

Consolidated Financial Statement for the Six Months Ended September 30, 2002

November 22, 2002

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
 Interim Board of Directors Meeting: November 22, 2002
 Adoption of American Account Standard: NO

1. Summary of Consolidated Interim Financial Results

1. Financial Result for the Six months Ended September 30, 2002

(1) Consolidated Operating Result

Amounts to nearest Million yen

	Net Sales		Operating Income		Ordinary Income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2002	2,409	(0.4)	15	()	83	()
September 30, 2001	2,400	(31.3)	97	(89.9)	48	(94.9)
Year ended March 31, 2002	4,439		312		264	

	Net Income		Net Income Per Share		Diluted Net Income Per Share	
Six months ended	Millions of yen	%	Yen		Yen	
September 30, 2002	60	()	11 . 30			
September 30, 2001	5	(99.1)	1 . 01			
Year ended March 31, 2002	362		68 . 76			

(Note) 1) Equity in net losses of affiliates (Millions of Yen): September 30, 2002 (0) September 30, 2001 (0) March 31, 2002 (0)

2) Average number of shares outstanding (Consolidated): During the six months ended September 30, 2002 5,337,564 shares
 During the six months ended September 30, 2001 5,198,591 shares
 During the six months ended March 31, 2002 5,268,271 shares

3) Changing of Accounting Procedure: NO

4) Percentages for net sales, operating income, ordinary income and net income indicate changes from previous year

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Total Assets	Shareholders' Equity Per Share
Six months ended	Millions of Yen	Millions of Yen	%	Yen
September 30, 2002	12,247	7,203	58.8	1,349 . 90
September 30, 2001	12,747	7,802	61.2	1,460 . 57
Year ended March 31, 2002	12,218	7,257	59.4	1,359 . 27

(Note) Number of shares outstanding (Consolidated) As of September 30, 2002 5,336,631 shares
 As of September 30, 2001 5,342,111 shares
 As of March 30, 2002 5,339,171 shares

(3) Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investment Activities	Cash flow from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
Six months ended	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
September 30, 2002	226	586	417	2,944
September 30, 2001	83	615	492	4,062
Year ended March 31, 2002	205	1,652	242	2,981

(4) Scope of consolidation, application of equity method

Number of Consolidated subsidiaries: 2 Number of unconsolidated subsidiaries accounted for by equity method: None
 Number of affiliated accounted for by equity method: None

(5) Change in scope of consolidation, application of equity method

Number of consolidated companies (added): None (Excluded): None
 Number of companies under equity method (added): None (Excluded): None

2. Financial forecasts for the Fiscal Year Ending March 31, 2003

	Net Sales	Ordinary Income	Net Income
Year ending	Million Yen	Million Yen	Million Yen
March 31, 2003	5,230	40	10

(Reference) Expected net income per share: 1.87 yen

*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. Please refer to page 8 of the attached documents regarding forecasts.

**Consolidated Financial
Statement Summary
for the Six Months Ended
September 30, 2002**

	Six months ended September 30, 2001 (From April 1, 2001 To September 30, 2001)	Six months ended September 30, 2002 (From April 1, 2002 To September 30, 2002)	Percentage of net income indicate changes from previous year	Year ended March 31, 2002 (From April 1, 2001 To March 31, 2002)
Net Sales	Millions of yen 2,400	Millions of yen 2,409	% 0.4	Millions of yen 4,439
Operating Income	97	15		312
Ordinary Income	48	83		264
Net Income	5	60		362

Net Income per Share	Millions of Yen 1.01	Millions of Yen 11.30	%	Millions of Yen 68.76
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Number of Consolidated Subsidiaries: 2

1. The Company Group Information

The company group consists of us (Nihon Micro Coating Co., Ltd.) and two subsidiaries (Mipox International Corporation and Mipox Malaysia SDN. BHD.), who operate manufacturing and sales of polishing products such as polishing films, functional films, polishing liquid and sale polishing merchandise such as polishing machines and polishing pads.

Description of our company group business and position related to our company group business are as follows. In addition, as we are not describing the segmental information of business, we will describe this in the business sector below.

(1) Polishing Products

Primary products are polishing films, functional films and polishing liquid.

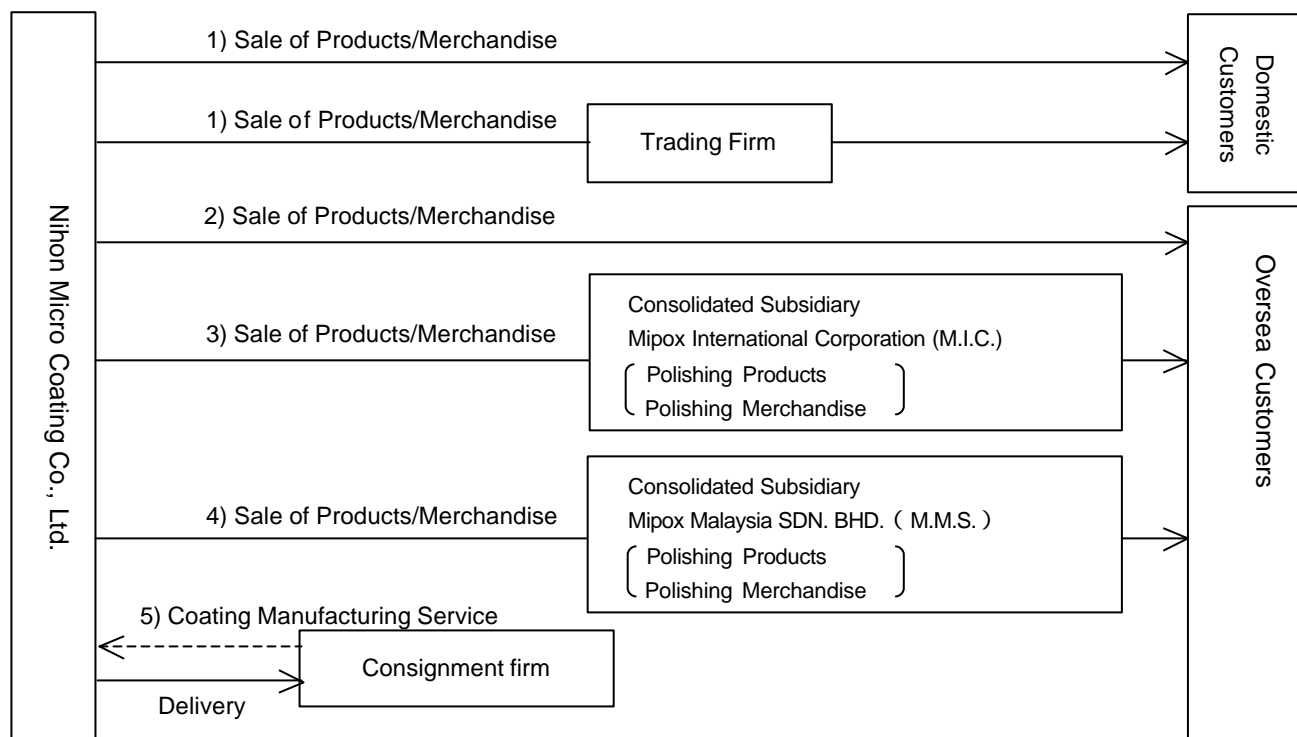
[Leading Related Company] Mipox International Corporation
Mipox Malaysia SDN. BHD.

(2) Polishing Merchandise

Primary merchandise are polishing machines, polishing pads, and polishing coolants.

[Leading Related Company] Mipox International Corporation
Mipox Malaysia SDN. BHD.

[Distribution Diagram]



(Note)

- 1) indicates the distribution route of selling our products and merchandise directly and the distribution route through trading firm to domestic customers.
- 2) indicates the distribution route of selling our products and merchandise directly to overseas customers.
- 3) and 4) indicate the distribution route of selling our products and merchandise through subsidiaries to overseas customers. Subsidiaries are equipped with a slitting (cutting) plant and jumbo rolls sold by us are slit in this plant.
- 5) indicates the contracted manufacturing route of delivering the coating and slitting processed products ordered by consignment firms.

2. Management Policy

1. Basic Management Policy

The business domains of Nihon Micro Coating Co., Ltd is pursuing “Nano-Surface” as “Nano-surface Technology Solutions”.

We believe that giving the ultimate priority to customers’ satisfaction, never saying “No”, to approach all client needs and challenging any difficult customers’ requests will result in developing our technology and creating a high quality robust company.

In order to keep up the business, it is necessary to stay abreast of market conditions, client needs and technical changes, and put emphasis on “Speed”, “Quality”, “Cost” and “Environment” while coexisting with our precious environment.

We continue to expand the delivery of microscopic polishing technologies for the 21st century, but our commitment to customers’ satisfaction will always remain unchanged.

2. Basic Policy on Profit Allocation

Our dividend policy is based on returning profits to shareholders stably.

At the same time, we determine the profit-sharing for shareholders considering financial position and management environment, comprehensively because active investment in R&D and manufacturing is needed so that the company is able to change positively.

During the first-half of our fiscal year ended March 31, 2003, as the sluggish demand for high-tech industry surrounding us protracted due to the recession of worldwide information technology (IT), a net profit was not able to move into the black. However, to appreciate shareholders’ support, we are expecting with long-range perspective to continue dividends at the rate of 15 yen per share at the end of the term at the present time.

3. Policy on Investment Unit-Price Reduction

We acknowledge the flow improvement of stock and increase in shareholders is the key issue on capital measures.

Our stock investment unit is under the standard ¥500,000, but in the case of sharply exceeding this, we shall reduce the investment unit price by dividing the stocks.

4. Corporate Strategy

21st century is the nanotechnology era. We position nanotechnology as an essential technology to lead the industry in the next generation. While providing our in-demand consumable supplies, materials and nano-surfaced system to control the parts and components surface under nano order completed by nanotechnology embodiment, we further strengthen and expand our business to provide our specialized nano-surfaces.

As the new manufacturing facility with ‘Super Clean Room’ being completed at Yamanashi Plant, depending on coating materials, it is capable of providing large amounts of nano-leveled membrane-formation-by-coating technology.

(Note) Super Clean Room: film unwinding, coater head, dry kiln and film winding can be done in environment of Class 100 cleanness in every lines.

(Class 100 cleanness is the condition that is less than 100 pieces of 0.5m micron meter dust in 30.48 cm container. In plain words, the cleanness of 100 fishes swimming in the Pacific ocean)

At the same time, it has been two years since we started the joint development of our “ Four Bodies Polishing System” with Tokyo University and there are some up-and-coming findings. So we have moved on to the development stage for mass-production. It is capable of displaying its greatest force on controlling super micro components if this polishing system comes into practical use.

(Note) Four Bodies Polishing System: This is the polishing method to improve accuracy of precision surface polishing by using “Composite particles” instead of polishing pads which was essential for slurry polishing.

5. Measures for Improvement of Management Organization (Upgrading Corporate Governance)

Our Company board is the determinate body for the important management of business and held once a month regularly as a competent organization for the management of the directors and business department and also held on occasion if necessary.

The management meeting organized by the responsible persons of the board of directors, the planning department and the administrative department is held on occasion, depending on the more departments able to take part in the management and deal with the new problems promptly.

The auditor meeting has been newly organized in order to consolidate the audit function when we become a major company by the commercial audit special law. Accordingly, we are making efforts to improve transparency and health of management. The auditor shall attend the meeting of the board of directors and audit the circumstances of companies as well as express their opinions.

6. Company Issues

The high-tech industrial environment around us seems to be continuously very severe due to the protracted worldwide IT slump. Accordingly, we think that it is of urgent necessity for us to not only consolidate the existing business and increase the sales and market shares but also develop the new business field.

Recently, the screens of televisions and personal computers have been replaced from a picture tube to a flat panel display (FPD: thin display) and the electronic materials and parts makers for liquid crystal display concerned and PDP (Plasma Display Panel) in Japan and abroad has strengthened the production increase. As the prospects of these markets are bright, we have offered our coating technology which has been cultivated for more than 30 years, manufactured various high functional films from flat panel display, and constructed the new manufactory strengthen and enlarge our coating manufacturing service (CMS) that is an operation to combine our coating technology with the company profit.

Accordingly, the manufacturing cost of high functional films for flat panel display will be possibly down.

Also, as the progress of technology brings forth the needs of micro processing, different approaches to and ideas about the development of polishing film are required for the next generation.

Our new manufacturing with a "super clean room" shall display excellence in meeting client needs.

Moreover, we are planning to build the R and D center in Akishima for the expected nano technology age in order to investigate our existing areas as soon as can be arranged.

Our motto is "Environmentally-Friendly Enterprise" to coexist with the environment and we received ISO 14001 certification in Yamanashi in August, 2001 and in Akishima in November, 2001.

In order to improve quality consciousness and levels continuously, the related subsidiaries M.M.S. in Malaysia and M.I.C. in US have also received the certifications of ISO 9001/2000 in August 2001 and March 2002 respectively. We are also due to receive ISO9001/200 certification in March 2003.

3. Operating Result and Financial Status

1. Operating Result

1. Outline of the Interim Term

	(Millions of Yen)				(Yen)
	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
6-months ended 9/30/02	2,409	15	83	60	11.30
6-months ended 9/30/01	2,400	97	48	5	1.01
Change (%)	0.4 %	%	%	%	%

Though the government announced the omen of the economic return to prosperity, it was not a full scale in the first half of the fiscal year, it was just a passing phenomenon, and after that demand for IT concerned has decreased rapidly with the omen of US economy.

Our own business result in the first half of the fiscal year is not quite as satisfactory because of the dull market of optical fiber related. On the contrary, the market of liquid crystal was unexpectedly improved because of the comparatively strong device for equipment investment. Coating Manufacturing Service (CMS), a strategy business has started well, as expected.

On the other hand, the overseas markets showed a large slump because sales of the related subsidiary M.I.C. in the US went down unexpectedly along with a fall of business results of high-tech enterprises and the unsettled future of the US market.

Furthermore, the PC market depression coupled with slowdown of worldwide private consumption invited the worsening of business results of the related subsidiary M.M.S. in Malaysia which sold mainly hard disks, and they showed large losses in the first half of the fiscal year.

As a result, the consolidated financial statement during the first-half of our fiscal year ended March 31, 2003 reported net sales of 2,409 million yen (increased 0.4% from previous year), operating loss of 15 million, ordinary loss of 83 million, and net loss for the six months period ended September 30, 2002 was 60 million.

The non-consolidated financial statement during the first-half of our fiscal year ended March 31, 2003 reported net sales of 2,163 million yen, (increased 7.4% from previous year), operating income of 46 million yen (decreased 71.5% from previous year), ordinary loss of 7 million yen, and net loss for the six months period ended September 30, 2002 was 14 million yen.

(1) Net sales by sector (Millions of Yen)

	Net Sales	Composition	Change from previous year
Polishing Products	1,869	77.6%	117.1%
Polishing Merchandise	539	22.4%	67.1%
Total	2,409	100.0%	100.3%

As we are a unitary enterprise, the segment information is indicated not by types of enterprise but by enterprises themselves.

A. Polishing Products

The sales of our main product, polishing films has been reduced more largely than last year at our main company and at the related subsidiary M.I.C. in US because the sales of diamond films for fiber optics end-face polishing have been reduced by the worldwide stall of demand in the fiber optical market.

However, the sales of polishing liquid showed an increase over the original amount because the demand of the polishing liquid (slurry) for the glass hard disk which we developed prior to other companies was actualized.

Moreover, the strategic business in this term; coating manufacturing service (CMS) or in other words, multiplayer coating on the film with special paint demanded by customers showed a sharp increase.

As these increased revenues covered income decreases of polishing films, the sales of polishing products have become 117.1% to the sales of the previous year.

B. Polishing Merchandise

Regarding the sales of polishing machines, we anticipated that the wafer related market would shift to a

weak market, however on the contrary, the liquid crystal related market made a good showing. The results during the first half of the fiscal year were just as expected, and orders for liquid crystal panels were favorable especially by the liquid crystal manufacturer in Taiwan, but silicon wafer edge polisher decreased in income compared with previous year because the semiconductor market had little desire for equipment investment.

The sale of polishing pads was very low because the stock price at the hard disk related market did not recover.

As a result, the sales of polishing merchandise have become 67.1% to the previous year.

(2)Net Sales by applications (Non-Consolidated basis) (Millions of Yen)

	Net Sales	Composition	Change from previous year
FD· VT Magnetic head Related	237	11.0%	5.5%
Hard Disk Related	719	33.3%	22.4%
Fiber Optical Related	129	6.0%	78.4%
LCD pane; Related	224	10.4%	235.2%
Silicon Wafer Related	107	5.0%	61.3%
Other applications	220	10.1%	143.8%
Coating Manufacturing Service	523	24.2%	275.8%
Total	2,163	100.0%	7.3%

Non-consolidated basis net sales by application for the six months period ended September 30, 2002 is as follows.

The sales of hard disk related goods is not very satisfactory because of the decrease of shipping of PC's by the worldwide fall of consumption and the control of IT investment. In our company, however, as the sales of polishing liquid for glass-disk-direct-texturing has started from this term, the sales of hard disk related goods increased 22.4% compared with the previous year.

The sales of fiber optics related equipment shows a larger decrease than the original plan and the preceding fiscal year in spite of the very severe forecast because of the large decrease of the diamond and control of investment by a scandal of a large US correspondence company, in spite of the very severe forecast during planning. The recovery will be at a standstill.

Regarding the LCD related market, the sales of LCD panel cleaner was satisfactory and the sales figures increased by 235.2% compared with the same term of the previous year.

The wafer related market changed in contrast with the LCD market owing to the loss of motivation for equipment investment by the opaque semiconductor market. Wafer related sales during the middle term saw a decrease of 61.3% compared with the same term of the previous year.

The sales of Coating Manufacturing Service (CMS) saw a 275.8% increase compared with same term of the previous year due to a higher than expected demand for coating of high function film

2. Projections for the Full Term

The prospect for the demand of IT related goods remains gloomy due to stock market decline and the unsettled future of the US economy.

Under these circumstances, our projections for our group company for the full term is as follows:

The hard disk related market was expected to improve in the last half of the year (December 1, 2002 to March 31, 2003), but the recovery of hard disk market may take a little longer due to the decreasing demand for PC's, the sluggish demand for digital home electric applications with hard disk drive units. Accordingly, we were forced to downward revise the demand on polishing liquid for aluminum hard disks.

On the other hand, the prospect for the polishing liquid for glass-disk-direct-texturing are favourable and sales for the hard disk market for the full term will stay as the initial plan.

As the fiber optical related market seems to depend on the US economy, the demand environment of the last half of the year ended March 31, 2003(October 1, 2002 to March 31, 2003) will be the same as the first half of the year ended March 31, 2003 (April 30, 2002 to September 30, 2002). Accordingly, our non-consolidated net sales will remain 55% of the initial plan and the sales of the last half of the year for consolidated subsidiary M.I.C. is expected to be severer than the first half.

The LCD related market will be a little better than the initial plan, as the sales of the LCD machines is expected to go satisfactorily.

The silicon wafer related market is expected to be better than the initial plan as demand for the silicon wafer edge polisher for 8 inch wafer is reasonably high and depression in the first half can be covered by the last half.

The sales of Coating Manufacturing Service (CMS) in the last half of the year is expected to be double due to full operation of the new manufacturing facility from the last half of the year ended March 31, 2003. So, sales will increase to 70% of the initial plan through the year.

Therefore, non-consolidated sales will reasonably improve, however, increase of depreciation for the new manufacturing facility and the sales ratio of Coating Manufacturing Service (CMS) with a smaller margin among polishing products is a main cause of a decrease in profits.

The economic condition of the consolidated base is expected to be continuously severe due to a slump of high-tech industry in the overseas markets which is reducing consolidated subsidiary business.

As our forecast for the full term business result, we have estimated the consolidated net sales of 5,230 million yen (increased 17.8% compared with previous year), consolidated operating income of 1055 million yen, the ordinary income of 40 million yen, and consolidated net loss of 10 million yen.

On our non-consolidated base, the net sales of 5,140 million yen (increased 40.0% compared with previous year), the operating income of 260 million yen, the ordinary income of 160 million yen, and net income of our fiscal year ended March 31, 2003 of 85 million yen are expected.

Furthermore, the dividends shall be 15 yen per share a year.

(Note) The estimated amount of sales and profit in this data is premised on the forecast based on obtainable information about main causes affecting internal and external economics, including the trend of business concerning each of our departments and group company. Please acknowledge that there might be some cases where the actual business results are quite different from the figures in the data.

Financial Statement for the Six Months ended September 30, 2002

(1) Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Six months ended September 30, 2001 (From April 1, 2001 to September 30, 2001)		Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Summary of Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2001 to March 31, 2002)	
	Amount	%	Amount	%	Amount	%
(Assets)		%		%		%
Current Assets						
1 Cash and Cash Equivalents	4,925,186		3,776,916		3,799,268	
2 Notes Receivable, Trade	1,122,275		1,180,234		1,277,451	
3 Inventories	1,074,004		907,204		954,999	
4 Deferred Tax	356,448		205,544		186,785	
5 Others	159,107		130,007		207,674	
Doubtful Notes and Accounts	16,103		20,921		24,131	
Total Current Assets	7,620,918	59.8	6,178,986	50.5	6,402,047	52.4
Fixed Assets						
1 Tangible Fixed Assets						
(1)Buildings and Structures	2,764,383		5,002,183		4,531,026	
(2)Equipment and Vehicles	1,146,452		1,256,551		1,226,339	
(3)Others	348,402		361,191		356,862	
Total Depreciation	2,093,008	2,166,230	2,479,396	4,140,531	2,250,203	3,864,024
(4)Land	1,270,743		1,279,083		1,279,083	
(5)Construction in Progress	1,059,721				25,243	
Total Tangible Fixed Assets	4,496,695	35.3	5,419,614	44.2	5,168,351	42.3
2 Intangible Fixed Assets						
(1)Others	37,152		34,385		38,230	
Total intangible Fixed Assets	37,152	0.3	34,385	0.3	38,230	0.3
3 Investments and Other Assets						
(1)Investment Securities	124,226		101,924		98,375	
(2)Deferred Tax	199,606		227,331		217,522	
(3)Others	282,213		300,444		309,486	
Allowance for Doubtful Debts	13,273		15,273		15,273	
Total Investments and Other Assets	592,773	4.6	614,426	5.0	610,110	5.0
Total Fixed Assets	5,126,621	40.2	6,068,426	49.5	5,816,692	47.6
Total Assets	12,747,539	100.0	12,247,413	100.0	12,218,740	100.0

(Unit: Thousand Yen)

Item	Six months ended September 30, 2001 (From April 1, 2001 to September 30, 2001)		Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Summary of Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2001 to March 31, 2002)	
	Amount	%	Amount	%	Amount	%
(Liabilities)		%		%		%
Current Liabilities						
1 Notes Receivable, Trade	494,889		459,916		563,120	
2 Short-term Borrowings	649,840		1,412,260		632,987	
3 Current Portion of Long-term Borrowings	489,036		589,596		589,596	
4 Accrued Income Taxes and Other Taxes	2,353		2,290		2,290	
5 Reserve for Employees' Bonuses	95,300		82,000		81,000	
6 Facilities Bills Payable	650,665		349,593		400,857	
7 Others	534,565		224,923		489,620	
Total Current Liabilities	2,916,649	22.9	3,120,579	25.5	2,759,471	22.6
Fixed Liabilities						
1 Long-term Borrowings	1,639,904		1,496,648		1,796,546	
2 Reserve for Employees' Retirement Benefits	108,497		128,412		117,119	
3 Reserve for Directors' Retirement Benefits	279,962		297,872		288,235	
Total Fixed Liabilities	2,028,363	15.9	1,922,932	15.7	2,201,900	18.0
Total Liabilities	4,945,012	38.8	5,043,512	41.2	4,961,372	40.6
(Shareholders' Equity)						
Shareholders' Equity						
(Capital Stock)						
Capital Stock	1,998,700	15.7			1,998,700	16.3
Capital Surplus	2,953,700	23.2			2,953,700	24.2
Consolidated Surplus	2,735,445	21.4			2,367,925	19.4
Revaluation of Investment Securities	3,260	0.0			2,416	0.0
Foreign Currency Translation Adjustments	136,091	1.1			36,720	0.3
Treasury Stock	24,670	0.2			28,653	0.2
Total Shareholders' Equity	7,802,526	61.2			7,257,368	59.4
Capital Stock			1,998,700	16.3		
Capital Surplus			2,953,700	24.1		
Earned Surplus			2,175,348	17.8		
Revaluation of Investment Securities			3,475	0.0		
Foreign Currency Translation Adjustments			104,593	0.8		
Treasury Stock			31,916	0.2		
Total Shareholders' Equity			7,203,901	58.8		
Total Liabilities and Shareholders' Equity	12,747,539	100.0	12,247,413	100.0	12,218,740	100.0

(2) Consolidated Statements of Income

(Unit: Thousand Yen)

Item	Six months ended September 30, 2001 (From April 1, 2001 to September 30, 2001)		Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Summary of Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2001 to March 31, 2002)	
	Amount	%	Amount	%	Amount	%
Net Sales	2,400,324	100.0	2,409,685	100.0	4,439,899	100.0
Cost of Sales	1,336,752	55.7	1,494,801	62.0	2,816,041	63.4
Gross Profit	1,063,571	44.3	914,884	38.0	1,623,858	36.6
Selling and General Administrative Expenses						
1 Freight Outwards	49,384		59,759		86,505	
2 Payroll and Bonus	275,086		269,037		575,893	
3 Chargeable to the Bonus Payment Reserve	44,607		33,758		35,574	
4 Employees' Retirement Benefits	3,321		4,555		6,962	
5 Directors' Retirement Benefits	9,387		9,637		17,660	
6 Depreciation	33,105		34,725		70,997	
7 Research and Development Expenses	157,804		186,977		414,861	
8 Others	393,500	966,197	331,651	930,102	727,821	1,936,275
Operating Income(Loss ())		97,374		15,218		312,416
Non-Operating Income						
1 Interest Income	6,947		1,321		11,376	
2 Foreign Exchange Gain					53,592	
3 Others	12,203	19,151	14,638	15,959	32,160	97,130
Non-Operating Expenses						
1 Interest Expenses	14,844		24,786		37,791	
2 Foreign Exchange Loss	48,767		57,942		-	
3 New Share Issuing Expense	3,773				3,773	
4 Loss on Revaluation of Investment Securities					5,711	
5 Others	944	68,329	1,117	83,845	1,718	48,995
Ordinary Income(Loss ())		48,196		83,104		264,282
Extraordinary Gains						
1 Gain on Doubtful Debts	2,737		1,619		2,153	
2 Gain on Sale of Fixed Assets	213	2,951	518	2,138	2,153	2,153
Extraordinary Losses						
1 Loss on Disposal of Fixed Assets	7,986		1,583		10,223	
2 Loss on Revaluation of Investment Securities	27,195				44,733	
3 Loss on Allowance for Doubtful Debts					2,000	
4 Loss on Revaluation of Investment in Golf Club Membership	4,500				4,500	
5 Others		39,681	8,074	9,657		61,456
Net Income (Loss ())Before Tax		11,465		90,624		323,585
Income Taxes-Current	10,162		2,427		5,835	
Refunded Corporate Tax			30,740		36,756	
Income Taxes-Deferred	3,949	6,213	2,008	30,321	69,603	38,681
Net Income (Loss ())		5,252		60,302		362,267

(3) Consolidated Statement of Surplus

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2001 (From April 1, 2001 to September 30, 2001)		Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Summary of Consolidated Statement of Surplus for Previous Fiscal Year (From April 1, 2001 to March 31, 2002)	
		Amount		Amount		Amount	
Year Starting Balance on Consolidated Statement of Surplus			2,854,328				2,854,328
Reduced Amount of Consolidated Statement of Surplus							
1 Dividend Payable		89,135				89,135	
2 Bonus to Directors (For Bonus to Auditors)		35,000 (-)	124,135		(-)	35,000 (-)	124,135
Net Income and Losses ()			5,252				362,267
Mid Year Ending Balance on Consolidated Statement of Surplus			2,735,445				2,367,925
(Capital Surplus)							
Year Starting Balance on Capital Surplus							
Year Starting Balance on Capital Appropriation				2,953,700	2,953,700		
Mid Year Ending Balance on Capital Surplus					2,953,700		
(Earned Surplus)							
Year Starting Balance on Earned Surplus							
Year Starting Balance on Consolidated Surplus					2,367,925		
Reduced Amount of Earned Surplus							
1 Dividend Payable				80,087			
2 Adjusted Amount on Consolidated Subsidiary				52,186			
3 Net Losses				60,302	192,577		
Mid year Ending Balance on Earned Surplus					2,175,348		

(4) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2001 (From April 1, 2001 to September 30, 2001)	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)	Summary of Consolidated Statement of Cash Flows for Previous Fiscal Year (From April 1, 2001 to March 31, 2002)
		Amount	Amount	Amount
Cash Flow from Operating Activities				
1	Net Income(Losses()) Before Taxes	11,465	90,624	323,585
2	Allowance for Depreciation	145,180	251,729	334,955
3	Increase/Decrease in Allowance for Employees ' Bonuses	36,200	1,000	
4	Increase/Decrease in Allowance for Employees ' Retirement Benefits	5,930	11,292	14,552
5	Interest and Dividends Earned	6,947	1,321	11,376
6	Interest Expenses	14,844	24,786	37,791
7	Loss on Revaluation of Interest Securities	27,195		50,444
8	Loss on Revaluation of Golf Club Membership	4,500		4,500
9	Foreign Currency Translation Gain/Loss	5,790	12,695	8,459
10	Increase/Decrease in Accounts Receivable	636,555	97,216	481,379
11	Increase/Decrease in Inventories	5,765	47,794	113,239
12	Increase/Decrease in Accounts Payable	248,927	103,203	180,697
13	Increase/Decrease in Advance Receipt	80,892	84,421	139,919
14	Amount Paid on Directors' Bonuses	35,000		35,000
15	Others	98,483	56,000	246,538
	Sub Total	697,998	222,944	388,044
16	Interest and Dividends Received	7,276	1,410	12,150
17	Interest Paid	15,584	25,800	40,049
18	Income Taxes Paid	606,633	28,340	565,286
	Net Cash used in Operating Activities	83,056	226,894	205,140
Cash Flows from Investing Activities				
1	Payment for Time Deposits	11,065	14,405	11,065
2	Proceeds from Time Deposits	230,000		274,425
3	Payment for Tangible Fixed Assets	825,643	575,749	1,868,250
4	Proceeds from Tangible Fixed Assets	7,324	615	7,407
5	Payment for Intangible Fixed Assets	144	85	5,126
6	Increase/Decrease in Other Investment	16,282	3,505	50,263
	Net Cash Provided by Investing Activities	615,811	586,120	1,652,873
Cash Flows from Financing Activities				
1	Proceeds from Short-term Loans	600,000	900,000	896,961
2	Repayment of Short-term Loans	1,490,000	100,000	1,790,000
3	Proceeds from Long-term Loans	2,050,000		2,550,000
4	Repayment of Long-term Loans	1,540,240	299,898	1,783,038
5	Payments for Purchases Treasury Stock	24,373	3,262	28,356
6	Amount Paid for Dividend Payable by Parent Company	87,399	79,067	87,695
	Net Cash Provided by Financing Activities	492,012	417,771	242,127
	Effect of Exchange Rate Changes on Cash and Equivalents	38,271	13,440	32,153
	Net Decrease in Cash and Cash Equivalents	986,495	45,106	2,067,989
	Cash and Cash Equivalents at Beginning of Year	5,049,115	2,981,126	5,049,115
	Adjusted Amount on Consolidated Subsidiary		81,863	
	Cash and Cash Equivalents at End of Year	4,062,619	2,944,368	2,981,126