


NICHIDAI CORPORATION
Summary of Consolidated Financial Results For the 2nd Quarter Ended September 30, 2008

November 4, 2008

Company name: Nichidai Corporation

Listed Stock Exchange: JASDAQ

Code number: 6467

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

Company Representative: Motonobu Furuya, President & CEO

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Reporting date of financial statements: November 13, 2008

Commencement date of dividend payment: December 1, 2008

1. Consolidated Financial Results for the 2nd Quarter Ended September 30, 2008 (From April 1, 2008 to September 30, 2008)

(1) Consolidated Operating Results (Total) (% indicates changes in net sales, operating income, etc compared with preceding same period.)

(Rounded down to the nearest million yen.)

	Net sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the 2 nd Quarter Ended Sept 30, 2008	6,254	-	466	-	437	-	166	-
Ended Sept 30, 2007	6,148	2.4	568	13.3	512	10.9	266	0.3

	EPS		Adjusted EPS	
	Yen	Sen	Yen	Sen
For the 2 nd Quarter Ended Sept 30, 2008	18	43	—	—
Ended Sept 30, 2007	29	50	29	45

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	BPS	
	Millions of Yen	Millions of Yen	%	Yen	Sen
For the 2 nd Quarter Ended Sept 30, 2008	12,699	6,746	52.4	735	60
Ended Sept 30, 2007	11,738	6,738	56.5	733	33

(Ref.) Shareholders' Equity

FY 2009 for the 2nd Quarter 6,658 million yen

FY 2008 6,637 million yen

2. Dividends

(Record Date)	Dividends per Share									
	End of 1 st Quarter		End of 2 nd Quarter		End of 3 rd Quarter		Year End		Full Year	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
FY 2008	—	—	8	00	—	—	8	00	16	00
FY 2009	—	—	8	00	—	—	—	—	—	—
FY2009 (Forecast)	—	—	—	—	—	—	8	00	16	00

(Note) Change made in forecast of dividends: N/A

3. Consolidated Forecast for the Year Ending March 2009 (From April 1, 2008 to March 31, 2009)

	Net sales		Operating Income		Ordinary Income		Net Income		EPS	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	Sen
Full Year	11,870	△5.6	850	△29.5	730	△32.0	300	△29.0	33	14

(Note) Change made in Consolidated Forecast: Yes

4. Others

(1) Changes of important subsidiaries during the period (changes in specified subsidiaries that involve changes in the scope of consolidation) Yes

New Two subsidiaries (Company Name : NICHIDAI PRECISION CORPORATION, NICHIDAI (THAILAND) LTD.)

(2) Adoption of any simplified way of accounting method or any accounting procedure specific to the preparation of quarterly

financial statements: N/A

(3) Changes in accounting principle, procedure or method associated with preparing the consolidated of quarterly financial results

① Changes resulting from revision of accounting policy Applicable

② Changes other than ① Applicable

(4) Number of outstanding shares (ordinary shares)

① Number of outstanding shares at the end of the term (including treasury stocks)

Ended Sept.30, 2008 9,053,300 shares FY 2008 9,053,300 shares

② Number of treasury stocks at the end of the term

Ended Sept.30, 2008 1,643 shares FY 2008 1,504 shares

③ Average number of outstanding shares during the period

Ended Sept.30, 2008 9,051,716 shares Ended Sept.30,2007 9,049,308 shares

※Explanation regarding appropriate use of business forecasts and other special instructions

1. With regard to full-year business forecasts, we revise our consolidated forecast announced on October 3, 2008 by this material.

2. The description concerning the future of forecast etc. published in material is based on the information available now and constant assumption judged to be reasonable. Therefore actual operating results may differ from these forecasts due to various factors.

3. Beginning this consolidated financial year, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) have been applied. Quarterly consolidated financial statements have also been prepared in accordance with the “Rules for quarterly consolidated financial statements” .

Qualitative Information and Financial Statements

1. Qualitative information regarding consolidated business results

During the 2nd quarter consolidated accounting period under review, the domestic automobile industry, or our key customer, saw a continuing decline in sales volume in the U.S. automobile market amid worsening recession arising from the U.S. financial crisis. Domestic finished car manufacturers have also been pushed to take measures such as restructuring their production systems in the U.S., and their production volume began to be affected by the recession.

Under these circumstances, the Forging Die Division, Net-Shape Business, increased domestic sales compared to the 1st quarter consolidated accounting period, supported mainly by favorable sales for our key users in the Chubu region and additional sales of die sets. Continuing from the 1st quarter consolidated accounting period, the Asian region maintained strong sales for India and added sales of die sets for new users in Korea, resulting in higher sales than an year earlier.

While NICHIDAI AMERICA CORPORATION (hereinafter, “NAC”) experienced a decline in die demand for American users under the influence of worsened business sentiment in the North American market and the Precision-Forged Goods Division posted a decline in sales of scroll forged goods, overall sales generated by the Net-Shape Business amounted to 1,850 million yen, which was above the level of the previous year.

As for the Assembly Business, the current period falls during the period for changeover to new models to comply with environmental regulations as originally planned, and sales were 895 million yen virtually according to the plan.

In the Filter Business, again in this quarter, domestic sales dropped affected by worsening capital investment situation. By contrast, THAI SINTERED MESH CO., LTD. performed well by moving into the black in the 2nd quarter and achieving sales as planned. Consequently, overall sales generated by the Filter Business exceeded the prior-year level, amounting to 359 million yen.

As a result of the above, consolidated sales totaled 3,105 million yen.

In terms of income, while higher sales of the Forging Die Division boosted income of the Net-Shape Business, capacity utilization rate fell due to lower domestic sales of the Assembly Business and the Filter Business. As a consequence, operating income was 249 million yen, and ordinary income was 218 million yen.

As we announced on October 3, 2008, we registered 81 million yen of impairment loss on fixed assets of NAC due to the negative effect of worsened business sentiment in the North American market. Consequently, net income for the 2nd quarter under review was 32 million yen.

For qualitative information regarding consolidated business results for the 1st quarter of the year ending March 2009, please refer to the Summary of Consolidated Financial Results for the 1st quarter of the year ending March 2009 (disclosed on August 4, 2008).

2. Qualitative information regarding consolidated financial position

(1) Summary of assets, liabilities and net assets

Total assets at the end of the 2nd quarter consolidated accounting period under review increased by 961 million yen from the end of the previous consolidated financial year to 12,699 million yen.

Current assets were 6,642 million yen, an increase of 1,036 million yen from the end of the previous consolidated financial year. This increase is attributable primarily to the increases of 542 million yen in cash and deposits and 602 million yen in notes and accounts receivable.

Fixed assets were 6,044 million yen, a decrease of 69 million yen from the end of the previous consolidated financial year due mainly to the impairment loss of fixed assets of NAC.

Total liabilities were 5,953 million yen, an increase of 953 million yen from the end of the previous consolidated financial year. This increase was caused mainly by acquisition of industrial site and factory construction for NICHIDAI (THAILAND) LTD. which led to an increase in interest-bearing debt by 1,047 million yen from the end of the previous consolidated financial year.

Net assets were 6,746 million yen, and equity ratio was 52.4%.

(2) Summary of cash flows

Cash and cash equivalents (hereinafter, "cash") for the six months ended September 30, 2008 increased by 542 million yen from the end of the previous consolidated financial year to 1,200 million yen.

(Cash Flows from Operating Activities)

Net cash provided by operations amounted to 44 million yen. That was resulted from posting 376 million yen of net income before taxation, 310 million yen of allowance for depreciation and a decrease of 136 million yen in inventories after deducting an increase of 609 million yen in accounts receivable, a decrease of 97 million yen in accounts payable and 201 million yen of income tax paid.

(Cash Flows from Investing Activities)

Net cash expenditures in investment amounted to 384 million yen due primarily to 387 million yen of expenditure for acquisition of tangible fixed assets—acquisition of industrial site and factory construction for NICHIDAI (THAILAND) LTD, and enhancement of production equipment at the domestic production bases.

(Cash Flows from Financing Activities)

Net cash expenditures in financing activities amounted to 1,007 million yen due mainly to 1,016 million yen of the proceeds from long-term debt.

3. Qualitative information regarding consolidated business forecasts

With regard to full-year business forecasts, the wave of recession triggered by the financial crisis in North America is showing a sign of spreading around the world and is expected to affect the European automobile market as well. Furthermore, considering recent sharp exchange fluctuations, we have changed average currency exchange rate for the period against the U.S. dollar from ¥105 to ¥97. From the aforementioned reasons, we revise our forecast previously announced on October 3, 2008 as below.

Consolidated business forecast for the year ending March 2009 (April 1, 2008 – March 31, 2009)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A) (Announced on October 3, 2008)	Millions of Yen 12,210	Millions of Yen 940	Millions of Yen 865	Millions of Yen 410
Revised Forecast (B)	11,870	850	730	300
Difference (B-A)	△340	△90	△135	△110
Difference (%)	△2.8	△9.6	△15.6	△26.8
Results for the previous period (for the year ended March 2008)	12,577	1,205	1,073	422

(Reference) Non-consolidated business forecast for the year ending March 2009 (April 1, 2008 – March 31, 2009)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A) (Announced on October 3, 2008)	Millions of Yen 7,010	Millions of Yen 675	Millions of Yen 625	Millions of Yen 205
Revised Forecast (B)	6,970	650	550	150
Difference (B-A)	△40	△25	△75	△55
Difference (%)	△0.6	△3.7	△12.0	△26.8

Note) Results of the previous period are not included because the Assembly Division was spinned off as of April 1, 2008.

4. Others

(1) Changes of important subsidiaries during the period (changes in specified subsidiaries that involve changes in the scope of consolidation):

As of April 1, 2008, Nichidai Corporation newly established Nichidai Precision Corporation by spin-off of its Assembly Business Division into a separate company. As Nichidai Precision Corporation established its wholly-owned subsidiary NICHIDAI (THAILAND) LTD. as of April 2, 2008, both Nichidai Precision Corporation and NICHIDAI (THAILAND) LTD. have been included in the scope of consolidation.

(2) Adoption of simplified accounting method or any accounting method specific to preparation of quarterly financial statements:
N/A

(3) Changes in principle/procedure of accounting method or presentation method regarding preparation of quarterly financial statements:

1) Beginning this consolidated financial year, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) have been applied. Quarterly consolidated financial statements have also been prepared in accordance with the “Rules for Quarterly Consolidated Financial Statements”.

2) Beginning the 1st quarter consolidated accounting period, we have applied the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) and changed our valuation basis from cost method to lower of cost or market method (as for the balance sheet value, asset write-down based on lower profitability). For this reason, operating income, ordinary income and net income before taxation for the six months ended September 30, 2008 decreased by 28,614,000 yen, respectively.

3) Beginning the 1st quarter consolidated accounting period, we have applied the “Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18; May 17, 2006). There has been no revision required for consolidated financial settlement.

4) Regarding non-ownership transfer finance lease transactions, in the past we applied accounting procedures based on the lease transaction method. However, the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the “Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 [JICPA Accounting Committee, January 18, 1994; revised March 30, 2007]) became effective for quarterly consolidated financial statements for consolidated fiscal year beginning on or after April 1, 2008. Accordingly, Nichidai has applied them from the 1st quarter consolidated accounting period to follow accounting procedures concerning normal sales transactions.

During the 2nd quarter consolidated accounting period under review, there was no lease transaction concerning normal sales transactions.

Regarding non-ownership transfer finance lease transactions, commencement date of which is prior to the beginning of the first year Accounting Standard for Lease Transactions is applicable, normal accounting procedures based on the lease transaction method have been applied.

(4) Major subsequent events

Business alliance and capital alliance by subsidiary

Nichidai has resolved at the board meeting held on October 3, 2008, to form a business alliance with Mitsubishi Heavy Industries, Ltd. The board has also resolved for our subsidiary Nichidai Precision Corporation (hereinafter, “NPC”) that NICHIDAI (THAILAND) LTD., a subsidiary of NPC, would form a capital alliance with Mitsubishi Turbocharger Asia Co., Ltd., a subsidiary of Mitsubishi Heavy Industries, Ltd., by accepting investment.

1) Objective

Since production launch of September 2004, the Nichidai Group has been delivering VG turbocharger parts exclusively for diesel engine cars to Mitsubishi Heavy Industries, Ltd.

With the VG turbocharger parts market being expected to expand in the face of tightening environmental regulations in Europe, Mitsubishi Heavy Industries, Ltd. has been increasing its turbocharger production capacity by setting up Mitsubishi Turbocharger Asia Co., Ltd., its subsidiary in Thailand.

Following such production expansion trend, the Nichidai Group is also working to enhance its production bases through spin-off of the Assembly Business, VG turbocharger parts manufacturing division, as NPC in April 2008, and setting up of NPC's wholly-owned subsidiary NICHIDAI (THAILAND) LTD. (hereinafter, "NDT") in Thailand.

Against this backdrop, the Nichidai Group has decided to form alliance for the purposes of further reinforcing its supply system to Mitsubishi Heavy Industries, Ltd. and strengthening relationship between the two companies by accepting investment from Mitsubishi Turbocharger Asia Co., Ltd. to NDT.

2) Profile of the counterparty

a) Mitsubishi Heavy Industries, Ltd.

Location: 2-16-5 Konan, Minato-ku, Tokyo

Founded: January 11, 1950

Business: Design, manufacturing, sales and other related businesses in the field of ships/marine, motors, machinery/steel structure, aerospace, medium-volume products, etc.

Capital: 265,608 million yen (as of March 31, 2008)

b) Mitsubishi Turbocharger Asia Co., Ltd.

Location: Amata Nakorn Industrial Estate

Founded: January 22, 2008

Business: Manufacturing and sales of turbocharger and turbocharger parts

Capital: 4,350 million THB

Ownership %: Mitsubishi Heavy Industries, Ltd. 100%

3) Contractual coverage

a) Business alliance

This business alliance between Nichidai Co., Ltd. and Mitsubishi Heavy Industries, Ltd. stipulates that NPC and NDT should stably and preferentially supply VG turbocharger parts to Mitsubishi Heavy Industries, Ltd.

b) Capital alliance

70,000 stocks (worth 70 million THB) of NDT owned by NPC will be transferred to Mitsubishi Turbocharger Asia Co., Ltd.

4) Schedule

Corporate resolution: October 3, 2008

Conclusion of alliance agreement: Scheduled at the end of November, 2008