



# The Financial Statement Briefing For Q2 of the Year Ending March 31, 2009

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November 5, 2008

JASDAQ: 6467

**NICHIDAI CORPORATION**

<http://www.nichidai.jp/>

## Net-Shape Business

### NICHIDAI CORPORATION

Non-consolidated

- ◆ Produces precision forging dies used mainly for forging of car parts, such as engine, transmission and driving mechanisms.
- ◆ Net-shape, a forging process without cutting is the core technology.
- ◆ Mass-produces precision-forged goods, such as automobile parts and aluminum alloy air-conditioner parts (precision-forged scrolls).
- ◆ Has an advantage of total engineering capability not only in the production but also development of dies as well as production of parts.



Precision forging dies



Precision-forged scroll

### NICHIDAI AMERICA CORPORATION (NAC)

- ◆ Dies production base in Kentucky of North America.

### NICHIDAI ASIA CO., Ltd. (NDA)

- ◆ Sales base of dies established in Thailand.

## Assembly Business

### NICHIDAI PRECISION CORPORATION (NPC)

- ◆ Assembly VG turbo charger parts for diesel engine.



VG turbo charger parts

### NICHIDAI (THAILAND) LTD. (NDT)

- ◆ Factory planned completion date in the suburbs Bangkok, Thailand by the end of this fiscal year
- ◆ Production base of VG turbo charger parts.

## Filter Business

### NICHIDAI FILTER CORPORATION (NFC)

- ◆ Produces lamination sintered wire mesh filters used in a variety of industries, such as food, pharmaceutical, nuclear energy and aerospace.



Lamination sintered wire mesh filters

### THAI SINTERED MESH CO., LTD. (TSM)

- ◆ Oil drilling filters production base in the suburbs of Chiang Mai, Thailand.

# I . Financial Results for Q2 of the Year Ending March 31, 2009

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# I . Financial Results for Q2 of the Year Ending March 31, 2009 – P/L: Sales and Profit –

Millions of Yen

	Sep./07	Sep./08	Sep./08	Growth Rate	
	Results	Original Plan (Disclosed May/08)	Results		
	Apr./07–Sep./07	Apr./08–Sep./08	Apr./08–Sep./08		
Non-consolidated	Net sales	–	3,670	3,675	–
	Gross income from sale:	–	1,085	974	–
	S.G. & A. expense	–	675	617	–
	Operating income	–	410	356	–
	Non-operating income	–	△40	△19	–
	Ordinary income	–	370	337	–
	Net income	–	183	63	–
Consolidated	Net sales	6,148	6,300	6,254	1.7%
	Gross income from sales	1,511	1,525	1,368	△9.5%
	S.G. & A. expense	942	955	902	△4.3%
	Operating income	568	570	466	△18.0%
	Non-operating income	△56	△50	△29	–
	Ordinary income	512	520	437	△14.7%
	Net income	266	270	166	△37.5%

### Net sales, operating income and ordinary income revised

- NICHIDAI AMERICA (NAC) was affected by worsened business sentiment in North America.
- Domestic sales of Filter Business fell due to decline in drive for domestic capital investment.

### Non-consolidated: Net income revised

- ✓ 135 million yen of impairment loss on stock of subsidiary was posted.

### Consolidated: Net income revised

- 81 million yen of impairment loss on fixed assets was posted at NAC.

\* Rounded down to the nearest million yen.

\* Non-consolidated results of the previous period are not included because the Assembly

Division was spinned off as of April 1, 2008



# I . Financial Results for Q2 of the Year Ending March 31, 2009 – Segment Net Sales –

Consolidated

Millions of Yen

Business	Sep./07 Results	Sep./08 Original Plan (Disclosed May/08)	Sep./08 Results	Growth Rate
Net-Shape	3,511	3,825	3,844	9.5%
Assembly	1,990	1,725	1,725	△13.3%
Filter	645	750	684	6.0%
Consolidated total	6,148	6,300	6,254	1.7%

➤ Forging Die Division increased sales at home and overseas.

➤ As originally planned, sales underperformed last year due to the model change for the new standard conforming to the EURO5 regulation.

➤ Domestic sales decreased affected by a decline in drive for investment due to recession.  
➤ Oil drilling filters in Thailand performed well.

\* Rounded down to the nearest million yen.



# I . Financial Results for Q2 of the Year Ending March 31, 2009 – Overview of the Net-Shape Business –

Consolidated

Millions of Yen

	Sep./07 Results	Sep./08 Results	Growth Rate
Domestic	2,327	2,646	13.7%
Overseas total	507	556	9.6%
Asia	258	296	14.9%
North America	243	245	0.6%
Others	6	14	142.1%
Forging Dies	2,835	3,202	13.0%
Precision-forged goods	676	641	△5.1%
Net-Shape Business total	3,511	3,844	9.5%

■ Domestic

- Forging dies for key users in Chubu region performed well.
- Die set sales increased.

■ Asia

- India: Sales arising from projects on Japanese manufacturers who are entering into the market remained stable.
- Korea: Sales for new users increased in Q2.

■ North America

- While sales for American manufacturers fell, sales for Japanese manufacturers rose.

■ Precision-forged goods

- Sales of scroll decreased.

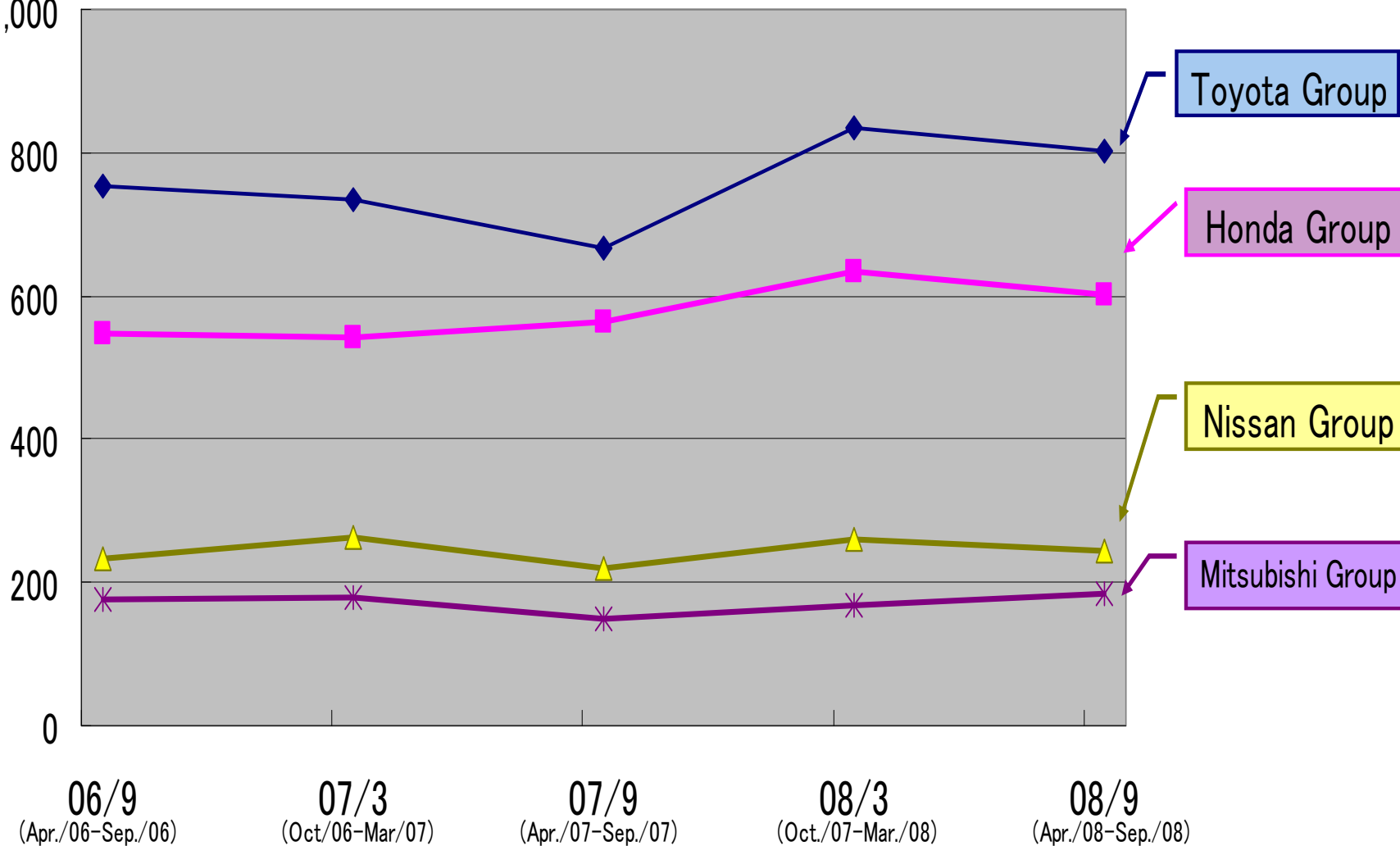


# I . Financial Results for Q2 of the Year Ending March 31, 2009 – Trend in Sales by Customer –

Non-consolidated

(Millions of Yen)

1,000





## ➤ **NICHIDAI PRECISION CORPORATION (NPC)**

As originally planned, production output decreased from the previous year due to the model change conforming to the enactment of EURO5 regulation.

## ➤ **NICHIDAI (THAILAND) LTD. (NDT)**

Conclusion of capital and business alliances with Mitsubishi Heavy Industries, Ltd. has been decided.

### ✓ Capital alliance

- NDT accepts investment from Mitsubishi Turbocharger Asia Co., Ltd., a subsidiary of Mitsubishi Heavy Industries, Ltd. by way of transferring 31.8% of stocks (70 million THB [approx. 217 million yen, calculated by 1THB = ¥3.1]: 70,000 stocks) owned by NPC.

- NDT stock ownership percentage after transfer

NICHIDAI PRECISION CORPORATION      150,000 stocks (68.2% ownership)

Mitsubishi Turbocharger Asia Co., Ltd.,      70,000 stocks (31.8% ownership)

### ✓ Business alliance

Stipulates that NPC and NDT should stably and preferentially supply VG turbocharger parts to Mitsubishi Heavy Industries, Ltd.



## ➤ NICHIDAI FILTER CORPORATION (NFC)

- Domestic sales decreased due to reduced capital investment attributable to the recession.

- NFC's export overseas slightly fell below the prior-year level as well.

## ➤ THAI SINTERED MESH (TSM)

- Production of oil drilling filters did well enough to drive overseas sales.

## Filter Business

### Changes in Domestic/Overseas Sales

Millions of Yen

	Sep./07 Results	Sep./08 Results	Growth Rate
Domestic	537	445	△17.2%
Overseas	107	239	121.9%
Grand total	645	684	6.0%



Oil drilling filter



# I . Financial Results for Q2 of the Year Ending March 31, 2009 – Segment P/L –

Consolidated

Millions of Yen

(Reference)	Sep./07		
	Net sales	Operating income	Profit ratio
Forging Die	2,835	119	4.2%
Components	2,667	321	12.0%
Filter	645	127	19.7%
<b>Consolidated Total</b>	<b>6,148</b>	<b>568</b>	<b>9.2%</b>

	Sep./08		
	Net sales	Operating income	Profit ratio
Net-Shape	3,844	336	8.8%
Assembly	1,725	93	5.4%
Filter	684	35	5.2%
<b>Consolidated Total</b>	<b>6,254</b>	<b>466</b>	<b>7.5%</b>

➤ Increase in forging die sales improved profit ratio.  
 ➤ Affected by soaring prices of materials and indirect materials.

➤ Due to decreased sales of VG turbocharger parts.

➤ Due to decline in capacity utilization rate after the transfer of oil drilling filters, which were previously domestic products, to TSM.

\* Rounded down to the nearest million yen.



# I . Financial Results for Q2 of the Year Ending March 31, 2009 – Cost of Sales –

Consolidated

Millions of Yen

	Sep./07 Results	Ratio	Sep./08 Results	Ratio
Net sales	6,148	100.0%	6,254	100.0%
Material cost	1,696	27.6%	1,675	26.8%
Purchase of products	247	4.0%	327	5.2%
Subcontract processing	751	12.2%	741	11.9%
Subsidiary material cost	228	3.7%	224	3.6%
Labour cost	1,067	17.4%	1,092	17.5%
Depreciation	256	4.2%	261	4.2%
Change in inventory	△1	△0.0%	△154	△2.5%
Others	386	6.3%	408	6.5%
Cost of Sales	4,636	75.4%	4,886	78.1%
Gross income from sales	1,511	24.6%	1,368	21.9%

➤ Inventory decreased in the Forging Die Division, Net-Shape Business and Assembly Business.

\* Rounded down to the nearest million yen.



# I . Financial Results for Q2 of the Year Ending March 31, 2009 – Trend in SG & A Expenses –

Consolidated

Millions of Yen

	Sep./07		Sep./08	
	Results	Ratio	Results	Ratio
Net sales	6,148	100.0%	6,254	100.0%
Packaging/Freight	68	1.1%	64	1.0%
Transportation	59	1.0%	62	1.0%
Labor cost	456	7.4%	446	7.1%
Depreciation	43	0.7%	48	0.8%
Rent	31	0.5%	26	0.4%
Others	282	4.6%	252	4.0%
Cost of Sales	942	15.3%	902	14.4%

\* Rounded down to the nearest million yen.



## Assets –

Consolidated

Millions of Yen

	Sep./07 Results	Sep./08 Results	Change
Cash and deposit	2,757	1,550	△1,207
Notes receivable	614	470	△143
Accounts receivable	2,499	3,121	622
Inventory	1,295	1,361	65
Others	189	144	△45
Allowance for bad debts	△22	△6	16
<b>Total current assets</b>	<b>7,334</b>	<b>6,642</b>	<b>△691</b>
Tangible fixed assets	5,726	5,760	33
Intangible fixed assets	44	38	△5
Investment and other assets	273	245	△27
<b>Total fixed assets</b>	<b>6,044</b>	<b>6,044</b>	<b>0</b>
<b>Total deferred assets</b>	<b>23</b>	<b>13</b>	<b>△9</b>
<b>Total assets</b>	<b>13,401</b>	<b>12,699</b>	<b>△701</b>

### Decrease in cash and deposit

➤ 1 billion yen-worth unsecured corporate bonds were issued last year.

### Increase in accounts receivable

➤ Due to procedures to set up an account for spin-off of the Assembly Business.

\* Rounded down to the nearest million yen.



# I . Financial Results for Q2 of the Year Ending March 31, 2009 – B/S: Liabilities and Net Assets –

## Consolidated

Millions of Yen

	Sep./07 Results	Sep./08 Results	Change
Accounts payable	648	643	△4
Short-term debt	1,208	1,857	648
Accrued income tax	310	232	△78
Allowance for bonus payable	236	184	△52
Others	2,455	510	△1,945
<b>Total current liabilities</b>	<b>4,861</b>	<b>3,428</b>	<b>△1,432</b>
Corporate bond	1,020	1,000	△20
Long-term debt	830	1,415	584
Others	12	110	98
<b>Total fixed liabilities</b>	<b>1,862</b>	<b>2,525</b>	<b>662</b>
<b>Total liabilities</b>	<b>6,723</b>	<b>5,953</b>	<b>△769</b>
Capital	1,429	1,429	0
Capital surplus	1,192	1,192	0
Retained earnings	3,934	4,111	177
Minority interest	101	87	△13
Others	20	△75	△96
<b>Total net assets</b>	<b>6,677</b>	<b>6,746</b>	<b>68</b>
<b>Total liabilities and net assets</b>	<b>13,401</b>	<b>12,699</b>	<b>△701</b>

### Increase in others

➤ Previous year's result included 2 billion yen-worth corporate bonds redeemed in November 2007.

### Increase in debt

➤ Due to financing for setting up NICHIDAI (THAILAND) LTD.

\* Rounded down to the nearest million yen.



# I . Financial Results for Q2 of the Year Ending March 31, 2009 – Cash Flows (CF) –

Consolidated

Millions of Yen

	Sep./07	Sep./08	Change
Cash flows from operating activities	972	△44	△1,016
Cash flows from investing activities	△1,853	△384	1,468
Cash flows from financing activities	931	1,007	75
Amount of increase in cash and cash equivalents	77	542	464
Cash and cash equivalents balance at beginning of term	829	658	△171
Cash and cash equivalents balance at end of term	907	1,200	292
FCF	△880	△428	451

## CF from operating activities

➤ Due to increase in accounts receivable.

## CF from investing activities

➤ Previous year's result included expenditure of 1.8 billion yen put in time deposit to be applied toward 2 billion yen-worth corporate bonds redeemed in November 2007.

\* Rounded down to the nearest million yen.

## II . Full-Year Forecast for the Year Ending March 31, 2009

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## II. Full-Year Forecast for the Year Ending March 31, 2009 — P/L: Sales and Profit (Non-Consolidated) —

Non-Consolidated

Millions of Yen

	Mar./08 Results  Apr./07– Mar./08	Mar./09 Original Plan Apr./08– Mar./09 (Announced May/08)	Mar./09 Revised Plan Apr./08– Mar./09	Difference Growth Rate	Change
Net sales	–	7,300	6,970	△330	–
Gross income from sales	–	2,180	1,910	△270	–
S.G. & A. expense	–	1,340	1,260	△80	–
Operating income	–	840	650	△190	–
Non-operating income	–	△90	△100	△10	–
Ordinary income	–	750	550	△200	–
Net income	–	370	150	△220	–

### Revision of business forecast

- ✓ Expecting worsened business sentiment in the automobile industry, sales of the Forging Die Division were revised.

\* Rounded down to the nearest million yen.

\* Non-consolidated results of the previous period are not included because the Assembly Division was spun off as of April 1, 2008.



## II. Full-Year Forecast for the Year Ending March 31, 2009 — P/L: Sales and Profit (Consolidated) —

Consolidated

Millions of Yen

	Mar./08 Results Apr./07 -Mar./08	Mar./09 Original Plan Apr./08-Mar./09 (Announced May/08)	Mar./09 Revised Plan Apr./08 -Mar./09	Difference	Versus Previous Period
Net sales	12,577	12,900	11,870	△1,030	△5.6%
Gross income from sales	3,051	3,120	2,680	△440	△12.2%
S.G. & A. expense	1,845	1,910	1,830	△80	△0.9%
Operating income	1,205	1,210	850	△360	△29.5%
Non-operating income	△132	△110	△120	△10	—
Ordinary income	1,073	1,100	730	△370	△32.0%
Net income	422	560	300	△260	△29.0%

### Revision of business forecast

- Impact of worsened business sentiment in the automobile industry is also expected with the Assembly Business.
- Domestic sales of the Filter Business are expected to continually decline in the 2nd half year.
- Estimated exchange rates were revised considering exchange fluctuations.

\* Rounded down to the nearest million yen.



## II . Full-Year Forecast for the Year Ending March 31, 2009 – Segment Net Sales –

Consolidated

Millions of Yen

	Mar./08 Results	Mar./09 Original Plan (Announced May/08)	Mar./09 Revised Plan	Difference	Versus Previous Period
Net- Shape	7,548	7,620	7,270	△350	△3.7%
Assembly	3,809	3,680	3,220	△460	△15.5%
Filter	1,219	1,600	1,380	△220	13.1%
Consolidated total	12,577	12,900	11,870	△1,030	△5.6%

➤ Decrease in automobile production volume due to the global recession is expected.

➤ Due to the impact of the slowing European automobile market amid recession.

➤ Domestic investment situation is projected to remain difficult.  
➤ TSM is expected to achieve originally-planned sales target.

\* Rounded down to the nearest million yen.



## II . Full-Year Forecast for the Year Ending March 31, 2009 -Outlook and Challenges for the Current Period ~ Net-Shape Business

Millions of Yen

	Mar./08	Mar./09	
	Results	Forecast	Growth Rate
Domestic	4,979	5,000	0.4%
Overseas total	1,122	1,080	△3.8%
Asia	575	620	7.8%
North America	533	440	△17.6%
Others	13	20	46.4%
Forging Dies	6,102	6,080	△0.4%
Precision-forged goods	1,445	1,190	△17.7%
Net-Shape Business total	7,548	7,270	△3.7%

### ■Japan

- Japanese automobile parts manufacturers will reduce production volume in the 2nd half year.

### ■Asia

- Sales expansion for India and Korea.
- Setting up of Nichidai Asia Co., Ltd., a Thai subsidiary, aiming to expand sales to Thailand and other ASEAN nations.

### ■North America

- While securing orders for Japanese manufacturers, sever situation seems to continue because of worsening business sentiment.

### ■Precision-forged goods

- Contract manufacturing and scroll manufacturing are expected to be reduced.

\* Rounded down to the nearest million yen.



## Challenges

### **NPC (Nichidai Precision Corporation)**

- ✓ Production volume for the 1st half year will be on a decreasing trend compared to the previous period in accordance with the changeover to new standard of VG turbocharger parts toward enactment of EURO5.
- ✓ Production system should be enhanced in preparation for anticipated production increase by adding more new product types in the 2nd half year.

### **NDT (NICHIDAI (THAILAND) LTD.)**

- ✓ Early start-up is required for full-fledged operation from the next year onward.

## Overview of the 2nd half year and progress

- ✓ Products based on new standard conforming to EURO5 are to be manufactured.
  - ✓ Meanwhile, production volume of some of the product items will be decreased, affected by downturn in the European automobile market.
  - ✓ Review of new models for production in the next year onward is to be started.
- 
- ✓ Everything is going well according to schedule for the start of operation.
  - ✓ Factory is scheduled for completion in January 2009.



## II . Full-Year Forecast for the Year Ending March 31, 2009 - Outlook and Challenges for the Current Period ~ Filter Business

### Challenges

- **NFC (Nichidai Filter Corporation)**  
**Develop new market and new products.**
- ✓ Seek new applications/new customers using lamination sintering technology.
- ✓ Promote development of exhaust gas filter.

- **TSM (THAI SINTERED MESH)**
- ✓ Launch of full-fledged production of oil drilling filters.
- ✓ Expected to go into the black in this period.

### Overview of the 2nd half year and progress

- ✓ Domestic capital investment situation is projected to remain difficult in the 2nd half year.
- ✓ Sales of oil mist filters are to be started.
- ✓ Development of exhaust gas filters will be continually promoted.

✓ TSM is expected to achieve sales and profits virtually according to plan.

✓ TSM actually went into the black and cleared away accumulated loss in this period as planned (On a full-year basis, sales of 349 million yen and ordinary income of 51 million yen are expected.).



## II. Full-Year Forecast for the Year Ending March 31, 2009 – Cost of Sales -

Consolidated

Millions of Yen

	May./08		May./09		May./09	
	Results	Ratio	Original Plan	Ratio	Revised Plan	Ratio
Net sales	12,577	100.0%	12,900	100.0%	11,870	100.0%
Material cost	3,577	28.4%	3,644	28.2%	3,190	26.9%
Purchase of products	698	5.6%	485	3.8%	564	4.8%
Subcontract processing	1,550	12.3%	1,535	11.9%	1,405	11.8%
Subsidiary material cost	458	3.6%	500	3.9%	425	3.6%
Labour cost	2,179	17.3%	2,246	17.4%	2,190	18.4%
Depreciation	531	4.2%	548	4.2%	524	4.4%
Change in inventory	196	1.6%	0	0.0%	△92	△0.8%
Others	725	5.8%	822	6.4%	800	6.7%
Cost of Sales	9,525	75.7%	9,780	75.8%	9,190	77.4%
Gross income from sales	3,051	24.3%	3,120	24.2%	2,680	22.6%

\* Rounded down to the nearest million yen.

Consolidated

Millions of Yen

	May./08		May./09		May./09	
	Results	Ratio	Original Plan	Ratio	Revised Plan	Ratio
<b>Net sales</b>	<b>12,577</b>	<b>100.0%</b>	<b>12,900</b>	<b>100.0%</b>	<b>11,870</b>	<b>100.0%</b>
Packaging/Freight	136	1.1%	143	1.1%	130	1.1%
Transportation	123	1.0%	125	1.0%	119	1.0%
Labor cost	907	7.2%	957	7.4%	915	7.7%
Dereciation	93	0.7%	92	0.7%	93	0.8%
Rent	59	0.5%	70	0.5%	71	0.6%
Others	525	4.2%	523	4.1%	502	4.2%
<b>S.G&amp;A expense</b>	<b>1,845</b>	<b>14.7%</b>	<b>1,910</b>	<b>14.8%</b>	<b>1,830</b>	<b>15.4%</b>

\* Rounded down to the nearest million yen.





## II . Full-Year Forecast for the Year Ending March 31, 2009 — Amount of capital investment / Depreciation —

Consolidated

Millions of Yen

	Mar./05 Results	Mar./06 Results	Mar./07 Results	Mar./08 Results	Mar./09 Plan
Amount of capital investment	688	680	581	759	807
Dereciation	531	575	617	625	617

\* Rounded down to the nearest million yen.

**Thank you very much for coming today.**

# NICHIDAI CORPORATION

- This document has been prepared based on the judgments and assumptions made through information available for our company at this time.
- Therefore, actual operating results may differ from forecasts due to intrinsic uncertainties.

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