

Fiscal Year Ended December 2004 Financial Results (Non-consolidated)

February 21, 2005

Corporate Name: AIRTECH JAPAN, LTD.

Stock Exchange Listing: Tokyo Stock Exchange

Stock Code: 6291

Head Office: Tokyo

 (URL <http://www.airtech.co.jp>)

Representative: Chairman & CEO

Kosuke Hirasawa

Contact: Director and General Manager, Administrative Department

Tadashi Kurihara TEL: (03)-3872-6611

Date of Board of Directors' Meeting for Approval of Financial Results: February 21, 2005

Interim Dividend: Applicable

Shareholders' General Meeting: March 30, 2005

Unit Stock System: Applicable (1 unit: 100 shares)

1. Financial Results for the Year Ended December 2004 (January 1 to December 31, 2004)

(1) Results of Operations

(*) Amounts rounded down to million yen

	Net Sales		Operating Income		Ordinary Income	
	million yen	%	million yen	%	million yen	%
Year ended December 2004	9,632	29.2	1,288	79.2	1,320	70.1
Year ended December 2003	7,457	6.8	719	3.4	776	1.9

	Net Income		Net Income per Share (Basic)	Net Income per Share (Diluted)	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Net Sales
	million yen	%	yen	yen	%	%	%
Year ended December 2004	725	63.3	82.67	82.55	9.7	11.1	13.7
Year ended December 2003	444	7.9	52.13	-	6.6	7.4	10.4

Notes: 1. Equity in earnings (losses) of affiliated companies:

Year ended December 2004: 19 million yen Year ended December 2003: 20 million yen

2. Average number of shares outstanding:

Year ended December 2004: 8,490,546 shares Year ended December 2003: 8,433,818 shares

3. Changes in accounting principles applied:

None

4. The percentages shown next to net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Dividends

	Annual Dividends per Share			Total Dividends Paid (annual)	Dividend Payout Ratio	Ratio of Dividend to Shareholders' Equity
	Interim	Year End	Year End			
Year ended December 2004	yen 20.00	yen 0.00	yen 20.00	million yen 179	% 24.2	% 2.3
Year ended December 2003	yen 14.00	yen 0.00	yen 14.00	million yen 118	% 26.9	% 1.7

(Note): Breakdown of year-end dividend for the year ended December 2004:

Commemorative dividend: 6 yen Ordinary dividend: 14 yen

(3) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
Year ended December 2004	12,872	7,969	61.9	885.39
Year ended December 2003	10,912	6,952	63.7	821.80

Notes: 1. Number of shares issued and

outstanding at end of fiscal year: Year ended December 2004: 8,975,221 Year ended December 2003: 8,454,341

2. Number of treasury stock at end of fiscal year:

Year ended December 2004: 12,279 Year ended December 2003: 12,159

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
	million yen	million yen	million yen	million yen
Year ended December 2004	675	(47)	214	4,438
Year ended December 2003	415	(74)	(129)	3,596

2. Forecasts for the Fiscal Year Ending December 2005 (January 1 to December 31, 2005)

	Net Sales	Ordinary Income	Net Income	Annual Dividends per Share		
				Interim	Year End	
Interim term	million yen 4,850	million yen 690	million yen 400	yen 0.00	yen -	yen -
Annual	9,700	1,380	800	-	14.00	14.00

(Reference): Net income per share (forecast) for fiscal year ending December 2005: 89.13 yen

* Forecasts are based on the information available to management at the time they are made and may include uncertain factors. Actual results may differ materially from forecasts for a number of reasons, including but not limited to, changes in business conditions.

Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

Items	FY2003 (As of December 31, 2003)		FY2004 (As of December 31, 2004)	
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)
Assets				
Current assets				
Cash and deposits	4,004,765		4,846,949	
Notes receivable – trade	1,652,518		1,967,718	
Accounts receivable – trade	1,963,331		2,588,077	
Marketable securities	93,757		93,763	
Merchandise	15,456		11,674	
Products	302,498		371,641	
Partially-finished products	11,320		15,748	
Raw and processed materials	116,293		143,611	
Work in progress	308,494		332,532	
Stored items	2,774		2,470	
Prepaid expenses	4,462		2,820	
Deferred tax assets	36,574		64,829	
Others	3,158		2,346	
Allowance for doubtful accounts	(9,328)		(5,694)	
Total current assets	8,506,077	78.0	10,438,491	81.1
Fixed assets				
Property and equipment				
Buildings	1,329,311		1,333,687	
Accumulated depreciation	682,411	646,900	728,983	604,703
Structures	26,517		26,517	
Accumulated depreciation	18,954	7,562	20,071	6,445
Machinery and equipment	124,037		124,877	
Accumulated depreciation	78,174	45,863	87,439	37,437
Vehicles and delivery equipment	11,667		10,692	
Accumulated depreciation	8,621	3,045	8,598	2,093
Tools, furniture and fixtures	228,145		233,848	
Accumulated depreciation	199,613	28,532	209,381	24,466
Land		1,375,733		1,395,533
Construction in progress		-		8,000
Total fixed assets		2,107,637		2,078,680
Intangible assets				
Software		2,520		5,527
Telephone subscription rights		3,471		3,471
Total intangible assets		5,992		8,998
		0.0		0.1

Items	FY2003 (As of December 31, 2003)		FY2004 (As of December 31, 2004)	
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)
Investments and other assets				
Investment securities	92,111		106,676	
Investments	2,698		2,698	
Investment in affiliates	45,893		45,893	
Receivables from companies in bankruptcy and reorganization	19,980		23,764	
Long-term prepaid expenses	2,268		1,620	
Deferred tax assets	137,818		176,128	
Others	12,115		13,877	
Allowance for doubtful accounts	(20,485)		(24,329)	
Total investments and other assets	292,400	2.7	346,329	2.7
Total fixed assets	2,406,030	22.0	2,434,009	18.9
Total assets	10,912,108	100.0	12,872,500	100.0
(Liabilities)				
Current liabilities				
Notes payable - trade	2,026,907		2,467,847	
Accounts payable - trade	330,817		324,473	
Short-term borrowings	380,000		370,000	
Long-term debt due within a year	53,292		38,392	
Bonds payable due within a year	-		100,000	
Accounts payable	162,559		327,029	
Accrued expenses	107,952		120,643	
Accrued corporate taxes	208,357		437,541	
Advances received	23,744		41,419	
Deposits received	29,389		43,149	
Accrued bonuses	43,797		54,266	
Total current liabilities	3,366,817	30.9	4,324,763	33.6
Long-term liabilities				
Bonds	200,000		100,000	
Long-term debt	99,986		61,594	
Accrued pension and severance costs	247,329		290,691	
Allowance for directors' retirement benefits	45,801		105,744	
Guarantee deposits received	-		20,000	
Total long-term liabilities	593,117	5.4	578,030	4.5
Total liabilities	3,959,935	36.3	4,902,793	38.1

Items	FY2003 (As of December 31, 2003)		FY2004 (As of December 31, 2004)		
	Amount (Thousand Yen)	Composition Ratio (%)	Amount (Thousand Yen)	Composition Ratio (%)	
(Shareholders' equity)					
Capital stock		1,269,755	11.7	1,473,873	11.4
Capital surplus					
Capital reserves	1,277,851		1,481,307		
Total capital surplus		1,277,851	11.7	1,481,307	11.5
Retained earnings					
Legal reserves	132,600		132,600		
Voluntary reserves					
Special reserves	303,000		303,000		
Unappropriated retained earnings	3,966,290		4,568,627		
Total retained earnings		4,401,890	40.3	5,004,227	38.9
Unrealized gain on other securities		9,573	0.1	17,294	0.1
Treasury stock		(6,897)	(0.1)	(6,995)	(0.0)
Total shareholders' equity		6,952,172	63.7	7,969,707	61.9
Total liabilities and shareholders' equity		10,912,108	100.0	12,872,500	100.0

(2) Statements of Income

Items	FY2003 (from January 1, 2003 to December 31, 2003)		FY2004 (from January 1, 2004 to December 31, 2004)	
	Amount (Thousand Yen)	%	Amount (Thousand Yen)	%
Net sales				
Revenue from products	7,029,527		9,136,680	
Revenue from merchandise	427,944	7,457,472	496,221	9,632,902
Cost of sales				
Inventory of products and partially-finished products at the beginning of the year	237,200		313,818	
Inventory of merchandise at the beginning of the year	10,855		15,456	
Cost of production	5,327,055		6,752,850	
Amount of merchandise purchased	334,566		363,458	
Total	5,909,678		7,445,585	
Inventory of products and partially-finished products at the end of the year	313,818		387,390	
Inventory of merchandise at the end of the year	15,456	5,580,402	11,674	7,046,520
Gross profits		1,877,069		2,586,382
Selling, general and administrative expenses				
Packing and freight	181,022		227,193	
Cost of travel and transportation	55,858		66,187	
Transfer to allowance for doubtful accounts	1,456		364	
Bad debt expense	965		-	
Directors' remuneration	115,610		115,886	
Salary wages	359,408		363,191	
Bonuses	81,717		117,052	
Provision for accrued bonuses	14,371		15,942	
Cost of severance payment	22,166		21,703	
Provision for directors' retirement benefit	19,667		2,786	
Legal welfare expense	65,526		67,793	
Depreciation expenses	11,193		9,971	
Rents	30,999		31,979	
Research and development expenses	69,563		107,670	
Others	128,175	1,157,703	149,678	1,297,402
Operating income		719,365		1,288,980

Items	FY2003 (from January 1, 2003 to December 31, 2003)		FY2004 (from January 1, 2004 to December 31, 2004)	
	Amount (Thousand Yen)	%	Amount (Thousand Yen)	%
Non-operating income				
Interest income	364		379	
Dividend income	49,438		29,002	
Others	15,273	65,076	19,323	48,705
Non-operating expenses				
Interest expenses	4,551		3,902	
Interest paid on bonds	2,410		2,410	
New share issuing expenses	-		10,791	
Others	1,305	8,266	284	17,388
Ordinary income		776,175		1,320,297
Extraordinary losses				
Provision for directors' retirement benefit	-	-	57,156	57,156
Income before income taxes		776,175		1,263,141
Income taxes - Current	359,364		609,883	
Income taxes - Deferred	(27,254)	332,109	(71,840)	538,043
Net income		444,065		725,098
Unappropriated retained earnings brought forward		3,522,224		3,843,529
Unappropriated retained earnings for the year		3,966,290		4,568,627

(3) Statements of Cash Flows

	FY2003 (from January 1, 2003 to December 31, 2003)	FY2004 (from January 1, 2004 to December 31, 2004)
Items	Amount (Thousand Yen)	Amount (Thousand Yen)
Cash flows from operating activities		
Net income before income taxes	776,175	1,263,141
Depreciation	71,454	70,864
Increase (decrease) in allowance for doubtful accounts	(11,722)	209
Increase (decrease) in accrued bonuses	5,595	10,468
Increase (decrease) in accrued pension and severance costs	42,417	43,361
Increase (decrease) in allowance for directors' retirement benefits	19,667	59,942
Interest and dividend income	(49,866)	(29,447)
Interest expenses	6,961	6,312
Foreign exchange losses (gains)	(196)	297
New share issuing expenses	-	10,791
Decrease (increase) in notes and accounts receivable - trade	(492,984)	(939,946)
Decrease (increase) in inventories	(198,220)	(120,841)
Increase (decrease) in trade notes and accounts payable	472,017	434,596
Increase (decrease) in accounts payable	(22,086)	164,551
Increase (decrease) in accrued expenses	24,431	12,848
Increase (decrease) in guarantee deposits received	-	20,000
Others	47,940	25,827
Subtotal	691,582	1,032,978
Interest and dividend income received	49,865	29,447
Interest expenses paid	(7,941)	(6,456)
Corporate taxes paid	(317,542)	(380,700)
Net cash provided by operating activities	415,963	675,268

	FY2003 (from January 1, 2003 to December 31, 2003)	FY2004 (from January 1, 2004 to December 31, 2004)
Items	Amount (Thousand Yen)	Amount (Thousand Yen)
Cash flows from investing activities		
Increase in time deposits	(592,353)	(592,481)
Decrease in time deposits	589,833	592,367
Purchases of property and equipment	(72,613)	(40,463)
Purchases of investment securities	(1,337)	(1,622)
Others	1,900	(5,646)
Net cash provided by investing activities	(74,570)	(47,846)
Cash flows from financing activities		
Increase in short-term borrowings	470,000	450,000
Repayment of short-term borrowings	(510,000)	(460,000)
Increase in long-term debt	60,000	-
Repayment of long-term debt	(63,292)	(53,292)
Proceeds from new share issuance	33,364	396,782
Dividends paid	(117,912)	(118,441)
Others	(2,061)	(97)
Net cash provided by financing activities	(129,902)	214,951
Effect of exchange rate changes on cash and cash equivalents	203	(295)
Increase in cash and cash equivalents	211,693	842,078
Cash and cash equivalents at the beginning of the year	3,384,630	3,596,324
Cash and cash equivalents at the end of the year	3,596,324	4,438,402