

Non-Consolidated Financial Statement for the Six Months Ended September 30, 2004

November 19, 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
 Interim Board of Directors Meeting: November 19, 2004
 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, 2004

(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, 2004 | 4,926 | (61.7) | 418 | (10.7) | 463 | (38.0) |
| September 30, 2003 | 3,046 | (40.8) | 378 | (710.7) | 336 | () |
| Year ended March 31, 2004 | 6,759 | | 766 | | 714 | |

| Six months ended | Net Income | | Net Income Per Share | |
|---------------------------|-----------------|-----------|----------------------|----|
| | Millions of Yen | % | Yen | |
| September 30, 2004 | 274 | (109.2) | 52 | 76 |
| September 30, 2003 | 131 | () | 24 | 75 |
| Year ended March 31, 2004 | 320 | | 57 | 25 |

(Note) 1. Average number of shares outstanding
 During the six months ended September 30, 2004 5,199,987 shares
 During the six months ended September 30, 2003 5,298,927 shares
 During the year ended March 31, 2004 5,255,087 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, 2004 | 0 . 00 | |
| September 30, 2003 | 0 . 00 | |
| Year ended March 31, 2004 | | 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, 2004 | 13,342 | 7,568 | 56.7 | 1,460 62 |
| September 30, 2003 | 12,115 | 7,404 | 61.1 | 1,402 73 |
| Year ended March 31, 2004 | 12,216 | 7,452 | 61.0 | 1,432 36 |

(Note) 1. Number of shares outstanding
 As of September 30, 2004 5,182,011 shares
 As of September 30, 2003 5,278,371 shares
 As of March 31, 2004 5,189,031 shares
 2. Number of Treasury Stock
 As of September 30, 2004 166,149 shares
 As of September 30, 2003 69,789 shares
 As of March 31, 2004 159,129 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 | |
|----------------|-----------------|-----------------|-----------------|-----------------------------|-------|
| | | | | Year-End | |
| March 31, 2004 | Millions of Yen | Millions of Yen | Millions of Yen | Yen | Yen |
| | 9,850 | 983 | 550 | 10 00 | 10 00 |

(Reference) Expected net income per share: 53.07 Yen

*The Board of Directors has decided at their meeting on July 26, 2004 that we will do 2-for-1 stock splits on November 22, 2004. Net Income Per Share is calculated by using of 10,364,022 shares that is the amount adjusted to reflect stock splits on November 22, 2004.

*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.

Financial Statement for the Six Months ended September 30, 2004

(1) Non-Consolidated Balance Sheet

(Unit: Thousand Yen)

| Item | Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003) | | Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004) | | Summary of Non-Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2003 to March 31, 2004) | |
|--------------------------------------|---|-------|---|-------|---|-------|
| | Amount | % | Amount | % | Amount | % |
| (Assets) | | % | | % | | % |
| Current Assets | | | | | | |
| 1 Cash and Cash Equivalents | 2,362,504 | | 2,626,730 | | 2,176,591 | |
| 2 Notes Receivable | 76,068 | | 155,568 | | 122,064 | |
| 3 Accounts Receivable | 1,627,477 | | 2,909,685 | | 2,138,354 | |
| 4 Inventories | 720,784 | | 876,081 | | 768,939 | |
| 5 Others | 238,607 | | 194,358 | | 111,308 | |
| 6 Doubtful Notes and Accounts | 1,420 | | 2,372 | | 1,749 | |
| Total Current Assets | 5,024,022 | 41.5 | 6,760,052 | 50.7 | 5,315,509 | 43.5 |
| Fixed Assets | | | | | | |
| 1 Tangible Fixed Assets | | | | | | |
| (1) Buildings | 3,114,502 | | 2,832,658 | | 2,966,814 | |
| (2) Land | 1,450,103 | | 1,451,203 | | 1,451,203 | |
| (3) Others | 597,845 | | 496,351 | | 531,882 | |
| Total Tangible Fixed Assets | 5,162,451 | 42.6 | 4,780,212 | 35.8 | 4,949,900 | 40.5 |
| 2 Intangible Fixed Assets | | | | | | |
| (1) Others | 26,524 | | 30,453 | | 22,632 | |
| Total Intangible Fixed Assets | 26,524 | 0.2 | 30,453 | 0.2 | 22,632 | 0.2 |
| 3 Investments and Other Assets | | | | | | |
| (1) Investment in Affiliated Company | 864,239 | | 864,239 | | 864,239 | |
| (2) Others | 1,059,129 | | 929,558 | | 1,085,117 | |
| (3) Allowance for Doubtful Debts | 20,953 | | 21,618 | | 20,549 | |
| Total Investments and Other Assets | 1,902,415 | 15.7 | 1,772,179 | 13.3 | 1,928,807 | 15.8 |
| Total Fixed Assets | 7,091,392 | 58.5 | 6,582,845 | 49.3 | 6,901,340 | 56.5 |
| Total Assets | 12,115,415 | 100.0 | 13,342,897 | 100.0 | 12,216,850 | 100.0 |

(Unit: Thousand Yen)

| Item | Period | Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003) | | Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004) | | Summary of Non-Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2003 to March 31, 2004) | |
|------|--|---|-------|---|-------|--|-------|
| | | Amount | % | Amount | % | Amount | % |
| | (Liabilities) | | % | | % | | % |
| | Current Liabilities | | | | | | |
| 1 | Accounts Payable | 561,674 | | 1,382,632 | | 845,435 | |
| 2 | Short-term Borrowings | 1,350,000 | | 1,850,000 | | 1,350,000 | |
| 3 | Current Portion of Long-term Borrowings | 713,992 | | 530,992 | | 569,992 | |
| 4 | Income Taxes Payable | 2,290 | | 234,000 | | 114,000 | |
| 5 | Reserve for Employees' Bonuses | 84,000 | | 160,000 | | 90,000 | |
| 6 | Others | 249,278 | | 305,577 | | 237,121 | |
| | Total Current Liabilities | 2,961,234 | 24.4 | 4,463,201 | 33.5 | 3,206,548 | 26.2 |
| | Fixed Liabilities | | | | | | |
| 1 | Long-term Borrowings | 1,310,992 | | 840,000 | | 1,097,996 | |
| 2 | Reserve for Employees' Retirement Benefits | 133,898 | | 155,529 | | 144,525 | |
| 3 | Reserve for Directors' Retirement Benefits | 305,155 | | 315,217 | | 315,217 | |
| | Total Fixed Liabilities | 1,750,046 | 14.5 | 1,310,746 | 9.8 | 1,557,739 | 12.8 |
| | Total Liabilities | 4,711,280 | 38.9 | 5,773,948 | 43.3 | 4,764,288 | 39.0 |
| | (Shareholders' Equity) | | | | | | |
| | Capital Stock | 1,998,700 | 16.5 | 1,998,700 | 15.0 | 1,998,700 | 16.4 |
| | Capital Surplus | | | | | | |
| | Capital Appropriation | 2,953,700 | 24.4 | 2,953,700 | 22.1 | 2,953,700 | 24.2 |
| | 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 | 164,139 | | 513,646 | | 351,599 | |
| | Total Earned Surplus | 2,524,139 | 20.8 | 2,873,646 | 21.5 | 2,711,599 | 22.2 |
| | Revaluation of Investment Securities | 19,375 | 0.2 | 38,483 | 0.3 | 41,958 | 0.3 |
| | Treasury Stock | 91,780 | 0.8 | 295,581 | 2.2 | 253,396 | 2.1 |
| | Total Shareholders' Equity | 7,404,134 | 61.1 | 7,568,948 | 56.7 | 7,452,561 | 61.0 |
| | Total Liabilities and Shareholders' Equity | 12,115,415 | 100.0 | 13,342,897 | 100.0 | 12,216,850 | 100.0 |

(2) Non-Consolidated Statement of Income

(Unit: Thousand Yen)

| Item | Period | Six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003) | | Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004) | | Summary of Non-Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2003 to March 31, 2004) | |
|--|--------|---|-------|---|-------|---|-------|
| | | Amount | % | Amount | % | Amount | % |
| Net Sales | | 3,046,063 | 100.0 | 4,926,300 | 100.0 | 6,759,339 | 100.0 |
| Cost of Sales | | 1,856,136 | 60.9 | 3,472,071 | 70.5 | 4,200,741 | 62.1 |
| Gross Profit | | 1,189,926 | 39.1 | 1,454,228 | 29.5 | 2,558,597 | 37.9 |
| Selling and General Administrative Expenses | | 811,511 | 26.7 | 1,035,283 | 21.0 | 1,791,777 | 26.5 |
| Operating Income | | 378,415 | 12.4 | 418,945 | 8.5 | 766,820 | 11.4 |
| Non-Operating Income | | 15,109 | 0.5 | 68,362 | 1.4 | 45,748 | 0.7 |
| Non-Operating Expenses | | 57,224 | 1.8 | 23,377 | 0.5 | 98,029 | 1.5 |
| Ordinary Income | | 336,299 | 11.1 | 463,930 | 9.4 | 714,540 | 10.6 |
| Extraordinary Gains | | 1,250 | 0.0 | 222 | 0.0 | 1,250 | 0.0 |
| Extraordinary Losses | | 99,884 | 3.3 | 14,927 | 0.3 | 171,682 | 2.6 |
| Net Income Before Tax | | 237,665 | 7.8 | 449,226 | 9.1 | 544,107 | 8.0 |
| Income Taxes-Current | | 2,290 | | 224,861 | | 114,951 | |
| Income Taxes-Deferred | | 104,251 | 3.5 | 49,991 | 3.5 | 108,327 | 3.3 |
| Net Income | | 131,123 | 4.3 | 274,356 | 5.6 | 320,828 | 4.7 |
| Retained Earnings at the Beginning of the Period | | 33,015 | | 253,763 | | 33,015 | |
| Loss on Sale of Treasury Stock | | | | 14,473 | | 2,244 | |
| Unappropriated Profits | | 164,139 | | 513,646 | | 351,599 | |