The straight line method is adopted, where the period of lease is set as the useful life and the salvage value is set at zero.

(Regarding Impairment Losses)

There is no impairment loss allocated to lease assets.

Finance-lease transactions except for which titles to the leased items are deemed to be transferred to the lessee.

1. The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs, amount equivalent to accumulated impairment losses, and the balance at the end of the interim period

(Thousands of yen)

	Amount equivalent to acquisition prices	Amount equivalent to accumulated depreciation costs	Balance at interim period end
Tools and fixtures	84,059	47,651	36,408
Other	207,091	56,162	150,929
Total	291,151	103,813	187,338

(Note) Same as on the left.

2. Amount equivalent to prepaid lease balance at the end of interim period, etc.
Amount equivalent to prepaid lease balance at the end of interim period

(Thousands of yen)

Less than 1 year	¥53,581
More than 1 year	¥133,756
Total:	¥187,338

(Note) Same as on the left.

3. Prepaid lease payments, reversal amount of lease assets impairment account, depreciation cost equivalents and impairment losses:

(Thousands of yen)

(1) Prepaid lease payments:	¥27,633
(2) Depreciation cost equivalent:	¥27,633

4. Method for calculating depreciation cost equivalent:

Same as on the left.

(Regarding Impairment Losses)

Same as on the left.

Finance-lease transactions except for which titles to the leased items are deemed to be transferred to the lessee.

1. The amount equivalent to acquisition prices of leased assets, the amount equivalent to accumulated depreciation costs, accumulated amount of impairment losses, and the balance at the end of the term

(Thousands of yen)

	Amount equivalent to acquisition prices	Amount equivalent to accumulated depreciation costs	Balance at period end
Tools and fixtures	90,742	46,004	44,737
Other	185,627	45,634	139,992
Total	276,369	91,639	184,730

(Note) The amount equivalent to acquisition prices are calculated on an interest paid included basis because the prepaid lease balance makes up such a small portion of tangible asset balance at the end of term.

2. Amount equivalent to prepaid lease balance at the end of term, etc.
Amount equivalent to prepaid lease balance at the end of term

(Thousands of yen)

Less than 1 year	¥51,576
More than 1 year	¥133,153
Total:	¥184,730

(Note) The amount equivalent to the prepaid lease balance at the end of the term is calculated on an interest paid included basis because this balance makes up such a small portion of tangible asset balance at the end of term.

3. Prepaid lease payments, reversal amount of lease assets impairment account, depreciation cost equivalents and impairment losses:

(Thousands of yen)

(1) Prepaid lease payments:	¥44,199
(2) Depreciation cost equivalent:	¥44,199

4. Method for calculating depreciation cost equivalent:

Same as on the left.

(Regarding Impairment Losses)

Same as on the left.

(Notes Related to Securities)

End of previous interim accounting period (as of September 30, 2005)

Shares of subsidiaries and affiliates that have market value

(in thousands of yen)

	Value shown on Interim Balance Sheet	Market value	Balance
Shares of affiliates	1,725,793	4,080,131	2,354,338

End of current interim accounting period (as of September 30, 2006)

Shares of subsidiaries and affiliates that have market value

(in thousands of yen)

	Value shown on Interim Balance Sheet	Market value	Balance
Shares of affiliates	2,578,861	19,580,515	17,001,653

End of previous fiscal year (as of March 31, 2006)

Shares of subsidiaries and affiliates that have market value

(in thousands of yen)

	Value shown on Interim Balance Sheet	Market value	Balance
Shares of affiliates	2,491,013	41,085,079	38,594,065

The previous interim accounting period (April 1, 2005 to September 30, 2005)	The current interim accounting period (April 1, 2006 to September 30, 2006)	The previous fiscal year (April 1, 2005 to March 31, 2006)
<p>1. Merger with Arisawa PG Co., Ltd. The Company entered into a merger agreement as of September 22, 2005 and merged on December 1, 2005, for the purpose of efficient organizational operations of the display business and a synergistic effect of technology by merging with Arisawa PG Co., Ltd., our wholly owned subsidiary.</p> <p>Matters concerning the merger are as follows.</p> <p>(1) Date of Merger: December 1, 2005</p> <p>(2) Method of Merger It was by absorption, in which the Company is the surviving company and Arisawa PG Co., Ltd. is dissolved. In this regard, the Company owns 100% of the shares of Arisawa PG Co., Ltd. and the Company has not issued new shares or made a capital increase or payment of delivered money due to the merger in connection with the merger.</p> <p>(3) Takeover of Assets The Company tookover any and all assets, liabilities and rights and obligations of Arisawa PG Co., Ltd. on the date of the merger. In this regard, the assets and liabilities taken over from Arisawa PG Co., Ltd. are as follows.</p> <p>Total Assets: ¥11 million Total Liabilities: ¥2 million</p>	<p>1. Acquisition of Treasury Stocks The Company adopted a resolution at the board of directors' meeting held on July 25, 2006 to acquire treasury stocks under the provisions of Article 156 of the Corporation Law the reading of which has been changed to be applied under the provisions of Article 165, paragraph 3 of the Corporation Law.</p> <p>(1) Reasons for Acquisition of Treasury Stocks To carry out expeditious capital policy.</p> <p>(2) Details of Acquisition</p> <p>1) Type of shares to be acquired Common shares of the Company</p> <p>2) Total number of shares to be acquired 500,000 shares (upper limit)</p> <p>3) Total acquired amount of shares ¥1,250,000,000 (upper limit)</p> <p>4) Period for purchasing treasury stocks From August 1, 2006 to January 19, 2007 Also, 163,600 shares and total amount of ¥278,340 thousand were purchased as of September 30, 2006.</p>	<p>Dissolution of Kei Ski Garage, Ltd. The Company has adopted a resolution to dissolve Kei Ski Garage, Ltd., a non-subsiary, on January 26, 2006.</p> <p>(1) Reasons for Dissolution Kei Ski Garage, Ltd. has been engaged in manufacture and sale of skis, but since the improvement of performance cannot be expected due to deterioration in the business environment, we decided to dissolve the company.</p> <p>(2) Overview of the Dissolved Company</p> <p>1) Trade name Kei Ski Garage, Ltd.</p> <p>2) Address of head office 1-5-5 Minami-Honcho, Joetsu City, Niigata Prefecture</p> <p>3) Representative Kiyoshi Kanai</p> <p>4) Business line Manufacture and sale of skis, purchase and sale of sports wear and accessories</p> <p>5) Date of incorporation November 20, 1997</p> <p>6) Capital amount ¥15 million</p> <p>7) Shareholder composition Arisawa Manufacturing Co., Ltd. 94% Director: Hideo Komori 3% Director: Satoru Kasuya 3%</p> <p>8) Business results for the year ending March 2005</p> <p>Sales ¥74 million Operating profit Δ¥8 million Ordinary profit Δ¥8 million Current net profit Δ¥8 million</p> <p>(3) Losses of the Company in connection with Dissolution Expected loss of ¥14,100 thousand, including waiver of loan claims is appropriated in Extraordinary losses for the current period.</p> <p>(4) Schedule of Dissolution It was dissolved as of March 31, 2006 and liquidation is to be completed by the end of June 2006.</p>

The previous interim accounting period (April 1, 2005 to September 30, 2005)	The current interim period (April 1, 2006 to September 30, 2006)	The previous fiscal year (April 1, 2005 to March 31, 2006)								
<p>2. Dissolution of Arisawa Sporting Goods Co., Ltd. The Company adopted a resolution, at the board of directors' meeting held as of September 22, 2005, that Arisawa Sporting Goods, Co., Ltd., one of our subsidiaries shall be dissolved.</p> <p>(1) Reasons for Dissolution Arisawa Sporting Goods Co., Ltd. has been engaged in the import and sale of sporting goods, but improvement in performance cannot be expected due to deterioration of the business environment. Therefore, for more efficient business management, we have decided to transfer and concentrate the business of the company to Shinano Co., Ltd., one of our affiliated companies and that the company shall be dissolved.</p> <p>(2) Overview of Dissolved Company</p> <p>1) Trade Name Arisawa Sporting Goods Co., Ltd.</p> <p>2) Address of Head Office 18-2, Higashiryoke 1-chome, Kawaguchi-shi, Saitama Prefecture</p> <p>3) Representative Sanji Arisawa</p> <p>4) Details of Business Purchase and sale of sporting goods and related materials</p> <p>5) Date of Incorporation February 1, 1991</p> <p>6) Capital Amount ¥10 million</p> <p>7) Shareholder Composition Arisawa Jushi Kogyo Co., Ltd.: 100% (Arisawa Jushi Kogyo Co., Ltd. is a subsidiary in which the Company invested 100% of capital.)</p> <p>8) Business Results of the Period ended January 31, 2005</p> <table data-bbox="240 1423 573 1539"> <tr> <td>Net sales</td> <td>¥446 million</td> </tr> <tr> <td>Operating profit</td> <td>Δ¥9 million</td> </tr> <tr> <td>Ordinary profit</td> <td>Δ¥8 million</td> </tr> <tr> <td>Net profit</td> <td>Δ¥10 million</td> </tr> </table> <p>(3) Losses of the Company in connection with Dissolution Expected losses of ¥85 million, including debt waiver of loans are appropriated in Extraordinary Losses in the current period.</p> <p>(4) Schedule of Dissolution It is expected that the company shall be dissolved by the end of January 2006.</p>	Net sales	¥446 million	Operating profit	Δ¥9 million	Ordinary profit	Δ¥8 million	Net profit	Δ¥10 million		
Net sales	¥446 million									
Operating profit	Δ¥9 million									
Ordinary profit	Δ¥8 million									
Net profit	Δ¥10 million									

The previous interim accounting period (April 1, 2005 to September 30, 2005)	The current interim accounting period (April 1, 2006 to September 30, 2006)	The previous fiscal year (April 1, 2005 to March 31, 2006)
<p>3. Purchase of Treasury Stocks</p> <p>The Company adopted a resolution to purchase its own shares for the purpose of greater capital efficiency under the provisions of Article 211-3, paragraph 1, item 2 of the Commercial Code at the board of directors' meeting held as of July 22, 2005.</p> <p>(1) Details of Purchase</p> <p>1) Type of shares to be purchased Common shares of the Company</p> <p>2) Total number of shares to be purchased 1,000 thousand shares (upper limit)</p> <p>3) Total purchase amount of shares ¥3,500,000 thousand (upper limit)</p> <p>4) Period for purchasing its own shares From July 25, 2005 to January 24, 2006.</p> <p>In this regard, 506,900 shares and total amount of ¥1,233,265 thousand were purchased as of September 30, 2005.</p> <p>Also, 705,600 shares and total amount of ¥1,644,659 thousand were purchased as of November 30, 2005.</p>	<p style="text-align: center;">—</p>	<p style="text-align: center;">—</p>