

**Non-Consolidated Financial Statement
for the Fiscal Year Ended March 31, 2005**

May 21, 2005

Trade Name: **Nihon Micro Coating Co., Ltd.**
 Stock Code: 5381 (URL <http://www.mipox.co.jp>)
 Name and Title of Representative: Nobuyoshi Watanabe, President
 Contact: Tokio Tonami, Executive Managing Director Tel: (042)543-4711
 Board of Directors Meeting: May 20, 2005
 Shareholder's Meeting: June 21, 2005

1. Summary of Non-Consolidated Financial Result

1. Financial Result for the Fiscal Year Ended March 31, 2005

(1) Operating Result

Amounts to nearest Million Yen

Fiscal Year ended	Net Sales		Operating Income		Ordinary Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
March 31, 2005	10,248	(51.6)	966	(29.9)	1,070	(49.8)
March 31, 2004	6,759	(51.9)	766	(—)	714	(—)

Fiscal Year ended	Net Income		Net Income Per Share	Diluted Net Income Per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Sales
	Millions of yen	%	Yen	Yen	%	%	%
March 31, 2005	611	(90.6)	55 . 45	55 .33	8.0	8.0	10.4
March 31, 2004	320	(—)	57 . 25	57.18	4.3	5.9	10.6

(Note) 1. Average number of shares outstanding During the fiscal year ended March 31, 2005 10,360,328 shares
 During the fiscal year ended March 31, 2004 5,255,087 shares

2. Change in Accounting methods: None
 3. Percentages for net sales, operating income, ordinary income and net income indicate change from previous year
 4.

(2) Dividends

Fiscal Year ended	Dividend Per share for Year			Dividend Amount(Total)	Dividends/ Net Income	Dividends/ Shareholders Equity
	Yen	Yen	Yen			
March 31, 2005	19.00	—	19.00	194	31.9	2.5
March 31, 2004	15.00	—	15.00	77	25.9	1.0

(3) Financial Position

Fiscal Year ended	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Asset	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2005	15,509	7,777	53.6	754. 64
March 31, 2004	12,216	7,452	61.0	1,432. 36

(Note) 1. Number of shares outstanding As of March 31, 2005 10,257,462shares
 As of March 31, 2004 5,189,031 shares
 2. Number of Treasury Stock As of March 31, 2005 438,858 shares
 As of March 31, 2004 159,129 shares

2. Financial Forecasts for the Fiscal Year Ending March 31, 2006

Year ending	Net Sales	Ordinary Income	Net Income	Dividend Per Share for Year		
				Interim	Year-End	Yen
September 30, 2005	4,800	415	236	—	—	—
March 31, 2006	10,300	1,115	635	—	18.40	18.40

(Reference) Expected net income per share: 61.90 Yen

(注)

*Above estimates were based on the available information as of the day of publication of this report, so that actual results may be different from these figures due to the various factors afterwards.

**Non- Consolidated Financial
 Statement Summary
 for the Fiscal Year Ended
 March 31, 2005**

	Fiscal Year ended March 31, 2004 (From April 1, 2003 To March 31, 2004)	Fiscal Year ended March 31, 2005 (From April 1, 2004 To March 31, 2005)	Percentage of net income indicate changes from previous year
	Millions of Yen	Millions of Yen	%
Net Sales	6,759	10,248	51.6
Operating Income	766	966	—
Ordinary Income	714	1,070	—
Net Income	320	611	—

Net Income Per Share	Yen 57.25	Yen 55.45	% —
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Financial Statement for the Fiscal year ended March 31, 2005

(1) Non-Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Period	As of March 31, 2004		As of March 31, 2005		Increase (△Decrease)
		Amount	Composition	Amount	Composition	
(Assets)			%		%	
I Current Assets						
1 Cash and Cash Equivalents		2,176,591		3,174,730		998,139
2 Notes Receivable		122,064		405,152		283,088
3 Accounts Receivable, Trade		2,138,354		2,881,892		743,537
4 Merchandise		44,082		123,935		79,853
5 Finished Goods		73,585		179,700		106,114
6 Semi-Finished Goods		136,809		184,646		47,836
7 Raw Materials		424,240		374,144		△50,095
8 Work in Progress		76,450		75,361		△1,089
9 Supplies		13,771		19,662		5,890
10 Prepaid Expenses		14,284		24,505		10,220
11 Deferred Tax Assets		52,655		135,217		82,561
12 Short-term Loans to Affiliates		31,040		—		△31,040
13 Other Accounts Receivable		4,320		104,220		99,900
14 Others		9,007		16,489		7,482
Doubtful Notes and Accounts		△1,749		△2,526		△777
Total Current Assets		5,315,509	43.5	7,697,133	53.0	2,381,624
II Fixed Assets						
1 Tangible Fixed Assets						
(1) Buildings		2,966,814		3,031,854		65,039
(2) Structures		92,004		97,958		5,954
(3) Machinery and Equipment		362,957		328,166		△34,790
(4) Automotive Equipment		11,007		13,755		2,747
(5) Tools		65,913		67,185		1,271
(6) Land		1,451,203		1,444,289		△6,913
Total Tangible Fixed Assets		4,949,900	40.5	4,983,210	34.4	33,309
2 Intangible Fixed Assets						
(1) Patent Property		11,496		8,999		△2,497
(2) Software		9,410		18,246		8,836
(3) Telephone Rights		1,724		1,763		38
Total Intangible Fixed Assets		22,632	0.2	29,009	0.2	6,376
3 Investments and Other Assets						
(1) Investment Securities		412,388		394,977		△17,411
(2) Investment in Affiliated Company		864,239		916,339		52,100
(3) Long-term Loans to Affiliates		157,739		—		△157,739
(4) Long-term Prepaid Expenses		49,071		34,410		△14,660
(5) Deferred Tax Assets		227,765		239,375		11,610
(6) Insurance Reserve Fund		160,581		157,851		△2,729
(7) Golf-Club Membership		35,773		29,643		△6,130
(8) Others		41,789		42,863		1,065
Allowance for Doubtful Debts		△20,549		△15,239		5,310
Total Investments and Other Assets		1,928,807	15.8	1,800,222	12.4	△128,585
Total Fixed Assets		6,901,340	56.5	6,812,441	47.0	△88,898
Total Assets		12,216,850	100.0	14,509,575	100.0	2,292,725

(Unit: Thousand Yen)

Item	Period	As of March 31, 2004		As of March 31, 2005		Increase (△Decrease)
		Amount	Composition	Amount	Composition	
			%		%	
(Liabilities)						
I	Current Liabilities					
1	Accounts Payable, Trade	845,435		1,355,458		510,023
2	Short-term Borrowings	1,350,000		1,550,000		200,000
3	Current Position of Long-term Borrowings	569,992		753,712		183,720
4	Accrued Liabilities	159,651		461,264		301,613
5	Accrued Expenses	39,736		61,903		22,166
6	Income Taxes Payable	114,000		447,745		333,745
7	Advances	22,979		31,489		8,510
8	Reserve for Employees' Bonuses	90,000		145,000		55,000
9	Others	14,754		3,056		△11,697
	Total Current Liabilities	3,206,548	26.2	4,809,629	33.2	1,603,081
II	Fixed Liabilities					
1	Long-term Borrowings	1,097,996		1,438,664		340,668
2	Reserve for Employees' Retirement Benefits	144,525		168,323		23,797
3	Reserve for Directors' Retirement Benefits	315,217		315,217		—
	Total Fixed Liabilities	1,557,739	12.8	1,921,205	13.2	364,465
	Total Liabilities	4,764,288	39.0	6,731,835	46.4	1,967,547
(Shareholders' Equity)						
I	Capital Stock	1,998,700	16.4	1,988,700	13.8	—
II	Capital Surplus					
	Capital Appropriation	2,953,700	24.2	2,953,700	20.4	—
	Total Capital Surplus	2,953,700		2,953,700		—
III	Earned Surplus					
1	Earned Surplus Reserve	60,000		60,000		—
2	Voluntary Reserve					
(1)	Contingent Reserve	2,300,000		2,300,000		—
3	Unappropriated Profits	351,599		845,075		493,475
	Total Earned Surplus	2,711,599	22.2	3,205,075	22.1	493,475
V	Revaluation of Investment Securities	41,958	0.3	41,355	0.2	△603
VI	Treasury Stock	△253,396	△2.1	△421,090	△2.9	△167,693
	Total Shareholders' Equity	7,452,561	61.0	7,777,740	53.6	325,178
	Total Liabilities and Shareholders' Equity	12,216,850	100.0	14,509,575	100.0	2,292,725

(2) Non-Consolidated Statement of Income

(Unit: Thousand Yen)

Item	Period	As of March 31, 2004		As of March 31, 2005		Increase (△Decrease)
		Amount	%	Amount	%	
			%		%	
I	Net Sales	6,759,339	100.0	10,248,512	100.0	3,489,173
II	Cost of Sales	4,200,741	62.1	7,111,225	69.4	2,910,484
	Gross Profit	2,558,597	37.9	3,137,287	30.6	578,689
III	Selling and General Operating Gains	1,791,777	26.5	2,141,120	20.9	349,343
		766,820	11.4	996,166	9.7	229,346
IV	Non-Operating Income	45,748	0.7	121,199	1.2	75,450
1	Interest Income	7,688		2,840		△4,847
2	Divident Income	—		38,540		38,540
3	Foreign Exchange Gain	—		45,602		45,602
4	Foreign Exchange Gain	5,925		—		△5,925
5	Rent Income	22,137		10,504		△11,633
6	Miscellaneous Income	9,997		23,710		13,713
V	Non-Operating Expenses	98,029	1.5	46,943	0.5	△51,085
1	Interest Expenses	44,776		43,499		△1,276
3	Foreign Exchange Losses	49,959		—		△49,959
4	Casualty Losses	3,293		3,444		150
	Ordinary Gain	714,540	10.6	1,070,422	10.4	355,882
VI	Extraordinary Gains	1,250	0.0	13,280		12,030
1	Gain on Sale of Fixed Assets	—		348		348
2	Gain on sale of Investment Securities	—		12,932		12,932
3	Gain on Directors' Retirement Benefits	1,250		—		△1,250
VII	Extraordinary Losses	171,682	2.6	78,426		△93,256
1	Loss on Sale of Fixed Assets	1,209		20,565		19,355
2	Loss on Disposal of Fixed Assets	27,990		5,126		△22,863
3	Doubtful Debts	1,118		21		△1,096
4	Loss on Disposal of Inventories	139,234		25,735		△113,499
5	Loss on Revaluation of Inventories	—		26,021		26,021
6	Others	2,128		955		△1,172
	Net Income Before Tax	544,107	8.0	1,005,276	9.8	461,168
	Income Taxes	114,951	1.7	487,598	4.8	372,646
	Refunded Corporate Tax	108,327	1.6	△93,757	△0.9	△202,084
	Net Gains Begining	320,828	4.7	611,436	5.9	290,607
	Retained Earnings at the	33,015		253,763		220,748
	Loss of Sale of Treasury	2,244		20,124		17,879
	Unappropriated Profits	351,599		845,075		493,475

(3) Non-Consolidated Statement of Retained Earnings

(Unit: Thousand Yen)

Item	As of March 31, 2004		As of March 31, 2005		Increase (△Decrease)
	Amount		Amount		
I Unappropriated Profits		351,599		845,075	493,475
II Appropriations					
1 Dividends	77,835 (¥15 per share)	77,835	194,891 (¥19 per share)	194,891	117,056
2 Director's Bonus	20,000	20,000	37,000	37,000	17,000
3 Voluntary Reserve	—	—	110,000	110,000	110,000
3 Contingent Reserve	—	—	—	—	—
III Retained Earnings to be carried forward to the next Fiscal year		253,763		503,183	249,419

Sales by Item (Unit: Million Yen)

	Fiscal Year Ended March 31, 2001	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005
Polishing Films	3,575	1,557	1,571	1,645	1,622
Polishing Liquid	495	479	678	1,731	2,303
Coating Manufacturing Service	348	372	939	1,949	2,995
Other Products	103	81	168	118	137
Polishing Machines	1,034	689	605	765	2,510
Polishing Pads	1,012	180	188	360	491
Polishing Coolants	202	225	193	104	120
Other Merchandises	86	86	104	82	60
Total	6,858	3,671	4,448	6,759	10,248

Sales by Applications (Unit: Million Yen)

	Fiscal Year Ended March 31, 2001	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005
Hard Disks	1,172	1,107	1,286	2,491	3,729
Coating Manufacturing Service	348	372	939	1,949	2,995
LCD Panels	390	246	597	506	1,289
Magnetic Heads/FDs/VTs	506	371	506	489	303
Fiber Optics	2,117	586	392	466	584
Silicon Wafers	879	613	283	514	1,048
Others	443	373	443	340	297
Total	6,858	3,671	4,448	6,759	10,248