

October 26, 2004

Summary of Consolidated Financial Results

For the Six-month Period Ended September 30, 2004

Nichidai Corporation

(URL <http://www.nichidai.jp>)

Listed stock exchange: JASDAQ

Headquarters: Kyoto

Securities Code: 6467

Company Representative: Motonobu Furuya, President & CEO

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1. Consolidated Financial Results for the Six-month Period ended September 30, 2004.

(1) Consolidated Operating Results

(Rounded to millions of Japanese Yen)

	Net Sales		Operating Income		Ordinary Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the Six-month Period						
Ended Sept.30, 2004	3,956	(6.1)	315	(15.5)	304	(5.4)
Ended Sept.30, 2003	4,213	(13.1)	373	(19.5)	322	(23.2)
(Ref) FY2003	8,494	(6.1)	661	(32.6)	554	(37.9)

	Net Income		EPS	Adjusted EPS
	Millions of Yen	%	Yen	Yen
For the Six-month Period				
Ended Sept.30, 2004	109	(4.5)	14.00	13.97
Ended Sept.30, 2003	114	(41.7)	14.67	-
(Ref) FY2003	113	(71.4)	14.18	-

Notes:1.Equity in Earnings of Unconsolidated subsidiaries and affiliates during the period:

Current interim period: none Preceding interim period: none Last fiscal year: none

2.Average number of outstanding shares during the period:

Current interim period: 7,822,641 Preceding interim period: 7,817,308 Last fiscal year:7,817,308

3.Changes in accounting policies: N/A

4.Percentage indicates changes in net sales, operating income, ordinary income and net income compared with preceding interim period.

(2) Financial Position (Consolidated)

	Total Asset	Shareholder's Equity	Shareholder's Equity Ratio	BPS
As of	Mil. of Yen	Millions of Yen	%	Yen
Sept.30, 2004	10,370	4,286	41.3	547.82
Sept.30, 2003	10,545	4,303	40.8	550.47
March31, 2004	9,942	4,296	43.2	549.22

Notes: 1.Number of outstanding shares at the end of the period (Common Stock)

Current interim period: 7,825,308 Preceding interim period: 7,817,308 Last fiscal year: 7,817,308

(3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the period
For the Six-month Period	Mil. of Yen	Mil. of Yen	Mil. of Yen	Millions of Yen
Ended Sept.30, 2004	84	269	285	543
Ended Sept.30, 2003	512	931	549	652
(Ref) FY2003	1,043	1,167	62	447

(4) Number of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries: 2

Unconsolidated subsidiaries and affiliates(accounted for by equity method): none

(5) Increase and Decrease in the number of consolidated subsidiaries

Consolidated subsidiaries: (increase) 1 (decrease) none

Affiliated companies accounted for by equity method: (increase) none (decrease) none

2. Consolidated Earnings Forecast for the Fiscal Year Ending March31, 2005

	Net Sales	Ordinary Income	Net Income
For the fiscal year ending	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2005	8,850	830	336

(Ref) Forecast of Net Income per share for the year ending March 31, 2005: 42.19 Yen.

● Forward-Looking Statements

The information on future performance (forward-looking statements) is based on information available to management at the time of its disclosure. Accordingly, readers are advised that actual results may differ from forward-looking statements due to a wide variety of factors.

Status of the Corporate Group

Nichidai Group (hereinafter referred to as “the Group”) is composed of the following 3 companies, Nichidai Corp., Nichidai America Corp., and Nichidai Filter Corp.

The segregation of business lines is stated below.

(Group companies)

- Nichidai Corp.
To manufacture and sell precision forging dies, precision forged products and those assembled components.
- Nichidai America Corp.
To manufacture and sell the precision forging dies in U.S.A.
- Nichidai Filter Corp.
To manufacture and sell sintered wire mesh filters

(Segregation of business lines)

- 1) Die business
Precision cold forging dies mainly used for the production of automotive components
- 2) Component business
Precision forged products such as various gears of automotive parts, scrolls for air conditioner compressor, nozzle ass’y for automotive VG turbocharger and so on
- 3) Filter business
Sintered wire mesh filter used for the petrochemical, pharmaceutical, foodstuff, nuclear power and other industries

Group Management Policy

1) Basic Policy

The basic management policy of the Group is to seek for the maximization of “Customer Satisfaction” (CS), “Stockholder (Investor) Satisfaction” (IS) and “Employee Satisfaction” (ES), based on “Free, Fair, Global” guidelines.

We have been doing business with the pledge of “the quality products other players cannot copy, and the high technology other suppliers cannot follow”, maintaining top manufacturer of “Net Shape”, with the total engineering capabilities, based on the core technique of precision forging and overall die manufacturing, and of “Sintered

Wire Mesh Filter, based on the heat treatment know-how.

Notes: "Net-Shape" means the manufacturing method of complex-shaped products through precision forging process without any machining.

2) Basic Policy on Dividends

The Group has positioned the distribution of profit to the shareholders as one of the most important managerial policy. The Group maintains the basic plan to continue the stable dividends together with sufficient retained earnings to cover the further expansion of operations and to strengthen financial position.

3) Mid-term Management Strategy Overview

The Group sets the following basic strategies.

(Reinforcement of currently existing business)

The Group will make further promotion of precision forging process applied for the more complex components in shape by strengthening technical development abilities. The Group will enhance its competitiveness as well through worldwide purchasing and improving productivity.

(Business expansion in the overseas markets)

As the rapid progress of adoption of automotive precision forged components in the U.S.A and Asian markets, the Group will strengthen the tie-up with Japanese components maker's transplants in the U.S.A and the marketing to American automotive component makers as well, making full advantage of the key station of Nichidai America Corp., Kentucky.

In Asia, the Group has supported the component makers at the introductory stage, by providing the total engineering services which includes not only die supply but the supply of precision forging process know-how.

(New business development)

The Group has just started the mass-production of the nozzle ass'y components for automotive VG Turbocharger in this fiscal year and expects its component business expansion on a large scale.

4) Basic Stance on Corporate Governance and Measures Implemented

The Group, recognizing corporate governance to be an important issue, has implemented a variety of measures aiming at transparent, fair and speedy decision-making management.

Though the Board of Directors is the decision-making body and also has the function of business execution, the internal control of the board of directors is secured by mutual checking and by statutory auditors, attending the important meetings in addition to the board meetings.

The accountant auditing is assigned to Chuo-Aoyama Auditing Corp., who gives us the timely advices not only for year-end closing procedures but also for adequate internal control.

Financial Results

1) Overview of the First Half of the Fiscal Year Ending March 31, 2005

In the six-month period September 30, 2004, the automotive components makers, who are our major customers, have kept a good business condition in general.

As for the die business segment, the sales has reached closely to the Plan, owing to the favorable demand from Japanese component makers in spite of the decreased production of a certain automobile maker, and also export to Korean customers.

As a result, the consolidated net sales of the segment have shown a decline of 8.7% to J-Yen 2,846 million, compared with the same period of fiscal year 2003, in which the non regular sales of the forging related equipment were included (for only the die sales comparison , it has shown 2.2% increase), and 2% below the Plan.

As for the component business segment, the Group suffered from the decreased sales of scroll for air conditioner compressor, while the sales of nozzle ass'y for VG turbocharger is expected to rapidly expand in the latter half of the year.

The consolidated net sales of the segment was down 7.1% to J-Yen686 million against the year-earlier period, and 5% short for the Plan.

As for the filter business segment by Nichidai Filter Corp., which was spin off from Nichidai Corp. in this period, the consolidated net sales was up 19.3% to J-Yen423 million compared with the same period of 2003 and 12.7% above the Plan.

Therefore, the consolidated net sales for all business lines was amounted to J-Yen3,956 millions, down 6.1% compared with the same period of fiscal year 2003 and 5% below the Plan.

The consolidated operating profit fell down by 15.5% to J-Yen315 million compared with the year-earlier period and 11.6% short for the Plan. The consolidated ordinary profit also fell down by 5.4% to J-Yen304 million and 4.8% below the Plan.

These declines of profit figures are because of the sales decrease of scrolls for air conditioner compressor and of the increased production cost for the new item of the nozzle ass'y at the production launching stage.

2) Outlook for the Fiscal Year Ending March 31, 2005

The consolidated estimates for the Fiscal Year Ending March 31, 2005 is shown at the table below.

Consolidated Performance

	First Half Results	Change from the previous year	Estimate FY2004	Change from the previous year
Net Sales	J-Yen 3,956 mil.	6.1%	J-Yen 8,850 mil.	4.2%
Operating Profit	J-Yen 315 mil.	15.5%	J-Yen 880 mil.	33.1%
Ordinary Profit	J-Yen 304 mil.	5.4%	J-Yen 830 mil.	49.7%
Net Income	J-Yen 109 mil.	4.5%	J-Yen 336 mil.	195.1%

Original Target in the Mid. Term Strategic Plan– announced in April, 2004

	Consolidated
Net Sales	J-Yen 9,010 mil.
Operating Profit	J-Yen 903 mil.
Ordinary Profit	J-Yen 830 mil.
Net Income	J-Yen 336 mil.

The consolidated net sales will be slightly below the Plan, but in terms of profit, the targeted figures of ordinary profit and net income are expected to be achieved, due to favorable demand for the high profitable precision forging dies.

- Forward-Looking Statements

The information on future performance (forward-looking statements) is based on information available to management at the time of its disclosure. Accordingly, readers are advised that actual results may

differ from forward-looking statements due to a wide variety of factors.

Consolidated Balance Sheets
As of September 30, 2004

Assets

	Millions of Yen		
	Sept. 30, 2003	Sept. 30, 2004	March 31, 2004
Current Assets;			
Cash and deposits	1,102,724	993,827	897,622
Trade notes and trade accounts receivables	2,606,538	2,491,134	2,475,307
Inventories	512,610	718,467	475,871
Other current assets	183,843	152,771	113,740
<u>Allowance for doubtful receivables</u>	<u>29,936</u>	<u>38,525</u>	<u>36,030</u>
Total current assets	<u>4,375,780</u>	<u>4,317,674</u>	<u>3,926,511</u>
Fixed Assets;			
Tangible assets	5,799,805	5,667,747	5,646,183
Intangible assets	37,908	53,067	39,264
Investments and other fixed assets	336,251	335,019	337,767
<u>Allowance for doubtful receivables</u>	<u>4,636</u>	<u>2,258</u>	<u>7,429</u>
Total fixed assets	<u>6,169,329</u>	<u>6,053,276</u>	<u>6,015,785</u>
Total Assets	<u>10,545,110</u>	<u>10,370,951</u>	<u>9,942,297</u>

Consolidated Balance Sheets

As of September 30, 2004

Liabilities and shareholders' equity

Millions of Yen

	Sept.30.2003	Sept.30.2004	March31.2004
Liabilities			
Current Liabilities			
Trade notes and trade accounts payables	387,586	366,870	514,742
Short-term debts	979,400	507,176	931,300
Current portion of Long-term debts	755,856	931,071	746,490
Current portion of Bonds	100,000	20,000	-
Income taxes payable	240,917	227,299	177,293
Allowances	208,000	206,000	106,000
<u>Other current liabilities</u>	<u>357,701</u>	<u>351,690</u>	<u>323,788</u>
Total current liabilities	<u>3,029,462</u>	<u>2,610,108</u>	<u>2,799,614</u>
Non-current liabilities			
Bonds, less current portion	2,000,000	2,080,000	2,000,000
Long-term borrowings, less current portion	1,164,773	1,330,245	787,919
Allowances	47,660	63,520	58,362
<u>Other non-current liabilities</u>	<u>-</u>	<u>248</u>	<u>-</u>
Total Liabilities	<u>6,241,896</u>	<u>6,084,124</u>	<u>5,645,897</u>
Shareholders' equity			
Common stock	809,970	812,202	809,970
Additional paid-in capital	573,970	576,194	573,970
Retained earnings	2,954,907	2,943,325	2,954,079
Unrealized gains & losses			
on available-for-sale securities	2,812	4,633	3,802
Foreign currency translation adjustments	31,856	48,562	44,456
<u>Treasury stock</u>	<u>964</u>	<u>964</u>	<u>964</u>
Total shareholders' equity	<u>4,303,213</u>	<u>4,286,827</u>	<u>4,296,400</u>
Total Liabilities and shareholders' equity	<u>10,545,110</u>	<u>10,370,951</u>	<u>9,942,297</u>

Consolidated Statements of Income
For the six-month period ended September 30, 2004

	Thousands of Yen					
	Six-month period (%)		Six-month period (%)		Six-month period (%)	
	ended Sept.30.2003		ended Sept.30.2004		ended March31.2004	
Net Sales	4,213,849	(100)	3,956,816	(100)	8,494,401	(100)
Cost of Sales	3,044,212	(72.2)	2,849,525	(72.0)	6,217,782	(73.2)
Gross Sales Profit	1,169,636	(27.8)	1,107,290	(28.0)	2,276,619	(26.8)
S&GA	795,974	(18.9)	791,658	(20.0)	1,615,240	(19.0)
Operating Income	373,662	(8.9)	315,631	(8.0)	661,379	(7.8)
Non operating incomes	25,863	(0.6)	40,698	(1.0)	32,516	(0.3)
Non operating expenses	77,484	(1.9)	51,779	(1.3)	139,486	(1.6)
Ordinary Income	322,041	(7.6)	304,551	(7.7)	554,409	(6.5)
Extra ordinary gains	15,001	(0.4)	84	(0.0)	8,973	(0.1)
Extra ordinary losses	12,570	(0.3)	26,215	(0.7)	78,249	(0.9)
Income before income taxes	324,472	(7.7)	278,420	(7.0)	485,133	(5.7)
Income taxes; Current	232,000		218,000		343,000	
Deferred	22,223		49,085		28,264	
Net Income	114,696	(2.7)	109,505	(2.8)	113,868	(1.3)

Consolidated Statements of Cash Flows
For the six-month period ended September 30, 2004

	thousands of Yen		
	Six-month period ended Sept.30.2003	Six-month period ended Sept.30.2004	Six-month period ended March31.2004
Operating activities;			
Net income before taxes	324,472	278,420	485,133
Depreciation and amortization	227,979	252,979	507,864
Increase(decrease) in allowances	23,379	102,482	59,031
Interest and dividend income	1,977	3,668	4,485
Gain on sale of securities	7,492	-	8,973
Interest expense	50,440	45,348	99,038
Losses on sale and disposal of property & equipment	884	13,329	53,077
Decrease in trade receivables	939,258	37,050	1,060,563
Increase in inventories	104,415	242,252	70,546
Decrease in trade payables	692,182	167,057	556,154
Other, net	1,796	15,137	2,282
Sub-total	758,549	301,494	1,508,770
Interest and dividend received	1,962	3,656	4,482
Interest paid	52,100	45,656	99,622
<u>Income tax paid</u>	<u>195,463</u>	<u>175,289</u>	<u>370,088</u>
Net cash provided by operating	512,948	84,205	1,043,542
Activities			
Investing Activities			
Increase in time deposit	100,000	-	100,000
Payments for property&equipment	799,035	264,926	1,036,498
Proceeds from sale of property& equipment	2,865	702	7,215
Payments for purchase of investment securities	167,109	403	205,464
<u>Other, net</u>	<u>6,236</u>	<u>21,007</u>	<u>11,933</u>
Net cash used for investing	931,875	269,150	1,167,750

Activities

	thousands of Yen		
	Six-month period ended Sept.30,2003	Six-month period ended Sept.30,2004	Six-month period ended March31,2004
Financing activities			
Increase(decrease)in short-term debt	439,220	427,723	426,000
Proceeds from long-term debt	800,000	1,132,100	800,000
Repayments of long-term debt	572,950	406,427	946,470
Proceeds from issuance of bonds	-	100,000	-
Redemption of bonds	-	-	100,000
Proceeds from issuance of common stock	-	4,456	-
<u>Dividends paid</u>	<u>116,577</u>	<u>117,043</u>	<u>116,980</u>
Net cash provided from financing	549,692	285,361	62,549

Activities

Effect of Exchange Rate Changes on	1,271	4,211	13,949
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Cash & Cash Equivalents

Net Increase in Cash & Cash	129,494	96,204	75,607
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Equivalents

Cash & Cash Equivalents	523,230	447,622	523,230
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at the beginning of the period

Cash & Cash Equivalents	652,724	543,827	447,622
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at the end of the period

Segment information

The business segment information for the six-month period ended September 30, 2004 are as follows:

Industry Segments

	Thousands of Yen			
	Die	Component	Filter	Total
Net sales				
Outside Customers	2,846,605	686,521	423,689	3,956,816
Inter-segment	-	-	-	-
Total	2,846,605	686,521	423,689	3,956,816
Operating expense	2,576,257	694,050	370,875	3,641,184
Operating income	270,347	7,529	52,813	315,631

Geographic Segments

	North America	Europe	Asia	Others	Total
Overseas net sales	190,276	82,195	204,598	-	477,070
Consolidated net sales					3,956,816
Percentage	4.8%	2.1%	5.2%	-	12.1%

Notes: 1. The principal regions and countries included in each geographic segment are as follows:

North America: United States

Europe: Portugal, Switzerland

Asia: Korea, India, Singapore and Thailand

2. Overseas sales is the sales to the countries and regions other than Japan conducted by Nichidai and its subsidiaries.