

Financial Statement for the Six Months Ended September 30, 2012

November 12, 2012

Name of listed company: Nihon Micro Coating Co., Ltd.
 Stock Code: 5381 (URL http://www.mipox.co.jp)
 Name and Title of Representative: Jun Watanabe, President
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 Quarterly Report Filing Date (as planned): November 12, 2012

Stock Exchange: Osaka Securities Exchange, Inc. JASDAQ

1. Consolidated Financial Result for the Six Months Ended September 30, 2012 (April 1, 2012 – September 30, 2012)

(Figures are rounded down to the nearest million)

(1) Consolidated Operating Result

(% implies the rate of increase/decrease year-on-year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2012	1,786	15.3	211	835.7	182	—	173	—
September 30, 2011	1,549	-0.3	22	-21.3	-18	—	-47	—

Note: Comprehensive Income: 116 million yen (- %) for the six months ended September 30, 2012
 -145 million yen (- %) for the six months ended September 30, 2011

	Net Income Per Share		Net Income Per Share (diluted)	
	Yen		Yen	
September 30, 2012	17.05		17.03	
September 30, 2011	-4.67		—	

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
September 30, 2012	5,069	3,869	75.6
March 31, 2012	5,631	3,749	66.0

(Note) Equity capital (Millions of Yen): As of September 30, 2012 3,831
 As of March 31, 2012 3,714

2. Status of Distribution

	Dividends per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
FY2012	— Yen	0.00 Yen	— Yen	0.00 Yen	0.00 Yen
FY2013	—	0.00	—	0.00	0.00
FY2013 (Expected)	—	—	—	0.00	0.00

Note: Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2013 (April 1, 2012– March 31, 2013)

(% 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
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2013	3,710	21.8	274	—	264	—	222	—	21.88

(Note) Revision of forecast for dividends published most recently: None

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): Yes

Newly establishment: MIPOX Abrasives India Pvt. Ltd. (MAI)

(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, 2012	10,696,320	March 31, 2012	10,696,320
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2. Numbers of treasury stock

September 30, 2012	515,188	March 31, 2012	515,148
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3. Numbers of average shares outstanding (cumulative, consolidated at the end of the second quarter)

September 30, 2012	10,181,138	September 30, 2011	10,181,258
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Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of Yen)	
	End of previous fiscal year (March 31, 2012)	End of second quarter of current fiscal year (September 30, 2012)
Assets		
Current assets		
Cash and deposits	1,008,597	1,041,155
Notes and accounts receivable - trade	794,038	919,736
Merchandise and finished goods	272,663	222,055
Work in process	339,507	360,188
Raw materials and supplies	132,890	129,391
Deferred tax assets	12,949	19,870
Accounts receivable - non trade	22,915	9,469
Other	118,119	41,136
Allowance for doubtful accounts	-2,396	-2,479
Total current assets	<u>2,699,284</u>	<u>2,740,523</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,563,589	4,539,836
Machinery, equipment and vehicles	1,165,914	1,165,908
Land	1,053,575	515,267
Other	357,127	381,891
Accumulated depreciation	-4,250,535	-4,303,550
Total property, plant and equipment	<u>2,889,672</u>	<u>2,299,352</u>
Intangible assets	4,524	5,663
Investments and other assets		
Deferred tax assets	149	141
Other	44,546	30,188
Allowance for doubtful accounts	-6,644	-6,644
Total investments and other assets	<u>38,051</u>	<u>23,685</u>
Total non-current assets	<u>2,932,248</u>	<u>2,328,700</u>
Total assets	<u>5,631,532</u>	<u>5,069,224</u>

Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of Yen)	
	End of previous fiscal year (March 31, 2012)	End of second quarter of current fiscal year (September 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	188,881	155,433
Short-term loans payable	858,000	290,000
Current portion of long-term loans payable	117,085	115,711
Income taxes payable	27,125	45,750
Provision for bonuses	50,670	68,947
Other	202,980	134,662
Total current liabilities	1,444,743	810,504
Non-current liabilities		
Long-term loans payable	304,939	244,700
Allowance for employee retirement benefits	114,678	116,541
Deferred tax liabilities	1,954	1,343
Other	15,741	26,907
Total non-current liabilities	437,314	389,492
Total liabilities	1,882,058	1,199,997
Net assets		
Shareholders' equity		
Capital stock	1,998,700	1,998,700
Capital surplus	2,953,700	2,953,700
Retained earnings	-719,528	-545,898
Treasury shares	-481,329	-481,334
Total shareholders' equity	3,751,542	3,925,166
Accumulated other comprehensive income		
Foreign currency translation adjustment	-36,777	-94,015
Total accumulated other comprehensive income	-36,777	-94,015
Subscription rights to shares	34,708	38,075
Total net assets	3,749,473	3,869,226
Total liabilities and net assets	5,631,532	5,069,224

Consolidated Financial Statements

(2) Consolidated Income Statements & Comprehensive Income

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2011 to September 30, 2011)	First six-month period of current fiscal year (April 1, 2012 to September 30, 2012)
Net sales	1,549,498	1,786,461
Cost of sales	965,428	999,492
Gross profit	584,069	786,969
Selling, general and administrative expenses	561,467	575,483
Operating income	22,602	211,486
Non-operating income		
Interest income	242	1,199
Rent income	10,613	11,565
Other	1,747	1,443
Total non-operating income	12,602	14,209
Non-operating expenses		
Interest expenses	17,264	12,804
Foreign exchange losses	33,327	25,842
Other	3,346	4,829
Total non-operating expenses	53,938	43,476
Ordinary income (loss)	-18,733	182,219
Extraordinary income		
Gain on sales of non-current assets	2,391	39,460
Other	-	159
Total extraordinary income	2,391	39,620
Extraordinary losses		
Loss on retirement of non-current assets	348	2,867
Loss on sale of membership	15,679	850
Total extraordinary losses	16,028	3,717
Income (loss) before income taxes	-32,370	218,122
Income taxes - current	15,761	52,546
Income taxes - deferred	-602	-8,053
Total income taxes	15,158	44,492
Net income (loss) before minority interests adjustment	-47,529	173,629
Net income (loss)	-47,529	173,629
Other comprehensive income		
Foreign currency translation adjustment	-98,261	-57,238
Total other comprehensive income	-98,261	-57,238
Comprehensive income	-145,790	116,390
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-145,790	116,390
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Financial Statements
(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2011 to September 30, 2011)	First six-month period of current fiscal year (April 1, 2012 to September 30, 2012)
Cash flows from operating activities		
Income (loss) before income taxes	-32,370	218,122
Depreciation and amortization	112,899	91,983
Impairment loss	15,679	-
Increase (decrease) in allowance for doubtful accounts	-297	218
Increase (decrease) in provision for bonuses	39,560	19,099
Increase (decrease) in provision for retirement benefits	-2,515	1,863
Interest and dividends income	-242	-1,199
Interest expenses	17,264	12,804
Loss(gain) on sale of membership	-	850
Loss on retirement of non-current assets	348	2,867
Loss (gain) on sales of non-current assets	-2,391	-39,460
Decrease (increase) in notes and accounts receivable-trade	-11,925	-150,197
Decrease (increase) in inventories	90	15,394
Increase (decrease) in notes and accounts payable-trade	-57,247	-28,797
Others	54,940	-18,946
Sub total	133,792	124,603
Interest and dividends income received	242	1,199
Interest expenses paid	-17,365	-11,881
Income taxes paid	-17,519	-32,167
Net cash provided by operating activities	99,149	81,753
Cash flows from investing activities		
Purchases of property, plant and equipment	-8,647	-41,556
Proceeds from sales of property, plant and equipment	2,112	638,007
Proceeds from earnest related to sales of property, plant and equipment	60,159	-
Purchases of intangible assets	-	-2,740
Proceeds from sales of membership	-	12,590
Others	-27	-291
Net cash used in investing activities	53,595	606,008

Consolidated Financial Statements
(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2011 to September 30, 2011)	First six-month period of current fiscal year (April 1, 2012 to September 30, 2012)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	-568,000
Proceeds from long-term loans payable	190,000	-
Repayment of long-term loans payable	-140,068	-57,899
Repayments of lease obligations	-1,327	-1,979
Purchases of treasury stock	-10	-7
Cash dividends paid	-18	-4
Net cash provided by financing activities	48,574	-627,890
Effect of exchange rate change on cash and cash equivalents	-55,026	-26,750
Net increase (decrease) in cash and cash equivalents	146,293	33,120
Cash and cash equivalents at beginning of period	722,464	858,350
Cash and cash equivalents at end of period	868,757	891,471