

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

November 19, 2004

 Trade Name: **Nihon Micro Coating Co., Ltd.**

Stock Exchange: JQ

 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

Adoption of American Account Standard: NO

1. Summary of Consolidated Interim Financial Results.

1. Financial Result for the Six months Ended September 30, 2004

(1) Consolidated Operating Result

Amounts to nearest Million yen

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended						
September 30, 2004	5,189	(59.5)	548	(47.7)	614	(84.6)
September 30, 2003	3,254	(35.0)	371	()	332	()
Year ended March 31, 2004	7,197		850		772	

	Net Income		Net Income Per Share		Diluted Net Income Per Share	
	Millions of yen	%	Yen		Yen	
Six months ended						
September 30, 2004	375	(161.2)	72	16	71	93
September 30, 2003	143	()	27	12		
Year ended March 31, 2004	457		83	21	83	12

(Note) 1) Equity in net losses of affiliates (Millions of Yen): September 30, 2004 (0) September 30, 2003 (0) March 31, 2004 (0)

 2) Average number of shares outstanding (Consolidated): 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

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
	Millions of Yen	Millions of Yen	%	Yen
Six months ended				
September 30, 2004	13,256	7,463	56.3	1,440 23
September 30, 2003	11,769	7,074	60.1	1,340 27
Year ended March 31, 2004	12,105	7,212	59.6	1,386 03

 (Note) Number of shares outstanding (Consolidated) As of September 30, 2004 5,182,011 shares
 As of September 30, 2003 5,278,371 shares
 As of March 30, 2004 5,189,031 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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Six months ended				
September 30, 2004	142	89	68	2,557
September 30, 2003	563	347	185	2,126
Year ended 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, 2005

	Net Sales	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
Year ending			
March 31, 2005	10,150	1,130	650

(Reference) Expected net income per share: 62.72 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) 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 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	2,697,613		3,006,628		2,821,716	
2 Notes Receivable, Trade	1,617,060		2,957,631		2,052,846	
3 Inventories	896,923		1,057,938		933,521	
4 Deferred Tax Assets	101,176		134,727		131,951	
5 Others	144,579		144,787		39,353	
Doubtful Notes and Accounts	5,584		6,329		5,539	
Total Current Assets	5,451,770	46.3	7,295,383	55.0	5,973,849	49.3
Fixed Assets						
1 Tangible Fixed Assets						
(1) Buildings and Structures	5,173,171		5,183,933		5,173,035	
(2) Equipment and Vehicles	1,266,835		1,279,019		1,272,136	
(3) Others	379,456		345,482		345,744	
Accumulated Depreciation	2,863,804	3,955,658	3,269,092	3,539,343	3,071,811	3,719,104
(4) Land	1,450,103		1,451,203		1,451,203	
Total Tangible Fixed Assets	5,405,761	45.9	4,990,546	37.7	5,170,307	42.7
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 Securities	395,530		430,118		435,978	
(2) Deferred Tax Assets	233,212		238,178		227,765	
(3) Others	277,820		293,616		295,560	
Allowance for Doubtful Debts	20,773		21,618		20,392	
Total Investments and Other Assets	885,789	7.6	940,293	7.1	938,911	7.8
Total Fixed Assets	6,318,075	53.7	5,961,293	45.0	6,131,851	50.7
Total Assets	11,769,846	100.0	13,256,677	100.0	12,105,701	100.0

(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 Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2003 to March 31, 2004)	
	Amount	%	Amount	%	Amount	%
(Liabilities)		%		%		%
Current Liabilities						
1 Notes Receivable, Trade	553,239		1,373,622		830,230	
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 Accrued Income Taxes and Other Taxes	2,290		243,764		114,000	
5 Reserve for Employees' Bonuses	84,000		160,000		90,000	
6 Others	241,813		324,270		381,609	
Total Current Liabilities	2,945,334	25.0	4,482,649	33.8	3,335,832	27.5
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	14.9	1,310,746	9.9	1,557,739	12.9
Total Liabilities	4,695,380	39.9	5,793,396	43.7	4,893,571	40.4
(Minority Interests)						
Minority Interests						
(Shareholders' Equity)						
Capital Stock	1,998,700	17.0	1,998,700	15.1	1,998,700	16.5
Capital Surplus	2,953,700	25.1	2,953,700	22.3	2,953,700	24.4
Earned Surplus	2,138,915	18.2	2,713,219	20.4	2,450,285	20.2
Revaluation of Investment Securities	19,375	0.1	38,483	0.3	41,958	0.4
Foreign Currency Translation Adjustments	55,555	0.5	54,759	0.4	20,881	0.2
Treasury Stock	91,780	0.8	295,581	2.2	253,396	2.1
Total Shareholders' Equity	7,074,465	60.1	7,463,280	56.3	7,212,129	59.6
Total Liabilities, Minority Interest and Shareholders' Equity	11,769,846	100.0	13,256,677	100.0	12,105,701	100.0

(2) Consolidated Statements of Income

(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 Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2003 to March 31, 2004)	
	Amount	%	Amount	%	Amount	%
Net Sales	3,254,158	100.0	5,189,371	100.0	7,197,913	100.0
Cost of Sales	1,980,860	60.9	3,548,894	68.4	4,398,880	61.1
Gross Profit	1,273,297	39.1	1,640,477	31.6	2,799,033	38.9
Selling and General Administrative Expenses						
1 Freight Outwards	62,518		107,195		151,337	
2 Payroll and Bonus	248,682		287,568		592,793	
3 Chargeable to the Bonus Payment Reserve	32,119		66,714		36,492	
4 Employees' Retirement Benefits	5,467		5,836		14,284	
5 Directors' Retirement Benefits	9,379				19,442	
6 Depreciation Expenses	53,246		48,403		107,698	
7 Research and Development Expenses	154,374		176,718		378,264	
8 Others	336,115	901,901	339,543	1,091,978	648,435	1,948,748
Operating Income	371,395	11.4	548,498	10.6	850,284	11.8
Non-Operating Income						
1 Interest Income	1,639		1,399		1,769	
2 Rent Income	4,335		5,090		22,137	
3 Gain on Loss on evaluation of Investment Securities	3,561				5,925	
4 Gain on Foreign Exchange			37,549			
5 Others	20,056	29,593	45,203	89,242	15,450	45,281
Non-Operating Expenses						
1 Interest Expenses	23,868		21,994		45,015	
2 Loss on Foreign Exchange	43,513				75,067	
3 Others	742	68,124	1,404	23,398	3,322	123,405
Ordinary Income	332,864	10.2	614,341	11.8	772,160	10.7
Extraordinary Gains						
1 Gain on Doubtful Debts					14,276	
2 Gain on Sale of Fixed Assets			1,417		2,199	
3 Gain on Reserve for Directors' Retirement Benefits	1,250	1,250	1,417	1,417	1,250	17,725
Extraordinary Losses						
1 Loss on Sale of Fixed Assets	1,151				1,209	
2 Loss on Disposal of Fixed Assets	17,597		2,523		27,990	
3 Loss on Sale of Investment Securities	2,128				2,128	
4 Loss on Allowance for Doubtful Debts	1,500		1,226		1,118	
5 Loss on Revaluation of Investment in Golf Club Membership	500					
6 Loss on Disposal of Obsolete Inventories	77,006	99,884	11,363	15,112	139,234	171,682
Net Income Before Tax	234,230	7.2	600,646	11.5	618,203	8.6
Income Taxes-Current	2,384		263,114		115,042	
Refunded Corporate Tax	16,113				21,521	
Income Taxes-Deferred	104,275	90,546	37,711	225,403	67,384	160,905
Net Income	143,683	4.4	375,243	7.2	457,298	6.4

(3) Consolidated Statement of Surplus

(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 Consolidated Statement of Surplus for Previous Fiscal Year (From April 1, 2003 to March 31, 2004)	
		Amount		Amount		Amount	
(Capital Surplus)							
Year Starting Balance on Capital Surplus		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		2,450,285		2,074,786	
Increased Amount of Earned Surplus							
Net Gains		143,683	143,683	375,243	375,243	457,298	457,298
Reduced Amount of Earned Surplus							
1 Dividend Payable		79,555		77,835		79,555	
2 Director's Bonuses				20,000			
3 Loss on Sale of Treasury Stock			79,555	14,473	112,309	2,244	81,800
Mid year Ending (Year Ending) Balance on Earned Surplus		2,138,915		2,713,219		2,450,285	

(4) Consolidated Statement of Cash Flows

(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 Consolidated Statement of Cash Flows for Previous Fiscal Year (From April 1, 2003 to March 31, 2004)
		Amount	Amount	Amount
Cash Flow from Operating Activities				
1	Net Income Before Taxes	234,230	600,646	618,203
2	Allowance for Depreciation	257,738	228,524	516,388
3	Increase/Decrease in Allowance for Employees' Bonuses (Decrease())	1,000	70,000	
4	Increase/Decrease in Allowance for Employees' Retirement Benefits (Decrease())	701	11,003	11,328
5	Interest and Dividends Earned	2,690	8,400	2,820
6	Interest Expenses	23,868	21,994	45,015
7	Loss on Revaluation of Golf Club Membership	500		
8	Foreign Currency Translation (Margin ())	22,008	7,711	32,507
9	Increase/Decrease in Accounts Receivable (Increase())	89,496	904,785	525,282
10	Increase/Decrease in Inventories (Increase())	43,771	124,416	7,174
11	Increase/Decrease in Accounts Payable (Decrease())	49,268	543,391	326,259
12	Increase/Decrease in Advance Receipt (Decrease())	105,352	100,307	816
13	Cash paid for Director's Bonuses		20,000	
14	Others	99,229	38,168	234,376
	Sub Total	532,777	271,769	1,263,967
15	Interest and Dividends Received	2,008	8,372	2,825
16	Interest Paid	24,216	22,460	45,475
17	Income Taxes Paid	52,740	114,910	49,380
	Net Cash Provided by Operating Activities	563,310	142,770	1,270,698
Cash Flows from Investing Activities				
1	Payments for Time Deposits	16,224	600	27,107
2	Proceeds from Time Deposits		133,197	
3	Proceeds from Investment Securities	27,448		27,079
4	Payments for Tangible Fixed Assets	350,808	36,779	396,824
5	Proceeds from Tangible Fixed Assets		11,391	29,766
6	Payments for Intangible Fixed Assets		12,590	38
7	Payments for Incorporation of Subsidiary	23,578		23,578
8	Increase/Decrease in Other Investments (Increase())	15,883	5,106	10,975
	Net Cash Provided by Investing Activities	347,279	89,512	401,676
Cash Flows from Financing Activities				
1	Proceeds from Short-term Loans	550,000	500,000	900,000
2	Repayments of Short-term Loans	450,000		800,000
3	Proceeds from Long-term Loans	176,880		180,000
4	Repayments of Long-term Loans	350,752	296,996	696,792
5	Proceeds from Sales Treasury Stock		58,096	11,407
6	Payments for Purchases Treasury Stock	32,887	114,755	208,156
7	Amount Paid for Dividend Payable by Parent Company	78,309	77,986	78,668
	Net Cash Provided by Financing Activities	185,070	68,358	692,209
	Effect of Exchange Rate Changes on Cash and Equivalents	23,562	16,868	56,195
	Increase/Decrease in Cash and Cash Equivalents (Decrease())	7,397	317,509	120,617
	Cash and Cash Equivalents at Beginning of Year	2,119,146	2,239,764	2,119,146
	Cash and Cash Equivalents at Mid year Ending (Year Ending)	2,126,543	2,557,273	2,239,764
	Proceeds from Sales Treasury Stock			