



The Best partner in “Net-Shape”

*The Financial Statement Briefing For the
Six-month Period Ended September 30, 2006*

October 30, 2006

JASDAQ : 6467

NICHIDAI

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

I . Business Characteristics



I . Business Characteristics—Business Composition

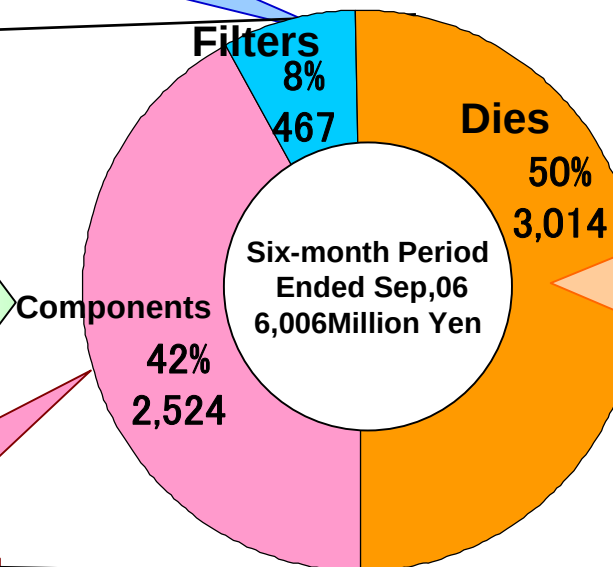
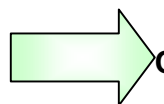
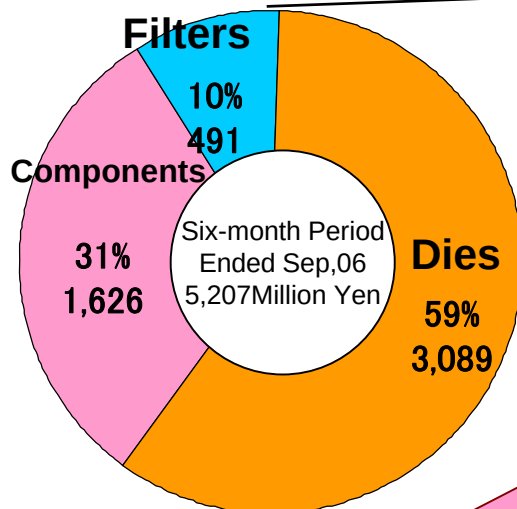
(Net sales For the Six-month Period Ended September 30,2006) —



Filtration for foods and pharmaceuticals. Filters are used in a broad area such as chemical plant, nuclear plant, fuel system of rockets, etc.



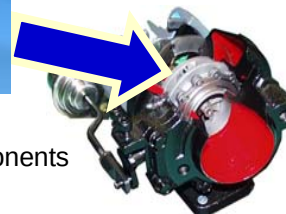
Precision forging dies used mainly for forging of car parts, such as gears for engine, transmission and driving mechanisms



Proprietary technology-based assembly components, mainly VG turbo charger parts
Precision forged goods such as automobile parts and aluminum alloy air-conditioner parts



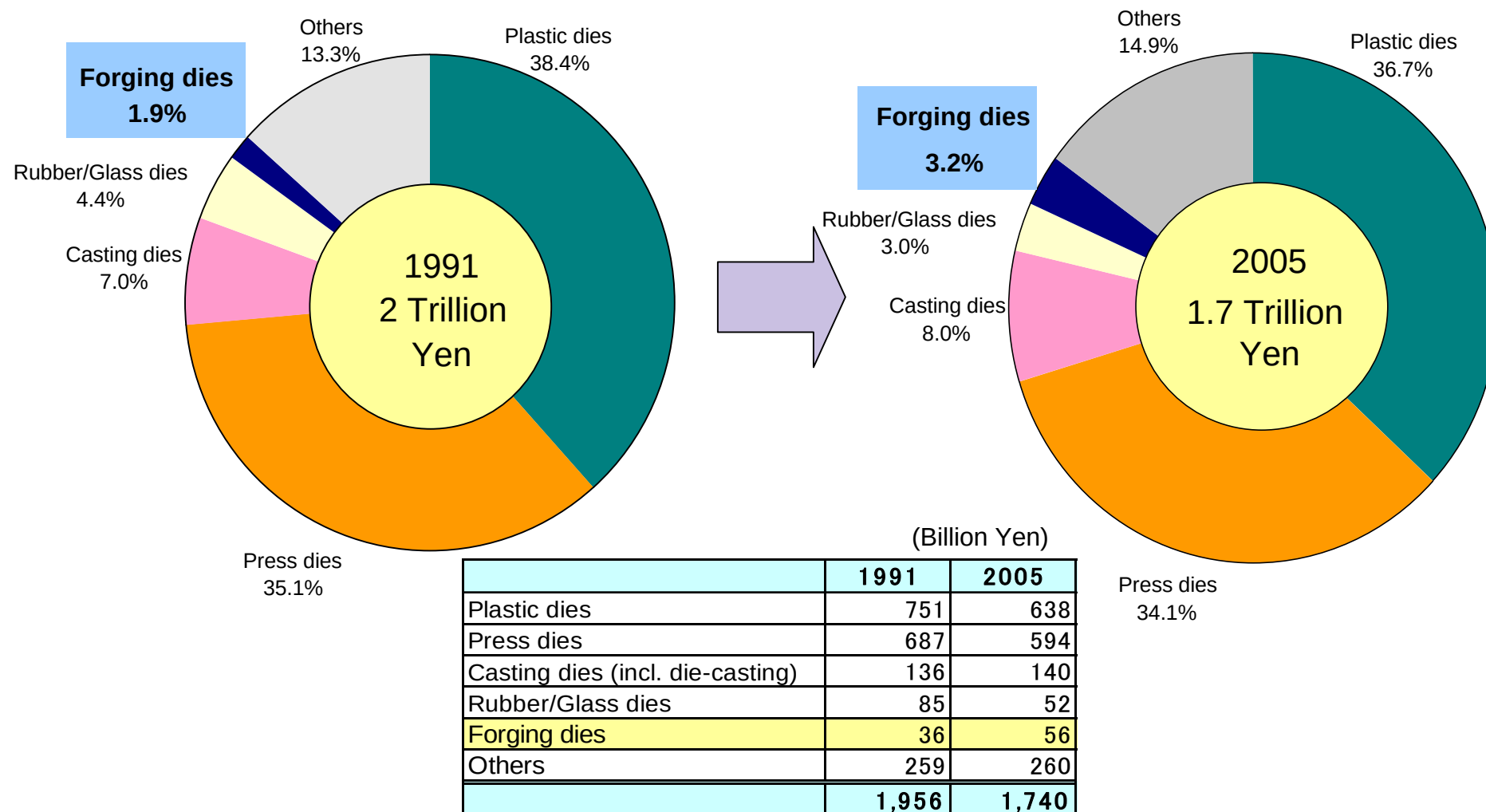
VG turbo charger components



Numeric Figures: Net Sales (Million Yen)

I . Business Characteristics

— Trend in Domestic Forging Die Production by Model —



Source: Industrial statistics by Ministry of Economy, Trade and Industry (Data of 2005 are Nichidai's forecast.)



I . Business Characteristics

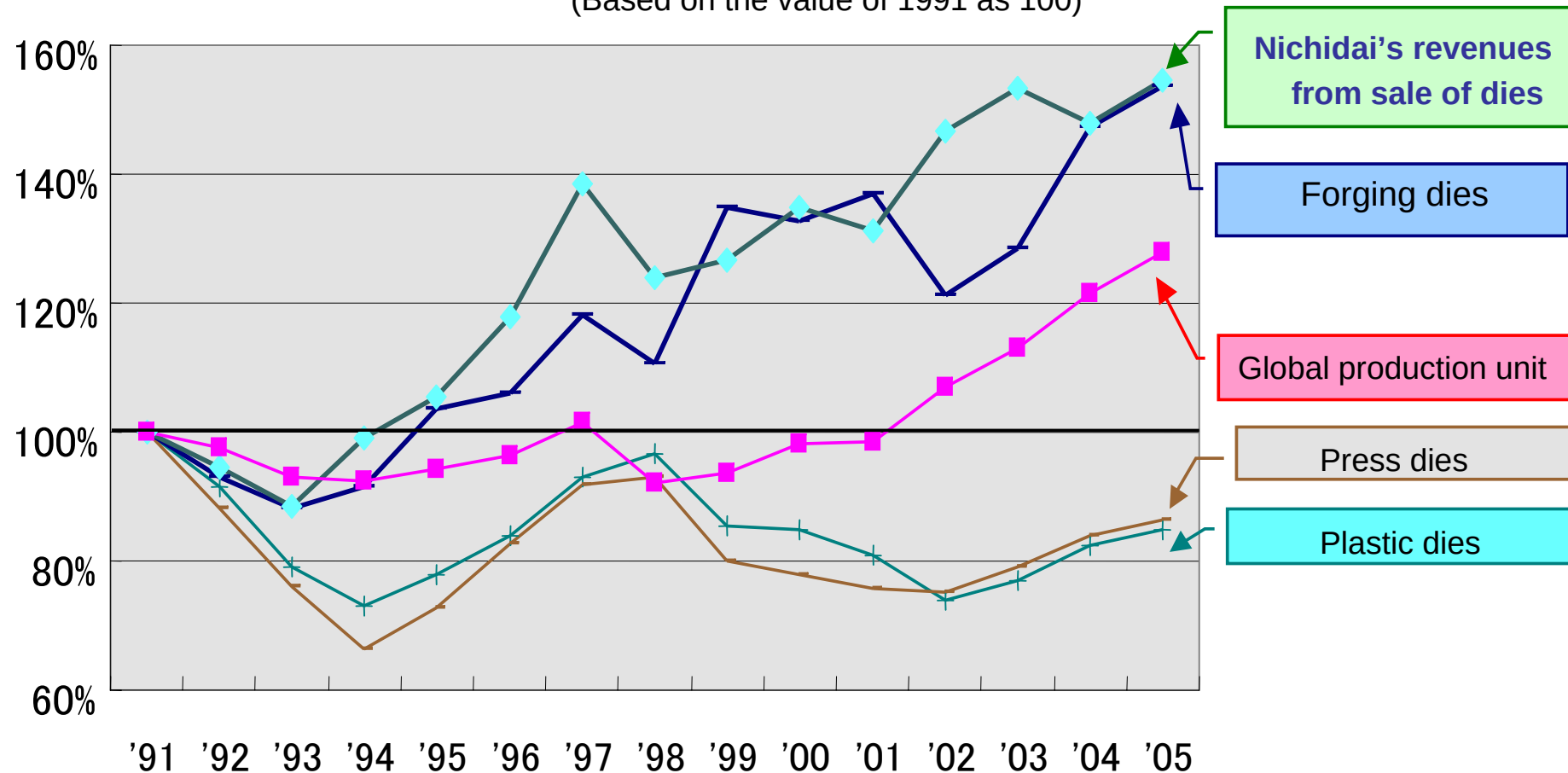
- Expansion of Forging Die Market-

Non-consolidated

Trend of the Indexes

(Value of production by model, Revenues from sale of dies, Global production unit)

(Based on the value of 1991 as 100)



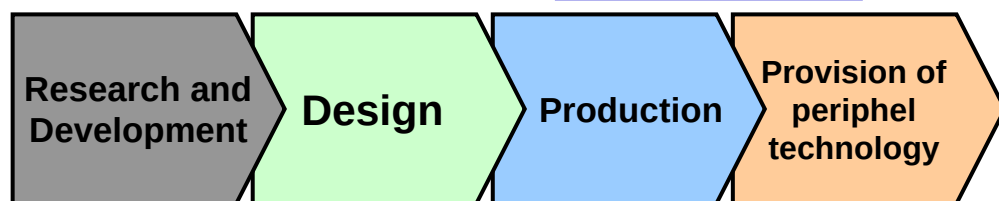
Source: Revenues from sale of dies = Industrial statistics (Data of 2004 and 2005 are Nichidai's forecast.)
Global production unit = Japan Automobile Manufacturers Association (Total number of units produced at home and abroad by Japanese car manufactures.)

I . Business Characteristics

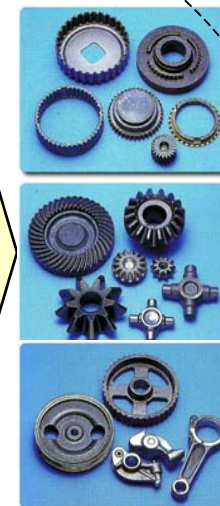
- Value Chain of Die Business -

Die Business

✓ Total Engineering



Customer
Mostly automobile
parts manufacturer



Provision of forging line
including press tools

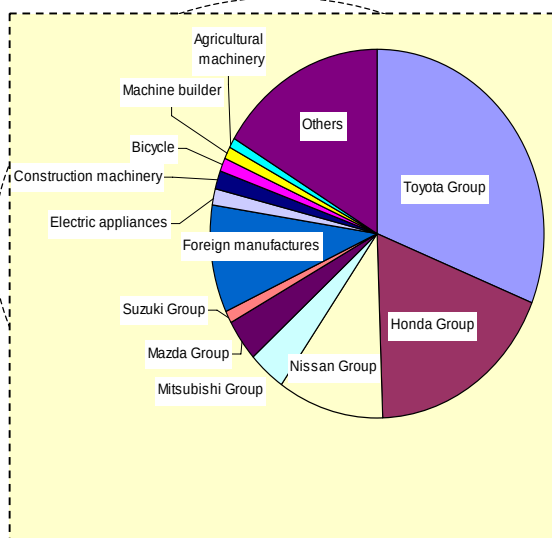
Dies
Provision

Parts
Development

Customer

Design

Production

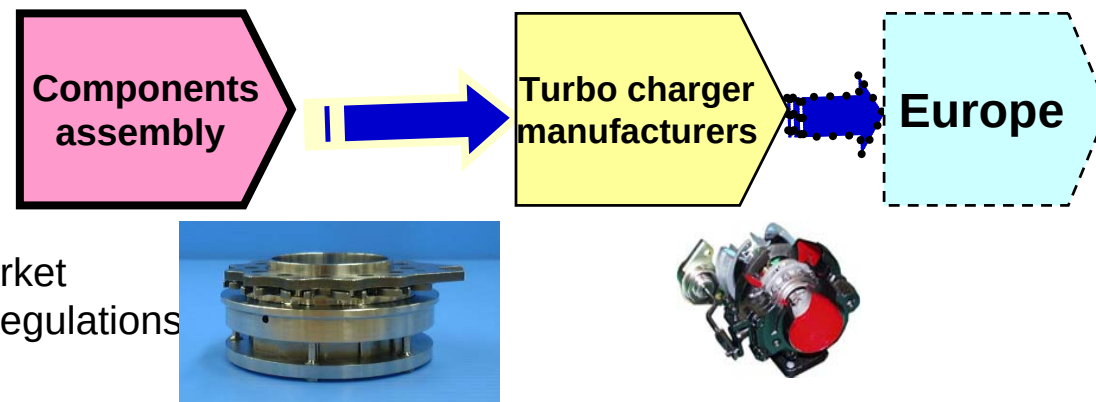


I . Business Characteristics

- Value Chain of Components Business -

■ Assembly

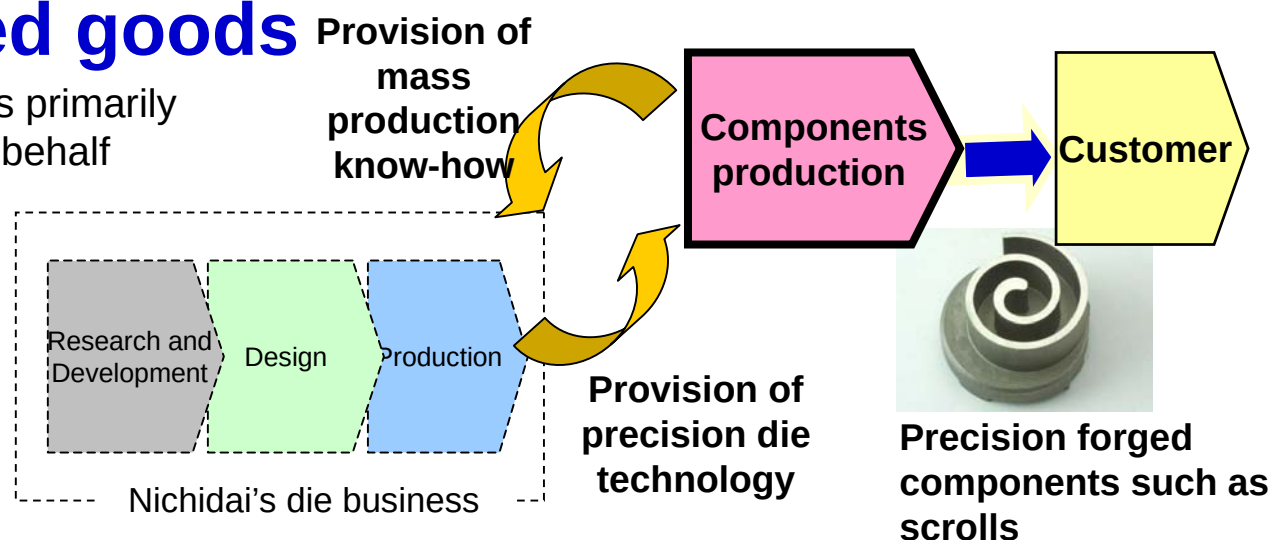
- ✓ Assembly of VG turbo charger parts for diesel engine
- ✓ For the primary use of diesel passenger cars for the European market
- ✓ In compliance with Euro V environmental regulations



VG turbo charger parts

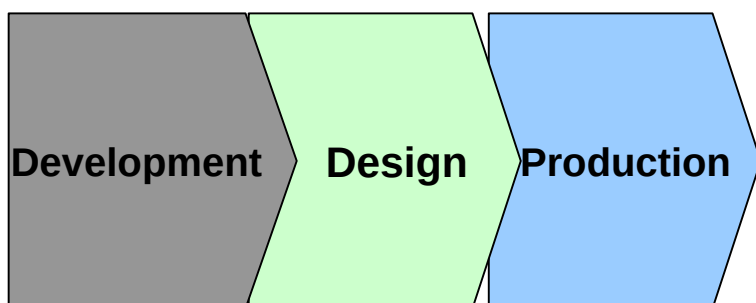
■ Precision forged goods

- ✓ Manufactures scroll forged parts primarily
- ✓ Provides production service on behalf of customer upon request
- ✓ Constitutes total engineering of die business



I . Business Characteristics —Filter Business—

■ Nichidai Filter Corporation



Development, design, production and sales of sophisticated multilayer wire mesh filters

Customer

Petrochemical industry

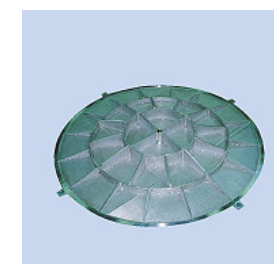
Food industry

Nuclear energy industry

Aerospace industry (fuel system of rockets) etc



For food



For Pharmaceutical



For Polymer



Cross-section of a filter

Characteristic

Mechanical strength, durability, heat resistance

Ⅱ . Financial Results For the Six-month Period Ended September 30, 2006



II. Financial Results For the Six-month Period Ended September 30, 2006 - P/L: Sales and Profit-

Consolidated

Millions of Yen

		05/9 Results 05/4-05/9	06/9 Plan 06/4-06/9	06/9 Results 06/4-06/9	Growth rate
Parent	Net sales	4,604	5,220	5,361	16.4%
	Ordinary income	458	491	395	△ 13.7%
N F C	Net sales	491	470	467	△ 4.9%
	Ordinary income	58	46	58	0.7%
N A C	Net sales	189	297	337	78.3%
	Ordinary income	△ 97	6	3	—
Consolidated	Net sales	5,207	5,809	6,006	15.3%
	Gross income from sales	1,282	1,445	1,336	4.2%
	S.G&A. Expense	823	866	834	1.3%
	Operating income	458	579	502	9.5%
	Non-operating income	△ 37	△ 36	△ 40	—
	Ordinary income	421	543	461	9.6%
	Net income	156	327	266	69.8%

* Rounded down to the nearest million yen. NFC stands for Nichidai Filter Corporation; NAC stands for NICHIDAI AMERICA CORPORATION.



II . Financial Results For the Six-month Period Ended September 30, 2006 - Segment Net Sales -

Consolidated		Millions of Yen		
	05/9 Results	06/9 Plan	06/9 Results	Growth rate
Domestic	2,658	2,781	2,428	△ 8.7%
Overseas	319	419	408	27.9%
NAC	189	297	337	78.3%
Consolidated elimination	(77)	(178)	(159)	(105.4%)
Dies	3,089	3,319	3,014	△ 2.4%
(products)	(64)	(95)	(84)	(30.8%)
Components	1,626	2,020	2,524	55.2%
Filters	491	470	467	△ 4.9%
Consolidated	5,207	5,809	6,006	15.3%

➤ Attributable to a sales decline in the Chubu region

➤ Due to an increase in sales to the China and South Korea region

➤ Driven by enhanced sales of Japanese manufacturers

➤ Due to increased product models of VG turbo charger components
➤ Includes additional production of components for which the design and standard were changed in the previous term.

➤ Filters for high performance film manufacturing equipment and exports to the Asian market are doing well.
➤ The sales result of the previous year included major temporary projects for the European market.

* Rounded down to the nearest million yen.



Ⅱ . Financial Results For the Six-month Period Ended September 30, 2006 - Die Business Overview -

The production volume of domestic finished car manufacturers remains on an upward trend with some fluctuations seen among manufacturers.

➤ **Japan**

- ✓ Users' inventory adjustment in Q1 affected our business results.
- ✓ Car manufactures reduced plans to develop new car parts.
- ✓ Lower die demand resulted from some manufacturers' production cutbacks and this affected our business results.
- ✓ All regions except the Chubu region achieved their sales forecast.

➤ **China and South Korea**

Dies for local users posted strong sales.

➤ **North America**

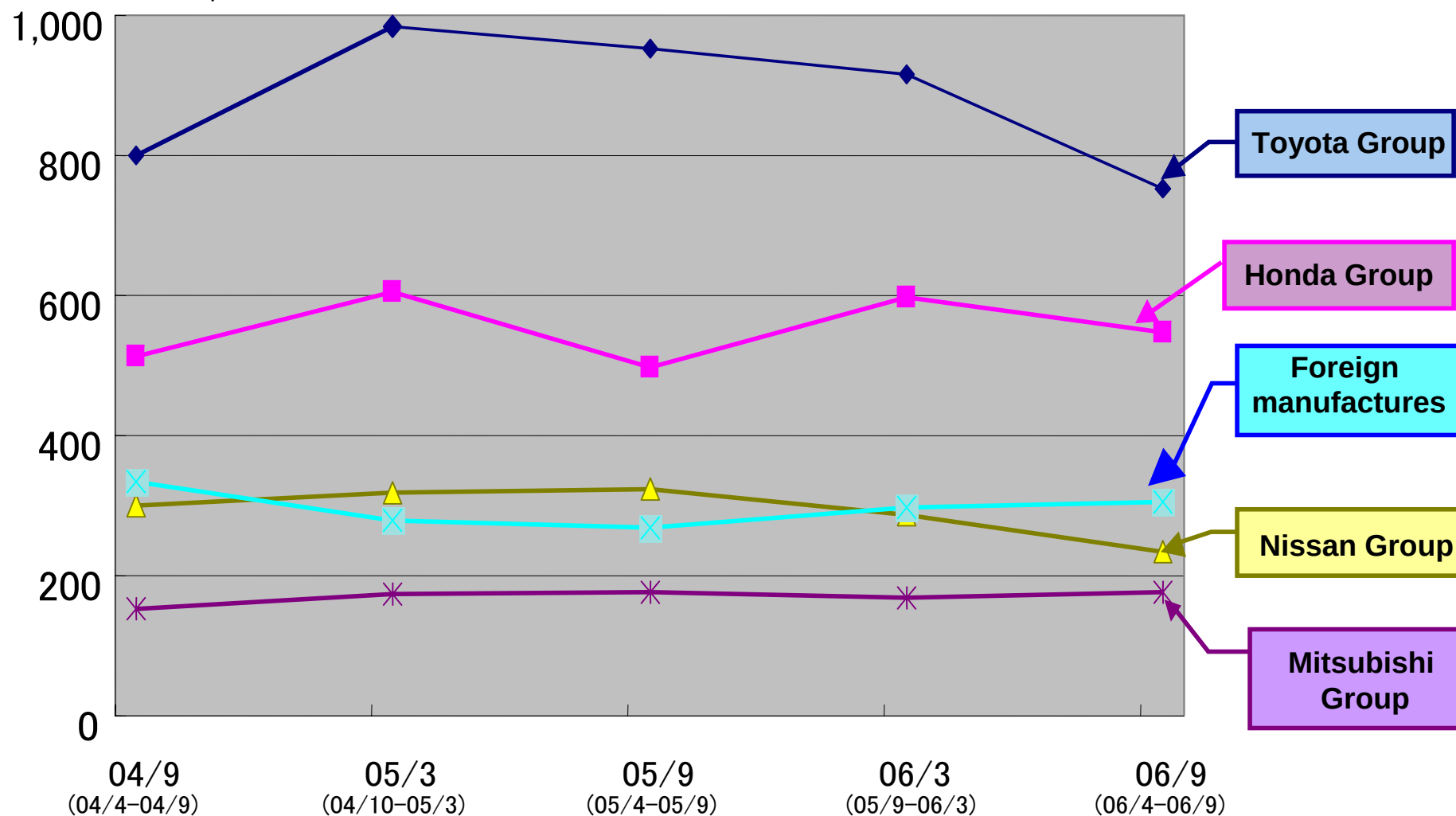
Dies for Japanese car parts manufacturers increased.



Ⅱ. Financial Results For the Six-month Period Ended September 30, 2006 - Die Business Overview -

Non-consolidated

(Millions of Yen)





II . Financial Results For the Six-month Period Ended September 30, 2006 - Components and Filters Business Overview -

■Components Business

➤Assembly

- ✓ Product models of VG turbo charger components increased.
- ✓ VG turbo charger component models for which the design and standard had been changed in the previous term were produced additionally to meet the delivery time.

➤Precision Forged goods

- ✓Business remained unchanged from a year earlier.

■Filters Business

- ✓ The sales forecast was achieved. Delayed order confirmation of filters for oil drilling was offset by growth in filters for food machines, thermal power generation and high performance film manufacturing equipment.
- ✓ Export to the Asian market increased.
- ✓ Total sales decreased compared to the last year which included major temporary projects for the European market. Orders on hand increased dramatically from the last year.



II . Financial Results For the Six-month Period Ended September 30, 2006 - Segment P/L -

Consolidated

Millions of Yen

	05/9			06/9		
	Net Sales	Operating Income	Profit Ratio	Net Sales	Operating Income	Profit Ratio
Dies	3,089	312	10.1%	3,014	261	8.7%
Components	1,626	85	5.2%	2,524	181	7.2%
Filters	491	60	12.3%	467	59	12.8%
Consolidated total	5,207	458	8.8%	6,006	502	8.4%

➤ A domestic sales decline pushed down income.

➤ Driven by sales growth in VG turbo charger components.

➤ Stabilized assembly line of VG turbo charger components

➤ The same level of income was almost secured by the increased sales of high added value products.

* Rounded down to the nearest million yen.



II . Financial Results For the Six-month Period Ended September 30, 2006 - Cost of Sales -

Consolidated

Millions of Yen

	05/9 Results	Percentage	06/9 Results	Percentage
Net Sales	5,207	100.0%	6,006	100.0%
Material cost	1,467	28.2%	1,742	29.0%
Purchase of products	351	6.7%	305	5.1%
Subcontract processing	662	12.7%	814	13.6%
Subsidiary material cost	176	3.4%	181	3.0%
Labor cost	1,074	20.6%	1,047	17.4%
Depreciation	228	4.4%	254	4.2%
Change in inventory	444	8.5%	67	1.1%
Others	409	7.9%	391	6.5%
Cost of sales	3,925	75.4%	4,670	77.8%
Gross income from sales	1,282	24.6%	1,336	22.2%

**Increase in the cost of material
and subcontract processing**

- In line with the growth of VG turbo charger components sales
- The price of die material is stable.

Increase in depreciation

- Due to an increase in capital expenditure

* Rounded down to the nearest million yen.



II . Financial Results For the Six-month Period Ended September 30, 2006 - Sales and General Administrative Expenses -

Consolidated

Millions of Yen

	05/9 Results	Percentage	06/9 Results	Percentage
Net sales	5,207	100.0%	6,006	100.0%
Packaging/Freight	61	1.2%	65	1.1%
Transportation	51	1.0%	54	0.9%
Labor cost	423	8.1%	403	6.7%
Depreciation	45	0.9%	43	0.7%
Rent	31	0.6%	32	0.5%
Others	210	4.0%	233	3.9%
S.G&A expense	823	15.8%	834	13.9%

* Rounded down to the nearest million yen.



II . Financial Results For the Six-month Period Ended September 30, 2006 - B/S:Assets -

Consolidated

Millions of Yen

	05/9 Results	06/9 Results	Change
Cash and Deposit	728	1,274	546
Notes receivable	755	643	△ 111
Accounts receivable	2,065	2,190	124
Inventory	1,338	1,313	△ 24
Others	179	149	△ 29
Allowance for bad debts	△ 36	△ 25	11
Total current assets	5,028	5,545	516
Tangible fixed assets	5,758	5,834	76
Intangible fixed assets	57	54	△ 2
Investment and other assets	365	366	1
Total fixed assets	6,181	6,255	74
Total deffered assets	-	10	10
Total assets	11,209	11,811	601

Increase in cash and deposits

➤ Attributable to sales growth and an increase in capital through a public offering

Increase in tangible fixed assets

➤ Invested approx. 700 million yen since the previous interim period

* Rounded down to the nearest million yen.



II . Financial Results For the Six-month Period Ended September 30, 2006 - B/S: Liabilities and Shareholders' Equity -

Consolidated

Millions of Yen

	05/9 Results	06/9 Results	Change
Accounts payable	623	791	168
Short-term debt	1,921	1,521	△ 399
Accrued income tax	282	233	△ 49
Allowance for bonus payable	242	204	△ 38
Others	477	395	△ 82
Total current liabilities	3,547	3,146	△ 400
Corporate bond	2,060	2,040	△ 20
Long-term debt	874	429	△ 445
Others	59	35	△ 23
Total fixed liabilities	2,994	2,505	△ 488
Total liabilities	6,541	5,652	△ 889
Capital	860	1,426	566
Capital surplus	624	1,189	565
Retained earnings	3,217	3,571	353
Others	△ 33	△ 28	5
Total net assets	4,668	6,159	1,490
Total liabilities and net assets	11,209	11,811	601

Decrease in short-term loans

➤ Due to an increase of capital

Decrease in long-term loans

➤ Due to scheduled payment
➤ No new loans.

Increase in shareholder's equity and capital surplus

➤ A capital increase of 1 million shares through a public offering in July
Ref: Shares issued: 9,042,800 shares (as of September 30)

* Rounded down to the nearest million yen.



II . Financial Results For the Six-month Period Ended September 30, 2006 - Cash Flows (CF) -

Consolidated

Millions of Yen

	05/9	06/9	Change
Cash flows from operating activities	63	854	791
Cash flows from investment activities	△ 468	△ 313	155
Cash flows from financing activities	291	△ 2	△ 293
Amount of decrease in cash and cash equivalents	△ 132	538	671
Cash and cash equivalents balance at beginning of year	410	385	△ 24
Cash and cash equivalents balance at end of year	278	924	646
FCF	△ 404	542	947

Cash Flows from Operating Activities

➤ Substantial increase in inventories in the previous year.

➤ Financed by a capital increase through a public offering.

* Rounded down to the nearest million yen.

Ⅲ . Forecast for the Year Ending March 31, 2007



III. Forecast for the Year Ending March 31, 2007 — Segment Net Sales —

Consolidated

Millions of Yen

	06/9 Plan	06/9 Results	06/3 Results	07/3 Plan	07/3 Forecast
Domestic	2,781	2,428	5,353	5,510	5,150
Overseas	419	408	759	890	890
NAC	297	337	498	600	618
Consolidated elimir	(178)	(159)	(375)	(350)	(308)
Dies	3,319	3,014	6,235	6,650	6,350
(products)	(95)	(84)	(190)	(182)	(102)
Components	2,020	2,524	3,645	4,000	4,600
Filters	470	467	914	1,000	1,050
Consolidated	5,809	6,006	10,795	11,650	12,000

*Rounded down to the nearest million yen. Growth rate is the comparison with the previous year.

NFC stands for Nichidai Filter Corporation; NAC stands for NICHIDAI AMERICA CORPORATION.



III. Forecast for the Year Ending March 31, 2007

— The Outlook for the second half of the fiscal year ~DIE Business—

Challenge for the year ending March 31, 2007

➤ JAPAN

Response to Japanese automobile parts manufacturers who continuously beef up overseas production

➤ Thailand and India

Meeting the cost reduction demand rising from shift to local procurement

➤ China and South Korea

Strengthening of sales activity to local users

➤ North America

Establishment of a profit-making structure on the full-year base

Strengthening of sales activity with a focus on Japanese manufacturers

➤ Strengthening of Research & Development Activities

Outlook for the second half of the fiscal year

- Secure orders for new car parts development projects which are expected to increase in the second half of the year

- Complete die life measures in response to demands for cost reduction.

- Strengthening of sales activity in India

- Continue with the follow-up of sales to local manufacturers

- Continue to approach Japanese manufacturers.

- Maintain Nichidai America's profitability throughout the whole financial year.

- Develop a steel plate molding method by plate thickening.



III. Forecast for the Year Ending March 31, 2007 — The Outlook for the second half of the fiscal year ~Components and Filters Business —

Challenge for the year ending March 31, 2007

■ Components Business

➤ Assembly

- ✓ Response to the expansion of production models and volume.
- ✓ Intensification of quality control and production control structures
- ✓ Strengthening of collaboration with turbo charger manufactures
- ✓ Appropriate control of material and stock meeting stepped-up production

➤ Precision Forged goods

- ✓ Strengthening of collaboration

Outlook for the second half of the fiscal year

- VG turbo charger components order to meet the delivery time in the first half completed, and thus sales are likely to return to normal in the second half.
- Intensified quality and production control structures will advance stabilization of the assembly line and optimization of component stock.
- Support the development of the die business

■ Filters Business

- ✓ Achievement of net sales of 1 billion yen
- ✓ Expansion of repeated order from automobile-related and other industries.

- Sales growth is expected in filters for oil drilling and high performance film manufacturing equipment and exports to the Asian market.



III. Forecast for the Year Ending March 31, 2007

— P/L: Sales and Profit —

Consolidated

Millions of Yen

		05/9 Results 05/4-05/9	06/9 Plan 06/4-06/9	06/9 Results 06/4-06/9	06/3 Results 05/4-06/3	07/3 Plan 06/4-07/3	07/3 Forecast 06/4-07/3
Parent	Net sales	4,604	5,220	5,361	9,758	10,400	10,640
	Ordinary income	458	491	395	803	1,000	940
N F C	Net sales	491	470	467	914	1,000	1,050
	Ordinary income	58	46	58	119	100	131
N A C	Net sales	189	297	337	498	600	618
	Ordinary income	△ 97	6	3	△ 92	20	3
Consolidated	Net sales	5,207	5,809	6,006	10,795	11,650	12,000
	Gross income from sales	1,282	1,445	1,336	2,498	2,926	2,852
	S.G&A. Expence	823	866	834	1,612	1,712	1,707
	Ordinary income	458	579	502	885	1,214	1,145
	Non-operating income	△ 37	△ 36	△ 40	△ 82	△ 94	△ 95
	Ordinary income	421	543	461	802	1,120	1,050
	Net income	156	327	266	369	667	610

* Rounded down to the nearest million yen. NFC stands for Nichidai Filter Corporation; NAC stands for NICHIDAI AMERICA CORPORATION.

Thank you very much for the time
you've given us today.

The Best partner in "Net-Shape"

NICHIDAI

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