



Consolidated Financial Statements for the Nine Months Ended December 31, 2005



February 3, 2006

Trade Name: Nihon Micro Coating Co., Ltd.
Stock Code: 5381 (URL <http://www.mipox.co.jp>)
Name and Title of Representative: Nobuyoshi Watanabe, President
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1. Items pertaining to preparation of quarterly consolidated statements of income, etc.

Change in the use of concise accounting procedure Yes or No

Change in the way of accounting procedure on the current business year Yes or No

Change in the use of the Equity method Yes or No

MIPOX PRECISION POLISHING PRODUCT (SHANGHAI) CO.,LTD (M.I.S) newly became consolidated.

2. Financial Result for the Nine months Ended December 31, 2005

(1) Consolidated Operating Result

Amounts to nearest Million yen

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months Ended						
December 31,2005	6,184	(24.9)	508	(44.0)	555	(42.1)
December 31,2004	8,236	()	909	()	959	()
(Reference)						
Year Ended March 31, 2005	10,799		1,202		1,280	

	Net Income		Net Income Per Share	Diluted Net Income Per Share
	Millions of yen	%	Yen	Yen
Nine months Ended				
December 31,2005	312	(45.3)	30. 50	30. 49
December 31,2004	570	()	54. 95	54. 82
(Reference)				
Year Ended March 31, 2005	738		67. 73	67. 59

(Note) 1.Number of shares outstanding As of December 31,2005 10,231,368shares. As of March 31,2005 10,360,328shares.
As of December 31,2004 10,382,906shares.

2.Percentages for net sales and operating income indicate change 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
As of				
December 31,2005	13,178	7,818	59.3	767. 72
December 31,2004	13,330	7,577	56.8	733. 53
(Reference)				
Year Ended March 31, 2005	14,429	7,676	53.2	744. 78

(Note) Number of shares outstanding As of December 31, 2005 10,183,922shares
As of December 31, 2004 10,330,042 shares
As of March 31, 2005 10,257,462 shares

3. Forecasts of Consolidated financial result for the fiscal year ended March 31, 2006

(1). Revision of forecast of financial result for the fiscal year ended March 31, 2006

(Millions of Yen)

	Net Sales	Ordinary Income	Net Income
Present Forecast (A)	8,700	675	340
Previous Forecast (B) (August 1,2005)	8,700	567	323
Increase and Decrease (A-B)	-	108	17
Rate of Change	-	19.0%	5.3%

(Reference) Expected net income per share: 33.39 yen

As forecasts are based on the available information as of the day of publication of this report, so that the actual result can be different from these figures due to the various factors afterwards.

Financial Statement for the nine months ended December 31, 2005

(1) Summary of Consolidated Balance Sheet

Item	Period	As of Dec 31,2005	As of Dec 31,2004	Increase and Decrease		As of March 31,2005
		Amount	Amount	Amount	Rate of Change	Amount
(Assets)						
Current Assets						
1	Cash and Cash Equivalents	2,744,310	2,274,438	469,872		3,626,364
2	Notes Receivable	3,008,826	3,693,842	685,015		3,154,592
3	Inventories	941,486	1,077,020	131,534		1,110,325
4	Deferred Tax Assets	138,052	142,563	4,511		174,119
5	Others	124,549	163,571	39,022		189,648
	Doubtful Notes and Accounts	7,038	6,808	230		6,341
	Total Current Assets	6,950,186	7,344,627	394,441	5.4	8,248,708
Fixed Assets						
1	Tangible Fixed Assets					
	(1) Buildings and Structures	5,648,303	5,103,451	544,851		5,521,038
	(2) Equipment and Vehicles	1,390,156	1,263,070	127,086		1,267,757
	(3) Others	406,694	421,819	15,124		364,216
	Total Depreciation	3,700,864	3,244,585	456,278		3,413,760
	(4) Land	1,444,289	1,451,203	6,913		1,444,289
	Total Tangible Fixed Assets	5,188,579	4,994,958	193,621	3.9	5,183,542
2	Intangible Fixed Assets					
	(1) Others	30,221	30,045	175		29,009
	Total intangible Fixed Assets	30,221	30,045	175	0.6	29,009
3	Investments and Other Assets					
	(1) Investment Securities	535,470	441,004	94,466		470,667
	(2) Deferred Tax Assets	209,025	237,236	28,210		239,375
	(3) Others	276,991	304,200	27,208		273,728
	Allowance for Doubtful Debts	11,682	21,506	9,824		15,239
	Total Investments and Other Assets	1,009,805	960,934	48,871	5.1	968,531
	Total Fixed Assets	6,228,607	5,985,939	242,668	4.1	6,181,083
	Total Assets	13,178,793	13,330,567	151,773	1.1	14,429,791

	As of Dec 31, 2005	As of Dec 31, 2004	Increase and Decrease		As of March 31, 2005
	Amount	Amount	Amount	Rate of Change	Amount
(Liabilities)					
Current Liabilities					
1 Notes Receivable	771,075	1,371,050	599,974		1,348,130
2 Short-term Borrowings	1,631,115	1,550,000	81,115		1,550,000
3 Current Position of Long-term Borrowings	696,697	559,712	136,985		753,712
4 Accrued Income Taxes and Other Taxes	99,054	325,567	226,513		447,745
5 Reserve for Employees Bonuses	127,500	146,261	18,761		145,000
6 Others	503,913	439,558	64,355		586,490
Total Current Liabilities	3,829,356	4,392,149	562,792	12.8	4,831,078
Fixed Liabilities					
1 Long-term Borrowings	1,028,831	884,049	144,782		1,438,664
2 Reserve for Employees' Retirement Benefits	186,986	161,803	25,182		168,323
3 Reserve for Directors Retirement Benefits	315,217	315,217			315,217
Total Fixed Liabilities	1,531,034	1,361,070	169,964	12.4	1,922,205
Total Liabilities	5,360,391	5,753,219	392,827	6.8	6,753,283
(Minority Interests)					
Minority Interests					
(Shareholders' Equity)					
Capital Stock	1,998,700	1,998,700			1,998,700
Capital Surplus	2,953,700	2,953,700			2,953,700
Earned Surplus	3,150,722	2,908,566	242,155	8.3	3,071,020
Revaluation of Investment Securities	77,470	44,939	32,531	72.4	41,355
Foreign Currency Translation Adjustments	117,353	4,003	113,350	2,831.6	32,821
Treasury Stock	479,544	332,562	146,982	44.2	421,090
Total Shareholders' Equity	7,818,402	7,577,347	241,054	3.2	7,676,507
Total Liabilities and Shareholders' Equity	13,178,793	13,330,567	151,773	1.1	14,429,791

(2) Summary of Consolidated Statement of Income

Item \ Period	Nine months ended Dec 31, 2005 (From April 1, 2005 to Dec 31, 2005)	Nine months ended Dec 31, 2004 (From April 1, 2004 to Dec 31, 2004)	Increase and Decrease		Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2004 to March 31, 2005)
	Amount	Amount	Amount	Rate of Change	Amount
Net Sales	6,184,650	8,236,529	2,051,878	24.9	10,799,530
Cost of Sales	3,809,556	5,642,503	1,832,946	32.5	7,310,850
Gross Profit	2,375,094	2,594,025	218,931	8.4	3,488,680
Selling and General Administrative Expenses	1,866,121	1,685,002	181,118	10.8	2,286,115
Operating Income	508,973	909,023	400,050	44.0	1,202,564
Non-Operating Income	85,225	84,888	336	0.4	124,835
1 Interest Income	2,534	1,823	710		2,494
2 Rent Income	16,547	8,047	8,500		33,380
3 Foreign Currency Exchange Gain	43,424	10,917	32,506		35,056
4 Others	22,719	64,100	41,381		53,903
Non-Operating Expenses	38,481	34,598	3,883	11.2	46,982
1 Interest Expenses	35,890	32,712	3,177		43,499
2 Others	2,591	1,885	705		3,482
Ordinary Income	555,716	959,313	403,597	42.1	1,280,418
Extraordinary Gains	2,046	1,702	344	20.2	14,622
1 Gain on Doubtful Debts	293		293		
2 Gain on Sale of Fixed Assets	1,253	1,702	448		1,690
3 Gain on Sale of Investment Securities					12,932
4 Gain on Sale of Golf-Club Membership	500		500		
Extraordinary Losses	72,693	53,925	18,767	34.8	114,824
1 Loss on Sale of Fixed Assets	454		454		20,565
2 Loss on Disposal of Fixed Assets	5,749	41,449	35,699		41,524
3 Loss on Allowance for Doubtful Debts		1,113	1,113		21
4 Loss on Revaluation of Golf-Club Membership	595		595		955
5 Loss on Disposal of Obsolete Inventories	65,893	11,363	54,530		25,735
6 Loss on Revaluation of Obsolete Inventories					26,021
Net Income before Tax	485,070	907,090	422,020	46.5	1,180,216
Income Taxes-Current	109,198	386,222	227,024	71.7	494,226
Income Taxes-Deferred	63,855	49,722	113,577	228.4	52,706
Net Income	312,016	570,590	258,573	45.3	738,696