

**Consolidated Financial Statement  
for the Nine Months Ended December 31, 2006**

February 2, 2007

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

**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 Nine months Ended December 31, 2006.**

1. Financial Result for the Nine Months Ended December 31, 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	%
Nine months ended						
December 31, 2006	6,861	( 11.0 )	810	( 59.3 )	832	( 79.8 )
December 31, 2005	6,184	( 24.9 )	508	( 44.0 )	555	( 42.1 )
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	
Nine months ended						
December 31, 2006	560	( 79.8 )	55.	09		
December 31, 2005	312	( 45.3 )	30.	50	30.	49
Year ended March 31, 2006	529		49.	30	49.	28

(Note)1. Average number of shares outstanding (Consolidated): During the Nine Months Ended December 31, 2006 10,182,553 shares  
 During the Nine Months Ended December 31, 2005 10,231,368 shares  
 During the One Year Ended March 31, 2006 10,216,256 shares

2. Percentages for net sales, operating income, ordinary income and net income indicate changes from previous year

Consolidated basis net sales by application for the Nine months ended December 31, 2006 are as follows.

Sales by Applications (Unit: Million Yen)

	Net Sales	Composition(%)	Year-over-year basis(%)
Coating Manufacturing Service	2,295	33.5	
Hard Disks	1,838	26.8	
Silicon Wafers	830	12.1	
Fiber Optics	726	10.6	
LCD Panels	639	9.3	
Magnetic Related	263	3.8	
Others	267	3.9	
Total	6,861	100.0	

(Note) Amount of sales is the total sales of current nine months

(2) Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio	Total Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2006	12,303	8,486	69.0	833.45
As of December 31, 2005	13,178	7,818	59.3	767.72
Year ended March 31, 2006	13,804	8,051	58.3	788.09

(Note) Number of shares outstanding (Consolidated): As of December 31, 2006 10,182,282 shares  
As of December 31, 2005 10,183,922 shares  
As of March 31, 2006 10,182,862 shares

**3. Forecasts of Consolidated Financial Result for the Fiscal Year Ended March 31, 2007**

	Net Sales	Ordinary Income	Net Income
Present Forecast (A)	9,700	1,107	579
Previous Forecast (B) (November 24, 2006)	9,700	1,017	579
Increase and Decrease (A-B)	-	-	-
Rate of Change	-	-	-

(Reference) Expected net income per share: 56.94 yen

\* 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 Nine months Ended December 31, 2006

( 1 ) Consolidated Balance Sheet

(Unit: Thousand Yen)

	As of December 31, 2006		As of December 31, 2005		Increase and Decrease		As of March 31, 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
(Assets)								
Current Assets								
1 Cash and Cash Equivalents	1,343,138		2,744,310		1,401,171		3,241,718	
2 Notes Receivable	2,942,977		3,008,826		65,849		3,115,764	
3 Inventories	1,604,629		941,486		663,142		904,459	
4 Deferred Tax Assets	115,139		138,052		22,912		159,823	
5 Others	102,095		124,549		22,453		143,052	
Doubtful Notes and Accounts	9,419		7,038		2,380		5,816	
<b>Total Current Assets</b>	<b>6,098,561</b>	<b>49.6</b>	<b>6,950,186</b>	<b>52.7</b>	<b>851,625</b>	<b>12.3</b>	<b>7,559,002</b>	<b>54.8</b>
Fixed Assets								
1 Tangible Fixed Assets								
(1) Buildings and Structures	5,686,130		5,648,303		40,827		5,636,958	
(2) Equipment and Vehicles	1,490,075		1,390,156		99,918		1,361,121	
(3) Others	406,861		406,694		166		402,966	
Accumulated Depreciation	4,060,503		3,700,864		359,639		3,727,243	
(4) Land	1,444,289		1,444,289				1,444,289	
<b>Total Tangible Fixed Assets</b>	<b>4,969,852</b>	<b>40.4</b>	<b>5,188,579</b>	<b>39.4</b>	<b>218,727</b>	<b>4.2</b>	<b>5,118,094</b>	<b>37.1</b>
2 Intangible Fixed Assets								
(1) Others	235,749		30,221		205,527		114,091	
<b>Total Intangible Fixed Assets</b>	<b>235,749</b>	<b>1.9</b>	<b>30,221</b>	<b>0.2</b>	<b>205,527</b>	<b>680.1</b>	<b>114,091</b>	<b>0.8</b>
3 Investments and Other Assets								
(1) Investment Securities	539,074		535,470		3,603		543,435	
(2) Deferred Tax Assets	219,227		209,025		10,202		209,418	
(3) Others	253,015		276,991		23,976		272,144	
Allowance for Doubtful Debts	11,497		11,682		185		11,497	
<b>Total Investments and Other Assets</b>	<b>999,820</b>	<b>8.1</b>	<b>1,009,805</b>	<b>7.7</b>	<b>9,985</b>	<b>1.0</b>	<b>1,013,500</b>	<b>7.3</b>
<b>Total Fixed Assets</b>	<b>6,205,422</b>	<b>50.4</b>	<b>6,228,607</b>	<b>47.3</b>	<b>23,185</b>	<b>0.4</b>	<b>6,245,686</b>	<b>45.2</b>
<b>Total Assets</b>	<b>12,303,983</b>	<b>100.0</b>	<b>13,178,793</b>	<b>100.0</b>	<b>874,810</b>	<b>6.6</b>	<b>13,804,689</b>	<b>100.0</b>

(Unit: Thousand Yen)

	As of December 31, 2006		As of December 31, 2005		Increase and Decrease		As of March 31, 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>(Liabilities)</b>								
<b>Current Liabilities</b>								
1 Notes and Accounts Payable	1,044,558		771,075		273,482		1,229,405	
2 Short-term Borrowings	750,000		1,631,115		881,115		1,669,861	
3 Current Portion of Long-term Borrowings	366,420		696,697		330,277		609,438	
4 Income Taxes and Other Taxes Payable	100,731		99,054		1,676		216,454	
5 Reserve for Employees' Bonus	60,000		127,500		67,500		130,000	
6 Others	311,305		503,913		192,607		468,248	
<b>Total Current Liabilities</b>	<b>2,633,015</b>	<b>21.4</b>	<b>3,829,356</b>	<b>29.1</b>	<b>1,196,341</b>	<b>31.2</b>	<b>4,323,407</b>	<b>31.3</b>
<b>Fixed Liabilities</b>								
1 Long-term Borrowings	662,411		1,028,831		366,420		912,564	
2 Reserve for Employees' Retirement Benefits	119,655		186,986		12,669		191,682	
3 Reserve for Directors' Retirement Benefits			315,217		315,217			
4 Accrued Directors' Retirement Benefits	311,050				311,050		315,217	
5 Deferred Tax	11,441				11,441		10,782	
<b>Total Fixed Liabilities</b>	<b>1,184,558</b>	<b>9.6</b>	<b>1,531,034</b>	<b>11.6</b>	<b>346,476</b>	<b>22.6</b>	<b>1,430,246</b>	<b>10.4</b>
<b>Total Liabilities</b>	<b>3,817,573</b>	<b>31.0</b>	<b>5,360,391</b>	<b>40.7</b>	<b>1,542,818</b>	<b>28.8</b>	<b>5,753,653</b>	<b>41.7</b>
<b>(Minority Interests)</b>								
<b>Minority Interests</b>								
<b>(Shareholders' Equity)</b>								
Capital Stock			1,998,700	15.1			1,998,700	14.5
Capital Surplus			2,953,700	22.4			2,953,700	21.4
Earned Surplus			3,150,722	23.9			3,368,329	24.4
Revaluation of Other Investment Securities			77,470	0.6			82,194	0.6
Foreign Currency Translation Adjustments			117,353	0.9			128,527	0.9
Treasury Stock			479,544	3.6			480,415	3.5
<b>Total Shareholders' Equity</b>			<b>7,818,402</b>	<b>59.3</b>			<b>8,051,035</b>	<b>58.3</b>
<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>			<b>13,178,793</b>	<b>100.0</b>			<b>13,804,689</b>	<b>100.0</b>

(Unit: Thousand Yen)

	As of December 31, 2006		As of December 31, 2005		Increase and Decrease		As of March 31, 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
(Net Assets)								
Shareholders' Equity								
1 Capital Stock	1,998,700	16.2						
2 Capital Surplus	2,953,700	24.0						
3 Earned Surplus	3,700,292	30.7						
4 Treasury Stock	480,905	3.9						
Total Shareholders' Equity	8,242,423	67.0						
Valuation and Translation Adjustments								
1 Revaluation of Other Investment Securities	71,255	0.6						
2 Foreign Currency Translation Adjustments	172,730	1.4						
Total Valuation and Translation Adjustments	243,985	2.0						
Total Net Assets	8,486,409	69.0						
Total Liabilities and Net Assets	12,303,983	100.0						

## ( 2 ) Consolidated Statements of Income

(Unit: Thousand Yen)

	Nine months ended December 31, 2006 ( From April 1, 2006 to December 31, 2006 )		Nine months ended December 31, 2005 ( From April 1, 2005 to December 31, 2005 )		Increase and Decrease		Condensed Consolidated Statement of Income for Previous Fiscal Year ( From April 1, 2005 to March 31, 2006 )	
	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	6,861,910	100.0	6,184,650	100.0	677,259	11.0	8,966,039	100.0
Cost of Sales	4,158,815	60.6	3,809,556	61.6	349,259	9.2	5,591,198	62.4
Gross Profit	2,703,094	39.4	2,375,094	38.4	328,000	13.8	3,374,840	37.6
Selling and General Administrative Expenses								
1 Freight Outwards	106,811		107,228		417		137,491	
2 Payroll and Bonus	526,009		577,463		51,454		797,528	
3 Provision for Bonus Reserve	8,527		39,029		30,501		40,014	
4 Expenses for Employees' Retirement Benefits	13,135		10,152		2,983		13,914	
5 Depreciation Expenses	82,251		73,083		9,168		98,283	
6 Research and Development Expenses	541,861		374,699		167,161		515,483	
7 Others	613,661		684,464		70,802		920,885	
Total Selling and General Administrative Expense	1,892,258	27.6	1,866,121	30.2	26,137	1.4	2,523,600	28.1
Operating Income	810,835	11.8	508,973	8.2	301,862	59.3	851,240	9.5
Non-Operating Income								
1 Interest Income	6,063		2,534		3,529		3,815	
2 Rent Income	15,405		16,547		1,141		21,832	
3 Foreign Currency Exchange Gain	9,178		43,424		34,246		41,052	
4 Others	25,631		22,719		2,911		29,139	
Total Non-Operating Income	56,279	0.8	85,225	1.4	28,946	34.0	95,839	1.1
Non-Operating Expenses								
1 Interest Expenses	29,557		35,890		6,332		48,020	
2 Others	5,458		2,591		2,866		2,062	
Total Non-Operating Expenses	35,015	0.5	38,481	0.6	3,465	9.0	50,083	0.6
Ordinary Income	832,098	12.1	555,716	9.0	276,382	49.7	896,996	10.0
Extraordinary Gains								
1 Gain on Doubtful Debts			293		293		1,677	
2 Gain on Sale of Fixed Assets			1,253		1,253		1,801	
3 Gain on Sale of Golf Club Membership			500		500		500	
Total Extraordinary Gains			2,046	0.0	42,046	100.0	3,978	0.0
Extraordinary Losses								
1 Loss on Sale of Fixed Assets			454		454		705	
2 Loss on Disposal of Fixed Assets	1,840		5,749		3,909		30,243	
3 Loss on Revaluation of Investment in Golf Club Membership			595		595		595	
4 Loss on Disposal of Obsolete Inventories			65,893		65,893		70,992	
Total Extraordinary Losses	1,840	0.0	72,693	1.2	70,852	97.5	102,536	1.1
Net Income Before Tax	830,258	12.1	485,070	7.8	345,188	71.2	798,438	8.9
Income Taxes-Current	224,472	3.3	109,198	1.8	115,273	105.6	225,827	2.5
Income Taxes-Deferred	44,809	0.6	63,855	1.0	19,045	29.8	42,986	0.5
Net Income	560,977	8.2	312,016	5.0	248,960	79.8	529,624	5.9

Nine Months Ended December 31, 2006 ( From April 1, 2006 to December 31, 2006 )

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Earned Surplus	Treasury Stock	Total Shareholders' Equity
Balance as of March 31,2006 (Thousand Yen)	1,998,700	2,953,700	3,368,329	480,415	7,840,313
Changes during the period					
Dividends of Retained Earnings			132,377		132,377
Director's Bonuses			26,000		26,000
Net Income			560,977		560,977
Purchase of Treasury Stock				489	489
Sale of Treasury Stock					
Net Changes in Items other than Shareholders' Equity					
Total Changes during the period (Thousand Yen)			402,600	489	402,110
Balance as of December 31,2006 (Thousand Yen)	1,998,700	2,953,700	3,770,929	480,905	8,242,423

	Valuation and Translation Adjustments			Total Net Assets
	Revaluation of Other Investment Securities	Foreign Currency Translation Adjustments	Total Valuation and Translation Adjustments	
Balance as of March 31,2006 (Thousand Yen)	82,194	128,527	210,722	8,051,035
Changes during the period				
Dividends of Retained Earnings				132,377
Director's Bonuses				26,000
Net Income				560,977
Purchase of Treasury Stock				489
Sale of Treasury Stock				
Net Changes in Items other than Shareholders' Equity	10,939	44,202	33,263	33,263
Total Changes during the period (Thousand Yen)	10,939	44,202	33,263	435,374
Balance as of December 31,2006 (Thousand Yen)	71,255	172,730	243,985	8,486,409

## ( 4 ) Consolidated Statement of Surplus

(Unit: Thousand Yen)

	Nine Months Ended December 31, 2006 ( From April 1, 2005 to December 31, 2005 )		Consolidated Statement of Surplus for Previous Fiscal Year ( From April 1, 2005 to March 31, 2006 )	
	Amount		Amount	
(Capital Surplus)				
Year Starting Balance on Capital Surplus		2,953,700		2,953,700
Mid Year Ending (Year Ending) Balance on Capital Surplus		2,953,700		2,953,700
(Earned Surplus)				
Year Starting Balance on Earned Surplus		3,071,020		3,071,020
Increased Amount of Earned Surplus				
Net Income	312,016		529,624	
Increased Amount of Earned Surplus of a New Consolidated Subsidiary	400	312,417	400	530,024
Reduced Amount of Earned Surplus				
1 Dividend Payable	194,891		194,891	
2 Director's Bonuses	37,000		37,000	
3 Loss on Sale of Treasury Stock	824	232,716	824	232,716
Mid year Ending (Year Ending) Balance on Earned Surplus		3,150,722		3,368,329