

**Consolidated Financial Statement
for the Fiscal Year Ended March 31, 2003**

May 23, 2003

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 23, 2003
 Adoption of American Account Standard: NO

1. Summary of Consolidated Financial Results

1. Financial Result for the Fiscal Year Ended March 31, 2003

(1) Consolidated Operating Result

Amounts to nearest Million yen

	Net Sales		Operating Income		Ordinary Income	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2003	4,949	(11.5)	138	()	219	()
March 31, 2002	4,439	(39.0)	312	()	264	()

	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
Fiscal Year ended	Millions of yen	%	Yen	Yen	%	%	%
March 31, 2003	160	()	30 . 22		2.2	1.8	4.4
March 31, 2002	362	()	68 . 76		4.8	2.1	6.0

- (Note) 1) Equity in net losses of affiliates (Millions of Yen): March 31, 2003 (0) March 31, 2002 (0)
 2) Average number of shares outstanding (Consolidated): During the Fiscal Year ended March 31, 2003 5,323,834 shares
 During the Fiscal Year ended March 31, 2002 5,268,271 shares
 3) Changing of Accounting Procedure: None
 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
Fiscal Year ended	Millions of Yen	Millions of Yen	%	Yen
March 31, 2003	11,882	7,058	59.4	1,330. 90
March 31, 2002	12,218	7,257	59.4	1,359. 27

- (Note) Number of shares outstanding (Consolidated) As of March 31, 2003 5,303,691 shares
 As of March 31, 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
Fiscal Year ended	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2003	71	1,173	339	2,119
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, 2004

	Net Sales	Ordinary Income	Net Income
Fiscal Year ended	Million Yen	Million Yen	Million Yen
March 31, 2003	2,720	10	10
March 31, 2002	5,780	50	50

(Reference) Expected net income per share: 9.42 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 9 of the attached documents regarding forecasts.

**Consolidated Financial
Statement Summary
for the Fiscal Year Ended
March 31, 2003**

	Fiscal Year ended March 31, 2002 (From April 1, 2001 To March 31, 2002)	Fiscal Year ended March 31, 2003 (From April 1, 2002 To March 31, 2003)	Percentage of net income indicate changes from previous year
Net Sales	Millions of yen 4,439	Millions of yen 4,949	% 11.5
Operating Income	312	138	
Ordinary Income	264	219	
Net Income	362	160	
Net Income per Share	Yen 68.76	Yen 30.22	%

Financial Statement for the Fiscal Year ended March 31, 2003

(1) Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Period	As of March 31, 2002		As of March 31, 2003		Increase (Decrease)
		Amount	Composition	Amount	Composition	
(Assets)			%		%	
I	Current Assets					
1	Cash and Cash Equivalents	3,799,268		2,673,991		1,125,276
2	Notes Receivable, Trade	1,277,451		1,527,563		250,112
3	Inventories	954,999		940,695		14,303
4	Deferred Tax	186,785		250,878		64,092
5	Others	207,674		234,570		26,896
	Doubtful Notes and Accounts	24,131		20,860		3,270
	Total Current Assets	6,402,047	52.4	5,606,839	47.2	795,208
II	Fixed Assets					
1	Tangible Fixed Assets					
(1)	Buildings and Structures	4,531,026		5,100,778		569,752
(2)	Equipment and Vehicles	1,226,339		1,318,022		91,683
(3)	Others	356,862		358,304		1,441
	Total Depreciation	2,250,203		2,707,410		457,206
(4)	Land	1,279,083		1,279,933		850
(5)	Construction in Progress	25,243				25,243
	Total Tangible Fixed Assets	5,168,351	42.3	5,349,628	45.0	181,277
2	Intangible Fixed Assets					
(1)	Others	38,230		30,455		7,775
	Total intangible Fixed Assets	38,230	0.3	30,455	0.3	7,775
3	Investments and Other Assets					
(1)	Investment Securities	98,375		369,510		271,135
(2)	Deferred Tax	217,522		243,814		26,292
(3)	Others	309,486		301,363		8,122
	Allowance for Doubtful Debts	15,273		19,273		4,000
	Total Investments and Other Assets	610,110	5.0	895,414	7.5	285,304
	Total Fixed Assets	5,816,692	47.6	6,275,498	52.8	458,806
	Total Assets	12,218,740	100.0	11,882,337	100.0	336,402

(Unit: Thousand Yen)

Item	Period	As of March 31, 2002		As of March 31, 2003		Increase (Decrease)
		Amount	Composition	Amount	Composition	
			%		%	
(Liabilities)						
I	Current Liabilities					
1	Notes Receivable, Trade	563,120		503,970		59,149
2	Short-term Borrowings	632,987		1,261,985		628,997
3	Current Portion of Long Term Borrowings	589,596		669,592		79,996
4	Accrued Income Taxes and Other Taxes	2,290		4,580		2,290
5	Reserve for Employees' Bonuses	81,000		85,000		4,000
6	Others	890,477		343,502		546,975
	Total Current Liabilities	2,759,471	22.6	2,868,629	24.1	109,158
II	Fixed Liabilities					
1	Long-term Borrowings	1,796,546		1,515,188		281,358
2	Reserve for Employees' Retirement Benefits	117,119		133,197		16,077
3	Reserve for Directors' Retirement Benefits	288,235		307,260		19,025
	Total Fixed Liabilities	2,201,900	18.0	1,955,645	16.5	246,255
	Total Liabilities	4,961,372	40.6	4,824,275	40.6	137,096
(Shareholders' Equity)						
Shareholders' Equity						
(Capital Stock)						
I	Capital Stock	1,998,700	16.3			1,998,700
II	Capital Surplus	2,953,700	24.2			2,953,700
III	Consolidated Surplus	2,367,925	19.4			2,367,925
IV	Revaluation of Investment Securities	2,416	0.0			2,416
V	Foreign Currency Translation Adjustments	36,720	0.3			36,720
VI	Treasury Stock	28,653	0.2			28,653
	Total Shareholders' Equity	7,257,368	59.4			7,257,368
I	Capital Stock			1,998,700	16.8	1,998,700
II	Capital Surplus			2,953,700	24.9	2,953,700
III	Earned Surplus			2,074,786	17.5	2,074,786
IV	Revaluation of Investment Securities			2,720	0.0	2,720
V	Foreign Currency Translation Adjustments			87,047	0.7	87,047
VI	Treasury Stock			58,892	0.5	58,892
	Total Shareholders' Equity			7,058,062	59.4	7,058,062
	Total Liabilities and Shareholders' Equity	12,218,740	100.0	11,882,337	100.0	336,402

(2) Consolidated Statements of Income

(Unit: Thousand Yen)

Item	Period	As of March 31, 2002		As of March 31, 2003		Increase (Decrease)
		Amount	%	Amount	%	
I	Net Sales	4,439,899	100.0	4,949,286	100.0	509,386
II	Cost of Sales	2,816,041	63.4	3,219,246	65.0	403,204
	Gross Profit	1,623,858	36.6	1,730,040	35.0	106,181
III	Selling and General Administrative Expenses	1,936,275	43.6	1,869,035	37.8	67,239
	Operating Losses	312,416	7.0	138,995	2.8	173,421
IV	Non-Operating Income	97,130	2.2	39,064	0.8	58,065
1	Interest Income	11,376		2,773		8,602
2	Foreign Exchange Gain	53,592				53,592
3	Rent Income			11,778		11,778
4	Others	32,160		24,511		7,649
V	Non-Operating Expenses	48,995	1.1	120,002	2.4	71,006
1	Interest Expenses	37,791		49,670		11,878
2	New Share Issuing Expense	3,773				3,773
3	Foreign Exchange Loss			68,265		68,265
4	Loss on Revaluation of Investment Securities	5,711				5,711
5	Others	1,718		2,065		346
	Ordinary Losses	264,282	5.9	219,933	4.4	44,349
VI	Extraordinary Gains	2,153	0.0	21,118	0.4	18,964
1	Gain on Doubtful Debts	2,153		1,227		925
2	Gain on Sale of Fixed Assets			863		863
3	Refunded Tariffs			19,027		19,027
VII	Extraordinary Losses	61,456	1.4	71,483	1.5	10,026
1	Loss on Disposal of Fixed Assets	10,223		2,069		8,153
2	Loss on Revaluation of Investment Securities	44,733		29,646		15,087
3	Loss on Allowance for Doubtful Debts	2,000		4,000		2,000
4	Loss on Revaluation of Investment in Golf Club Membership	4,500		1,000		3,500
5	Loss on Disposal of Obsolete Inventories			25,940		25,940
6	Loss on Insurance			8,826		8,826
	Net Loss before Tax	323,585	7.3	270,298	5.5	53,287
	Income Taxes-Current	5,835	0.1	4,716	0.1	1,118
	Refunded Corporate Tax	36,756	0.8	54,883	1.1	18,126
	Income Taxes-Deferred	69,603	1.6	59,267	1.2	128,870
	Net Loss	362,267	8.2	160,864	3.3	201,403

(3) Consolidated Statement of Surplus

(Unit: Thousand Yen)

Item	Period	As of March 31, 2002		As of March 31, 2003		Increase (Decrease)
		Amount		Amount		
I	Year Starting Balance on Consolidated Statement of Surplus		2,854,328			2,854,328
II	Reduced Amount of Consolidated Statement of Surplus					
1	Dividend Payable	89,135				
2	Bonus to Directors (For Bonus to Auditors)	35,000 (-)	124,135	()		124,135
III	Net Losses		362,267			362,267
IV	Year Ending Balance on Consolidated Statement of Surplus		2,367,925			2,367,925
	(Capital Surplus)					
I	Year Starting Balance on Capital Surplus					
	Year Starting Balance on Capital Appropriation			2,953,700	2,953,700	2,953,700
II	Year Ending Balance on Capital Surplus				2,953,700	2,953,700
	(Earned Surplus)					
I	Year Starting Balance on Earned Surplus					
	Year Starting Balance on Consolidated Surplus				2,367,925	2,367,925
II	Reduced Amount of Earned surplus					
1	Dividend Payable			80,087		
2	Adjusted Amount on Consolidated Subsidiary			52,186		
3	Net Losses			160,864	293,138	293,138
III	Year Ending Balance on Earned Surplus				2,074,786	2,074,786

(4) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

item	Period	As of March 31, 2002	As of March 31, 2003	Increase (Decrease)
		Amount	Amount	
I	Cash Flow from Operating Activities			
1	Net Losses Before Taxes	323,585	270,298	53,287
2	Allowance for Depreciation	334,955	533,449	198,494
3	Increase/Decrease() in Allowance for Employees Retirement Benefits	14,552	16,077	1,524
4	Interest and Dividends Earned	11,376	3,848	7,527
5	Interest Expenses	37,791	49,670	11,878
6	Loss on Revaluation of Investment Securities	50,444	29,646	20,798
7	Loss on Revaluation of Golf Club Membership	4,500	1,000	3,500
8	Increase()/Decrease in Accounts Receivable	8,459	17,121	8,662
9	Increase()/Decrease in Accounts Receivable	481,379	250,223	731,603
10	Increase()/Decrease in Inventories	113,239	14,303	98,935
11	Increase/Decrease() in Accounts Payable	180,697	52,410	128,286
12	Increase/Decrease() in Advance Receipt	139,919	27,188	112,730
13	Amount Paid on Directors' Bonuses	35,000		35,000
14	Others	246,538	45,909	200,628
	Sub Total	388,044	65,766	322,277
15	Interest and Dividends Received	12,150	4,017	8,132
16	Interest Paid	40,049	50,631	10,582
17	Income Taxes Paid	565,286	52,457	617,743
	Net Cash used in Operating Activities	205,140	71,610	276,751
II	Cash Flows from Investing Activities			
1	Payment for Time Deposits	11,065	41,703	30,637
2	Proceeds from Time Deposits	274,425	305,000	30,575
3	Payment for Investment Securities		300,000	300,000
4	Payment for Tangible Fixed Assets	1,868,250	1,142,130	726,119
5	Proceeds from Tangible Fixed Assets	7,407	5,358	2,048
6	Payment for Intangible Fixed Assets	5,126	85	5,040
7	Increase()/Decrease in Other Investment	50,263	347	49,916
	Net Cash Provided by Investing Activities	1,652,873	1,173,908	478,965
III	Cash Flows from Financing Activities			
1	Proceeds from Short-term Loans	896,961	1,050,000	153,038
2	Repayment of Short-term Loans	1,790,000	400,000	1,390,000
3	Proceeds from Long-term Loans	2,550,000	400,000	2,150,000
4	Repayment of Long-term Loans	1,783,038	601,362	1,181,676
5	Payments for Purchases Treasury Stock	28,356	30,239	1,882
6	Amount Paid for Dividend Payable by Parent Company	87,695	79,287	8,408
	Net Cash Provided by Financing Activities	242,127	339,111	581,239
IV	Effect of Exchange Rate Changes on Cash and Equivalents	32,153	16,930	49,083
V	Net Increase/Decrease() in Cash and Cash Equivalents	2,067,989	780,116	1,287,872
VI	Cash and Cash Equivalents at Beginning of Year	5,049,115	2,981,126	2,067,989
	Adjusted Amount on Consolidated Subsidiary		81,863	81,863
VII	Cash and Cash Equivalents at End of Year	2,981,126	2,119,146	861,979