



# Consolidated Financial Statements for the three Months Ended June 30, 2006



August 4, 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  
Contact: Tokio Tonami, Managing Director Tel: (042) 543-4711

## 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

## 2. Financial Result for the three months Ended June 30, 2006

### (1) Consolidated Operating Result

Amounts to nearest Million yen

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months Ended						
June 30, 2006	2,411	( 14.0 )	352	( 332.3 )	352	( 239.0 )
June 30, 2005	2,115	( 10.1 )	81	( 73.3 )	104	( 67.6 )
(Reference)						
Year Ended March 31, 2006	8,966		851		896	

	Net Income		Net Income Per Share	Diluted Net Income Per Share
	Millions of yen	%	Yen	Yen
three months Ended				
June 30, 2006	239	( 259.8 )	23.49	23.49
June 30, 2005	66	( 68.8 )	6.48	6.48
(Reference)				
Year Ended March 31, 2006	529		49.30	49.28

(Note) 1. Number of shares outstanding As of June 30, 2006 10,182,768 shares.  
As of March 31, 2006 10,216,265 shares.  
As of June 30, 2005 10,258,855 shares.

2. Percentages for Net Sales, Operating Income, Ordinary Income and Net 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				
June 30, 2006	13,828	8,122	58.7	797.71
June 30, 2005	13,410	7,530	56.2	733.95
(Reference)				
Year Ended March 31, 2006	13,804	8,051	58.3	788.09

(Note) Number of shares outstanding As of June 30, 2006 10,182,702 shares  
As of March 31, 2006 10,182,862 shares  
As of June 30, 2005 10,260,642 shares

### 3. Forecasts of Consolidated financial result for the fiscal year ended March 31, 2007

(1). Revision of forecast of financial result for the fiscal year ended March 31, 2007

( Millions of Yen )

	Net Sales	Ordinary Income	Net Income
Present Forecast (A)	9,700	1,017	579
Previous Forecast (B) (May 26,2006)	9,700	1,017	579
Increase and Decrease (A-B)	-	-	-
Rate of Change	-	-	-

(Reference) Expected net income per share: 59.94 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 Three months ended June 30, 2006

(1) Summary of Consolidated Balance Sheet

Item	Period	As of Jun 30,2006	As of Jun 30,2005	Increase and Decrease		As of March 31,2006
		Amount	Amount	Amount	Rate of Change	Amount
(Assets)						
Current Assets						
1	Cash and Cash Equivalents	2,835,975	2,959,374	123,398		3,241,718
2	Notes Receivable and Accounts Receivable	3,182,519	2,868,498	314,020		3,115,764
3	Inventories	1,119,399	1,088,270	31,128		904,459
4	Deferred Tax Assets	189,363	173,129	16,234		159,823
5	Others	168,616	100,281	68,334		143,052
	Doubtful Notes and Accounts	5,750	6,296	546		5,816
	Total Current Assets	7,490,123	7,183,257	306,865	4.3	7,559,002
Fixed Assets						
1 Tangible Fixed Assets						
(1)	Buildings and Structures	5,653,956	5,608,934	45,021		5,636,958
(2)	Equipment and Vehicles	1,420,947	1,342,082	78,865		1,361,121
(3)	Others	394,475	369,500	24,975		402,966
	Total Depreciation	3,822,633	3,487,902	334,730		3,727,243
(4)	Land	1,444,289	1,444,289			1,444,289
	Total Tangible Fixed Assets	5,091,036	5,276,904	185,868	3.5	5,118,094
2 Intangible Fixed Assets						
(1)	Others	221,697	35,113	186,583		114,091
	Total intangible Fixed Assets	221,697	35,113	186,583	531.4	114,091
3 Investments and Other Assets						
(1)	Investment Securities	555,703	410,474	145,229		543,435
(2)	Deferred Tax Assets	214,393	241,991	27,597		209,418
(3)	Others	267,132	274,642	7,510		272,144
	Allowance for Doubtful Debts	11,497	12,160	663		11,497
	Total Investments and Other Assets	1,025,732	914,947	110,785	12.1	1,013,500
	Total Fixed Assets	6,338,466	6,226,966	111,500	1.8	6,245,686
	Total Assets	13,828,590	13,410,223	418,366	3.1	13,804,689

	As of Jun 30, 2006	As of Jun 30, 2005	Increase and Decrease		As of March 31, 2006	
	Amount	Amount	Amount	Rate of Change	Amount	
<b>(Liabilities)</b>						
<b>Current Liabilities</b>						
1	Notes Receivable and Accounts Receivable	1,343,985	1,048,213	295,772	1,229,405	
2	Short-term Borrowings	1,668,234	1,550,000	118,234	1,669,861	
3	Current Position of Long-term Borrowings	506,219	753,712	247,493	609,438	
4	Accrued Income Taxes and Other Taxes	149,768	35,056	114,712	216,454	
5	Reserve for Employees Bonuses	194,999	247,544	52,545	130,000	
6	Others	499,080	506,090	7,009	468,248	
<b>Total Current Liabilities</b>		<b>4,362,288</b>	<b>4,140,615</b>	<b>221,672</b>	<b>5.4</b>	<b>4,323,407</b>
<b>Fixed Liabilities</b>						
1	Long-term Borrowings	818,624	1,250,236	431,612	912,564	
2	Reserve for Employees' Retirement Benefits	200,246	173,387	26,852	191,682	
3	Reserve for Directors Retirement Benefits		315,217	315,217		
4	Unpaid Amount for Directors Retirement Benefits	311,050		311,050	315,217	
5	Deferred Tax Liabilities	13,560		13,560	10,782	
<b>Total Fixed Liabilities</b>		<b>1,343,482</b>	<b>1,738,841</b>	<b>395,359</b>		<b>1,430,246</b>
<b>Total Liabilities</b>		<b>5,705,770</b>	<b>5,879,457</b>	<b>173,686</b>	<b>3.0</b>	<b>5,753,653</b>
<b>( Equity Section)</b>						
Capital Stock			1,998,700	1,998,700		1,998,700
Capital Surplus			2,953,700	2,953,700		2,953,700
Earned Surplus			2,905,809	2,905,809		3,368,329
Revaluation of Investment Securities			42,243	42,243		82,194
Foreign Currency Translation Adjustments			49,629	49,629		128,527
Treasury Stock			419,315	419,315		480,415
<b>Total Equity Section</b>			<b>7,530,766</b>	<b>7,530,766</b>		<b>8,051,035</b>
<b>Total Liabilities and Equity</b>			<b>13,410,223</b>	<b>13,410,223</b>		<b>13,804,689</b>
<b>(Stockholders' Equity Section)</b>						
<b>Shareholders' Equity</b>						
1	Capital Stock	1,998,700		1,998,700		
2	Capital Surplus	2,953,700		2,953,700		
3	Earned Surplus	3,449,155		3,449,155		
4	Treasury Stock	480,542		480,542		
<b>Total Shareholders' Equity</b>		<b>7,921,013</b>		<b>7,921,013</b>		
<b>Valuation and Foreign Currency Translation</b>						
1	Revaluation of Investment Securities	81,116		81,116		
2	Foreign Currency Translation Adjustments	120,690		120,690		
<b>Total Valuation and Foreign Currency Translation</b>		<b>201,806</b>		<b>201,806</b>		
<b>Stock Option</b>						
<b>Minority Interests</b>						
<b>Total Shareholders' Equity</b>		<b>8,122,819</b>		<b>8,122,819</b>		
<b>Total Liabilities and Stockholders' Equity</b>		<b>13,828,590</b>		<b>13,828,590</b>		

## (2) Summary of Consolidated Statement of Income

Item \ Period	Three months ended Jun 30, 2006 (From April 1, 2006 to Jun 30, 2006 )	Three months ended Jun 30, 2005 (From April 1, 2005 to Jun 30, 2005 )	Increase and Decrease		Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2005 to March 31, 2006)
	Amount	Amount	Amount	Rate of Change	Amount
Net Sales	2,411,231	2,115,458	295,773	14.0	8,966,039
Cost of Sales	1,435,201	1,422,202	12,999	0.9	5,591,198
Gross Profit	976,029	693,255	282,773	40.8	3,374,840
Selling and General Administrative Expenses	623,305	611,671	11,633	1.9	2,523,600
Operating Income	352,724	81,584	271,140	332.3	851,240
Non-Operating Income	18,620	35,213	16,592	47.1	95,839
1 Interest Income	1,323	448	874		3,815
2 Dividend Income	6,984	6,748	236		21,832
3 Rent Income	5,303	6,440	1,136		21,832
4 Foreign Currency Exchange Gain		13,297	13,297		41,052
5 Others	5,010	8,279	3,269		29,139
Non-Operating Expenses	18,619	12,736	5,882	46.2	50,083
1 Interest Expenses	10,097	12,422	2,324		48,020
2 Foreign Currency Exchange Losses	6,948		6,948		
3 Others	1,572	314	1,258		2,062
Ordinary Income	352,726	104,061	248,664	239.0	869,996
Extraordinary Gains		2,449	2,449	100.0	3,978
1 Gain on Doubtful Debts					1,677
2 Gain on Sale of Fixed Assets		1,949	1,949		1,801
3 Gain on Sale of Golf-Club Membership		500	500		500
Extraordinary Losses	754	2,739	1,985	72.5	102,536
1 Loss on Sale of Fixed Assets					705
2 Loss on Disposal of Fixed Assets	754	2,144	1,390		30,243
3 Loss on Sale of Golf-Club Membership		595	595		595
4 Loss on Disposal of Obsolete Inventories					70,992
Net Income before Tax	351,971	103,771	248,200	239.2	798,438
Income Taxes-Current	145,163	40,938	104,224	254.6	225,827
Income Taxes-Deferred	32,395	3,646	28,749	788.4	42,986
Net Income	239,203	66,478	172,724	259.8	529,624