

**Consolidated Financial Statement
for the Six Months Ended September 30, 2005**

November 24, 2005

 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 24, 2005

Adoption of American Account Standard: NO

1. Summary of Consolidated Interim Financial Results.
1. Financial Result for the Six months Ended September 30, 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	%
Six months ended						
September 30, 2005	3,941	(24.1)	246	(55.1)	273	(55.5)
September 30, 2004	5,189	(59.5)	548	(47.7)	614	(84.6)
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	
Six months ended						
September 30, 2005	152	(59.3)	14. 90		14. 89	
September 30, 2004	375	(161.2)	72. 16		71. 93	
Year ended March 31, 2005	738		67. 73		67. 59	

(Note) 1) Equity in net losses of affiliates (Millions of Yen): September 30, 2005 (0) September 30, 2004 (0) March 31, 2005 (0)

2) Average number of shares outstanding (Consolidated): During the six months ended September 30, 2005 10,248,705 shares

During the six months ended September 30, 2004 5,199,987 shares

During the year ended March 31, 2005 10,360,328 shares

We have done 2-for-1 stock split on November 22,2004.

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, 2005	12,792	7,633	59.7	746. 81
September 30, 2004	13,256	7,463	56.3	1,440. 23
Year ended March 31, 2005	14,429	7,676	53.2	744. 78

(Note) Number of shares outstanding (Consolidated) As of September 30, 2005 10,221,782 shares

As of September 30, 2004 5,182,011 shares

As of March 31, 2005 10,257,462 shares

We have done 2-for-1 stock split on November 22,2004.

(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, 2005	477	484	439	3,107
September 30, 2004	142	89	68	2,557
Year ended March 31, 2005	889	119	458	3,482

(4) Scope of consolidation, application of equity method

Number of Consolidated subsidiaries: 3 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):1 (Excluded): None

Number of companies under equity method (added): None (Excluded): None

2. Financial forecasts for the Fiscal Year Ending March 31, 2006

	Net Sales	Ordinary Income	Net Income
Year ending	Million Yen	Million Yen	Million Yen
March 31, 2006	8,700	567	323

(Reference) Expected net income per share: 31.60 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 Six Months ended September 30, 2005

(1) Consolidated Balance Sheet

(Unit: Thousand Yen)

Item	Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004)		Six months ended September 30, 2005 (From April 1, 2005 to September 30, 2005)		Summary of Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2004 to March 31, 2005)	
	Amount	%	Amount	%	Amount	%
(Assets)		%		%		%
Current Assets						
1 Cash and Cash Equivalents	3,006,628		3,253,876		3,626,364	
2 Notes Receivable, Trade	2,957,631		2,139,225		3,154,592	
3 Inventories	1,057,938		1,014,736		1,110,325	
4 Deferred Tax Assets	134,727		105,492		174,119	
5 Others	144,787		108,997		189,648	
Doubtful Notes and Accounts	6,329		6,188		6,341	
Total Current Assets	7,295,383	55.0	6,616,140	51.7	8,248,708	57.2
Fixed Assets						
1 Tangible Fixed Assets						
(1) Buildings and Structures	5,183,933		5,617,634		5,521,038	
(2) Equipment and Vehicles	1,279,019		1,366,069		1,267,757	
(3) Others	345,482		375,345		364,216	
Accumulated Depreciation	3,269,092	3,539,343	3,579,897	3,779,151	3,413,760	3,739,251
(4) Land	1,451,203		1,444,289		1,444,289	
Total Tangible Fixed Assets	4,990,546	37.7	5,223,441	40.8	5,183,542	35.9
2 Intangible Fixed Assets						
(1) Others	30,453		32,439		29,009	
Total Intangible Fixed Assets	30,453	0.2	32,439	0.3	29,009	0.2
3 Investments and Other Assets						
(1) Investment Securities	430,118		441,914		470,667	
(2) Deferred Tax Assets	238,178		216,713		239,375	
(3) Others	293,616		273,225		273,728	
Allowance for Doubtful Debts	21,618		11,793		15,239	
Total Investments and Other Assets	940,293	7.1	920,060	7.2	968,531	6.7
Total Fixed Assets	5,961,293	45.0	6,175,940	48.3	6,181,083	42.8
Total Assets	13,256,677	100.0	12,792,080	100.0	14,429,791	100.0

(Unit: Thousand Yen)

Item	Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004)		Six months ended September 30, 2005 (From April 1, 2005 to September 30, 2005)		Summary of Consolidated Balance Sheet for Previous Fiscal Year (From April 1, 2004 to March 31, 2005)	
	Amount	%	Amount	%	Amount	%
(Liabilities)		%		%		%
Current Liabilities						
1 Notes Receivable, Trade	1,373,622		488,568		1,348,130	
2 Short-term Borrowings	1,850,000		1,613,683		1,550,000	
3 Current Portion of Long-term Borrowings	530,992		770,956		753,712	
4 Accrued Income Taxes and Other Taxes	243,764		32,287		447,745	
5 Reserve for Employees' Bonuses	160,000		110,000		145,000	
6 Others	324,270		503,824		586,490	
Total Current Liabilities	4,482,649	33.8	3,519,319	27.5	4,831,078	33.5
Fixed Liabilities						
1 Long-term Borrowings	840,000		1,144,564		1,438,664	
2 Reserve for Employees' Retirement Benefits	155,529		179,266		168,323	
3 Reserve for Directors' Retirement Benefits	315,217		315,217		315,217	
Total Fixed Liabilities	1,310,746	9.9	1,639,048	12.8	1,922,205	13.3
Total Liabilities	5,793,396	43.7	5,158,367	40.3	6,753,283	46.8
(Minority Interests)						
Minority Interests						
(Shareholders' Equity)						
Capital Stock	1,998,700	15.1	1,998,700	15.6	1,998,700	13.8
Capital Surplus	2,953,700	22.3	2,953,700	23.1	2,953,700	20.5
Earned Surplus	2,713,219	20.4	2,991,376	23.4	3,071,020	21.3
Revaluation of Investment Securities	38,483	0.3	60,887	0.5	41,355	0.3
Foreign Currency Translation Adjustments	54,759	0.4	78,047	0.6	32,821	0.2
Treasury Stock	295,581	2.2	448,997	3.5	421,090	2.9
Total Shareholders' Equity	7,463,280	56.3	7,633,712	59.7	7,676,507	53.2
Total Liabilities, Minority Interest and Shareholders' Equity	13,256,677	100.0	12,792,080	100.0	14,429,791	100.0

(2) Consolidated Statements of Income

(Unit: Thousand Yen)

Item	Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004)		Six months ended September 30, 2005 (From April 1, 2005 to September 30, 2005)		Summary of Consolidated Statement of Income for Previous Fiscal Year (From April 1, 2004 to March 31, 2005)				
	Amount	%	Amount	%	Amount	%			
Net Sales		5,189,371	100.0		3,941,246	100.0	10,799,530	100.0	
Cost of Sales		3,548,894	68.4		2,455,070	62.3	7,310,850	67.7	
Gross Profit		1,640,477	31.6		1,486,176	37.7	3,488,680	32.3	
Selling and General Administrative Expenses									
1 Freight Outwards	107,195			70,196			194,576		
2 Payroll and Bonus	287,568			374,724			706,500		
3 Chargeable to the Bonus Payment Reserve	66,714			34,525			59,920		
4 Employees' Retirement Benefits	5,836			22,688			13,298		
5 Directors' Retirement Benefits									
6 Depreciation Expenses	48,403			48,185			102,761		
7 Research and Development Expenses	176,718			223,966			408,000		
8 Others	399,543	1,091,978	21.0	465,673	1,239,959	31.5	801,058	2,286,115	21.2
Operating Income		548,498	10.6		246,217	6.2		1,202,564	11.1
Non-Operating Income									
1 Interest Income	1,399			1,265			2,494		
2 Rent Income	5,090			11,073			33,380		
3 Gain on Loss on evaluation of Investment Securities									
4 Gain on Foreign Exchange	37,549			21,820			35,056		
5 Others	45,203	89,242	1.7	18,149	52,309	1.3	53,903	124,835	1.2
Non-Operating Expenses									
1 Interest Expenses	21,994			24,295			43,499		
2 Loss on Foreign Exchange									
3 Others	1,404	23,398	0.5	835	25,131	0.6	3,482	46,982	0.4
Ordinary Income		614,341	11.8		273,395	6.9		1,280,418	11.9
Extraordinary Gains									
1 Gain on Doubtful Debts				845					
2 Gain on Sale of Fixed Assets	1,417			1,229			1,690		
3 Gain on Sale of Investment Securities							12,932		
4 Gain on Reserve for Directors' Retirement Benefits		1,417	0.0	500	2,574	0.1		14,622	0.1
Extraordinary Losses									
1 Loss on Sale of Fixed Assets				454			20,565		
2 Loss on Disposal of Fixed Assets	2,523			5,380			41,524		
3 Loss on Allowance for Doubtful Debts	1,226						21		
4 Loss on Revaluation of Investment in Golf Club Membership				595			955		
5 Loss on Disposal of Obsolete Inventories	11,363			3,961			25,735		
6 Loss on Revaluation of Inventories		15,112	0.3		10,392	0.3	26,021	114,824	1.1
Net Income Before Tax		600,646	11.5		265,577	6.7		1,180,216	10.9
Income Taxes-Current	263,114			36,306			494,226		
Refunded Corporate Tax									
Income Taxes-Deferred	37,711	225,403	4.3	76,600	112,906	2.8	52,706	441,520	4.1
Net Income		375,243	7.2		152,670	3.9		738,696	6.8

(3) Consolidated Statement of Surplus

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004)		Six months ended September 30, 2005 (From April 1, 2005 to September 30, 2005)		Summary of Consolidated Statement of Surplus for Previous Fiscal Year (From April 1, 2004 to March 31, 2005)	
		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		2,450,285		3,071,020		2,450,285	
Increased Amount of Earned Surplus							
Net Gains		375,243		152,670		738,696	
Increased Amount of Earned Surplus of a New Consolidated Subsidiary		375,243		400	153,071		738,696
Reduced Amount of Earned Surplus							
1 Dividend Payable		77,835		194,891		77,835	
2 Director's Bonuses		20,000		37,000		20,000	
3 Loss on Sale of Treasury Stock		14,473	112,309	824	232,716	20,124	117,960
Mid year Ending (Year Ending) Balance on Earned Surplus		2,713,219		2,991,376		3,071,020	

(4) Consolidated Statement of Cash Flows

(Unit: Thousand Yen)

Item	Period	Six months ended September 30, 2004 (From April 1, 2004 to September 30, 2004)	Six months ended September 30, 2005 (From April 1, 2005 to September 30, 2005)	Summary of Consolidated Statement of Cash Flows for Previous Fiscal Year (From April 1, 2004 to March 31, 2005)
		Amount	Amount	Amount
Cash Flow from Operating Activities				
1	Net Income Before Taxes	600,646	265,577	1,180,216
2	Allowance for Depreciation	228,524	233,507	466,343
3	Increase/Decrease in Allowance for Employees' Bonuses (Decrease())	70,000	35,000	55,000
4	Increase/Decrease in Allowance for Employees' Retirement Benefits (Decrease())	11,003	10,942	23,797
5	Interest and Dividends Earned	8,400	8,013	9,496
6	Interest Expenses	21,994	24,295	43,499
7	Foreign Currency Translation (Margin ())	7,711	896	8,893
8	Increase/Decrease in Accounts Receivable (Increase())	904,785	980,514	1,101,746
9	Increase/Decrease in Inventories (Increase())	124,416	126,140	176,803
10	Increase/Decrease in Accounts Payable (Decrease())	543,391	859,345	517,900
11	Increase/Decrease in Advance Receipt (Decrease())	100,307	110,098	107,486
12	Cash paid for Director's Bonuses	20,000	37,000	20,000
13	Others	38,168	108,912	278,273
	Sub Total	271,769	919,733	1,140,605
14	Interest and Dividends Received	8,372	8,001	9,556
15	Interest Paid	22,460	23,991	47,924
16	Income Taxes Paid	114,910	425,864	212,988
	Net Cash Provided by Operating Activities	142,770	477,878	889,248
Cash Flows from Investing Activities				
1	Payments for Time Deposits	600	2,802	
2	Proceeds from Time Deposits	133,197		438,351
3	Payments for Investment Securities		14,000	
4	Proceeds from Investment Securities			29,325
5	Payments for Tangible Fixed Assets	36,779	489,862	540,542
6	Proceeds from Tangible Fixed Assets	11,391	11,388	19,856
7	Payments for Intangible Fixed Assets	12,590	999	16,550
8	Payments for Incorporation of Subsidiary			52,100
9	Increase/Decrease in Other Investments (Increase())	5,106	11,847	2,197
	Net Cash Provided by Investing Activities	89,512	484,427	119,461
Cash Flows from Financing Activities				
1	Proceeds from Short-term Loans	500,000	60,724	500,000
2	Repayments of Short-term Loans			300,000
3	Proceeds from Long-term Loans		100,000	1,100,000
4	Repayments of Long-term Loans	296,996	376,856	575,612
5	Proceeds from Sales Treasury Stock	58,096	10,296	62,056
6	Payments for Purchases Treasury Stock	114,755	39,027	249,875
7	Amount Paid for Dividend Payable by Parent Company	77,986	194,224	78,246
	Net Cash Provided by Financing Activities	68,358	439,087	458,323
	Effect of Exchange Rate Changes on Cash and Equivalents	16,868	11,262	14,889
	Increase/Decrease in Cash and Cash Equivalents (Decrease())	317,509	434,373	1,242,999
	Cash and Cash Equivalents at Beginning of Year	2,239,764	3,482,764	2,239,764
	Increase/Decrease in Cash and Cash Equivalents for Consolidation of a new Subsidiary (Decrease())		59,083	
	Cash and Cash Equivalents at Mid year Ending (Year Ending)	2,557,273	3,107,473	3,482,764