

Financial Statement for the Six Months Ended September 30, 2011

November 11, 2011

Trade Name: **Nihon Micro Coating Co., Ltd.**

Stock Code: 5381

Name and Title of Representative: Jun Watanabe, President

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Quarterly Report Filing Date (as planned): November 14, 2011

Stock Exchange: JQ

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

1. Summary of Consolidated Financial Results.

1. Financial Result for the Fiscal Year Ended September 30, 2011

(1) Consolidated Operating Result

Amounts to nearest Million yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2011	1,549	0.3	22	21.3	18		47	
September 30, 2010	1,554	12.9	28		48		80	

(Note) Comprehensive income (Millions of Yen): As of September 30, 2011 145 As of March 31, 2011 145

	Net Income or, Net loss () Per Share	Net Income or, Net loss () Per Share(diluted)
	Yen	Yen
September 30, 2011	4. 67	
September 30, 2010	7. 93	

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio	Total Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
Septem 30, 2011	5,611	3,684	65.1	358. 77
March 31, 2011	5,663	3,823	67.1	373. 09

(Note) Equity capital (Millions of Yen): As of September 30, 2011 3,652 As of March 31, 2011 3,798

2. Dividends

	Dividends per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Millions of Yen	%
Fiscal Year ended March 31, 2011		0. 00		0.00	0.00
March 31, 2012		0. 00			
March 31, 2012 (estimate)				0.00	0.00

3. Financial forecasts for the Consolidated Fiscal Year Ending March 31, 2012

(%changes as compared with the previous fiscal year and the corresponding period of the previous fiscal year)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
March 31, 2012	3,055 3.2	11	53	109	10.78

(Note)Revision of forecast for dividends in the Second quarter: Yes

Notes: Request for appropriate use of the business outlook and other special remarks

Forecasts are based on information available to the management at the time of an announcement. Forecasts contain a lot of the element of the uncertainty. Actual results may differ from the figures provided above due to changes in business conditions.

4.Others

(1)Change in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None

(2)Adoptions of simplified accounting methods and accounting methods particular to the presentation of quarterly financial statements: None

(3)Changes in accounting principles, presentation methods, etc., pertaining to preparation of consolidated financial statements

(Those to be stated as significant accounting policies)

1. Changes associated with revision in accounting standards: Yes
2. Others changes: None

(4)Shares outstanding

1. Numbers of shares outstanding (including treasury stock)

September 30, 2011	10,696,320	March 31,2011	10,696,320
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2. Numbers of treasury stock

September 30, 2011	515,108	March 31,2011	515,028
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3. Numbers of average shares outstanding (cumulative, consolidated at the end of the first quarter)

September 30, 2011	10,181,258	September 30, 2010	10,181,305
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Consolidated Financial Statement
(1) Consolidated Balance Sheet

(Thousands of yen)

	FY 2011 (As of March 31,2011)	Q2 FY 2012 (As of Sept 30,2011)
(Assets)		
Current Assets		
Cash and Cash Equivalents	872,492	1,017,544
Notes Receivable and Accounts Receivable	845,597	808,646
Merchandises and Finished Goods	202,516	195,990
Work in Progress	384,462	370,708
Raw Materials and Stored goods	138,074	133,418
Deferred Tax Assets	14,188	17,483
Accrued Revenue	30,039	19,086
Others	28,347	51,326
Allowance for Bud Debt	5,129	4,499
Total Current Assets	2,510,589	2,609,706
Fixed Assets		
Tangible Fixed Assets		
Buildings and Structures	5,462,921	5,445,844
Equipment and Vehicles	1,359,663	1,282,947
Land	1,053,575	1,053,575
Others	420,819	397,685
Accumulated Depreciation	5,214,055	5,232,044
Total Tangible Fixed Assets	3,082,925	2,948,008
Intangible Fixed Assets		
Others	19,707	5,804
Total Intangible Fixed Assets	19,707	5,804
Investments and Other Assets		
Deferred Tax Assets	2,931	835
Others	54,452	54,091
Allowance for Doubtful Debts	6,644	6,644
Total Investments and Other Assets	50,739	48,282
Total Fixed Assets	3,153,372	3,002,095
Total Assets	5,663,962	5,611,801

Consolidated Financial Statement
(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY 2011	Q2 FY 2012
	(As of March 31,2011)	(As of Sept 30,2011)
(Liabilities)		
Current Liabilities		
Notes Receivable and Accounts Receivable	288,457	220,266
Short-term Borrowings	858,000	858,000
Current Position of Long-term Borrowings	243,089	173,226
Accrued Income Taxes and Other Taxes	28,669	27,866
Reserve for Employees' Bonuses	11,853	48,842
Others	76,921	159,462
Total Current Liabilities	1,506,991	1,487,664
Fixed Liabilities		
Long-term Borrowings	202,855	312,497
Reserve for Employees' Retirement Benefits	111,403	108,888
Deferred Tax Liabilities		1,571
Others	18,870	16,761
Total Fixed Liabilities	333,130	439,719
Total Liabilities	1,840,121	1,927,384
(Net Assets)		
Shareholders' Equity		
Capital Stock	1,998,700	1,998,700
Capital Surplus	2,953,700	2,953,700
Earned Surplus	637,304	684,833
Treasury Stock	481,314	481,325
Total Shareholders' Equity	3,833,781	3,786,241
Valuation and Foreign Currency Translation		
Foreign Currency Translation Adjustments	35,275	133,537
Total Valuation and Foreign Currency Translation	35,275	133,537
New Stock Reservation Rights	25,335	31,713
Total Net Assets	3,823,840	3,684,417
Total Liabilities and Net Assets	5,663,962	5,611,801

(2) Consolidated Statement of Income
FY 2011 (From April 1,2011 To Sept 30,2011)

(Thousands of yen)

	FY 2011 (From April 1,2010 To Sept 30,2010)	FY 2012 (From April 1,2011 To Sept 30,2011)
Net Sales	1,554,940	1,549,498
Cost of Sales	902,953	965,428
Gross Profit	651,986	584,069
Selling and General Administrative Expenses	623,274	561,467
Operating Income or Losses ()	28,712	22,602
Non-Operating Income		
Interest Income	265	242
Dividend Income	324	
Rent Income	8,338	10,613
Others	3,179	1,747
Total Non-Operating Income	12,108	12,602
Non-Operating Expenses		
Interest Expenses	19,064	17,264
Foreign Currency Exchange Losses	66,371	33,327
Others	3,714	3,346
Total Non-Operating Expense	89,150	53,938
Ordinary Income or Losses ()	48,330	18,733
Extraordinary Gains		
Gain from Sales of Fixed assets		2,391
Gain from New Stock Reservation Rights	3,049	
Total Extraordinary Gains	3,049	2,391
Extraordinary Losses		
Loss on Disposal of Fixed Assets	849	348
Impairment Loss	9,021	15,679
Loss on Sale of Membership	5,584	
Loss on Valuation of Membership	7,750	
Others	942	
Total Extraordinary Losses	24,149	16,028
Net Income or Losses Before Tax ()	69,430	32,370
Income Taxes-Current	15,020	15,761
Deferred Income Taxes	3,684	602
Total Income Taxes	11,335	15,158
Net Income or Losses Before Minority interest adjustment	80,765	47,529
Net Income or Losses ()	80,765	47,529
Income before minority interests	80,765	47,529
Other Comprehensive Income		
Unrealized Gain on Securities	4,739	
Foreign Currency Translation Adjustments	60,175	98,261
Total Other Comprehensive Income	64,914	98,261
Comprehensive Income or Losses ()	145,680	145,790
Comprehensive Income attribute to:		
Shareholders of NIHON MICRO COATING	145,680	145,790
Minority interests		

(3) Consolidated Statement of Cash Flows
 FY 2011 (From April 1, 2011 To Sept 30, 2011)

	(Thousands of yen)	
	FY 2011 (From April 1, 2010 To Sept 30, 2010)	FY 2012 (From April 1, 2011 To Sept 30, 2011)
Cash Flow from Operating Activities		
Net Income or Losses Before Taxes	69,430	32,370
Depreciation Expenses	149,304	112,899
Impairment Loss	9,021	15,679
Increase/Decrease in Allowance for Bud Debts (Decrease ())	3,504	297
Increase/Decrease in Allowance for Employees' Bonuses (Decrease ())	20,316	39,560
Increase/Decrease in Allowance for Employees' Retirement Benefits (Decrease ())	5,340	2,515
Interest and Dividends Income	589	242
Interest Expenses	19,064	17,264
Loss on Disposal of Fixed Assets	849	348
Loss on Sale of Fixed Assets (Increase ())		2,391
Increase/Decrease in Accounts Receivable (Increase ())	116,924	11,925
Increase/Decrease in Inventories (Increase ())	92,090	90
Increase/Decrease in accounts payable (Decrease ())	35,559	57,247
Other	43,022	54,940
Sub Total	353,859	133,792
Interest and Dividends Received	936	242
Interest Paid	18,708	17,365
Income Taxes Paid	21,034	17,519
Net Cash Provided by Operating Activities	315,053	99,149
Cash Flows from Investing Activities		
Payments for Time Deposits	600	
Payments for Tangible Fixed Assets	137,272	8,647
Proceeds from Sale of Tangible Fixed Assets		2,112
Proceeds from Earnest Related Sales of Tangible Fixed Assets		60,159
Other	3,928	27
Net Cash Provided by Investing Activities	133,943	53,595
Cash Flows from Financing Activities		
Proceeds from Long-term Loans	99,246	190,000
Repayments of Long-term Loans	166,407	140,068
Payments for Lease Obligation	1,257	1,327
Payments for Purchases of Treasury Stock		10
Payments for Dividends		18
Net Cash Provided by Financing Activities	68,418	48,574
Effect of Exchange Rate Changes on Cash and Equivalents	44,801	55,026
Increase/Decrease in Cash and Cash Equivalents (Decrease ())	67,890	146,293
Cash and Cash Equivalents at Beginning of Year	562,212	722,464
Cash and Cash Equivalents at Mid year Ending (Year Ending)	630,102	868,757