

**Consolidated Financial Statement
for the Six Months Ended September 30, 2003**

November 20, 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
 Interim Board of Directors Meeting: November 20, 2003
 Adoption of American Account Standard: NO

Stock Exchange: JQ

1. Summary of Consolidated Interim Financial Results

1. Financial Result for the Six months Ended September 30, 2003

(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, 2003	3,254	(0.4)	371	()	332	()
September 30, 2002	2,409	(0.4)	15	()	83	()
Year ended March 31, 2003	4,949		138		219	

	Net Income		Net Income Per Share	Diluted Net Income Per Share
Six months ended	Millions of yen	%	Yen	Yen
September 30, 2003	143	()	27 12	
September 30, 2002	60	()	11 30	
Year ended March 31, 2003	160		30 22	

(Note) 1) Equity in net losses of affiliates (Millions of Yen): September 30, 2003 (0) September 30, 2002 (0) March 31, 2001 (0)

2) Average number of shares outstanding (Consolidated): During the six months ended September 30, 2003 5,298,927 shares
 During the six months ended September 30, 2002 5,337,564 shares
 During the year ended March 31, 2003 5,323,834 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, 2003	11,769	7,074	60.1	1,340 27
September 30, 2002	12,247	7,203	58.8	1,349 90
Year ended March 31, 2003	11,882	7,058	59.4	1,330 78

(Note) Number of shares outstanding (Consolidated) As of September 30, 2003 5,278,371 shares
 As of September 30, 2002 5,336,631 shares
 As of March 30, 2003 5,303,691 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, 2003	563	347	185	2,126
September 30, 2002	226	586	417	2,944
Year ended March 31, 2003	71	1,173	339	2,119

(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
Year ending	Million Yen	Million Yen	Million Yen
March 31, 2004	6,450	590	260

(Reference) Expected net income per share: 49.07 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.

1. The Company Group Information

The company group consists of us (Nihon Micro Coating Co., Ltd.) and three subsidiaries (Mipox International Corporation, Mipox Malaysia SDN. BHD., and MIPOX International Trading(Shanghai) Co., LTD.), who operate manufacturing and sales of polishing products such as polishing films, polishing liquid, coating manufacturing services and sales of 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, polishing liquid, and coating manufacturing services.

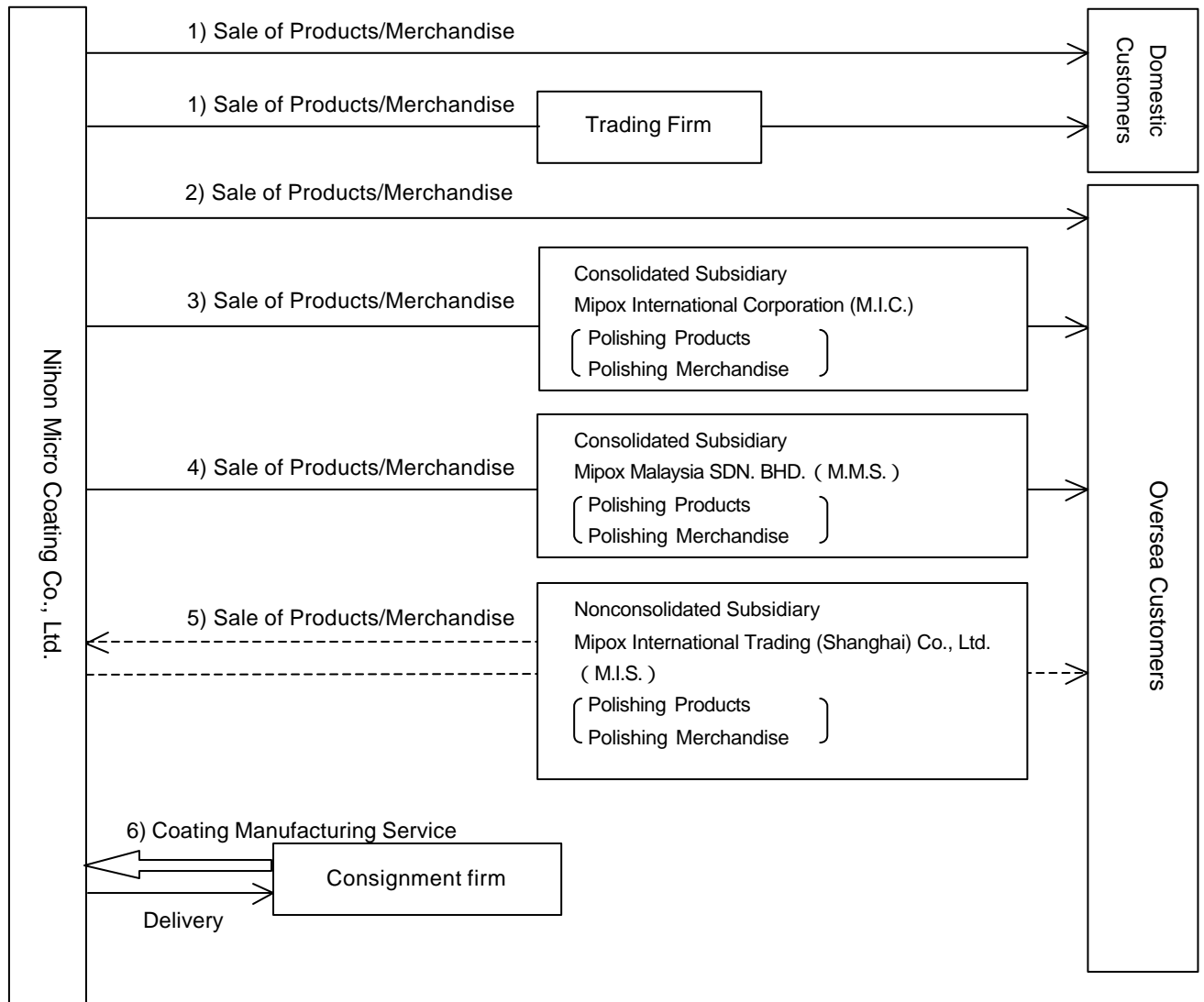
[Leading Related Company] Mipox International Corporation
Mipox Malaysia SDN. BHD.

(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 distribution route of importing raw materials and selling our products and merchandise through our subsidiaries to overseas customers. Subsidiaries are equipped with a slitting (cutting) plant and jumbo rolls sold by us are slit in this plant.
- 6) 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. to pursue "NanoSurface*" as "Nano-surface Technology Solutions".

*:[NanoSurface] is a coined term suggesting the microscopic surface quality below the level of Nano. [NanoSurface] is a registered trademark of Nihon Micro Coating Co., Ltd..

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.

Our dividends are expected to be paid annually at the end of the term along with the previous term.

As of the present time, to appreciate the shareholders' support, we are expecting to pay a dividend continuously at the rate of 15 yen per share at the end of the term with long-range perspective.

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

Nanotechnology is beginning to be applied to the various fields of industry, and it is essential for the long-life fuel cells and ultra-slim displays. And hereafter, the advent and practical use of the member of nanometer unit are expected. We are going to strengthen and expand our business in order to provide the nano leveled thin-film formation by our coating technology and our self-nano-surface, materials and nano-surfaced system to control the parts and components surface under the nano order which have been completed by nanotechnology embodiment.

Corporate strategy is as follows.

- (1) Nano leveled thin-film formation by coating technology at atmospheric pressures, not by vacuum technology.

We are adjusting the technology for the thin-film formation below micron meter in the new manufacturing facility with the super clean room (Class 100 cleanness) at Yamanashi plant.

Under the present circumstances, we have a lead on micron to several hundred nano leveled thin-film formation to the micron level, we are making an effort to the several dozen nano leveled thin-film formation.

- (2) Practical application of the padless polishing

This is the polishing system using carrier particles (polymer fine particle) instead of polishing pads (polishing cloth) to hold the polishing liquid (slurry). By mixing the carrier particles into slurry, this carrier particle substitutes for the polishing pad and holds abrasive coatings for polishing. We are collaborating in this new polishing system at the contribution session in Tokyo University.

In addition, this contribution session will be finished in this fiscal year, but we shall like to get to the brink of practical use. After that, we intend to earnestly develop toward the practical use.

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

As the security market of our country has been globalized, the market entry of cross-border institutional investors increases, the movement for integration to the international standards is growing. Under the circumstances, We view the corporate governance as a fundamental issue of the management.

(1) The fundamental idea of corporate governance

The business concept in the United States as the world model for the corporate governance is monogenetic. It means "The company shall think that the interests of the shareholders are given top priority and the corporate manager as an agent of the shareholders shall be commissioned to maximize the interests of the shareholders."

Recently, several scandals have been turned up in the U.S. because the short-term management has caused a stampede of the managers to quadruple shareholders interests and management profits.

We emphasize on long-term profits. It is necessary that satisfying the customers (communities) in order to enhance the value of the enterprise for a long term and the keenly active employees' contribution to the company in order to manufacture the good products to meet the customers' satisfaction.

We work toward to make use of the shareholders' equities safely, correctly and effectively, to create the equitable benefits and allocate the profits to our "shareholders", "customers" and "employees". That is, we and to maximize the corporate profit to the various stakeholders. When we make the managerial decision-making, we conduct the business on the pluralistic concept to consider these shareholders fairly and equally.

(2) Priority measures for corporate governance

- 1) Benefit prosperity of stakeholders including shareholders and creating of stable company value.
- 2) Reinforcement of ability to confirm the business situation based on compliance.
- 3) Appropriate disclosure.
- 4) Recognition of corporate social responsibility including environmental issue.

(3) Supervisory organization of management

- 1) Board of directors (Member configuration: 4. There are no outside board member)

The technological changing speed of industry around us is very fast, and environmental changes on both domestic and overseas economy are kaleidoscopic. Under the circumstances, prompt business judgment and enforcement will be needed. Based on this standpoint, we adopt a board of directors' organization which emphasizes the mobility including the mutual observation of the executive ability of the directors. Also, introduction of the outside board member system will be one of the agenda to be examined in the future.

- 2) Board of auditors (Member of configuration: 3. An outside auditor included)

Not just legally-defined auditors' business, but checking and advocating the in-company system and crisis-management system are provided. Moreover, the moral education for the employees is being conducted through the in-house meeting and the internal audit.

In addition, there are no special interests between the outside auditor and our company.

- 3) Accounting auditors (Audit corporation)

The accounting auditor entrusts the rigid organizational audit to the audit corporation through the board of auditors. At the same time, se entreat the audit corporation for the guidance in case of the globalization accounting standards in future.

In addition, there are no special interests between the accounting auditors (audit corporation) and our company.

(4) Effort for repletion of corporate governance

- 1) Intensification of independence of internal audit

We have made "the internal audit room" connected directly with the president an independent organization, and posted a man who checks the compliance condition of the company regulation. Moreover, depending on the issue, he checks the function of check-and balance system in collaboration with the board of directors.

- 2) Creation of compliance conference (member of configuration: 3)

Each one person is selected from directors, auditors, and internal auditor room since April. We elevate the internal compliance spirit as well as strengthen the checking and discussing function in case of legal questions.

6. Company Issues

The Japanese sluggish economic phase has been evaded for the time being and it seems to be recovered from recession. The economy globally shows indications of recovery, especially the demand for the digital home electric appliances such as thin-shaped televisions and DVD (Digital Versatile Disk) recorders is increased.

Under the circumstances, our company issues are as follows;

(1) Nano leveled thin-film formation by coating technology

Thin-film formation is made not by the vacuum process such as vacuum deposition or sputtering, but by the coating technology in the super clean room at Yamanashi plant new manufacturing facility. Under the present circumstances, we are cultivating our technology for the several dozen nano leveled thin-film formation, yet we are in the solution for this within this fiscal year is still sensitive.

(2) Ensuring of raw materials for polishing liquid used for glass substrate hard disks

Hard disk drive makers who adopt texturing on glass substrate hard disks have been increasing. Since we are the only company that provides the polishing liquid to texture the glass substrate directly, production of polishing liquid is increasing. As the odd-shaped materials are used for this polishing liquid, it is of urgent necessity to secure the good and stable materials.

(3) Manufacturing of CMP (Chemical Mechanical Polishing) pads

We provide the polishing pads for surface treatment of hard disks. We have developed the polishing pads used in CMP process (planarization polishing technique) by utilizing these technology. Our CMP pads correspond to both the insulating and conductor films. Those samples have been delivered to the domestic and the overseas semiconductor device makers.

(4) Review of overseas offices

Our consolidated subsidiaries are M.I.C. (Mipox International Corporation) in the US and M.M.S. (Mipox Malaysia Sdn. Bhd) in Malaysia.

M.I.C.'s sales market is in North America and Europe, and M.M.S. covers the market in the Southeast Asia. As the world wise sluggish demand in IT related markets influenced, sales on the both subsidiaries could not go into the black. We shall improve the business performance on these consolidated subsidiaries promptly.

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 9/30/03	3,254	371	332	143	27.12
6-months ended 9/30/02	2,409	15	83	60	11.30
Change (%)	35.0 %	%	%	%	%

As the capital investment has increased, the Japanese economy has been slowly improving due to the recovery of the US economy. Yet, the additional shipment of the inventories is poor and boosting of economy seems still in the feeble condition.

Demand expansion of the cellular phones, digital cameras, and digital home electric appliances such as thin-shaped televisions, DVD (digital versatile disk) recorders is the engine for recovery of Japanese economy.

According to the domestic PC shipping trend announced by Japan Electronics and Information Technology Industries Association (JEITA) on October, the shipment increased 13% from the previous year for the first time in two years on the semiannual basis, the corporate selling was in a good form and the demand expansion on laptop PCs can be expected.

Under the circumstances, our corporate performance during the first-half of our fiscal year ended March 31, 2004 is as follows;

As the domestic and overseas users who adopt polishing liquid (slurry) for texturing on glass substrate for hard disks of which sales have expanded since the first half of previous year have increased, the sales have grown as well. At the same time, the sales of coating manufacturing services (CMS) have expanded well due to the increased demand for the high function film coating with the advance of thin-shaped televisions.

Any of these robust sales markets are in Japan.

The overseas market have shown the sign of an economic upturn, but the sales of MIPOX international Corporation (MIC) in the US decreased approximately 15% from the previous year and the sales of MIPOX Malaysia SDN., BHD. decreased approximately 22% from the previous year, thus, our consolidated subsidiaries could not get out of severe situations.

The gross margin ratio has improved 1 point, and sales and general administrative expenses ratio have improved 11 points compared with the same term of the previous year on consolidated basis.

The domestic capital investment during the first-half of our fiscal year ended March 31, 2004 is 347 million yen. The main investments are for the development of the central, machines and equipments for research and development, and the acquisition of the land leased as employees' parking lot at Yamanashi plant.

The aggregate of depreciation expenses including facility investment above during the first-half of our fiscal year totaled 257 million yen.

As a result, the consolidated financial statement during the first-half of our fiscal year ended March 31, 2004 was net sales of 3,254 million yen (increased 35.0% from the previous year), operating income of 371 million, ordinary income of 332 million yen. And net income for the six months period ended September 30, 2003 was 143 million yen.

The non-consolidated financial statement during the first-half of our fiscal year ended March 31, 2004 was net sales of 3,046 million yen, (increased 40.8% from the previous year), operating income of 378 million yen, ordinary income of 336 million yen. And the net income for the six months period ended September 30, 2003 was 131 million yen.

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

	Net Sales	Composition	Change from previous year
Polishing Products	2,581	79.3%	138.1%
Polishing Merchandise	672	20.7%	124.6%
Total	3,254	100.0%	135.0%

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

A. Polishing Products

Consolidated basis net sales of polishing products increased 38.1% compared with the previous year.

Non-consolidated basis net sales increased by 45.0% the previous year; the sales of polishing liquid doubled, the sales of coating manufacturing services (CMS) increased by approximately 60%, and the sales of polishing films increased by approximately 12% compared with the previous year. On the other hand, the sales of polishing products at our consolidated subsidiary M.I.C. (Mipox International Corporation) in the US decreased by over 20%, the sales of every polishing product such as polishing films and polishing liquid decreased by the previous year. The sales of polishing products at M.M.S. (Mipox Malaysia Sdn. Bhd) in Malaysia remained unchanged from the previous year; the sales of polishing liquid increased by 50%, but that of polishing films decreased by 10% compared with the previous year.

B. Polishing Merchandise

Consolidated basis net sales of polishing merchandises increased by 24.6% compared with the previous year.

Non-consolidated basis net sales increased by approximately 30% compared with the previous year; the sales of polishing machines doubled, the sales of polishing pads increased by approximately 40%, but the sales of polishing coolant decreased by approximately 70%. On the other hand, the sales of polishing merchandises at our consolidated subsidiary M.I.C. (Mipox International Corporation) in the US have been remained unchanged from the previous year. The sales of polishing products at M.M.S. (Mipox Malaysia Sdn. Bhd) in Malaysia decreased by approximately 50%. The ultimate cause of this decrease is that the sales of polishing coolant remained in a little over 35% compared with the previous year.

(2) Net Sales by applications (Non-Consolidated basis)

Non-consolidated basis net sales by application for the six months period ended September 30, 2003 is as follows.

	Net Sales	Composition	Change from previous year
Hard Disk Related	1,046	34.4%	45.0%
Coating Manufacturing Services	737	24.2%	60.0%
Wafer Related	320	10.5%	182.4%
LCD pane; Related	275	9.1%	22.8%
FD/VT Magnetic head Related	262	8.6%	10.7%
Fiber optics Related	229	7.5%	76.7%
Other applications	173	5.7%	37.0%
Total	3,046	100.0%	40.8%

The sales of hard disk related did well from first half of the previous year due to the sale of polishing slurry for glass substrate hard disk surface direct texturing.

Recently, as the several domestic hard disk drive (HDD) makers have adopted our polishing liquid, the production of polishing liquid for glass substrate is on the rise. On the other hand, the production of polishing liquid for aluminum substrate shows a declining tendency.

The sales of coating manufacturing services (CMS) are growing because the requirements for coating of high function film for LCD and PDP (Plazma display) which we have been dealing are expanded. This demand is due to the coating requirements caused by the over production capacity of the existing users and the commission of high precision films that is hard to produce with their own technology.

The sales of wafer during the first-half of our fiscal year ended March 31, 2004 had turnover of 200 million yen on the polishing machine (edge polisher) including 300mm wafer corresponding machines. Requirement on 200mm wafer corresponding machine seems still deep rooted on the market.

The sales of LCD related that are based on Taiwan and China fell below the initial plan due to the delay of acceptance.

2. Projections for the Full Term

Though the Japanese economy has been slowly improving with a pickup on the export and the capital investment, boosting of economy seems still in the feeble condition due to the recent strengthening of the yen and the discretion for increase in business inventories.

It seems that the demand of the cellular phones, digital cameras and digital home electric appliances such as DVD (digital versatile disk) recorders will be expanding after the first-half of the year. PC demands have been showing signs of recovery due to an increase of corporate PC selling at the same time.

Under the circumstances, the hard disk related market was expected to improve the immense capacity of glass substrate hard disks with a focus on laptop PCs. With the development of the immense capacity glass substrate hard disk, there is a good chance for texturing of glass substrate, and the expansion of the sales on our polishing liquid can be expected. On the other hand, the very unique shaped diamond with our special arrangement is used in the glass substrate direct texturing polishing slurry. As production increases, securing of stable raw materials may be hard. This may lower the yield and put pressure on the profit. We intend to improve the production not by expanding of manufacturing facility, but by developing of the concentrated type.

The increase of production is expected on the high function film for PDP related on the coating manufacturing services (CMS). We intend to respond to this production increase by raising the operation rates on existing manufacturing facilities.

As our forecast for the full term business result, we have estimated the consolidated net sales of 6,450 million yen, consolidated operating income of 650 million yen, consolidated ordinary income of 590 million yen, and consolidated net income of 260 million yen.

Furthermore, the assumption of the exchange rate after the first-half of the fiscal year shall be 105 yen to one US dollar.

On our non-consolidated base, the net sales of 6,100 million yen, the operating income of 680 million yen, the ordinary income of 620 million yen, and net income of our fiscal year ended March 31, 2003 of 260 million yen are expected.

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

Financial Statement for the Six Months ended September 30, 2003

(1) Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)		Summary of Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)	
	Amount	%	Amount	%	Amount	%
(Assets)		%		%		%
Current Assets						
1 Cash and Cash Equivalents	3,776,916		2,697,613		2,673,991	
2 Notes Receivable, Trade	1,180,234		1,617,060		1,527,563	
3 Inventories	907,204		896,923		940,695	
4 Deferred Tax	205,544		101,176		250,878	
5 Others	130,007		144,579		234,570	
Doubtful Notes and Accounts	20,921		5,584		20,860	
Total Current Assets	6,178,986	50.5	5,451,770	46.3	5,606,839	47.2
Fixed Assets						
1 Tangible Fixed Assets						
(1)Buildings and Structures	5,002,183		5,173,171		5,100,778	
(2)Equipment and Vehicles	1,256,551		1,266,835		1,318,022	
(3)Others	361,191		379,456		358,304	
Total Depreciation	2,479,396	4,140,531	2,863,804	3,955,658	2,707,410	4,069,695
(4)Land	1,279,083		1,450,103		1,279,933	
Total Tangible Fixed Assets	5,419,614	44.2	5,405,761	45.9	5,349,628	45.0
2 Intangible Fixed Assets						
(1)Others	34,385		26,524		30,455	
Total Intangible Fixed Assets	34,385	0.3	26,524	0.2	30,455	0.3
3 Investments and Other Assets						
(1)Investment Securities	101,924		395,530		369,510	
(2)Deferred Tax	227,331		233,212		243,814	
(3)Others	300,444		277,820		301,636	
Allowance for Doubtful Debts	15,273		20,773		19,273	
Total Investments and Other Assets	614,426	5.0	885,789	7.6	895,414	7.5
Total Fixed Assets	6,068,426	49.5	6,318,075	53.7	6,275,498	52.8
Total Assets	12,247,413	100.0	11,769,846	100.0	11,882,337	100.0

(Unit: Thousand Yen)

Item	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)		Summary of Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)	
	Amount	%	Amount	%	Amount	%
(Liabilities)		%		%		%
Current Liabilities						
1 Notes Receivable, Trade	459,916		553,239		503,970	
2 Short-term Borrowings	1,412,260		1,350,000		1,261,985	
3 Current Portion of Long-term Borrowings	589,596		713,992		669,592	
4 Accrued Income Taxes and Other Taxes	2,290		2,290		4,580	
5 Reserve for Employees' Bonuses	82,000		84,000		85,000	
6 Facilities Bills Payable	349,593					
7 Others	224,923		241,813		343,502	
Total Current Liabilities	3,120,579	25.5	2,945,334	25.0	2,868,629	24.1
Fixed Liabilities						
1 Long-term Borrowings	1,496,648		1,310,992		1,515,188	
2 Reserve for Employees' Retirement Benefits	128,412		133,898		133,197	
3 Reserve for Directors' Retirement Benefits	297,872		305,155		307,260	
Total Fixed Liabilities	1,922,932	15.7	1,750,046	14.9	1,955,645	16.5
Total Liabilities	5,043,512	41.2	4,695,380	39.9	4,824,275	40.6
(Minority Interests)						
Minority Interests						
(Shareholders' Equity)						
Capital Stock	1,998,700	16.3	1,998,700	17.0	1,998,700	16.8
Capital Surplus	2,953,700	24.1	2,953,700	25.1	2,953,700	24.9
Earned Surplus	2,175,348	17.8	2,138,915	18.2	2,074,786	17.5
Revaluation of Investment Securities	3,475	0.0	19,375	0.1	2,720	0.0
Foreign Currency Translation Adjustments	104,593	0.8	55,555	0.5	87,047	0.7
Treasury Stock	31,916	0.2	91,780	0.8	58,892	0.5
Total Shareholders' Equity	7,203,901	58.8	7,074,465	60.1	7,058,062	59.4
Total Liabilities, Minority Interest and Shareholders' Equity	12,247,413	100.0	11,769,846	100.0	11,882,337	100.0

(2) Consolidated Statements of Income

(Unit: Thousand Yen)

Item	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)		Summary of Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)				
	Amount	%	Amount	%	Amount	%			
Net Sales		2,409,685	100.0		3,254,158	100.0	4,949,286	100.0	
Cost of Sales		1,494,801	62.0		1,980,860	60.9	3,219,246	65.0	
Gross Profit		914,884	38.0		1,273,297	39.1	1,730,040	35.0	
Selling and General Administrative Expenses									
1 Freight Outwards	59,759			62,518			112,726		
2 Payroll and Bonus	269,037			248,682			554,234		
3 Chargeable to the Bonus Payment Reserve	33,758			32,119			35,098		
4 Employees' Retirement Benefits	4,555			5,467			9,253		
5 Directors' Retirement Benefits	9,637			9,379			19,025		
6 Depreciation	34,725			53,246			92,540		
7 Research and Development Expenses	186,977			154,374			403,268		
8 Others	331,651	930,102	38.6	336,115	901,901	27.7	642,888	1,869,035	37.8
Operating Income(Loss ())		15,218	0.6		371,395	11.4		138,995	2.8
Non-Operating Income									
1 Interest Income	1,321			1,639			2,773		
2 Rent Income				4,335			11,778		
3 Gain on Sale or Revaluation of Investment Securities				3,561					
4 Others	14,638	15,959	0.7	20,056	29,593	0.9	24,511	39,064	0.8
Non-Operating Expenses									
1 Interest Expenses	24,786			23,868			49,670		
2 Loss on Foreign Exchange	57,942			43,513			68,265		
3 Others	1,117	83,845	3.5	742	68,124	2.1	2,065	120,002	2.4
Ordinary Income(Loss ())		83,104	3.4		332,864	10.2		219,933	4.4
Extraordinary Gains									
1 Gain on Doubtful Debts	1,619						1,227		
2 Gain on Sale of Fixed Assets	518						863		
3 Gain on Reserve for Directors' Retirement Benefit				1,250					
4 Refunded Tariffs		2,138	0.1		1,250	0.0	19,027	21,118	0.4
Extraordinary Losses									
1 Loss on Sale of Fixed Assets				1,151					
2 Loss on Disposal of Fixed Assets	1,583			17,597			2,069		
3 Loss on Sale of Investment Securities				2,128					
4 Loss on Revaluation of Investment Securities							29,646		
5 Loss on Allowance for Doubtful Debts				1,500			4,000		
6 Loss on Revaluation of Investment in Golf Club Membership				500			1,000		
7 Loss on Disposal of Obsolete Inventories				77,006			25,940		
8 Loss on Insurance	8,074	9,657	0.4		99,884	3.0	8,826	71,483	1.5
Net Income (Loss ()) Before Tax		90,624	3.7		234,230	7.2		270,298	5.5
Income Taxes-Current	2,427			2,384			4,716		
Refunded Corporate Tax	30,740			16,113			54,883		
Income Taxes-Deferred	2,008	30,321	1.2	104,275	90,546	2.8	59,267	109,434	2.2
Net Income (Loss ())		60,302	2.5		143,683	4.4		160,864	3.3

(3) Consolidated Statement of Surplus

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)		Summary of Consolidated Statement of Surplus for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)	
		Amount		Amount		Amount	
(Capital Surplus)							
Year Starting Balance on Capital Surplus					2,953,700		
Year Starting Balance on Capital Appropriation		2,953,700	2,953,700			2,953,700	2,953,700
Mid Year Ending (Year Ending) Balance on Capital Surplus			2,953,700		2,953,700		2,953,700
(Earned Surplus)							
Year Starting Balance on Earned Surplus					2,074,786		
Year Starting Balance on Consolidated Surplus			2,367,925				2,367,925
Increased Amount of Earned Surplus							
Net Gains				143,683	143,683		
Reduced Amount of Earned Surplus							
1 Dividend Payable		80,087		79,555		80,087	
2 Adjusted Amount on Consolidated Subsidiary		52,186				52,186	
3 Net Losses		60,302	192,577		79,555	160,864	293,138
Mid year Ending (Year Ending) Balance on Earned Surplus			2,175,348		2,138,915		2,074,786

(4) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2002	Six months ended September 30, 2003	Summary of Consolidated Statement of
		(From April 1, 2002 to September 30, 2002)	(From April 1, 2003 to September 30, 2003)	Cash Flows for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)
		Amount	Amount	Amount
Cash Flow from Operating Activities				
1	Net Income (Loss ()) Before Taxes	90,624	234,230	270,298
2	Allowance for Depreciation	251,729	257,738	533,449
3	Increase/Decrease in Allowance for Employees Bonuses (Decrease())	1,000	1,000	
4	Increase/Decrease in Allowance for Employees Retirement Benefits (Decrease())	11,292	701	16,077
5	Interest and Dividends Earned	1,321	2,690	3,848
6	Interest Expenses	24,786	23,868	49,670
7	Loss on Revaluation of Investment Securities			29,646
8	Loss on Revaluation of Golf Club Membership		500	1,000
9	Foreign Currency Translation (Margin ())	12,695	22,008	17,121
10	Increase/Decrease in Accounts Receivable (Increase())	97,216	89,496	250,223
11	Increase/Decrease in Inventories (Increase())	47,794	43,771	14,303
12	Increase/Decrease in Accounts Payable (Decrease())	103,203	49,268	52,410
13	Increase/Decrease in Advance Receipt (Decrease())	84,421	105,352	27,188
14	Others	56,000	99,229	45,909
	Sub Total	222,944	532,777	65,766
15	Interest and Dividends Received	1,410	2,008	4,017
16	Interest Paid	25,800	24,216	50,631
17	Income Taxes Paid	28,340	52,740	52,457
	Net Cash Provided by Operating Activities	226,894	563,310	71,610
Cash Flows from Investing Activities				
1	Payments for Time Deposits	14,405	16,224	41,703
2	Proceeds from Time Deposits			305,000
3	Payments for Investment Securities			300,000
4	Proceeds from Investment Securities		27,448	
5	Payments for Tangible Fixed Assets	575,749	350,808	1,142,130
6	Proceeds from Tangible Fixed Assets	615		5,358
7	Payments for Intangible Fixed Assets	85		85
8	Payments for Incorporation of Subsidiary		23,578	
9	Increase/Decrease in Other Investment (Decrease())	3,505	15,883	347
	Net Cash Provided by Investing Activities	586,120	347,279	1,173,908
Cash Flows from Financing Activities				
1	Proceeds from Short-term Loans	900,000	550,000	1,050,000
2	Repayments of Short-term Loans	100,000	450,000	400,000
3	Proceeds from Long-term Loans		176,880	400,000
4	Repayments of Long-term Loans	299,898	350,752	601,362
5	Payments for Purchases Treasury Stock	3,262	32,887	30,239
6	Amount Paid for Dividend Payable by Parent Company	79,067	78,309	79,287
	Net Cash Provided by Financing Activities	417,771	185,070	339,111
	Effect of Exchange Rate Changes on Cash and Equivalents	13,440	23,562	16,930
	Increase/Decrease in Cash and Cash Equivalents (Decrease())	45,106	7,397	780,116
	Cash and Cash Equivalents at Beginning of Year	2,981,126	2,119,146	2,981,126
	Adjusted Amount on Consolidated Subsidiaries	81,863		81,863
	Cash and Cash Equivalents at Mid year Ending (Year Ending)	2,944,368	2,126,543	2,119,146

Non-Consolidated Financial Statement for the Six Months Ended September 30, 2003

November 20, 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
 Interim Board of Directors Meeting: November 20, 2003
 Date of Interim Dividend Payment: Not started

Stock Exchange: JQ

1. Summary of Non-Consolidated Interim Financial Result

1. Financial Result for the Six Months Ended September 30, 2003

(1) Operating Result

Amounts to nearest Million Yen

Six months ended	Net Sales		Operating Income		Ordinary Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
September 30, 2003	3,046	(40.8)	378	(710.7)	336	()
September 30, 2002	2,163	(7.4)	46	(71.5)	7	()
Year ended March 31, 2003	4,448		38		111	

Six months ended	Net Income		Net Income Per Share	
	Millions of Yen	%	Yen	
September 30, 2003	131	()	24	75
September 30, 2002	14	()	2	72
Year ended March 31, 2003	125		23	53

(Note) 1. Average number of shares outstanding
 During the six months ended September 30, 2003 5,298,927 shares
 During the six months ended September 30, 2002 5,337,564 shares
 During the year ended March 31, 2003 5,323,834 shares

2. Change in Accounting methods: None

3. Percentages for net sales, operating income, ordinary income and net income indicate change from previous year

(2) Dividends

Six months ended	Dividend Per share for Year (Interim)	Dividend Per share for Year (Year-End)
	Yen	Yen
September 30, 2003	0 . 00	
September 30, 2002	0 . 00	
Year ended March 31, 2003		15 . 00

(3) Financial Position

Six months ended	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Asset	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	%	Yen
September 30, 2003	12,115	7,404	61.1	1,402 73
September 30, 2002	12,508	7,507	60.0	1,406 75
Year ended March 31, 2003	12,135	7,368	60.7	1,389 37

(Note) 1. Number of shares outstanding
 As of September 30, 2003 5,278,371 shares
 As of September 30, 2002 5,336,631 shares
 As of March 31, 2003 5,303,691 shares
 2. Number of Treasury Stock
 As of September 30, 2003 69,789 shares
 As of September 30, 2002 11,529 shares
 As of March 31, 2003 44,469 shares

2. Financial Forecasts for the Fiscal Year Ending March 31, 2004

Year ending	Net Sales	Ordinary Income	Net Income	Dividend Per Share for Year	
				Year-End	Yen
March 31, 2004	Millions of Yen 6,100	Millions of Yen 620	Millions of Yen 260	Yen 15 00	Yen 15 00

(Reference) Expected net income per share: 49.07 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.

Financial Statement for the Six Months ended September 30, 2003

(1) Non-Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)		Summary of Non-Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)	
		Amount	%	Amount	%	Amount	%
			%		%		%
(Assets)							
Current Assets							
1	Cash and Cash Equivalents	3,473,267		2,362,504		2,469,412	
2	Notes Receivable	235,209		76,068		392,548	
3	Accounts Receivable, Trade	1,173,323		1,627,477		1,201,186	
4	Inventories	589,225		720,784		702,705	
5	Others	323,696		238,607		428,193	
6	Doubtful Notes and Accounts	1,310		1,420		1,440	
	Total Current Assets	5,793,411	46.3	5,024,022	41.5	5,192,608	42.8
Fixed Assets							
1 Tangible Fixed Assets							
(1)	Buildings	3,253,479		3,114,502		3,187,773	
(2)	Land	1,279,083		1,450,103		1,279,933	
(3)	Others	621,886		597,845		612,413	
	Total Tangible Fixed Assets	5,154,449	41.2	5,162,451	42.6	5,080,120	41.9
2 Intangible Fixed Assets							
(1)	Others	34,385		26,524		30,455	
	Total Intangible Fixed Assets	34,385	0.3	26,524	0.2	30,455	0.2
3 Investments and Other Assets							
(1)	Investment in Affiliated Company	794,246		864,239		840,649	
(2)	Others	747,711		1,059,129		1,011,349	
(3)	Allowance for Doubtful Debts	15,393		20,953		19,373	
	Total Investments and Other Assets	1,526,564	12.2	1,902,415	15.7	1,832,625	15.1
	Total Fixed Assets	6,715,399	53.7	7,091,392	58.5	6,943,201	57.2
	Total Assets	12,508,810	100.0	12,115,415	100.0	12,135,810	100.0

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)		Summary of Non-Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)	
		Amount	%	Amount	%	Amount	%
			%		%		%
(Liabilities)							
Current Liabilities							
1 Accounts Payable, Trade		468,214		561,674		515,861	
2 Short-term Borrowings		1,400,000		1,350,000		1,250,000	
3 Current Portion of Long-term Borrowings		589,596		713,992		669,592	
4 Income Taxes Payable		2,290		2,290		4,580	
5 Reserve for Employees' Bonuses		82,000		84,000		85,000	
6 Facilities Bills Payable		349,593					
7 Others		186,893		249,278		286,331	
Total Current Liabilities		3,078,587	24.6	2,961,234	24.4	2,811,365	23.2
Fixed Liabilities							
1 Long-term Borrowings		1,496,648		1,310,992		1,515,188	
2 Reserve for Employees' Retirement Benefits		128,412		133,898		133,197	
3 Reserve for Directors' Retirement Benefits		297,872		305,155		307,260	
Total Fixed Liabilities		1,922,932	15.4	1,750,046	14.5	1,955,645	16.1
Total Liabilities		5,001,520	40.0	4,711,280	38.9	4,767,011	39.3
(Shareholders' Equity)							
Capital Stock		1,998,700	16.0	1,998,700	16.5	1,998,700	16.5
Capital Surplus							
Capital Appropriation		2,953,700	23.6	2,953,700	24.4	2,953,700	24.3
Total Capital Surplus		2,953,700		2,953,700		2,953,700	
Earned Surplus							
1 Earned Surplus Reserve		60,000		60,000		60,000	
2 Voluntary Reserve		2,300,000		2,300,000		2,300,000	
3 Unappropriated Profits		223,331		164,139		112,570	
Total Earned Surplus		2,583,331	20.7	2,524,139	20.8	2,472,570	20.4
Revaluation of Investment Securities		3,475	0.0	19,375	0.2	2,720	0.0
Treasury Stock		31,916	0.3	91,780	0.8	58,892	0.5
Total Shareholders' Equity		7,507,290	60.0	7,404,134	61.1	7,368,799	60.7
Total Liabilities and Shareholders' Equity		12,508,810	100.0	12,115,415	100.0	12,135,810	100.0

(2) Non-Consolidated Statement of Income

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2002 (From April 1, 2002 to September 30, 2002)		Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)		Summary of Non-Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2002 to March 31, 2003)	
		Amount	%	Amount	%	Amount	%
Net Sales		2,163,509	100.0	3,046,063	100.0	4,448,809	100.0
Cost of Sales		1,355,306	62.6	1,856,136	60.9	2,892,110	65.0
Gross Profit		808,203	37.4	1,189,926	39.1	1,556,698	35.0
Selling and General Administrative Expenses		761,522	35.2	811,511	26.7	1,595,380	35.9
Operating Income (Loss ())		46,680	2.2	378,415	12.4	38,681	0.9
Non-Operating Income		18,653	0.9	15,109	0.5	35,219	0.8
Non-Operating Expenses		72,564	3.4	57,224	1.8	108,482	2.4
Ordinary Income (Loss ())		7,231	0.3	336,299	11.1	111,944	2.5
Extraordinary Gains		2,470	0.1	1,250	0.0	3,010	0.1
Extraordinary Losses		9,657	0.5	99,884	3.3	71,095	1.6
Net Income (Loss ()) Before Tax		14,418	0.7	237,665	7.8	180,028	4.0
Income Taxes		2,399	0.1	2,290	0.1	4,689	0.1
Refunded Corporate Tax		2,298	0.1	104,251	3.4	59,438	1.3
Net Income (Loss ())		14,520	0.7	131,123	4.3	125,280	2.8
Retained Earnings at the Beginning of the Period		237,851		33,015		237,851	
Unappropriated Profits		223,331		164,139		112,570	