



## Summary of Financial Results For the year ended March 31, 2007

May 1, 2007

Company name: Nichidai Corporation

Listed Stock Exchange: JASDAQ

Code number: 6467

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

Company Representative: Motonobu Furuya, President &amp; CEO

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Annual shareholders' meeting: June 27, 2007

Commencement date of dividend payment: June 28, 2007

Reporting date of financial statements: June 28, 2007

(Rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for the Year Ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

#### (1) Consolidated Operating Results

(% = Year-on-year change)

	Net sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY 2007	12,095	12.0	1,139	28.7	1,046	30.4	543	47.2
FY 2006	10,795	21.4	885	△0.7	802	△3.6	369	3.8

	EPS		Adjusted EPS		Return on Equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Sen	Yen	Sen	%	%	%
FY 2007	61	84	61	48	9.6	9.0	9.4
FY 2006	45	56	45	13	7.8	7.3	8.2

(Ref.) Gain or loss on investment by equity method

FY 2007

-million yen

FY 2006

-million yen

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	BPS	
	Millions of Yen	Millions of Yen	%	Yen	Sen
FY 2007	12,060	6,413	52.8	708	81
FY 2006	11,277	4,904	43.5	612	66

(Ref.) Shareholders' Equity

FY 2007

6,363 million yen

FY 2006

4,904 million yen

#### (3) Consolidated Statements of Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY 2007	799	△399	45	829
FY 2006	398	△840	424	385

### 2. Dividends

(Record Date)	Dividends per Share										Total Dividends (Full Year)	Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	End of 1 <sup>st</sup> Quarter	End of Interim Period		End of 3 <sup>rd</sup> Quarter		Year End		Full Year					
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Millions of Yen	%	%
FY 2006	—	—	—	—	—	—	15	00	15	00	119	32.9	2.5
FY 2007	—	—	10	00	—	—	10	00	20	00	180	32.3	3.0
FY2008 (Forecast)	0	00	8	00	0	00	8	00	16	00.	—	25.4	—

(Note) Breakdown of dividends at the end of FY 2007 Ordinary dividends 15 yen Commemorative dividends 5 yen

### 3. Consolidated Forecast for the Year Ending March 2008 (From April 1, 2007 to March 31, 2008)

(Percentage indicates changes compared with the previous year for full year, and changes compared with the interim period of the previous year for interim period.)

	Net sales		Operating Income		Ordinary Income		Net Income		EPS	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	Sen
Interim Period	6,100	1.6	530	5.6	480	3.9	270	1.5	29	84
Full Year	12,500	3.3	1,180	3.6	1,080	3.2	570	5.0	62	99

### 4. Others

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

New: 1 (Company Name: THAI SINTERED MESH CO., LTD.) Exclusion: N/A

(2) Changes in accounting principle, procedure or method associated with preparing the consolidated financial results (to be stated in the changes of important items that form the basis of the consolidated financial results)

① Changes resulting from revision of accounting policy Applicable

② Changes other than ① N/A

(3) Number of outstanding shares (ordinary shares)

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

FY 2007 9,050,300 shares FY 2006 7,998,800 shares

② Number of treasury stocks at the end of the term

FY 2007 1,492 shares FY 2006 1,492 shares

(Ref.) Overview of non-consolidated operating results

### 1. Non-Consolidated Operating Results for the FY 2007 (From April 1, 2006 to March 31, 2007)

(1) Non-Consolidated Operating Results (% = Year-on-year change)

	Net sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY 2007	10,619	8.8	1,002	15.9	883	10.0	△372	—
FY 2006	9,758	24.2	864	△13.2	803	△15.7	417	△19.6

	EPS		Adjusted EPS	
	Yen	Sen	Yen	Sen
FY 2007	△42	38	—	—
FY 2006	51	58	51	09

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	BPS	
	Millions of Yen	Millions of Yen	%	Yen	Sen
FY 2007	11,127	6,143	55.2	678	98
FY 2006	11,504	5,603	48.7	700	09

(Ref.) Shareholders' Equity

FY 2007 6,143 million yen FY 2006 5,603 million yen

### 2. Non-Consolidated Forecast for the Year Ending 2008 (From April 1, 2007 to March 31, 2008)

(Percentage indicates changes compared with the previous year for full year, and changes compared with the interim period of the previous year for interim period.)

	Net sales		Operating Income		Ordinary Income		Net Income		EPS	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	Sen
Interim Period	5,350	△0.2	500	15.7	450	13.9	206	△8.1	22	77
Full Year	10,900	2.6	1,095	9.2	1,000	13.2	465	—	51	39

\* Explanation of appropriate use of the forecast and other special instructions.

The above forecasts of operating results are based on the information available at the time this document was released, and actual operating results may differ from these forecasts due to various factors.

## 1. Operating Results

### (1) Analysis on the Operating Results

#### ① Overview of the consolidated financial year under review

During the fiscal year under review, in the automobile industry, or our key customers, domestic finished car manufacturers continued to increase production volume home and abroad, and in response, automobile parts manufacturers continued to increase production volume as well.

Under such circumstance, domestic finished car manufacturers' prioritizing investment to new production bases and automobile parts manufacturers' boosting production and being pressed to take quality reinforcement measures slowed down new parts development projects, mainly in the Chubu Region. In the domestic forging die business, demand for new forging dies remained sluggish and sales were 4,861 million yen (down 9.2% over the previous consolidated financial year).

Overseas, forging die business posted sales of 1,167 million yen (up 32.4%) thanks to the higher sales to the local parts manufacturers in the robust Asian regions, such as China and South Korea.

As a result, consolidated sales of forging die business amounted to 6,029 million yen (down 3.3%).

In the precision-forged goods and assembly businesses, we forecasted that the sales would decline in the second half year compared to the first half because the measures for the design change of VG turbo charger parts, which we took in the previous consolidated financial year, would calm down. However, we received more orders than planned due partly to the increased models both in the first and second half year, achieving sales of 4,917 million yen (down 3.3%).

Meanwhile, the filter business remained healthy. We posted growth in sales of filters for production facilities of high-performance film for optics application and electronic circuit that are used for LCD TVs and mobile phones. Growth in sales was also registered in overseas markets, especially in Asian region. Consequently, this year recorded sales of 1,148 million yen (up 25.6%).

On an income front, operating income of forging die business decreased to 510 million yen (down 25.2%) due to the lower sales. In the precision-forged goods and assembly businesses, operating income surged to 445 million yen (up 468.1% over) favorably affected by the reinforced quality/production management and boosted production. In the filter business, steady incoming order substantially raised operation ratio of sintering furnace combined with increased sales of high value-added products improved operating income to 183 million yen (up 47.5%).

As a result, this year recorded consolidated sales of 12,095 million yen (up 12.0%) and ordinary income of 1,046 million yen (up 30.4%). Net income was 543 million yen (up 47.2%).

As we announced on March 15, 2007, we recorded net loss of 372 million in this non-consolidated financial year because of posting appraisal loss of 827 million yen on the shares of our subsidiary, NICHIDAI AMERICA CORPORATION.

#### ② Forward-Looking Statement for the Next Financial Year

As the Japanese automobile industry continues to boost production unit both in domestic and overseas markets, automobile parts manufacturers, or our primary users, are increasing production capacity. And Japanese automobile manufacturers keep setting up operations overseas, parts manufacturers are expected to follow suit.

Reflecting such a situation, in the forging die business we will review the structure of production management division and will reinforce delivery/quality management to cope with production hike by our primary users. Also in response to the rising overseas demand caused by the Japanese manufacturers' presence, we will enhance manpower for overseas sales and backup system through information sharing with domestic sales division in charge of mother factories of Japanese automobile parts manufacturers and technical support from sales engineering division. At NICHIDAI AMERICA CORPORATION, as we announced on March 15, 2007, we strive to assure forging die production responding to production hike by Japanese automobile parts manufacturers. However, we are drawing up a deficit plan again for the next fiscal year because manufacturing OEM products is not anticipated.

In the precision-forged goods and assembly businesses, we will consider building up a new production system including overseas operation to cope with future production hike of VG turbo charger parts.

As for filter business, we will focus our efforts on filters for production facilities of high-performance film with which continued

production hike is expected. In addition, in response to the rising demand for filters for oil drilling, we aim for smooth start of operation at THAI SINTERED MESH CO., LTD., a joint venture in Thailand founded as of February 27, 2007.

As a result, we forecast sales of 12,500 million yen (up 3.3%) and ordinary income of 1,080 million yen (up 3.2%) for the next fiscal year.

## 2. Management Policy

### (1) Basic Policy of the Company Management

With the basic philosophy of “Free, Fair and Global”, our basic policy is to realize at a high dimension and permanently improve “3S” for the “higher corporate value.” The “3S” means “Customer Satisfaction,” “Investor Satisfaction” and “Employee Satisfaction.” Nichidai Group is doing three main businesses with our strength of “products that other companies cannot copy and high technology that does not allow imitation of others”

In our core forging die business, our goal is “Net-Shape All-Round Manufacturing Service” based on the total engineering leveraging R&D capabilities in precision forging and collective strength in forging die technologies.

In the precision-forged goods and assembly businesses, we aim for synergy with forging die operation through production of precision-forged goods, and at the same time we are developing business of assembled goods using our proprietary technologies.

Regarding the filter business, we aim to become the “leading sintered metal filter maker” based on heat treatment technology.

(Note) Net-Shape: forging process of parts using precision forging dies (precision processing without cutting)

### (2) Target Management Index

Nichidai Group sees achieving continued growth as an important factor to “enhance corporate value,” thus having set a goal of securing 10% of sales growth rate and more than 10% of ordinary income rate to sales.

### (3) Medium to Long-Term Management Strategy and Challenges that the Company Should Address

Nichidai Group will commit to “Strengthening of the existing businesses” and to “Expanding business by entering into overseas markets” as key measures with the keyword of “Growth and Change.”

[Strengthening of the Existing Businesses]

Our key customer automobile industry’s aggressive development in environment-related technology and other technologies is expected to spur high demand in the automobile parts-related market. Regarding the die business, we will work to combine our die manufacturing technology with precision forging technology and to accelerate net-shape processing of difficult-to-process materials and complex-shaped parts, aiming for answering customers’ increasingly sophisticated needs as technological innovation further develops, thus improving our competence.

With regard to the VG turbo charger parts, we will improve productivity through self-manufacturing of components, and will establish production system that responds to the demand for high quality from European automobile manufacturers.

In the filter business, we seek to expand sales of filters for production facilities of high-performance film which used for LCD TVs and mobile phones, along with development of automobile-related filters.

[Expanding Business by Entering into Overseas Markets]

Our customer automobile parts manufacturers are expanding their production bases globally following finished car manufacturers’ boosting production overseas. In response, Nichidai’s die business is executing overseas strategy.

In North America, we will respond to Japanese manufacturers as they start full-scale mass production of components, with NICHIDAIAMERICA CORPORATION as our operational base.

In the Asia region, where the automobile industry is growing fast, we will provide total engineering including precision forging know-how and will strengthen sales activities while seeking new business.

As for the filter business, we will develop our strategy by giving the core status for our future overseas operation to a joint venture THAI SINTERED MESH CO., LTD., which founded to cope with rising demand for filters for oil drilling.

### (4) Development and Operation of Internal Control System

With regard to the development and operation of internal control system, we appointed directors as Vice-President responsible for each business and Vice-President of Management, who manages and checks each business, as a form in consideration for operating officer system. This structure serves as an internal control function. We will also enhance the checking function given to President& CEO, Senior Managing Director and Managing Director as they supervise Directors operate business, thereby we seek to comply

with laws in business operation, to prevent accounting irregularities and to disclose information in an appropriate and timely manner.

Taking a look at initiatives of the past year for intensifying internal control system, in October 2006 we set up the Company Rules Development Committee that consists of members from relevant departments, such as General Affairs, Accounting and Corporate Planning and Public Relations. The committee is working with Audit Section on establishing rules in relation to building up the internal control system.

From November 2006 onward, our cross-departmental team has been implementing an internal control project aiming at building up the internal control system within the next fiscal year.