

# Consolidated Financial Statement for the Fiscal Year Ended March 31, 2005

May 20, 2005

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 20, 2005  
 Adoption of American Account Standard: NO

## 1. Summary of Consolidated Financial Results

### 1. Financial Result for the Fiscal Year Ended March 31, 2005

#### (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, 2005	10,799	( 50.0 )	1,202	( )	1,280	( )
March 31, 2004	7,197	( 45.4 )	850	( )	722	( )

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, 2005	738	( )	67.73	67.73	9.9	9.7	11.9
March 31, 2004	457	( )	83.21	83.12	6.4	6.4	10.7

- (Note) 1) Equity in net losses of affiliates (Millions of Yen): March 31, 2005 (0) March 31, 2004 (0)  
 2) Average number of shares outstanding (Consolidated): During the Fiscal Year ended March 31, 2005 10,360,328 shares  
 During the Fiscal Year ended March 31, 2004 5,255,087 shares  
 3) Changing of Accounting Procedure: None  
 4) Percentages for net sales, operating income, ordinary income and net income indicate changes from previous year  
 5)

#### (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, 2005	14,429	7,676	53.2	744.78
March 31, 2004	12,105	7,212	59.6	1,386.03

- (Note) Number of shares outstanding (Consolidated) As of March 31, 2005 10,257,462 shares  
 As of March 31, 2004 5,189,031 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, 2005	889	119	458	3,482
March 31, 2004	1,270	401	692	2,239

#### (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, 2006

Year ending	Net Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
September 30, 2005	4,960	425	242
March 31, 2006	11,500	1,375	755

(Reference) Expected net income per share: 73.60 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, 2005**

	Fiscal Year ended March 31, 2004  ( From April 1, 2003 To March 31, 2004 )	Fiscal Year ended March 31, 2005  ( From April 1, 2004 To March 31, 2005 )	Percentage of net income indicate changes from previous year
	Millions of yen	Millions of yen	%
Net Sales	7,197	10,799	50.0
Operating Income	850	1,202	
Ordinary Income	772	1,280	
Net Income	457	738	

Net Income per Share	Yen 83.21	Yen 67.73	%
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## Financial Statement for the Fiscal Year ended March 31, 2005

## (1) Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Period	As of March 31, 2004		As of March 31, 2005		Increase (Decrease)
		Amount	Composition	Amount	Composition	
(Assets)			%		%	
I Current Assets						
1 Cash and Cash Equivalents		2,821,716		3,626,364		804,647
2 Notes Receivable, Trade		2,052,846		3,154,592		1,101,746
3 Inventories		933,521		1,110,325		176,803
4 Deferred Tax		131,951		174,119		42,167
5 Others		39,353		189,648		150,294
Doubtful Notes and Accounts		5,539		6,341		801
Total Current Assets		5,973,849	49.3	8,248,708	57.2	2,274,858
II Fixed Assets						
1 Tangible Fixed Assets						
(1) Buildings and Structures		5,173,035		5,521,038		348,003
(2) Equipment and Vehicles		1,272,136		1,267,757		4,378
(3) Others		345,744		364,216		18,471
Total Depreciation		3,071,811		3,413,760		341,949
(4) Land		1,451,203		1,444,289		6,913
Total Tangible Fixed Assets		5,170,307	42.7	5,183,542	35.9	13,234
2 Intangible Fixed Assets						
(1) Others		22,632		22,632		7,823
Total intangible Fixed Assets		22,632	0.2	22,632	0.2	7,823
3 Investments and Other Assets						
(1) Investment Securities		435,978		470,667		34,689
(2) Deferred Tax		227,765		239,375		11,610
(3) Others		295,560		273,728		21,832
Allowance for Doubtful Debts		20,392		15,239		5,153
Total Investments and Other Assets		938,911	7.8	968,531	6.7	29,620
Total Fixed Assets		6,131,851	50.7	6,181,083	42.8	49,231
Total Assets		12,105,701	100.0	14,429,791	100.0	2,324,090

(Unit: Thousand Yen)

Item	Period	As of March 31, 2004		As of March 31, 2005		Increase (Decrease)
		Amount	Composition	Amount	Composition	
			%		%	
(Liabilities)						
I	Current Liabilities					
1	Notes Receivable, Trade	830,230		1,348,130		517,900
2	Short-term Borrowings	1,350,000		1,550,000		200,000
3	Current Portion of Long Term Borrowings	569,992		753,712		183,720
4	Accrued Income Taxes and Other Taxes	114,000		447,745		333,745
5	Reserve for Employees' Bonuses	90,000		145,000		55,000
6	Others	381,609		586,490		204,880
	Total Current Liabilities	3,335,832	27.5	4,831,078	33.5	1,495,246
II	Fixed Liabilities					
1	Long-term Borrowings	1,097,996		1,438,664		340,668
2	Reserve for Employees' Retirement Benefits	144,525		168,323		23,797
3	Reserve for Directors' Retirement Benefits	315,217		315,217		
	Total Fixed Liabilities	1,557,739	12.9	1,922,205	13.3	364,465
	Total Liabilities	4,893,571	40.4	6,753,283	46.8	1,859,712
(Minority Interests)						
Minority Interests						
(Shareholders' Equity)						
I	Capital Stock	1,998,700	16.5	1,998,700	13.8	
II	Capital Surplus	2,953,700	24.4	2,953,700	20.5	
III	Earned Surplus	2,450,285	20.2	2,450,285	21.3	620,735
IV	Revaluation of Investment Securities	41,958	0.3	41,355	0.3	603
V	Foreign Currency Translation Adjustments	20,881	0.2	32,821	0.2	11,939
VI	Treasury Stock	253,396	2.1	421,090	2.9	167,693
	Total Shareholders' Equity	7,212,129	59.6	7,676,507	53.2	464,377
	Total Liabilities and Shareholders' Equity	12,105,701	100.0	14,429,791	100.0	2,324,900

## (2) Consolidated Statements of Income

(Unit: Thousand Yen)

Item	Period	As of March 31, 2004		As of March 31, 2005		Increase (Decrease)
		Amount	%	Amount	%	
I	Net Sales	7,197,913	100.0	10,799,530	100.0	3,601,617
II	Cost of Sales	4,398,880	65.0	7,310,850	67.7	2,911,970
	Gross Profit	2,799,033	38.9	3,488,680	32.3	689,646
III	Selling and General Administrative Expenses	1,948,748	27.1	2,286,115	21.2	337,366
	Operating Gains	850,284	11.8	1,202,564	11.1	352,280
IV	Non-Operating Income	45,281	0.6	124,835	1.2	79,553
1	Interest Income	1,769		2,494		725
2	Rent Income	22,137		33,380		11,243
3	Gain on Revaluation of Investment Securities	5,925				5,925
4	Foreign Exchange Gain			35,056		35,056
5	Others	15,450		53,903		38,453
V	Non-Operating Expenses	123,405	1.7	46,982	0.4	76,423
1	Interest Expenses	45,015		43,499		1,515
2	Foreign Exchange Loss	75,067				75,067
3	Others	3,322		3,482		160
	Ordinary Gains	772,160	10.7	1,280,418	11.9	508,257
VI	Extraordinary Gains	17,725	0.3	14,622	0.1	3,102
1	Gain on Doubtful Debts	14,276				14,276
2	Gain on Sale of Fixed Assets	2,199		1,690		509
3	Gain on Director's Retirement Benefits	1,250				1,250
4	Gain on Sales of Investment Securities			12,932		12,932
VII	Extraordinary Losses	171,682	2.4	114,824	1.1	56,858
1	Loss on Sale of Fixed Assets	1,209		20,565		19,355
2	Loss on Disposal of Fixed Assets	27,990		41,524		13,534
3	Loss on Insurance	2,128				2,128
4	Loss on Allowance for Doubtful Debts	1,118		21		1,096
5	Loss on Revaluation of Golf Club Membership			955		955
6	Loss on Disposal of Obsolete Inventories	139,234		25,735		113,499
7	Loss on Revaluation of Inventories			26,021		26,021
	Net Income before Tax	618,203	8.6	1,180,216	10.9	562,012
	Income Taxes-Current	115,042	1.6	494,226	4.5	379,184
	Refunded Corporate Tax	21,521	0.3			21,521
	Income Taxes-Deferred	67,384	0.9	52,706	0.4	120,090
	Net Gain	457,298	6.4	738,696	6.8	281,397



## (4) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

item	Period	As of March 31, 2004	As of March 31, 2005	Increase ( Decrease)
		Amount	Amount	
<b>I</b>	Cash Flow from Operating Activities			
1	Net Losses Before Taxes	618,203	1,180,216	562,012
2	Allowance for Depreciation	516,388	466,343	50,045
3	Increase/Decrease( ) in Allowance for Employees' Retirement Benefits	11,328	23,797	12,469
4	Interest and Dividends Earned	2,820	9,496	6,675
5	Interest Expenses	45,015	43,499	1,515
6	Increase( )/Decrease in Accounts Receivable	32,507	8,893	41,401
7	Increase( )/Decrease in Accounts Receivable	525,282	1,101,746	576,463
8	Increase( )/Decrease in Inventories	7,174	176,803	183,977
9	Increase/Decrease( ) in Accounts Payable	326,259	517,900	191,640
10	Increase/Decrease( ) in Advance Receipt	816	107,486	108,303
11	Amount Paid on Director's Bonuses		20,000	20,000
12	Others	234,376	333,273	98,897
	Sub Total	1,263,967	1,140,605	123,362
13	Interest and Dividends Received	2,825	9,556	6,730
14	Interest Paid	45,475	47,924	2,449
15	Income Taxes Paid	49,380	212,248	262,369
	Net Cash used in Operating Activities	1,270,698	889,248	381,450
<b>II</b>	Cash Flows from Investing Activities			
1	Payment for Time Deposits	27,107		27,107
2	Proceed from repayment of the time deposit		438,351	438,351
3	Proceed from Investment Securities	27,079	29,325	2,246
4	Payment for Tangible Fixed Assets	396,824	540,542	143,717
5	Proceeds from Tangible Fixed Assets	29,766	19,856	9,910
6	Payment for Intangible Fixed Assets	38	16,550	16,512
7	Payment for incorporation of subsidiary	23,578		23,578
8	Payment for Investment in Subsidiary		52,100	52,100
9	Increase( )/Decrease in Other Investment	10,975	2,197	13,172
	Net Cash Provided by Investing Activities	401,676	119,461	282,214
<b>III</b>	Cash Flows from Financing Activities			
1	Proceeds from Short-term Loans	900,000	500,000	400,000
2	Repayment of Short-term Loans	800,000	300,000	500,000
3	Proceeds from Long-term Loans	180,000	1,100,000	920,000
4	Repayment of Long-term Loans	676,792	575,612	121,180
5	Proceeds from Sales Treasury Stock	11,407	62,056	50,648
6	Payments for Purchases Treasury Stock	208,156	249,875	41,718
7	Amount Paid for Dividend Payable by Parent Company	78,668	78,246	422
	Net Cash Provided by Financing Activities	692,209	458,323	1,150,532
<b>IV</b>	Effect of Exchange Rate Changes on Cash and Equivalents	56,195	14,889	71,085
<b>V</b>	Net Increase/Decrease( ) in Cash and Cash Equivalents	120,617	1,242,999	1,122,382
<b>VI</b>	Cash and Cash Equivalents at Beginning of Year	2,119,146	2,239,764	120,617
<b>VII</b>	Cash and Cash Equivalents at End of Year	2,239,764	3,482,764	1,242,999