

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
 Adoption of American Account Standard: NO

1. Summary of Consolidated Financial Results

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

(1) Consolidated 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	7,197	(45.4)	850	()	722	()
March 31, 2003	4,949	(11.5)	138	()	219	()

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	457	()	83 . 21	83 . 12	6.4	6.4	10.7
March 31, 2003	160	()	30 . 22		2.2	1.8	4.4

- (Note) 1) Equity in net losses of affiliates (Millions of Yen): March 31, 2004 (0) March 31, 2003 (0)
 2) Average number of shares outstanding (Consolidated): During the Fiscal Year ended March 31, 2004 5,255,087 shares
 During the Fiscal Year ended March 31, 2003 5,323,834 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

Fiscal Year ended	Total Assets	Shareholders' Equity	Shareholders' Equity Total Assets	Shareholders' Equity Per Share
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2004	12,105	7,212	59.6	1,386. 03
March 31, 2003	11,882	7,058	59.4	1,330. 78

- (Note) Number of shares outstanding (Consolidated) As of March 31, 2004 5,189,031 shares
 As of March 31, 2003 5,303,691 shares

(3) Cash Flows

Fiscal Year ended	Cash Flow from Operating Activities	Cash Flow from Investment Activities	Cash flow from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2004	1,270	401	692	2,239
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, 2005

Fiscal Year ended	Net Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
March 31, 2003	4,119	454	243
March 31, 2002	8,740	967	531

(Reference) Expected net income per share: 102.33 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 page11 of the attached documents regarding forecasts.

**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	4,949	7,197	45.4
Operating Income	138	850	
Ordinary Income	219	772	
Net Income	160	457	

Net Income per Share	Yen 30.22	Yen 83.21	%
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Financial Statement for the Fiscal Year ended March 31, 2004

(1) 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)			%		%	
I Current Assets						
1 Cash and Cash Equivalents		2,673,991		2,821,716		147,724
2 Notes Receivable, Trade		1,527,563		2,052,846		525,282
3 Inventories		940,695		933,521		7,174
4 Deferred Tax		250,878		131,951		118,926
5 Others		234,570		39,353		195,216
Doubtful Notes and Accounts		20,860		5,539		15,321
Total Current Assets		5,606,839	47.2	5,973,849	49.3	367,010
II Fixed Assets						
1 Tangible Fixed Assets						
(1) Buildings and Structures		5,100,778		5,173,035		72,256
(2) Equipment and Vehicles		1,318,022		1,272,136		45,886
(3) Others		358,304		345,744		12,559
Total Depreciation		2,707,410		3,071,811		364,401
(4) Land		1,279,933		1,451,203		171,270
Total Tangible Fixed Assets		5,349,628	45.0	5,170,307	42.7	179,321
2 Intangible Fixed Assets						
(1) Others		30,455		22,632		7,823
Total intangible Fixed Assets		30,455	0.3	22,632	0.2	7,823
3 Investments and Other Assets						
(1) Investment Securities		369,510		435,978		66,468
(2) Deferred Tax		243,814		227,765		16,049
(3) Others		301,363		295,560		5,802
Allowance for Doubtful Debts		19,273		20,392		1,118
Total Investments and Other Assets		895,414	7.5	938,911	7.8	43,496
Total Fixed Assets		6,275,498	52.8	6,131,851	50.7	143,647
Total Assets		11,882,337	100.0	12,105,701	100.0	223,363

(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	Notes Receivable, Trade	503,970		830,230		326,259
2	Short-term Borrowings	1,261,985		1,350,000		88,015
3	Current Portion of Long Term Borrowings	669,592		569,992		99,600
4	Accrued Income Taxes and Other Taxes	4,580		114,000		109,420
5	Reserve for Employees' Bonuses	85,000		90,000		5,000
6	Others	343,502		381,609		38,107
	Total Current Liabilities	2,868,629	24.1	3,335,832	27.5	467,202
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	16.5	1,557,739	12.9	397,905
	Total Liabilities	4,824,275	40.6	4,893,571	40.4	69,296
(Minority Interests)						
Minority Interests						
(Shareholders' Equity)						
I	Capital Stock	1,998,700	16.8	1,998,700	16.5	
II	Capital Surplus	2,953,700	24.9	2,953,700	24.4	
III	Earned Surplus	2,074,786	17.5	2,450,285	20.2	375,498
IV	Revaluation of Investment Securities	2,720	0.0	41,958	0.3	39,238
V	Foreign Currency Translation Adjustments	87,047	0.7	20,881	0.2	66,165
VI	Treasury Stock	58,892	0.5	253,396	2.1	194,503
	Total Shareholders' Equity	7,058,062	59.4	7,212,129	59.6	154,066
	Total Liabilities and Shareholders' Equity	11,822,337	100.0	12,105,701	100.0	223,363

(2) Consolidated Statements of Income

(Unit: Thousand Yen)

Item	Period	As of March 31, 2003		As of March 31, 2004		Increase (Decrease)
		Amount	%	Amount	%	
I	Net Sales	4,949,286	100.0	7,197,913	100.0	2,248,626
II	Cost of Sales	3,219,246	65.0	4,398,880	61.1	1,179,633
	Gross Profit	1,730,040	35.0	2,799,033	38.9	1,068,992
III	Selling and General Administrative Expenses	1,869,035	37.8	1,948,748	27.1	79,712
	Operating Losses or Gains	138,995	2.8	850,284	11.8	989,280
IV	Non-Operating Income	39,064	0.8	45,281	0.6	6,217
1	Interest Income	2,773		1,769		1,004
2	Rent Income	11,778		22,137		10,358
3	Gain on Revaluation of Investment Securities			5,925		5,925
4	Others	24,511		15,450		9,061
V	Non-Operating Expenses	120,002	2.4	123,405	1.7	3,403
1	Interest Expenses	49,670		45,015		4,654
2	Foreign Exchange Loss	68,265		75,067		6,801
5	Others	2,065		3,322		1,256
	Ordinary Losses or Gains	219,933	4.4	772,160	10.7	992,094
VI	Extraordinary Gains	21,118	0.4	17,725	0.3	3,392
1	Gain on Doubtful Debts	1,227		14,276		13,049
2	Gain on Sale of Fixed Assets	863		2,199		1,336
3	Gain on Director's Retirement Benefits			1,250		1,250
4	Refunded Tariffs	19,027				19,027
VII	Extraordinary Losses	71,483	1.5	171,682	2.4	100,199
1	Loss on Sale of Fixed Assets			1,209		1,209
1	Loss on Disposal of Fixed Assets	2,069		27,990		25,920
2	Loss on Revaluation of Investment Securities	29,646				29,646
3	Loss on Allowance for Doubtful Debts	4,000		1,118		2,881
4	Loss on Revaluation of Investment in Golf Club Membership	1,000				1,000
5	Loss on Disposal of Obsolete Inventories	25,940		139,234		113,293
6	Loss on Insurance	8,826		2,128		6,698
	Net Loss before Tax	270,298	5.5	618,203	8.6	888,502
	Income Taxes-Current	4,716	0.1	115,042	1.6	110,325
	Refunded Corporate Tax	54,883	1.1	21,521	0.3	33,362
	Income Taxes-Deferred	59,267	1.2	67,384	0.9	126,651
	Net Loss or Gain	160,864	3.3	457,298	6.4	618,162

(4) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

item	Period	As of March 31, 2003	As of March 31, 2004	Increase (Decrease)
		Amount	Amount	
I	Cash Flow from Operating Activities			
1	Net Losses Before Taxes	270,298	618,203	888,502
2	Allowance for Depreciation	533,449	516,388	17,061
3	Increase/Decrease() in Allowance for Employees' Retirement Benefits	16,077	11,328	4,748
4	Interest and Dividends Earned	3,848	2,820	1,028
5	Interest Expenses	49,670	45,015	4,654
6	Loss on Revaluation of Investment Securities	29,646		29,646
7	Loss on Revaluation of Golf Club Membership	1,000		1,000
8	Increase()/Decrease in Accounts Receivable	17,121	32,507	15,385
9	Increase()/Decrease in Accounts Receivable	250,223	525,282	275,058
10	Increase()/Decrease in Inventories	14,303	7,174	7,129
11	Increase/Decrease() in Accounts Payable	52,410	326,259	378,670
12	Increase/Decrease() in Advance Receipt	27,188	816	26,372
13	Others	45,909	234,376	280,285
	Sub Total	65,766	1,263,967	1,199,088
15	Interest and Dividends Received	4,017	2,825	1,192
16	Interest Paid	50,631	45,475	5,155
17	Income Taxes Paid	52,457	49,380	3,076
	Net Cash used in Operating Activities	71,610	1,270,698	1,198,200
II	Cash Flows from Investing Activities			
1	Payment for Time Deposits	41,703	27,107	14,596
2	Proceeds from Time Deposits	305,000		305,000
3	Payment for Investment Securities	300,000		300,000
4	Proceed from Investment Securities		27,079	27,079
5	Payment for Tangible Fixed Assets	1,142,130	396,824	745,305
6	Proceeds from Tangible Fixed Assets	5,358	29,766	24,408
7	Payment for Intangible Fixed Assets	85	38	47
8	Payment for incorporation of subsidiary		23,578	23,578
9	Increase()/Decrease in Other Investment	347	10,975	10,628
	Net Cash Provided by Investing Activities	1,173,908	401,676	772,231
III	Cash Flows from Financing Activities			
1	Proceeds from Short-term Loans	1,050,000	900,000	150,000
2	Repayment of Short-term Loans	400,000	800,000	400,000
3	Proceeds from Long-term Loans	400,000	180,000	220,000
4	Repayment of Long-term Loans	601,362	696,792	95,430
5	Payments for Purchases Treasury Stock	30,239	196,748	166,509
6	Amount Paid for Dividend Payable by Parent Company	79,287	78,668	618
	Net Cash Provided by Financing Activities	339,111	692,209	1,031,320
IV	Effect of Exchange Rate Changes on Cash and Equivalents	16,930	56,195	39,264
V	Net Increase/Decrease() in Cash and Cash Equivalents	780,116	120,617	900,734
VI	Cash and Cash Equivalents at Beginning of Year	2,981,126	2,119,146	861,979
	Adjusted Amount on Consolidated Subsidiary	81,863		81,863
VII	Cash and Cash Equivalents at End of Year	2,119,146	2,239,764	120,617