

**Non-Consolidated Financial Statement  
for the Fiscal Year Ended March 31, 2004**

May 21, 2004

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 21, 2004  
 Shareholder's Meeting: June 22, 2004

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

## 1. Financial Result for the Fiscal Year Ended March 31, 2004

## (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, 2004	6,759	( 51.9 )	766	( — )	714	( — )
March 31, 2003	4,448	( 21.2 )	△38	( — )	△111	( — )

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, 2004	320	( — )	△57 . 25	57 .18	4.3	5.9	10.6
March 31, 2003	△125	( — )	△23 . 53	—	△1.7	△0.9	△2.5

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

Fiscal Year ended	Dividend Per share for Year			Dividend Amount(Total)	Dividends/ Net Income	Dividends/ Shareholders Equity
	Interim	Year-End	Year-End			
March 31, 2004	Yen 15.00	Yen —	Yen 15.00	Millions of Yen 77	% 25.9	% 1.0
March 31, 2003	Yen 15.00	Yen —	Yen 15.00	Millions of Yen 79	% —	% 1.1

## (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, 2004	12,216	7,452	61.0	1,432. 36
March 31, 2003	12,135	7,368	60.7	1,389. 37

(Note) 1. Number of shares outstanding  
 As of March 31, 2004 5,189,031 shares  
 As of March 31, 2003 5,303,691 shares  
 2. Number of Treasury Stock  
 As of March 31, 2004 159,129 shares  
 As of March 31, 2003 44,469 shares

## 2. Financial Forecasts for the Fiscal Year Ending March 31, 2005

Year ending	Net Sales	Ordinary Income	Net Income	Dividend Per Share for Year		
				Interim	Year-End	Year-End
September 30, 2004	Millions of Yen 3,850	Millions of Yen 431	Millions of Yen 230	Yen —	Yen —	Yen —
March 31, 2005	Millions of Yen 8,230	Millions of Yen 931	Millions of Yen 505	Yen —	Yen 15.00	Yen 15.00

(Reference) Expected net income per share: 97.32 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.

**Non- Consolidated Financial  
Statement Summary  
for the Fiscal Year Ended  
March 31, 2004**

	Fiscal Year ended March 31, 2003  ( From April 1, 2002 To March 31, 2003 )	Fiscal Year ended March 31, 2004  ( From April 1, 2003 To March 31, 2004 )	Percentage of net income indicate changes from previous year
	Millions of Yen	Millions of Yen	%
Net Sales	4,448	6,759	51.9
Operating Income	△ 38	766	—
Ordinary Income	△ 111	714	—
Net Income	△ 125	320	—
Net Income Per Share	Yen △ 23.53	Yen △ 57.25	%

## Financial Statement for the Fiscal year ended March 31, 2004

### (1) Non-Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Period	As of March 31, 2003		As of March 31, 2004		Increase (△Decrease)
		Amount	Composition	Amount	Composition	
(Assets)			%		%	
<b>I Current Assets</b>						
1	Cash and Cash Equivalents	2,469,412		2,176,591		△292,820
2	Notes Receivable	392,548		122,064		△270,483
3	Accounts Receivable, Trade	1,201,186		2,138,354		937,168
4	Merchandise	109,913		44,082		△65,830
5	Finished Goods	98,776		73,585		△25,191
6	Semi-Finished Goods	219,964		136,809		△83,155
7	Raw Materials	223,178		424,240		191,062
8	Work in Progress	25,766		76,450		50,683
9	Supplies	15,108		13,771		△1,336
10	Advances	164,206		—		△164,206
11	Prepaid Expenses	15,546		14,284		△1,261
12	Deferred Tax Assets	171,855		52,655		△119,200
13	Short-term Loans to Affiliates	37,682		31,040		△6,641
14	Other Accounts Receivable	24,729		4,320		△20,408
15	Others	14,172		9,007		△5,165
	Doubtful Notes and Accounts	△1,440		△1,749		△309
	<b>Total Current Assets</b>	<b>5,192,608</b>	<b>42.8</b>	<b>5,315,509</b>	<b>43.5</b>	<b>122,900</b>
<b>II Fixed Assets</b>						
<b>1 Tangible Fixed Assets</b>						
(1)	Buildings	3,187,773		2,966,814		△220,958
(2)	Structures	106,924		92,004		△14,920
(3)	Machinery and Equipment	436,934		362,957		△73,977
(4)	Automotive Equipment	16,388		11,007		△5,380
(5)	Tools	52,167		65,913		13,746
(6)	Land	1,279,933		1,451,203		171,270
	<b>Total Tangible Fixed Assets</b>	<b>5,080,120</b>	<b>41.9</b>	<b>4,949,900</b>	<b>40.5</b>	<b>△130,220</b>
<b>2 Intangible Fixed Assets</b>						
(1)	Patent Property	13,993		11,496		△2,497
(2)	Software	14,774		9,410		△5,363
(3)	Telephone Rights	1,686		1,724		38
	<b>Total Intangible Fixed Assets</b>	<b>30,455</b>	<b>0.3</b>	<b>22,632</b>	<b>0.2</b>	<b>△7,823</b>
<b>3 Investments and Other Assets</b>						
(1)	Investment Securities	369,510		412,388		42,878
(2)	Investment in Affiliated Company	840,649		864,239		23,590
(4)	Long-term Loans to Affiliates	103,660		157,739		54,078
(5)	Long-term Prepaid Expenses	53,230		49,071		△4,158
(6)	Deferred Tax Assets	243,814		227,765		△16,049
(7)	Insurance Reserve Fund	143,484		160,581		17,096
(8)	Golf-Club Membership	35,773		35,773		—
(9)	Others	61,875		41,789		△20,076
	Allowance for Doubtful Debts	△19,373		△20,549		△1,175
	<b>Total Investments and Other Assets</b>	<b>1,832,625</b>	<b>15.1</b>	<b>1,928,807</b>	<b>15.8</b>	<b>96,182</b>
	<b>Total Fixed Assets</b>	<b>6,943,201</b>	<b>57.2</b>	<b>6,901,340</b>	<b>56.5</b>	<b>△41,860</b>
	<b>Total Assets</b>	<b>12,135,810</b>	<b>100.0</b>	<b>12,216,850</b>	<b>100.0</b>	<b>81,039</b>

(Unit: Thousand Yen)

Item	Period	As of March 31, 2003		As of March 31, 2004		Increase (△Decrease)
		Amount	Composition	Amount	Composition	
			%		%	
(Liabilities)						
I	Current Liabilities					
1	Accounts Payable, Trade	515,861		845,435		329,573
2	Short-term Borrowings	1,250,000		1,350,000		100,000
3	Current Position of Long-term Borrowings	669,592		569,992		△99,600
4	Accrued Liabilities	95,283		159,651		64,368
5	Accrued Expenses	8,964		39,736		30,771
6	Income Taxes Payable	4,580		114,000		109,420
7	Deposits Received	165,274		—		△165,274
8	Advances	8,096		22,979		14,882
9	Reserve for Employees' Bonuses	85,000		90,000		5,000
11	Others	8,712		14,754		6,041
	Total Current Liabilities	2,811,365	23.2	3,206,548	26.2	395,182
II	Fixed Liabilities					
1	Long-term Borrowings	1,515,188		1,097,996		△417,192
2	Reserve for Employees' Retirement Benefits	133,197		144,525		11,328
3	Reserve for Directors' Retirement Benefits	307,260		315,217		7,957
	Total Fixed Liabilities	1,955,645	16.1	1,557,739	12.8	△379,905
	Total Liabilities	4,767,011	39.3	4,764,288	39.0	△2,723
(Shareholders' Equity)						
I	Capital Stock	1,998,700	16.5	1,998,700	16.4	—
II	Capital Surplus					
	Capital Appropriation	2,953,700		2,953,700		—
	Total Capital Surplus	2,953,700	24.3	2,953,700	24.2	—
III	Earned Surplus					
1	Earned Surplus Reserve	60,000		60,000		—
2	Voluntary Reserve					
(1)	Contingent Reserve	2,300,000		2,300,000		—
3	Unappropriated Profits	112,570		351,599		239,028
	Total Earned Surplus	2,472,570	20.4	2,711,599	22.2	239,028
V	Revaluation of Investment Securities	2,720	0.0	41,958	0.3	39,238
VI	Treasury Stock	△58,892	△0.5	△253,396	△2.1	△194,503
	Total Shareholders' Equity	7,368,799	60.7	7,452,561	61.0	83,762
	Total Liabilities and Shareholders' Equity	12,135,810	100.0	12,216,850	100.0	81,039

## (2) Non-Consolidated Statement of Income

(Unit: Thousand Yen)

Item	Period	As of March 31, 2003		As of March 31, 2004		Increase (△Decrease)
		Amount	%	Amount	%	
			%		%	
I	Net Sales	4,448,809	100.0	6,759,339	100.0	2,310,530
II	Cost of Sales	2,892,110	65.0	4,200,741	62.1	1,308,630
	Gross Profit	1,556,698	35.0	2,558,597	37.9	1,001,899
III	Selling and General Operating Losses	1,595,380 △38,681	35.9 △0.9	1,791,777 766,820	26.5 11.4	196,396 805,502
IV	Non-Operating Income	35,219	0.8	45,748	0.7	10,528
	1 Interest Income	8,669		7,688		△981
	2 Foreign Exchange Gain	—		5,925		5,925
	3 Rent Income	11,778		22,137		10,358
	4 Miscellaneous Income	14,771		9,997		△4,774
V	Non-Operating Expenses	108,482	2.4	98,029	1.5	△10,453
	1 Interest Expenses	49,407		44,776		△4,630
	3 Foreign Exchange Losses	57,009		49,959		△7,050
	4 Casualty Losses	2,065		3,293		1,227
	Ordinary Losses	△111,944	△2.5	714,540	10.6	826,484
VI	Extraordinary Gains	3,010	0.1	1,250	0.0	△1,760
	1 Gain on Doubtful Debts	2,360		—		△2,360
	2 Gain on sale of Fixed Assets	650		—		△650
	3 Gain on Directors'	—		1,250		1,250
VII	Extraordinary Losses	71,095	1.6	171,682	2.6	100,587
	1 Loss on Sale of Fixed Assets	—		1,209		1,209
	1 Loss on Disposal of Fixed Assets	1,681		27,990		26,308
	2 Loss on Revaluation of	29,646		—		△29,646
	3 Doubtful Debts	4,000		1,118		△2,881
	4 Loss on Revaluation of Investment	1,000		—		△1,000
	5 Loss on Disposal of Inventories	25,940		139,234		113,293
	6 Loss on Insurance	8,826		2,128		△6,698
	Net Losses Before Tax	△180,028	△4.0	544,107	8.0	724,136
	Income Taxes	4,689	0.1	114,951	1.7	110,261
	Refunded Corporate Tax	△59,438	△1.3	108,327	1.6	167,765
	Net Gains and Losses	△125,280	△2.8	320,828	4.7	446,109
	Retained Earnings at the	237,851		33,015		△204,835
	Loss of Sale of Treasury	—		2,244		2,244
	Unappropriated Profits	112,570		351,599		239,028

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

(Unit: Thousand Yen)

Item	Period	As of March 31, 2003		As of March 31, 2004		Increase (△Decrease)
		Amount		Amount		
I Unappropriated Profits			112,570		351,599	239,028
II Appropriations						
1 Dividends		79,555 (¥15 per share)	79,555	77,835 (¥15 per share)	77,835	△1,719
2 Director's Bonus		—		20,000	20,000	20,000
III Retained Earnings to be carried forward to the next Fiscal year			33,015		253,763	220,748

**Sales by Item** (Unit: Million Yen)

	Fiscal Year Ended March 31, 2000	Fiscal Year Ended March 31, 2001	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2004
Polishing Films	2,493	3,575	1,557	1,571	1,646
Polishing Liquid	522	495	479	678	1732
Coating Manufacturing Service	283	348	372	939	372
Other Products	156	103	81	168	107
Polishing Machines	1,006	1,034	689	605	1,949
Polishing Pads	904	1,012	180	188	766
Polishing Coolants	113	202	225	193	105
Other Merchandises	122	86	86	104	82
<b>Total</b>	<b>5,603</b>	<b>6,858</b>	<b>3,671</b>	<b>4,448</b>	<b>6,759</b>

**Sales by Applications** (Unit: Million Yen)

	Fiscal Year Ended March 31, 2000	Fiscal Year Ended March 31, 2001	Fiscal Year Ended March 31, 2002	Fiscal Year Ended March 31, 2003	Fiscal Year Ended March 31, 2004
Hard Disks	2,055	1,172	1,107	1,286	2,491
Coating Manufacturing Service	283	348	372	939	1,949
LCD Panels	636	390	246	597	506
Magnetic Heads/FDs/VTs	527	506	371	506	489
Fiber Optics	1,101	2,117	586	392	466
Silicon Wafers	536	879	613	283	514
Others	463	443	373	443	340
<b>Total</b>	<b>5,603</b>	<b>6,858</b>	<b>3,671</b>	<b>4,448</b>	<b>6,759</b>