SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2005

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to

Commission file number **0-17741**

EPOLIN, INC.

(Exact name of Small Business Issuer as Specified in its Charter)

New Jersey	**22-2547226**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

358-364 Adams Street
Newark, New Jersey 07105
(Address of Principal Executive Offices)

(973) 465-9495
(Issuer's Telephone Number, Including Area Code)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the Issuer is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

Common, no par value per share: 11,815,355 outstanding as of November 30, 2005

PART I - FINANCIAL INFORMATION

Item 1. **Financial Statements.**

See the Consolidated Financial Statements annexed to this report.

Item 2. **Management's Discussion and Analysis or Plan of Operation.**

The following discussion should be read in conjunction with the Financial Statements included in this report and is qualified in its entirety by the foregoing.

Forward-Looking Statements

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs and assumptions made by the Company's management as well as information currently available to the management. When used in this document, the words "anticipate", "believe", "estimate", and "expect" and similar expressions, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Certain of these risks and uncertainties are discussed under the caption "Uncertainties and Risk Factors" in Part I, Item 1 "Description of Business" of the Company's Form 10-KSB for the year ended February 28, 2005. The Company does not intend to update these forward-looking statements.

Executive Overview

Epolin, Inc. (the "Company") is a specialized chemical company primarily engaged in the manufacturing, marketing, research and development of infrared dyes, laser absorbing dyes and infrared dye formulations. The Company's business is heavily weighted towards the development, manufacture and sale of near infrared dyes. Applications for these dyes cover several markets that include laser protection, welding, sunglasses, optical filters, glazing and imaging and security inks and tagants. The Company also manufactures specialty chemicals for certain chemical manufacturers.

The Company has succeeded in growing over the last decade based on the development, application and manufacture of near infrared dyes. Although the Company does not rely upon patents for protection of its dye business, no competitors, to the Company's knowledge, actively market the large variety and volume of infrared dyes as sold by the Company. Furthermore, the Company has embarked on an aggressive campaign to make its dyes easier to use. In this regard, the Company offers technical service support for extrusion and injection molding of Company dyes with a variety of resin substrates. The Company's dyes can now be uniquely formulated to each customer's specifications and manufactured in the Company's own facility. In addition, the Company holds a broad range of dyes in inventory for immediate sale.

The Company sells its products to manufacturers of plastics/resins, credit cards, electronics, glass and other basic materials. The Company's customers are located in all regions of the world, although a material portion of the Company's business is dependent on certain domestic customers, the loss of which could have a material effect on operations. As the service economy continues to dwarf the manufacturing sector in the United States, the Company anticipates that its products will be increasingly used by manufacturers located abroad. During the nine months ended November 30, 2005, approximately 41.9% of sales were to four customers. Two of these customers, located in the eastern United States, accounted for 28.2% of sales.

During the nine months ended November 30, 2005, approximately 48.8% of sales were to three customers. Two of these customers, located in the eastern United States, accounted for 42.9% of sales. The loss of one or more key customers could have a material adverse effect on the Company.

Results of Operations

The following table sets forth operations data expressed as a percentage of sales.

	Three Months Ended		Nine Months Ended	
	November 30, 2005	November 30, 2004	November 30, 2005	November 30, 2004
Sales	100%	100%	100%	100%
Cost of sales	28.4	37.5	36.5	35.2
Gross Profit	71.6	62.5	63.5	64.8
Selling, general & administrative	32.1	33.9	34.1	31.5
Operating Income	39.5	28.6	29.4	33.3
Income before taxes	40.8	30.2	30.7	34.9
Net income (after taxes)	25.8	15.6	19.2	20.5

Sales

For the three months ended November 30, 2005, sales were $966,000 as compared to $703,000 for the three months ended November 30, 2004, an increase of $263,000 or 37.4%. For the nine months ended November 30, 2005, sales increased to $2,632,000 from $2,007,000 for the nine months ended November 30, 2004, an increase of $625,000 or 31.1%. Such increase was primarily due to increased sales overseas, especially in Japan, Korea and Taiwan for the Company's products and increased orders for its newer security inks and coatings products, as well as increased orders during the first quarter of the current fiscal year from many of the Company's regular customers of its traditional products. The Company has recently begun providing greater technical service to customers which has allowed the Company to sell many of its traditional dye products to customers who may not have known how to best use the Company's products in the past.

While management believes that the Company has remained strong in the sale of dyes in its traditional markets of welding and eye protection, sales did remain relatively stagnant from fiscal 2002 through fiscal 2005. In order to increase the level of sales of its traditional dyes products, the Company has begun to place greater emphasis on technical service as mentioned above which has resulted in sales to customers who have not used the Company's products before as well as new uses of such dye products by regular customers. The Company also has increased its sales in dyes for the newer security inks products which is an area the Company expects to achieve strong growth.

Gross Profit

Gross profit, defined as sales less cost of sales, was $692,000 or 71.6% of sales for the three months ended November 30, 2005, compared to $439,000 or 62.5% of sales for the three months ended November 30, 2004. For the nine months ended November 30, 2005, gross profit was $1,672,000 or 63.5% of sales compared to $1,301,000 or 64.8% of sales for the nine months ended November 30, 2004. In terms of absolute dollars, gross profit increased $371,000 although the gross profit percentage decreased 1.4% for the nine months ended November 30, 2005 compared to the first nine months of fiscal 2004 due primarily to increased material and overhead costs resulting in lower margins and an increase in certain variable costs.

Cost of sales was $275,000 for the three months ended November 30, 2005 which represented 28.4% of sales compared to $263,000 for the three months ended November 30, 2004 which represented 37.5% of sales. For the nine months ended November 30, 2005, cost of sales was $960,000 which represented 36.5% of sales compared to $706,000 for the nine months ended November 30, 2004 which represented 35.2% of sales. The increase in cost of sales as a percentage of sales reflects increased material and overhead costs resulting in lower margins on certain of the Company's products, as well as an increase in certain variable costs associated with the higher revenue level achieved.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased to $310,000, or 32.1% of sales, for the three months ended November 30, 2005 from $238,000, or 33.9% of sales, for the three months ended November 30, 2004, an increase of $72,000. Selling, general and administrative expenses increased to $898,000, or 34.1% of sales, for the nine months ended November 30, 2005 from $633,000 or 31.5% of sales, for the nine months ended November 30, 2004, an increase of $265,000. Such increase in absolute dollars in selling, general and administrative expenses for the nine months ended November 30, 2005 compared to the comparable period of the prior year was primarily due to increases in officer salaries and employee benefits, together with increases in commission expenses (resulting from an increase in sales which are subject to commissions).

Operating Income

Operating income for the three months ended November 30, 2005 increased to $382,000, or 39.5% of sales, from $201,000, or 28.6% of sales, for the three months ended November 30, 2004. Operating income for the nine months ended November 30, 2005 also increased to $774,000, or 29.4% of sales, from $668,000, or 33.3% of sales, for the comparable period of fiscal 2005. This change was primarily due to a an increase in sales offset by greater increases in operating expenses and selling, general and administrative expenses as described above.

Other Income

Total other income for the three months ended November 30, 2005 was $13,000 as compared to $11,000 for the three months ended November 30, 2004. Total other income for the nine months ended November 30, 2005 was $33,000 as compared to $32,000 for the nine months ended November 30, 2004. During the nine months ended November 30, 2005, the Company realized rental income of $21,000 as compared to $27,000 for the first nine months of fiscal 2005. Effective November 1, 2002 and through August 2005, the Company subleased approximately 2,500 square feet of its office space to a non-related party to operate an optics and security inks laboratory at an annual rental of $36,000. Commencing as of September 2005, new arrangements have been agreed upon for such space with a different non-related party to operate a laboratory at an annual rental of $18,000. The Company's interest income increased to $4,000 for the three months ended November 30, 2005 from $2,000 for the three months ended November 30, 2004. For the nine months ended November 30, 2005, interest income increased to $12,000 from $5,000 for the nine months ended November 30, 2004.

Net Income

During the three months ended November 30, 2005, the Company reported income before taxes of $394,000 as compared to income before taxes of $212,000 for the three months ended November 30, 2004.

During the nine months ended November 30, 2005, the Company reported income before taxes of $807,000 as compared to income before taxes of $700,000 for the nine months ended November 30, 2004. Income taxes were $145,000 for the three months ended November 30, 2005 compared to $103,000 for the three months ended November 30, 2004, and income taxes were $301,000 for the nine months ended November 30, 2005, compared to $288,000 for the nine months ended November 30, 2004. The change in income taxes was generally attributed to ordinary changes from period to period in sales and expenses. Net income after taxes was $249,000 or $0.02 per share for the three months ended November 30, 2005 as compared to net income after taxes of $109,000 or $0.01 per share for the three months ended November 30, 2004. For the nine months ended November 30, 2005, net income after taxes was $506,000 or $0.04 per share as compared to net income after taxes of $412,000 or $0.03 per share for the nine months ended November 30, 2004.

Net income in the future will be dependent upon our ability to increase revenues faster than we increase our selling, general and administrative expenses, research and development expenses and other expenses Although there were modest increases in sales in the entire 2005 fiscal year compared to the entire 2004 fiscal year, we have attained a $625,000 increase in sales for the nine months ended November 30, 2005 compared to the prior year. We also did incur in absolute dollars greater cost of sales and selling, general and administrative expenses for the first nine months of fiscal 2006 compared to the comparable period of last year. Certain of these expenses are due to costs and expenses related to a greater emphasis being placed on marketing, sales and technical service. This meant hiring new staff, consultants, continuing efforts to upgrade our facility and developing a new web site. We are encouraged with the increases in sales achieved in the first nine months of fiscal 2006, especially in our less traditional product areas.

Operations Outlook

We are currently going through a period of reassessing our direction in order to increase value for our shareholders. Our business, though reasonably healthy, has not recently grown to the degree management anticipated. For example, the sales level of $2,880,000 reached during fiscal 2005 was an all time high for the Company. Yet, this was not significantly more than in 2004 ($2,734,000), 2003 ($2,690,000) or 2002 ($2,550,000). The plateau of sales over the last four years was in contrast to the greater sales growth the Company experienced prior to 2002 and beginning in 1991. Based upon these observations, we tried to learn what could be done to stimulate growth and recapture the promise of our early years. Our first task was to draw up a business plan. We believe this highlighted our one major weakness and that was in sales and marketing. For years we felt it to be unnecessary to go out and reach our customers. We believed that our web site was sufficiently explicit to attract anyone interested in near infrared light management to come to us because we were the “only game in town”. We now realize that the customer has alternatives which do not include the use of Epolin dyes. We believe the business plan made clear the necessity of hiring a Sales/Marketing executive (which was accomplished with the hiring of Greg Amato) along with back up technical service help (which has also been accomplished). In order to cover the cost of these additional personnel and place a greater emphasis on company growth, we suspended in fiscal 2005 the cash dividends program which we had been in place during fiscal 2002, 2003 and 2004. We believed that it was in the long term best interest of the shareholders for us to reinvest profits for future growth. However, as a result of our current cash position, we declared and paid a $0.02 cash dividend in August 2005. Although there can be no assurance, we currently anticipate declaring another dividend in the early part of the new upcoming fiscal year which will begin March 1, 2006.

Management has recognized that the Company’s traditional markets - serving welding and eye protection plastics manufacturers - have gone through certain changes over the last few years. Certain customers have consolidated and/or moved manufacturing operations to low-cost countries, usually in the Far East. In some of these countries, eye protection may not be as highly valued by the citizenry. Management expects that this market will remain important as a continuing source of revenue. The Company also now offers fully formulated dye-resin packages to customers for fabrication of finished parts by injection molding. This has allowed the Company to maintain a strong position in this market. Greater emphasis has recently been placed on sales, marketing and technical support in order to grow the Company's business. The new products that are now the firm underpinnings for future growth are based upon security inks, new visible and infrared dyes and the forward integration of the Company's dyes into formulated pellets. For the nine months ended November 30, 2005, sales in these new product areas increased approximately $496,000 from the comparable period of the prior year. Sales in these new product areas represented approximately 34% of all Company sales for the nine months ended November 30, 2005 compared to the nine months ended November 30, 2004 for which sales in these new product areas represented approximately 21% of all Company sales.

Another factor that was considered in the business plan was management succession. Murray S. Cohen, the Company's Chairman of the Board and Chief Executive Officer, previously announced his intention to step down as Chief Executive Officer, while continuing to remain as Chairman of the Board and Chief Scientist for the Company. As of January 10, 2006, Dr. Cohen did step down as CEO, and Greg Amato, who has been our Vice President of Sales and Marketing, was appointed to fill this position. Mr. Amato has been employed by the Company since November 2004 and had been Vice President of Sales and Marketing since January 2005.

Liquidity and Capital Resources

The Company's primary source of funds is cash flow from operations in the normal course of selling products. On November 30, 2005, the Company had working capital (consisting current assets less current liabilities) of $2,506,000, a debt to equity ratio of 0.164 to 1, and stockholders' equity of $3,368,000, compared to working capital of $2,276,000, a debt to equity ratio of 0.159 to 1, and stockholders' equity of $3,034,000 on November 30, 2004. On November 30, 2005, the Company had $1,301,000 in cash and cash equivalents, total assets of $3,921,000 and total liabilities of $553,000, compared to $1,250,000 in cash and cash equivalents, total assets of $3,517,000 and total liabilities of $484,000 on November 30, 2004.

Net cash provided by operating activities for the nine months ended November 30, 2005 was $485,000 compared to $789,000 for the nine months ended November 30, 2004, which change was primarily due to an increase in accounts receivable. Net cash used by investing activities for the nine months ended November 30, 2005 was $180,000 compared to $90,000 for the nine months ended November 30, 2004 which change was primarily due to an increase in equipment purchases. For the nine months ended November 30, 2005, net cash used by financing activities was $236,000 compared to net cash provided by financing activities of $3,000 for the nine months ended November 30, 2004. Such change was due to the payment of the dividend in the second quarter of fiscal 2006 in which $236,000 in cash was paid to the shareholders. There was not a comparable item for the nine months ended November 30, 2004.

The Company anticipates, based on currently proposed plans and assumptions relating to its operations, that its current cash and cash equivalents together with projected cash flows from operations and projected revenues will be sufficient to satisfy its contemplated cash requirements for more than the next 12 months. The Company's contemplated cash requirements for fiscal 2007 and beyond will depend primarily upon level of sales of its products, inventory levels, product development, sales and marketing expenditures and capital expenditures. While Management believes the Company has remained strong in the sale of dyes in its traditional markets of welding and eye protection, such sales did not increase in volume in the past few complete fiscal years. As a result, we have begun to place a greater emphasis on sales, marketing and technical support in order to grow our dye business and our newer business in security inks and coatings which we expect to contribute meaningful growth to the Company.

Inflation has not significantly impacted the Company's operations.

Significant Accounting Policies

Our discussion and analysis of the Company's financial condition and results of operations are based upon our consolidated financial statements which have been prepared in conformity with U.S. generally accepted accounting principles. Our significant accounting policies are described in Note B to the consolidated financial statements included elsewhere herein. The application of our critical accounting policies is particularly important to the portrayal of our financial position and results of operations. These critical accounting policies require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We believe the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

Inventories – Our inventories consist of raw materials, work in process, finished goods and supplies which we value at the lower of cost or market under the first-in, first-out method.

Plant, Property and Equipment – Our plant, property and equipment are stated at cost. We compute provisions for depreciation on the straight-line methods, based upon the estimated useful lives of the various assets. We also capitalize the costs of major renewals and betterments. Repairs and maintenance are charged to operations as incurred. Upon disposition, the cost and related accumulated depreciation are removed and any related gain or loss is reflected in earnings.

Income taxes - We account for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", in which the asset and liability method is used in accounting for income taxes. We recognize deferred taxes for temporary differences between the basis of assets and liabilities for financial statement and for income tax purposes. Temporary differences relate primarily to different accounting methods used for depreciation and amortization of property and equipment and deferred compensation.

Revenue Recognition – We recognize revenue consistent with the provisions of SEC Staff Accounting Bulletin No. 104, "Revenue Recognition", which sets forth guidelines in the timing of revenue recognition based upon factors such as passage of title, payments and customer acceptance. Any amounts received prior to satisfying our revenue recognition criteria will be recorded as deferred revenue in the accompanying balance sheet. We recognize revenue from product sales when there is persuasive evidence that an arrangement exists, when title has passed, the price is fixed or determinable, and we are reasonably assured of collecting the resulting receivable. Our policy is to replace certain products that do not conform to customer specifications, however replacements are made at our discretion subject to in house product lab analysis. There are no terms or conditions set forth within our sales contracts that provide for product replacements. We expense replacement costs as incurred.

Stock-based Compensation – We have adopted disclosure-only provisions of SFAS No. 123 "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure - an Amendment of FASB Statement No. 123." Compensation cost for stock options, if any, is measured as the excess of the quoted market price of the stock at the date of grant over the amount an employee must pay to acquire the stock.

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment". SFAS 123R revises SFAS No. 123 and supersedes APB 25 to require companies to measure and recognize in operations the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value. That cost will be recognized over the vesting period during which an employee is required to provide service in exchange for the award. On April 14, 2005, the Securities and Exchange Commission issued a ruling that amended the effective date for

SFAS 123R. As a result, we will adopt SFAS 123R on January 1, 2006.

Other Information

In August 2001, the Board of Directors of the Company authorized a 500,000 share stock repurchase program. Pursuant to the repurchase program, the Company may purchase up to 500,000 shares of its common stock in the open market or in privately negotiated transactions from time to time, based on market prices. The Company indicated that the timing of the buyback of the Company's shares will be dictated by overall financial and market conditions and other corporate considerations. The repurchase program may be suspended without further notice. During the nine months ended November 30, 2005, no repurchases of shares were made by the Company. During the fiscal year ended February 28, 2005, a total of 50,000 were repurchased at a cumulative cost of $29,750. During the fiscal year ended February 29, 2004, a total of 184,000 shares were repurchased at a cumulative cost of $103,405. During the fiscal year ended February 28, 2003, a total of 32,500 shares were repurchased at a cumulative cost of $18,624 while during the fiscal year ended February 28, 2002, a total of 30,000 shares were repurchased at a cumulative cost of $14,837.

In July 2005, Herve A. Meillat, age 49, was appointed by the Board of Directors of the Company to serve on the Board. From 1986 through 2004, Mr. Meillat was with the Bacou-Dalloz Group ("Bacou-Dalloz"), a world leader in the design, manufacturing and sales of personal protection equipment. While with Bacou-Dalloz, he was Senior Vice President of its eye and face business unit from 2001 to 2004, the President of Dalloz Safety Inc. from 1996 to 2001 and Chief Operating Officer of Christian Dalloz in France from 1989 to 1995.

On January 10, 2006, Murray S. Cohen stepped down as CEO and Greg Amato was elected as Chief Executive Officer of the Company, effective immediately. Mr. Amato, age 49, has been employed by the Company since November 2004 and had been Vice President of Sales and Marketing since January 2005. Dr. Cohen will remain Chairman of the Board and Chief Scientist,

As mentioned above, the Company did not pay any cash dividends during the fiscal year ended February 28, 2005 but did declare and pay a $0.02 cash dividend in August 2005. During fiscal 2004, the Company paid two cash dividends, the first being $.02 per share in August 2003 and the second being $.02 per shares in February 2004. During the fiscal year ended February 28, 2003, the Company also paid two cash dividends, the first being $.04 per share in July 2002 and the second being $.03 per share in January 2003. Prior thereto, and during the fiscal year ended February 28, 2002, the Company also paid two cash dividends, the first being $.03 per share in June 2001 (which represented the first time that a cash dividend was paid by the Company) and the second being $.04 per share in February 2002. As mentioned above, although there can be no assurance, we currently anticipate declaring another dividend in the early part of the new upcoming fiscal year which will begin March 1, 2006.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as defined in Item 303(c) of Regulation S-B.

Item 3. **Controls and Procedures.**

The Company's Principal Executive Officer and Principal Financial Officer have reviewed the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon this review, such officers believe that the Company's disclosure controls and procedures are effective in timely alerting them to material information required to be included in this report. There have been no significant changes in internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings.**

There are no material pending legal proceedings to which the Company is a party or to which any of its property is subject.

Item 2. **Unregistered Sales of Equity Securities and Use of Proceeds.**

In June 2005, the Company granted options to each of its four directors to acquire up to 50,000 shares of Common Stock at an exercise price of $0.54 (the market price of the Company's Common Stock on the date of grant). Such options, which were granted under the Company's 1998 Stock Option Plan, will not be exercisable prior to the first anniversary of the grant date, but thereafter will become exercisable on a cumulative basis as to 50% of the underlying shares on each of the first and second anniversaries of the grant date.

All of the foregoing securities were issued in reliance upon the exemption from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, for "transactions by the issuer not involving any public offering".

Item 3. **Defaults Upon Senior Securities.**

None.

Item 4. **Submission of Matters to a Vote of Security-Holders.**

None.

Item 5. **Other Information.**

None.

Item 6. **Exhibits.**

31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 and 15d-14 of the Exchange Act)
31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rules 13a-14 and 15d-14 of the Exchange Act)
32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

EPOLIN, INC.
(Registrant)

Dated: January 11, 2006 By: /s/ Murray S. Cohen
Murray S. Cohen,
Chairman of the Board
(Principal Executive Officer)

Dated: January 11, 2006 By: /s/ James Ivchenko
James Ivchenko,
President (Principal Financial Officer)

EPOLIN, INC. AND SUBSIDIARY

FINANCIAL STATEMENTS

NINE MONTHS ENDED NOVEMBER 30, 2005 AND 2004

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
EPOLIN INC. AND SUBSIDIARY
Newark, NJ

We have reviewed the accompanying Consolidated Balance Sheets of Epolin Inc. and Subsidiary as of November 30, 2005 and 2004 and the related Consolidated Statements of Income, Stockholders' Equity and Cash Flows for the nine-month periods then ended. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

Weismann Associates LLC

Weismann Associates LLC
Livingston, NJ 07039

January 3, 2006

EPOLIN, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS

	November 30, 2005	November 30, 2004
Current assets:		
Cash and cash equivalents	$ 1,301,174	1,250,450
Accounts receivable	661,612	387,587
Inventories	727,593	790,666
Prepaid expenses	55,324	44,206
Prepaid taxes	1,190	270
Deferred tax assets-current portion	5,891	4,128
Total current assets	2,752,784	2,477,307
Plant, property and equipment - at cost:		
Land	81,000	81,000
Building and improvements	662,288	549,201
Laboratory equipment	243,958	193,335
Office equipment	108,847	83,647
Leasehold improvements	449,190	449,190
Total	1,545,283	1,356,373
Less: Accumulated depreciation and amortization	781,468	741,122
Net plant, property and equipment	763,815	615,251
Other assets:		
Deferred tax assets-non current portion	172,283	218,451
Cash value - life insurance policy	232,492	206,170
Total other assets	404,775	424,621
Total	$ 3,921,374	3,517,179

The accompanying notes are an integral part of these statements.

EPOLIN, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS (CONTINUED)

LIABILITIES AND STOCKHOLDERS' EQUITY

	November 30,	
	2005	**2004**
Current liabilities:		
Accounts payable	$ 5,117	20,456
Accrued expenses	196,655	137,000
Taxes payable:		
Payroll	1,653	1,719
Income	43,630	42,390
Total current liabilities	247,055	201,565
Other liabilities - Deferred compensation	306,149	282,070
Total liabilities	553,204	483,635
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, $15.513 par value; 940,000 shares authorized; none issued		
Preferred stock, series A convertible non-cumulative, $2.50 par value; redemption price and liquidation preference; 60,000 shares authorized; 5,478 shares issued and redeemed		
Common stock, no par value; 20,000,000 shares authorized; 12,729,000 and 12,716,500 shares issued, 11,815,355 and 11,852,855 shares outstanding at 2005 and 2004, respectively	2,340,183	2,337,058
Paid-in capital	6,486	6,486
Retained earnings	1,343,433	982,182
Total	3,690,102	3,325,726
Less: Treasury stock-at cost	321,932	292,182
Total stockholders' equity	3,368,170	3,033,544
Total	$ 3,921,374	3,517,179

The accompanying notes are an integral part of these statements.

EPOLIN, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED NOVEMBER 30, 2005 AND 2004

	2005	2004
Sales	$ 2,632,077	2,006,984
Cost of sales and expenses:		
Cost of sales	959,948	706,225
Selling, general and administrative	898,485	632,922
Total	1,858,433	1,339,147
Operating income	773,644	667,837
Other income:		
Rental income	21,000	27,000
Interest	12,338	5,193
Total other income	33,338	32,193
Income before taxes	806,982	700,030
Income taxes	300,862	287,968
Net income	$ 506,120	412,062
Per share data:		
Basic earnings per common share	$ 0.04	0.03
Fully diluted earnings per common share	$ 0.04	0.03
Weighted average number of common shares outstanding	11,815,355	11,847,828

The accompanying notes are an integral part of these statements.

EPOLIN, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED NOVEMBER 30, 2005 AND 2004

	2005	2004
Sales	$ 966,206	702,682
Cost of sales and expenses:		
Cost of sales	274,593	263,347
Selling, general and administrative	309,921	238,471
Total	584,514	501,818
Operating income	381,692	200,864
Other income:		
Rental income	9,000	9,000
Interest	3,513	2,127
Total other income	12,513	11,127
Income before taxes	394,205	211,991
Income taxes	145,109	102,601
Net income	$ 249,096	109,390
Per share data:		
Basic earnings per common share	$ 0.02	0.01
Fully diluted earnings per common share	$ 0.02	0.01
Weighted average number of common shares outstanding	11,815,355	11,847,828

The accompanying notes are an integral part of these statements.

EPOLIN, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

NINE MONTHS ENDED NOVEMBER 30, 2005 AND 2004

	Number of Outstanding Shares	Common Stock	Additional Paid-in-Capital	Retained Earnings	Treasury Shares	Treasury Costs	Stockholders' Equity
Balance - March 1, 2004	12,704,000	$ 2,333,933	6,486	570,120	863,645	(292,182)	2,618,357
Common stock issued for stock option	12,500	3,125					3,125
Net income	-	-	-	412,062	-	-	412,062
Balance - November 30, 2004	12,716,500	$ 2,337,058	6,486	982,182	863,645	(292,182)	3,033,544
Balance - March 1, 2005	12,729,000	$ 2,340,183	6,486	1,073,620	913,645	(321,932)	3,098,357
Dividends paid				(236,307)			(236,307)
Net income	-	-	-	506,120	-	-	506,120
Balance - November 30, 2005	12,729,000	$ 2,340,183	6,486	1,343,433	913,645	(321,932)	3,368,170

The accompanying notes are an integral part of these statements.

EPOLIN, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED NOVEMBER 30, 2005 AND 2004

	2005	2004
Cash flows from operating activities:		
Net income	$ 506,120	412,062
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,281	25,041
Deferred tax expense	20,199	10,548
Obligation under deferred compensation agreement	18,059	18,059
(Increase) decrease in:		
Accounts receivable	(108,601)	255,994
Inventories	22,823	(32,899)
Prepaid expenses	(5,450)	13,179
Prepaid taxes	(590)	70,380
Increase (decrease) in:		
Accounts payable	5,117	19,197
Accrued expenses	(46,759)	(41,090)
Taxes payable	39,691	38,682
Net cash provided by operating activities	484,890	789,153
Cash flows from investing activities:		
Increase in cash value - life insurance policy	(26,322)	(39,398)
Payments for equipment	(153,753)	(50,360)
Net cash used by investing activities	(180,075)	(89,758)
Cash used from financing activities:		
Issuance of common stock	-	3,125
Dividends paid	(236,307)	-
Net cash provided (used) by financing activities	(236,307)	3,125
Increase in cash	68,508	702,520
Cash and cash equivalents:		
Beginning	1,232,666	547,930
Ending	$ 1,301,174	1,250,450
Supplemental information:		
Income taxes paid	$ 229,800	226,800

The accompanying notes are an integral part of these statements.

Note A – Organization:

The Company is engaged in the development, production and sale of near infrared dyes to the optical industry for laser protection and welding applications and other dyes and specialty chemical products that serve as intermediates and additives used in the adhesive, plastic, aerospace, credit card security and protective documents industries to customers located in the United States and throughout the world.

The Company's wholly owned Subsidiary, Epolin Holding, Corp., was incorporated in New Jersey as a real estate holding company whose assets consist of land and a building. On January 29, 1998, the Company acquired 100% of the stock in Epolin Holding Corporation. Prior to acquisition, two officers/stockholders of the Company controlled it.

Note B – Summary of Significant Accounting Policies:

Basis of Presentation – The interim Consolidated Financial Statements presented herein are unaudited and should be read in conjunction with the Consolidated Financial Statements presented in the Company's Annual Report on Form 10-KSB for the fiscal year ended February 28, 2005. Such interim Consolidated Financial Statements reflect all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the financial position, results of operations and cash flows of the Company for the periods presented. All significant intercompany accounts and transactions have been eliminated.

The results of operations for the nine-month interim period ended November 30, 2005 are not necessarily indicative of the results of operations for the fiscal year ending February 28, 2006.

Cash and Cash Equivalents - Includes cash in bank and money market accounts for purposes of preparing the Statement of Cash Flows.

Concentrations of Credit Risks - The Company and its Subsidiary at various times of the year had cash deposits in financial institutions and a brokerage house in excess of the amount insured by the agencies of the federal government. In evaluating this credit risk, the Company periodically evaluates the stability of the financial institution and brokerage house.

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts receivable. Generally, the Company does not require collateral or other securities to support its accounts receivable. Three customers represented 44.5% of the Company's trade receivables at November 30, 2005.

Source of Raw Materials – The Company purchases chemicals from several large chemical manufacturers, further processing them into its saleable products. Although the Company limits itself to a relatively small number of suppliers, it is not restricted to such suppliers, and availability of such raw materials is widespread.

Note B - Summary of Significant Accounting Policies (continued):

Principles of Consolidation - The accompanying Consolidated Financial Statements include the accounts of the Company and Subsidiary. Intercompany transactions and balances have been eliminated in consolidation. Condensed consolidating financial statements for the nine months ended November 30, 2005 are:

CONDENSED CONSOLIDATING BALANCE SHEET

	Epolin	Epolin Holding	Eliminations	Consolidated
Current assets	$ 2,531,247	221,537	-	2,752,784
Non-current assets	1,390,128	635,200	(856,737)	1,168,591
Total	$ 3,921,375	856,737	(856,737)	3,921,375
Total liabilities	553,205	153,686	(153,686)	553,205
Stockholders' equity:				
Common stock	2,340,183	-	-	2,340,183
Additional paid-in capital	6,486	-	-	6,486
Retained earnings	1,343,433	703,051	(703,051)	1,343,433
Treasury stock	(321,932)	-	-	(321,932)
Total stockholders' equity	3,368,170	703,051	(703,051)	3,368,170
Total	$ 3,921,375	856,737	(856,737)	3,921,375

CONDENSED CONSOLIDATING STATEMENT OF INCOME

	Epolin	Epolin Holding	Eliminations	Consolidated
Sales	$ 2,632,077	-	-	2,632,077
Other revenue	-	94,305	(73,305)	21,000
Total	2,632,077	94,305	(73,305)	2,653,077
Cost of sales	959,948	-	-	959,948
Selling, general and administrative	952,921	18,869	(73,305)	898,485
Total	1,912,869	18,869	(73,305)	1,858,433
Operating income	719,208	75,436	-	794,644
Other income - interest	10,982	1,356	-	12,338
Income before taxes	730,190	76,792	-	806,982
Income taxes	293,731	7,131	-	300,862
Net income	$ 436,459	69,661	-	506,120

Note B – Summary of Significant Accounting Policies (continued):

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts though a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. This allowance is an amount estimated by management to be adequate to absorb possible losses. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventories - Consists of raw materials, work in process, finished goods and supplies valued at the lower of cost or market under the first-in, first-out method.

Fair Value of Financial Instruments – The carrying amount of all reported assets and liabilities, which represent financial instruments, approximate the fair values of such amounts due to the nature of their relatively short maturity.

Plant, Property and Equipment - Stated at cost. Provisions for depreciation are computed on the straight-line methods, based upon the estimated useful lives of the various assets.

A summary of the major categories of the Company's plant property and equipment are as follows:

Building and improvements	Straight Line 39 Years
Machinery and equipment	Straight Line 5 – 7 Years
Furniture and Fixtures	Straight Line 7 Years
Leasehold Improvements	Straight Line 10 – 39 Years

The costs of major renewals and betterments are capitalized. Repairs and maintenance are charged to operations as incurred. Upon disposition, the cost and related accumulated depreciation are removed and any related gain or loss is reflected in earnings.

Depreciation and amortization expense totaled $34,281 and $25,041 for the nine months ended November 30, 2005 and 2004, respectively.

Income taxes – The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", wherein the asset and liability method is used in accounting for income taxes. Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and for income tax purposes. Temporary differences relate primarily to different accounting methods used for depreciation and amortization of property and equipment and deferred compensation.

Note B – Summary of Significant Accounting Policies (continued):

Use of Estimates – The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition – The Company recognizes revenue consistent with the provisions of SEC Staff Accounting Bulletin No. 104, "Revenue Recognition", which sets forth guidelines in the timing of revenue recognition based upon factors such as passage of title, payments, and customer acceptance. Any amounts received prior to satisfying our revenue recognition criteria will be recorded as deferred revenue in the accompanying balance sheet. The Company recognizes revenue from product sales when there is persuasive evidence that an arrangement exists, when title has passed, the price is fixed or determinable, and the Company is reasonably assured of collecting the resulting receivable. The Company's policy is to replace certain products that are in nonconformity with customer specifications; however, replacements are made at the discretion of the Company subject to in house product lab analysis. There are no terms or conditions set forth within the Company's sales contracts that provide for product replacements. Replacement costs are expensed as incurred.

Regulations – The Company expended approximately $17,562 through November 30, 2005, to maintain compliance with certain Federal and State and City government regulations relative to the production of near infrared dyes and specialty chemicals.

Net Income Per Share - Basic net income per share is calculated on the basis of the weighted average number of shares outstanding during the period, excluding dilution. Diluted net income per share is computed on the basis of the weighted average number of shares plus potentially dilutive common shares arising from the assumed exercise of stock options.

Advertising Costs – Advertising costs, included in operating expenses, are expensed as incurred. Advertising expenses amounted to $17,970 and $18,569 for the nine months ended November 30, 2005 and 2004, respectively.

Note B – Summary of Significant Accounting Policies (continued):

Stock-based Compensation – The Company has adopted disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure - an Amendment of FASB Statement No. 123." Compensation cost for stock options, if any, is measured as the excess of the quoted market price of the stock at the date of grant over the amount an employee must pay to acquire the stock.

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment". SFAS 123R revises SFAS No. 123 and supersedes APB 25 to require companies to measure and recognize in operations the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value. That cost will be recognized over the vesting period during which an employee is required to provide service in exchange for the award. On April 14, 2005, the Securities and Exchange Commission issued a ruling that amended the effective date for SFAS 123R. As a result, the Company will adopt SFAS 123R on January 1, 2006.

Deferred charges for options granted to non-employees are determined in accordance with FAS No. 123 and EITF 96-18 “Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services"as the fair value of the consideration or the fair value of the equity instruments issued, whichever is more reliably measured.

The weighted average Black-Scholes value of options granted under the stock plans during the nine months ended November 30, 2005 and 2004 was $.10 and $.11, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants:

Nine Months Ended November 30,	2005	2004
Weighted average expected life in years	4	5
Dividends per share	0.04	0.03
Volatility	6.0%	6.0%
Risk-free interest rate	3.9%	4.1%

Note B – Summary of Significant Accounting Policies (continued)

Stock-based Compensation – The Company's pro forma net earnings and pro forma earnings per share based upon the fair value at the grant dates for awards under Epolin's plans are disclosed below.

	Nine Months Ended November 30, 2005	2004
Net earnings as reported	$ 506,120	412,062
Deduct total additional stock-based employee compensation cost, net of tax that would have been included in net earnings under fair value method	28,550	34,050
Proforma net earnings	$ 477,570	378,012
Basic earnings per share:		
As reported	$ 0.04	0.03
Proforma	$ 0.04	0.03
Average common shares outstanding	11,815,355	11,847,828
Diluted earnings per share:		
As reported	$ 0.04	0.03
Proforma	$ 0.04	0.03
Total diluted common shares outstanding	11,966,537	12,029,919

Note C - Inventories:

	November 30, 2005	2004
Raw materials and supplies	$ 49,477	53,550
Work in process	250,031	312,956
Finished goods	428,085	424,160
Total	$ 727,593	790,666

Note D – Income Taxes:

1. Federal and State deferred tax assets include:

	2005	2004
Temporary differences:		
Accelerated amortization	$46,530	80,226
Deferred compensation	131,644	142,353
Total	178,174	222,579
Current portion	5,891	4,128
Non-current portion	$172,283	218,451

2. Income tax expense:

	2005	2004
Current:		
Federal	$221,831	214,900
State	58,832	62,520
Total current	280,663	277,420
Deferred:		
Federal	15,971	8,432
State	4,228	2,116
Total deferred	20,199	10,548
Total	$300,862	287,968

Note E – Treasury Stock:

Consists of 913,645 shares as of November 30, 2005 at a net cost of $321,932 and 863,645 shares as of November 30, 2004 at a net cost of $292,182.

There were no treasury share purchases made by the Company during the nine months ended November 30, 2005 and 2004, respectively.

Note F – Economic Dependency:

A material portion of the Company's business is dependent on certain domestic customers, the loss of which could have a material effect on operations. During the nine months ended November 30, 2005, approximately 41.9% of sales were to four customers. Two of these customers, located in the Eastern United States, accounted for 28.2% of sales. During the nine months ended November 30, 2004, approximately 48.8% of sales were to three customers, two of these customers, located in the Eastern United States, accounted for 42.9% of sales.

Note G – Rental Income Under Sublease:

The Company entered into a sublease agreement with a non-related party effective November 1, 2002 through August 31, 2005. Under the terms of the lease, the tenant is to pay a base rent of $36,000 per year. The Company entered into a new agreement with another non-related party effective September 1, 2005 for a term ending October 31, 2007. Under the terms of the new agreement, the tenant is to pay a base rent of $18,000 per year.

Note H – Employee Benefits:

Simplified Employee Pension Plan – Effective June 1, 1994, the Company provides a SAR/SEP plan to its employees as a retirement and income tax reduction facility. Full time employees are eligible to participate immediately. Employees may make pre-tax and after-tax contributions subject to Internal Revenue Service limitations. Company contributions range from three to five percent after completion of one year of service. Employer contributions totaled $38,696 and $30,072 for the nine months ended November 30, 2005 and 2004, respectively.

Note H – Employee Benefits (continued):

Stock Option Plan – The Company previously adopted The 1986 Stock Option Plan. As of April 1996, under the terms of the Plan, options may no longer be granted. On December 1, 1995, options to acquire up to 490,000 shares of the Company's common stock were granted. Options exercised for all prior years totaled 455,000. Options cancelled for all prior years totaled 35,000. There were no outstanding options as of November 30, 2005.

The Company adopted the 1998 Stock Option Plan on December 1, 1998. Under the terms of the plan, the Company reserved 750,000 shares of common stock for issuance pursuant to the exercise of options to be granted under the Plan, which do not meet the requirements of Section 422 of the Code. On September 15, 2001, the Board of Directors increased the reserve to 1,500,000. Options granted expire five or ten years after the date granted and are subject to various vesting periods as follows: (1) none exercisable prior to the first anniversary of the date of grant, and (2) certain options will become exercisable as to 50% of the shares underlying the option on each of the first and second anniversaries of the date granted (3) certain options will become exercisable as to 50% of the shares underlying the option on each of the second and fourth anniversaries of the date granted. Options exercised through November 30, 2005 totaled 600,000. Options cancelled for all years totaled 120,000.

A summary of the status of the Company's 1998 stock option plan as of November 30, 2005, and the changes during the nine months ended November 30, 2005 is presented below:

Fixed Options:	Shares	Weighted-Average Exercise Price
Balance – March 1, 2004	392,000	$ .29
Granted	-	-
Cancelled	(45,000)	.30
Exercised	(25,000)	.25
Balance – February 28, 2005	322,000	.30
Granted	200,000	.54
Exercised	-	-
Balance – November 30, 2005	522,000	$ .39
Exercisable at November 30, 2005	180,000	

Note H – Employee Benefits (continued):

Stock Option Plan - The following table summarizes information about fixed stock options outstanding at November 30, 2005:

Outstanding Options			Exercisable Options	
Range of Exercise Price	Number Outstanding at 11/30/05	Weighted-average Remaining Contractual Life	Number Exercisable at 11/30/05	Weighted-average Exercise Price
$.25	155,000	0.8 years	155,000	$ .25
.30	25,000	2.0	25,000	.30
.35	142,000	8.2	-	.30
.54	200,000	4.6	-	.54

There are 258,000 options attributable to future grants.

Stock Option and Stock-Based Employee Compensation – On November 1, 2004, the Company entered into an "Option Agreement and Investment Agreement" with an employee, the terms of which are as follows:

1. Stock Option - An option to purchase 100,000 shares of common stock at an exercise price equal to the fair market value of the Company's common stock at the date of grant. The option is exercisable only after the completion of the second year of employment.

2. Stock-based Employee Compensation – A grant of 100,000 shares of restricted common stock one year from the date of the agreement, provided the employee is then employed by the Company.

Note I – Segment Reporting:

The Company currently operates in a single operating segment. In addition, financial results are prepared and reviewed by management as a single operating segment. The Company continually evaluates its operating activities and the method utilized by management to evaluate such activities and will report on a segment basis if and when appropriate to do so.

Note I – Segment Reporting (continued):

Sales by geographic area are as follows:

	Nine Months Ended November 30,	
	2005	2004
United States	$ 1,858,997	1,693,343
Asia	455,448	187,374
Europe	306,093	124,802
Other nations	11,539	1,465
Total	$ 2,632,077	2,006,984

Two customers, located in the Eastern United States, accounted for more than 10% of revenues from continuing operations. One customer accounted for 16.9% of sales of which 10.0% was near infrared dyes and 6.9% was security inks. The other customer accounted for 11.3% of sales of near infrared dyes.

Long-lived assets include net property and equipment. The Company had long-lived assets of $763,815 and $615,251 located in the United States at November 30, 2005 and 2004, respectively.

Note J - Accrued Expenses:

Accrued expenses consisted of the following as of November 30, 2005 and 2004, respectively:

	2005	2004
Salaries and wages	$ 11,807	7,511
Employment agreement	171,086	120,419
Professional fees	5,900	5,000
Property taxes	7,862	4,070
Total accrued expenses	$ 196,655	137,000

Note K - Earnings per Share:

Basic earnings per share are computed on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options. The components of basic and diluted earnings per share are as follows:

	Nine Months Ended November 30,		Three Months Ended November 30,	
	2005	2004	2005	2004
Basic Earnings Per Common Share:				
Net income	$ 506,120	412,062	$ 249,096	109,390
Average common shares outstanding	11,815,355	11,847,828	11,815,355	11,847,828
Basic earnings per common share	$ 0.04	0.03	$ 0.02	0.01
Diluted Earnings Per Common Share:				
Net income	$ 506,120	412,062	$ 249,096	109,390
Average common shares outstanding	11,815,355	11,847,828	11,815,355	11,847,828
Common shares issuable with respect to options issued to employees with a dilutive effect	147,545	182,091	147,545	182,091
Total diluted common shares outstanding	11,966,537	12,029,919	11,966,537	12,029,919
Diluted earnings per common share	$ 0.04	0.03	$ 0.02	0.01

Note L – Commitments and Contingencies:

Losses for contingencies such as litigation and environmental matters are recognized in income when they are probable and can be reasonably estimated. Gain contingencies are not recognized in income.

Lease Obligations:

The company leases its real estate under an operating lease with a related party. The lease effective November 1, 1996 was for a term of five (5) years with three (3) five (5) year options at annual rentals of $97,740. The Cost of Living Index adjustment effective with the second year has been waived by the subsidiary. Rent includes reimbursed insurance costs. Generally, management expects that the lease will be renewed in the normal course of business.

Rental expense charged to operations, eliminated in consolidation, amounted to $73,305 for the nine months ended November 30, 2005 and 2004, respectively.

Future minimum payments for the current option period:

Fiscal years ending February:	
2006	$24,435
2007	97,740
2008	97,740
2009	65,160

Deferred Compensation – On December 29, 1995, the Company entered into a deferred compensation agreement with an officer whose additional annual compensation of $19,645 plus interest is deferred until he reaches age 65 or is terminated. The obligation is funded by the cash value in a life insurance policy. Annual payments to the officer of $32,000 for ten consecutive years shall commence the first day of the month following his 65th birthday or termination.

In connection with this agreement, deferred compensation of $18,060 was charged to selling, general and administrative expenses for the nine months ended November 30, 2005 and 2004, respectively.

On January 1, 1996, the Company entered into a deferred compensation agreement with another officer wherein $25,000 per year was accrued. This agreement, with unfunded accruals of $79,041, terminated on June 25, 1998, and will be paid upon retirement in either equal consecutive monthly payments for a period not exceeding sixty (60) months or a single payment equal to the then present value of the account, said selection to be at the discretion of the Company.

Note L – Commitments and Contingencies (continued):

Employment Agreements – Effective March 1, 1999, the Company entered into ten-year employment agreements with officers/directors:

Murray S. Cohen, PhD, Chairman of the Board and Chief Executive Officer - To be paid an annual salary of not less than the greater of his annual base salary in effect immediately prior to the effective date of the agreement or any subsequently established annual base salary. He is to receive 2.00% on gross annual sales of no more than $3,000,000, effective with the year ended February 28, 2001, increasing by 0.25% a year during the term of the agreement.

James Ivchenko, President - To be paid an annual salary of not less than the greater of his annual base salary in effect immediately prior to the effective date of the agreement or any subsequently established annual base salary. He is to receive 1.5% on gross annual sales of no more than $3,000,000, effective with the year ended February 28, 2001, increasing by 0.25% a year during the term of the agreement.

Accrued compensation included in selling, general and administrative as of November 30, 2005 and 2004 was $171,085 and $120,419, respectively.

Note M – Research and Development:

The Company has developed substantial research and development capability. The Company's efforts are devoted to (i) developing new products to satisfy defined market needs, (ii) providing quality technical services to assure the continued success of its products for its customers' applications, (iii) providing technology for improvements to its products, processes and applications, and (iv) providing support to its manufacturing plant for cost reduction, productivity and quality improvement programs. Expenditures for Company sponsored product research and product development of $325,744 and $302,307 were included in cost of sales for the nine months ended November 30, 2005 and 2004, respectively. Expenditures in 2006 are projected to remain at approximately the same level as in 2005.

NOTE N – STOCK DIVIDENDS:

In June 2003, the Company's Board of Directors declared a cash dividend of two cents per share on all common shares outstanding. The dividend was paid on August 3, 2005 to shareholders of record July 27, 2005.

Note O – Environmental Matters

The Company's past and present daily operations include activities, which are subject to extensive federal, and state environmental and safety regulations. Compliance with these regulations has not had, nor does the Company expect such compliance to have, any material effect upon expected capital expenditures, net income, financial condition, or competitive position of the Company. The Company believes that its current practices and procedures comply with applicable regulations. The Company's policy is to accrue environmental and related costs of a non-capital nature when it is both probable that a liability has been incurred and that the amount can be reasonably estimated. No such amounts have been accrued in these statements.

Exhibit 31.1

CERTIFICATION

I, Murray S. Cohen, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Epolin, Inc.;

2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonable likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: January 11, 2006

By: /s/ Murray S. Cohen
Murray S. Cohen,
Chairman of the Board
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, James Ivchenko, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Epolin, Inc.;

2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonable likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: January 11, 2006

By: /s/ James Ivchenko
James Ivchenko,
President (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Epolin, Inc. (the “Company”) on Form 10-QSB for the period ended November 30, 2005, as filed with the Securities and Exchange Commission (the “Report”), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned’s knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 11, 2006

By: /s/ Murray S. Cohen
Murray S. Cohen,
Chairman of the Board
(Principal Executive Officer)

Dated: January 11, 2006

By: /s/ James Ivchenko
James Ivchenko,
President (Principal Financial Officer)