

**Non-Consolidated Financial Statement  
for the Fiscal Year Ended March 31, 2006**

May 26, 2006

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 26, 2006  
 Shareholder's Meeting: June 28, 2006

**1. Summary of Non-Consolidated Financial Result**

## 1. Financial Result for the Fiscal Year Ended March 31, 2006

## (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, 2006	8,038	( 21.6 )	715	( 28.1 )	748	( 30.1 )
March 31, 2005	10,248	( 51.6 )	996	( 29.9 )	1,070	( 49.8 )

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, 2006	455	( 25.6 )	42 . 00	41.99	5.8	5.3	9.3
March 31, 2005	611	( 90.6 )	55 . 45	55.33	8.0	8.0	10.4

(Note) 1. Average number of shares outstanding During the fiscal year ended March 31, 2006 10,216,265shares  
 During the fiscal year ended March 31, 2005 10,360,328shares

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, 2006	13.00	13.00	13.00	132	29.1	1.7
March 31, 2005	19.00	19.00	19.00	194	31.9	2.5

## (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, 2006	13,571	7,981	58.8	781. 27
March 31, 2005	14,509	7,777	53.6	754. 64

(Note) 1. Number of shares outstanding As of March 31, 2006 10,182,862shares  
 As of March 31, 2005 10,257,462 shares  
 2. Number of Treasury Stock As of March 31, 2006 513,458 shares  
 As of March 31, 2005 438,858 shares

## 2. Financial Forecasts for the Fiscal Year Ending March 31, 2007

Year ending	Net Sales	Ordinary Income	Net Income	Dividend Per Share for Year		
				Interim	Year-End	Yen
September 30, 2006	3,340	170	96			
March 31, 2007	8,200	776	442		14.23	14.23

(Reference) Expected net income per share: 43.44 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, 2006**

	Fiscal Year ended March 31, 2005 ( From April 1, 2004 To March 31, 2005 )	Fiscal Year ended March 31, 2006 ( From April 1, 2005 To March 31, 2006 )	Percentage of net income indicate changes from previous year
	Millions of Yen	Millions of Yen	%
Net Sales	10,248	8,038	21.6
Operating Income	966	715	28.1
Ordinary Income	1,070	748	30.1
Net Income	611	455	25.6

Net Income Per Share	Yen 55.45	Yen 42.00	%
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## Financial Statement for the Fiscal year ended March 31, 2006

### (1) Non-Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Period	As of March 31, 2005		As of March 31, 2006		Increase ( Decrease)
		Amount	Composition	Amount	Composition	
( Assets )			%		%	
I Current Assets						
1 Cash and Cash Equivalents		3,174,730		2,952,273		222,457
2 Notes Receivable		405,152		161,224		243,928
3 Accounts Receivable, Trade		2,881,892		2,832,980		48,911
4 Merchandise		123,935		43,756		80,178
5 Finished Goods		179,700		69,814		109,885
6 Semi-Finished Goods		184,646		142,752		41,893
7 Raw Materials		374,144		327,076		47,068
8 Work in Progress		75,361		79,432		4,071
9 Supplies		19,662		28,814		9,151
10 Prepaid Expenses		24,505		42,176		17,671
11 Deferred Tax Assets		135,217		93,572		41,644
12 Other Accounts Receivable		104,220		52,674		51,545
13 Others		16,489		38,472		21,984
Doubtful Notes and Accounts		2,526		2,430		96
Total Current Assets		7,697,133	53.0	6,862,595	50.6	834,538
II Fixed Assets						
1 Tangible Fixed Assets						
(1) Buildings		3,031,854		2,856,951		174,902
(2) Structures		97,958		87,337		10,621
(3) Machinery and Equipment		328,166		294,318		33,847
(4) Automotive Equipment		13,755		10,096		3,659
(5) Tools		67,185		59,252		7,933
(6) Land		1,444,289		1,444,289		
Total Tangible Fixed Assets		4,983,210	34.4	4,770,709	35.2	212,500
2 Intangible Fixed Assets						
(1) Patent Property		8,999		6,502		2,497
(2) Software		18,246		21,589		3,343
(3) Telephone Rights		1,763		1,763		
Total Intangible Fixed Assets		29,009	0.2	112,920	0.8	83,911
3 Investments and Other Assets						
(1) Investment Securities		394,977		543,435		148,458
(2) Investment in Affiliated Company		916,339		818,376		97,963
(3) Long-term Prepaid Expenses		34,410		35,396		986
(4) Deferred Tax Assets		239,375		209,418		29,957
(5) Insurance Reserve Fund		157,851		162,637		4,786
(6) Golf-Club Membership		29,643		19,143		10,500
(7) Others		42,863		48,229		5,365
Allowance for Doubtful Debts		15,239		11,497		3,742
Total Investments and Other Assets		1,800,222	12.4	1,825,140	13.4	24,918
Total Fixed Assets		6,812,441	47.0	6,708,770	49.4	103,671
Total Assets		14,509,575	100.0	13,571,366	100.0	938,209

(Unit: Thousand Yen)

Item	Period	As of March 31, 2005		As of March 31, 2006		Increase ( Decrease)
		Amount	Composition	Amount	Composition	
			%		%	
( Liabilities )						
I	Current Liabilities					
1	Accounts Payable, Trade	1,355,458		1,260,134		95,324
2	Short-term Borrowings	1,550,000		1,550,000		
3	Current Position of Long-term Borrowings	753,712		609,438		144,274
4	Accrued Liabilities	461,264		327,768		133,496
5	Accrued Expenses	61,903		57,712		4,191
6	Income Taxes Payable	447,745		204,500		243,245
7	Advances	31,489		30,514		974
8	Reserve for Employees' Bonuses	145,000		130,000		15,000
9	Others	3,055		253		2,803
	Total Current Liabilities	4,809,629	33.2	4,170,321	30.7	639,308
II	Fixed Liabilities					
1	Long-term Borrowings	1,438,664		912,564		526,100
2	Reserve for Employees' Retirement Benefits	168,323		191,682		23,358
3	Reserve for Directors' Retirement Benefits	315,217				315,217
	Total Fixed Liabilities	1,922,205	13.2	1,419,463	10.5	502,741
	Total Liabilities	6,731,835	46.4	5,589,785	41.2	1,142,049
( Shareholders' Equity )						
I	Capital Stock	1,988,700	13.8	1,988,700	14.7	
II	Capital Surplus					
	Capital Appropriation	2,953,700	20.4	2,953,700	21.8	
	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		2,410,000		110,000
3	Unappropriated Profits	845,075		957,402		112,327
	Total Earned Surplus	3,205,075	22.2	3,427,402	25.2	222,327
V	Revaluation of Investment Securities	41,355	0.2	82,194	0.6	40,838
VI	Treasury Stock	421,090	2.9	480,415	2.9	59,325
	Total Shareholders' Equity	7,777,740	53.6	7,981,580	58.8	203,840
	Total Liabilities and Shareholders' Equity	14,509,575	100.0	13,571,366	100.0	938,209

## (2) Non-Consolidated Statement of Income

(Unit: Thousand Yen)

Item	Period	As of March 31, 2005		As of March 31, 2006		Increase (Decrease)
		Amount	%	Amount	%	
I	Net Sales	10,248,512	100.0	8,038,187	100.0	2,210,325
II	Cost of Sales	7,111,225	69.4	5,131,889	63.8	1,979,336
	Gross Profit	3,137,287	30.6	2,906,298	36.2	230,988
III	Selling and General Operating Gains	2,141,120	20.9	2,190,524	27.3	49,403
		996,166	9.7	715,774	8.9	280,392
IV	Non-Operating Income	121,199	1.2	81,292	1.0	39,906
1	Interest Income	2,840		610		2,230
2	Divident Income	38,540		6,748		31,791
3	Foreign Exchange Gain	45,602		48,315		2,712
4	Rent Income	10,504		10,777		273
5	Others	23,710		14,840		8,870
V	Non-Operating Expenses	46,943	0.5	48,352	0.6	1,408
1	Interest Expenses	43,499		46,292		2,792
2	Others	3,444		2,059		1,384
	Ordinary Gain	1,070,422	10.4	748,714	9.3	321,707
	Extraordinary Gains	13,280		2,506		10,733
1	Gain on Doubtful Debts			933		933
2	Gain on Sale of Fixed Assets	348		1,073		725
3	Gain on sale of Investment Securities	12,932				12,932
4	Gain on Sale of Golf Club Member ship			500		500
	Extraordinary Losses	78,426	0.7	43,093	0.5	35,332
1	Loss on Sale of Fixed Assets	20,565		705		19,860
2	Loss on Disposal of Fixed Assets	5,126		29,498		24,371
3	Doubtful Debts	21				21
4	Loss on Sale of Golf Club Member ship			595		595
5	Loss on Revaluation of Golf Club Member ship	955				955
6	Loss on Disposal of Inventories	25,735		12,295		13,439
7	Loss on Revaluation of Inventories	26,021				26,021
	Net Income Before Tax	1,005,276	9.8	708,128	8.8	297,148
	Income Taxes	487,598		209,511		278,086
	Refunded Corporate Tax	93,757		43,572		137,330
	Net Gains Begining	611,436	5.9	455,043	5.7	156,392
	Retained Earnings at the	253,763		503,183		249,419
	Loss of Sale of Treasury	20,124		824		19,300
	Unappropriated Profits	845,075		957,402		112,327

## (3) Non-Consolidated Statement of Retained Earnings

(Unit: Thousand Yen)

Item	As of March 31, 2005		As of March 31, 2006		Increase (Decrease)
	Amount		Amount		
I Unappropriated Profits		845,075		957,402	112,327
II Appropriations					
1 Dividends	194,891 (¥19 per share)	194,891	132,377 (¥13 per share)	132,377	62,514
2 Director's Bonus	37,000	37,000	26,000	26,000	11,000
3 Voluntary Reserve Contingent Reserve	110,000	110,000	100,000	100,000	10,000
III Retained Earnings to be carried forward to the next Fiscal year		503,183		699,025	195,841

## Sales by Item (Unit: Million Yen)

	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005	Fiscal Year Ended March 31, 2006
Polishing Films	1,557	1,571	1,645	1,622	1,893
Polishing Liquid	479	678	1,731	2,303	1,923
CMP Pads	372	939	1,949	2,995	52
Coating Manufacturing Service	372	939	1,949	2,995	2,450
Other Products	81	168	118	137	72
Polishing Machines	689	605	765	2,510	1,263
Polishing Pads	180	188	360	491	292
Polishing Coolants	225	193	104	120	10
Other Merchandises	86	104	82	60	79
<b>Total</b>	<b>3,671</b>	<b>4,448</b>	<b>6,759</b>	<b>10,248</b>	<b>8,038</b>

## Sales by Applications (Unit: Million Yen)

	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005	Fiscal Year Ended March 31, 2006
Hard Disks	1,107	1,286	2,491	3,729	2,406
Coating Manufacturing Service	372	939	1,949	2,995	2,450
LCD Panels	246	597	506	1,289	440
Magnetic Heads/FDs/VTs	371	506	489	303	372
Fiber Optics	586	392	466	584	626
Silicon Wafers	613	283	514	1,048	1,462
Others	373	443	340	297	278
<b>Total</b>	<b>3,671</b>	<b>4,448</b>	<b>6,759</b>	<b>10,248</b>	<b>8,038</b>