



The Financial Statement Briefing For Q2 of the Year Ending March 31, 2010

November 9, 2009

JASDAQ: 6467

NICHIDAI CORPORATION

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

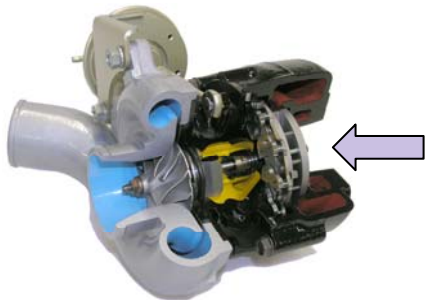
Business Introduction

- ✓ Lamination sintered wire mesh filters used in a variety of industries, such as petrochemical, pharmaceutical, food, aerospace science

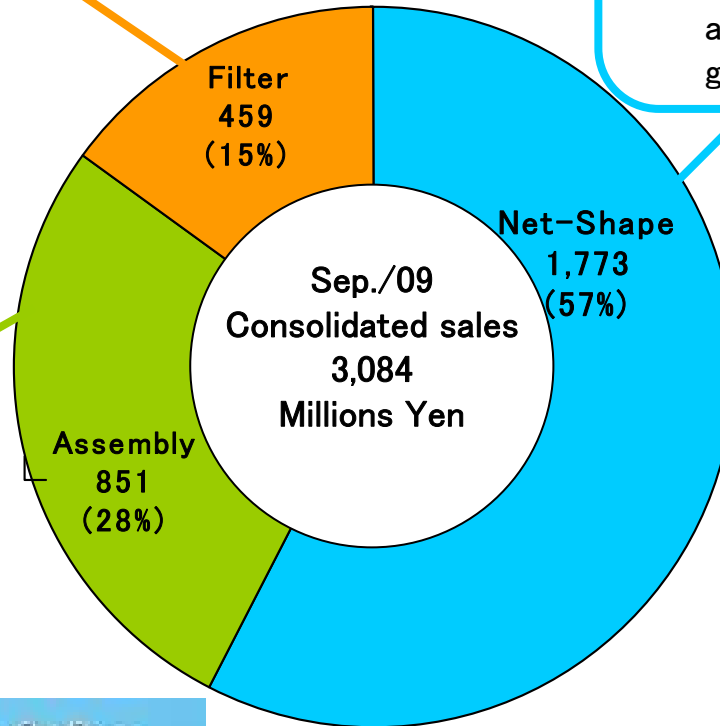


Lamination sintered wire mesh filters

- ✓ VG turbocharger parts assembly for diesel engine



VG turbo charger parts



- ✓ Precision forging dies used for manufacturing automobile parts, such as engine, transmission and driving mechanisms
- ✓ Precision-forged goods such as automobile parts and scroll forged good



Precision forging dies



Precision-forged Goods

Ⅱ .Interim Results for the Year Ending March 2010

II .Interim Results for the Year Ending March 2010 –P/L: Sales and Profit–

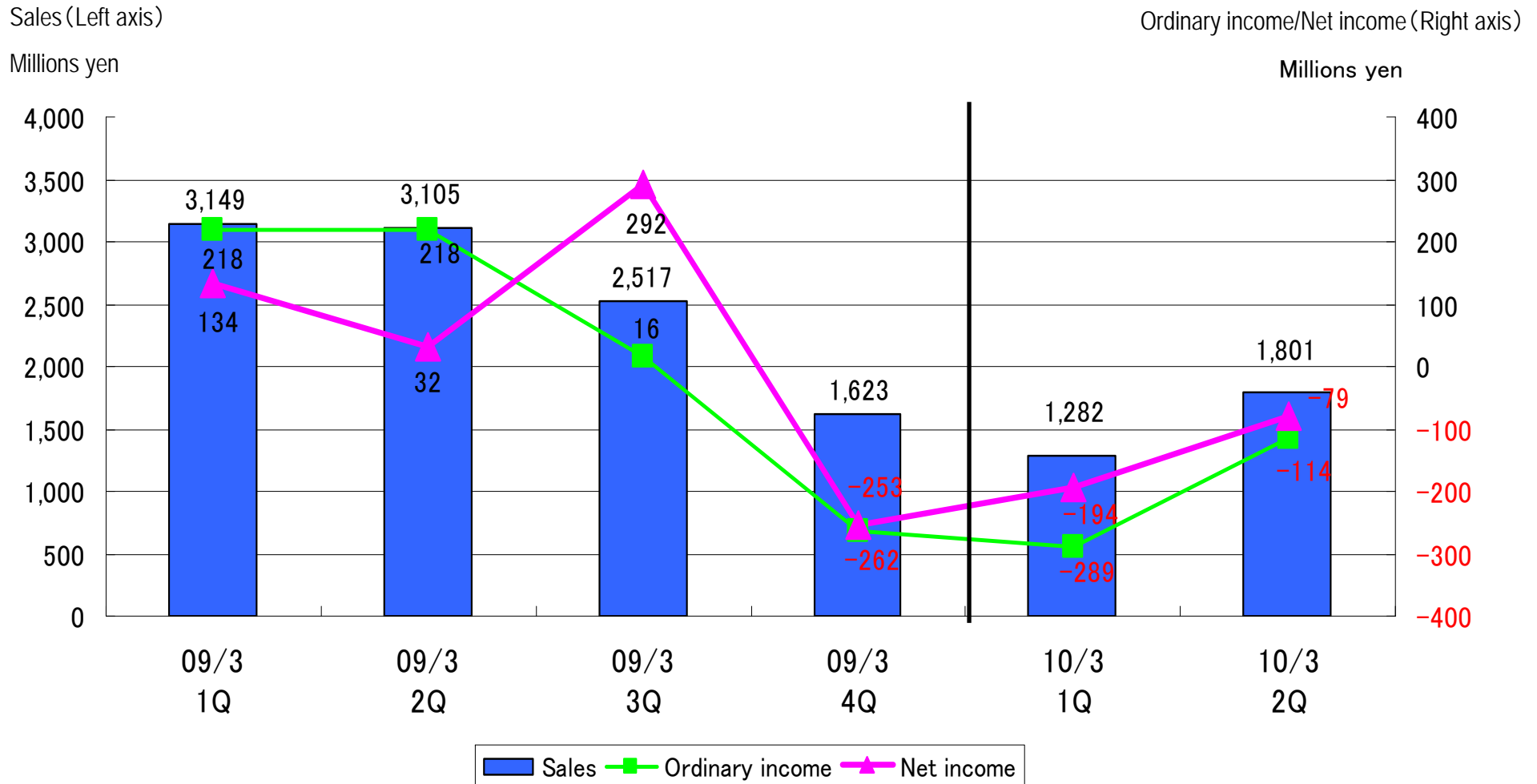
Millions of Yen

		09/3 1st Half Results 08/4–08/9	09/3 2nd Half Results 08/10–09/3	10/3 1st Half Plan 09/4–09/9	10/3 1st Half Results 09/4–09/9	Year-on- year Growth
Non- consolidat ed	Net sales	3,675	2,229	1,660	1,773	△ 51.8%
	Gross income from sales	974	335	80	119	△ 87.8%
	S.G. & A. expense	617	514	480	437	△ 29.1%
	Operating income	356	△ 179	△ 400	△ 318	–
	Non-operating income	△ 19	△ 68	△ 50	△ 7	–
	Ordinary income	337	△ 247	△ 450	△ 325	–
	Net income	63	110	△ 270	△ 200	–
Consolidat ed	Net sales	6,254	4,140	3,100	3,084	△ 50.7%
	Gross income from sales	1,368	630	230	241	△ 82.4%
	S.G. & A. expense	902	781	715	653	△ 27.6%
	Operating income	466	△ 150	△ 485	△ 412	–
	Non-operating income	△ 29	△ 95	△ 55	9	–
	Ordinary income	437	△ 246	△ 540	△ 403	–
	Net income	166	38	△ 360	△ 274	–

* Rounded down to the nearest million yen.

Entering 2Q of FY March 2010, both sales and profits turned into recovery.

Remaining at a low level compared to a year ago, the results are not in a full-fledged recovery yet.



II .Interim Results for the Year Ending March 2010 –Segment Net Sales–

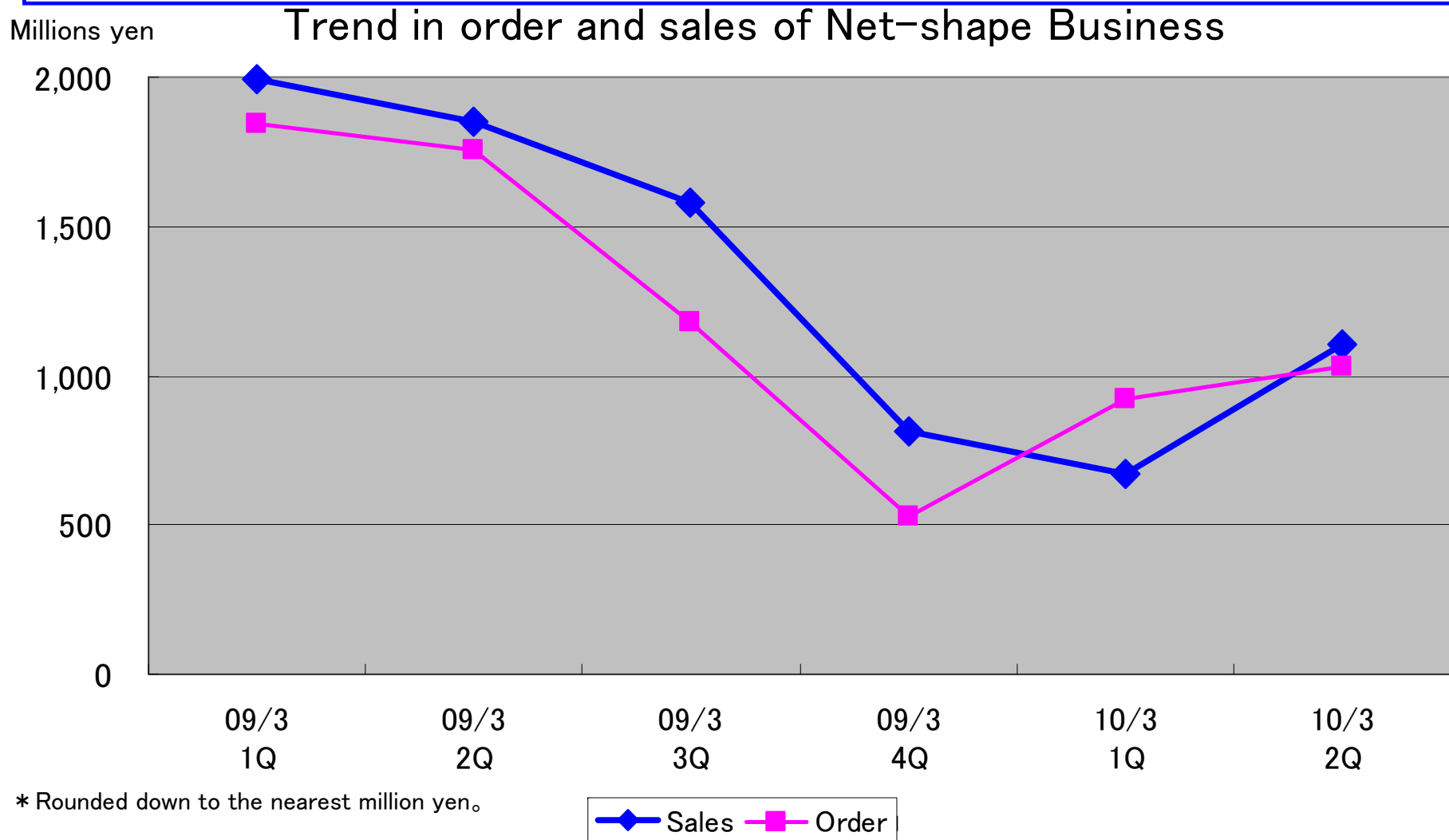
Consolidated		Millions yen		
Business	Sep./08 Results	Sep./09 Plan	Sep./09 Results	Year-on-year Growth
Net-Shape	3,844	1,660	1,773	△ 53.9%
Assembly	1,725	900	851	△ 50.7%
Filter	684	540	459	△ 32.9%
Consolidated total	6,254	3,100	3,084	△ 50.7%

➤ Affected by the worsening automobile industry climate, sales declined substantially.

➤ The worsening economy has started to affect the Filter Business, too, in Japan and overseas.

➤ Slower-than-expected recovery of the oil development market, in particular, pushed down overseas sales well below the plan.

- In tandem with the upward trend of the Japanese automobile industry, sales turned around after hitting a cyclical bottom at 1Q of FY March 2010.
- After 2Q, favorable effects of increased car production units are seen in Japan.





II. Interim Results for the Year Ending March 2010

– Overview of the Net Shape Business–Sales by Region

Consolidated	Millions yen		
	Sep./08 Results	Sep./09 Results	Growth Rate
Domestic	2,646	1,176	△ 55.5%
Overseas total	556	341	△ 38.6%
Asia	296	302	2.0%
North America	245	31	△ 87.1%
Others	14	7	△ 49.6%
Forging Dies	3,202	1,517	△ 52.6%
Precision-forged goods	641	255	△ 60.3%
Net-ShapeBusiness total	3,844	1,773	△ 53.9%

■ Japan

- Increased car sales thanks to the tax cuts for eco-car after 2Q are reflected.
- Dies exported to emerging nations are also increasing after 2Q.

■ Asia

- Sales of die sets for newly developed products for China and Korea were posted in 2Q.

■ North America

- Sales fell sharply due to the withdrawal of NICHIDAI AMERICA.

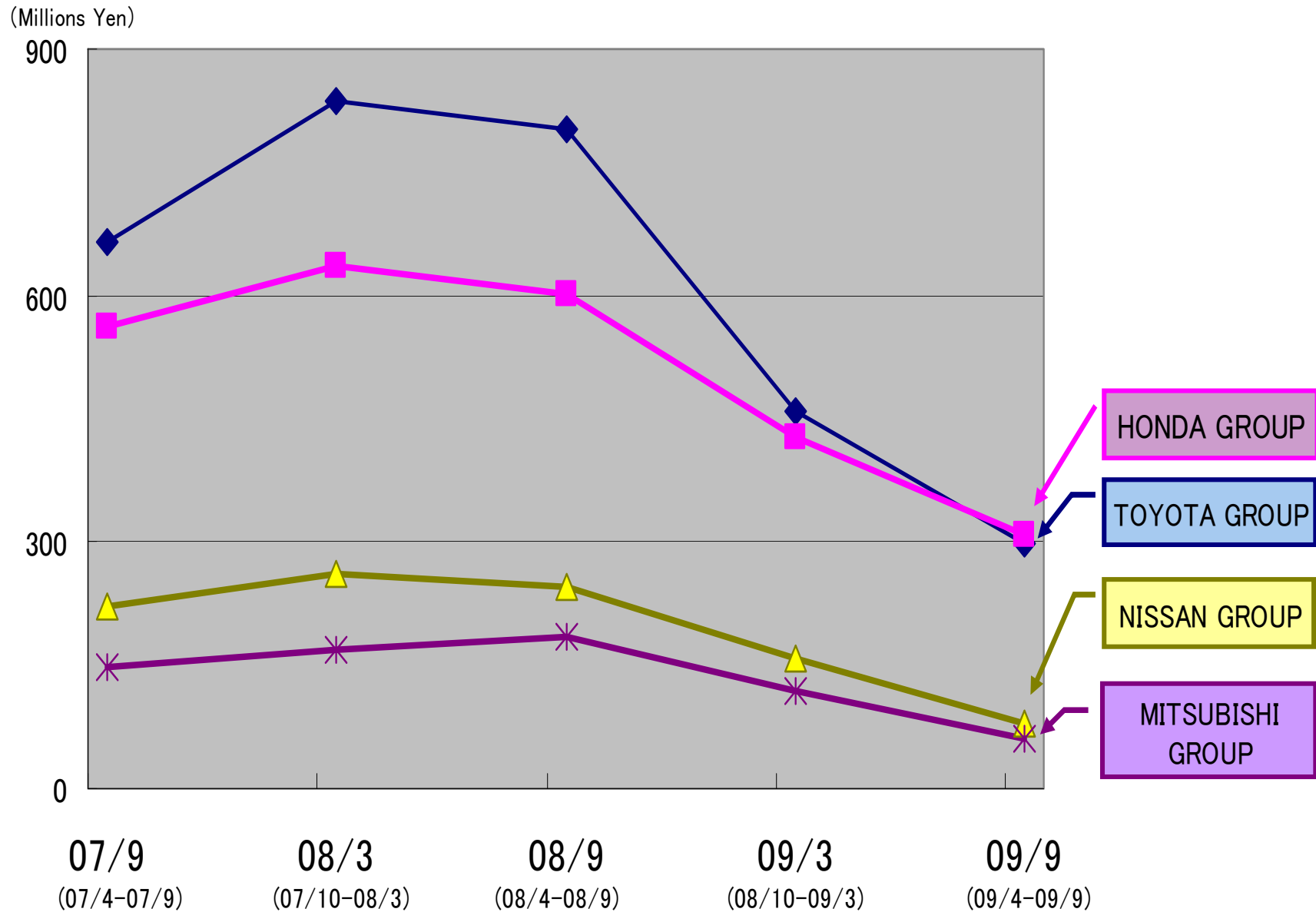
■ Precision-forged Goods

- Similarly with the dies, sales were adversely affected by the worsening automobile industry climate.
- After 2Q, production of both scrolls and contract manufacturing goods are increasing.

* Rounded down to the nearest million yen.

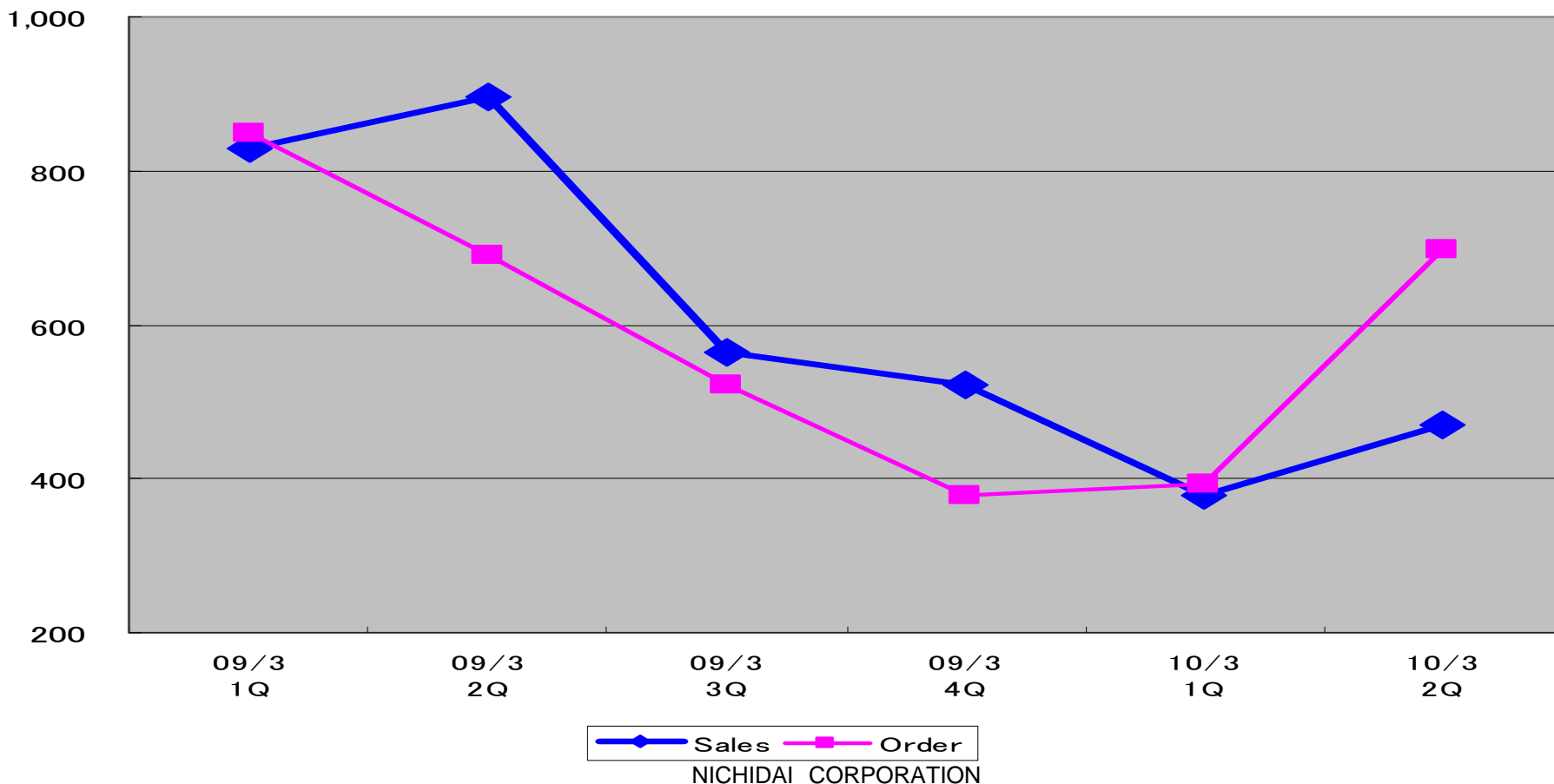
II. Interim Results for the Year Ending March 2010

- Overview of the Net Shape Business-Trend in Sales by Customer

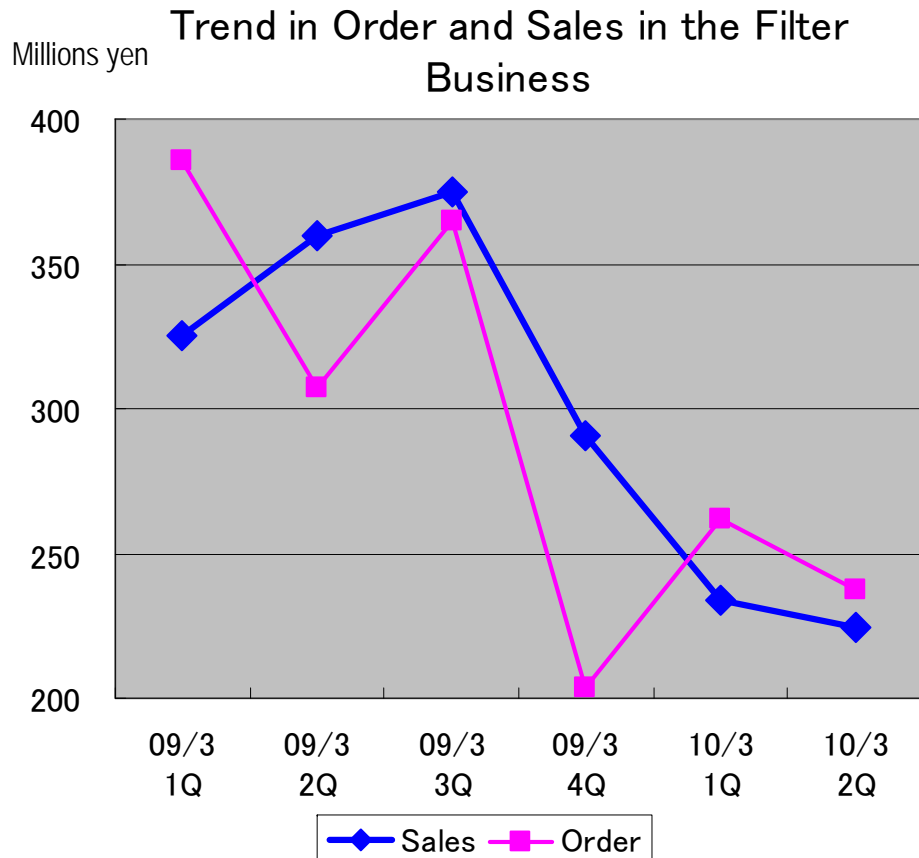


- Both sales and orders declined drastically from a year ago, affected by the sluggish European automobile market, or a primary client industry of VG turbocharger parts.
- Entering 2Q, the results improved from 1Q, backed by the recovery of orders for some models after the completion of inventory adjustment.

Millions yen **Trend in order and sales of Assembly Business**



- The results were affected by a plunge in capital investment in the Japanese market amid economic deterioration
- Delayed recovery of the oil development market kept the operating rate of TSM at a low level and pushed down overseas sales.



Filter business
 Change in Domestic/Overseas Sales

Millions yen

	08/9 Results	09/9 Results	Growth Rate
Domestic	445	349	△ 21.6%
Overseas	239	110	△ 53.9%
Total	684	459	△ 32.9%

II .Interim Results for the Year Ending March 2010– Segment P/L

Millions yen

	Sep./08			Sep./09		
	Netsales	Operating income	Profit ratio	Netsales	Operating income	Profit ratio
Net-Shape	3,844	336	8.8%	1,773	△ 320	△ 18.1%
Assembly	1,725	93	5.4%	851	△ 86	△ 10.1%
Filter	684	35	5.2%	459	△ 5	△ 1.3%
Consolidated Total	6,254	466	7.5%	3,084	△ 412	△ 13.4%

➤ Loss was recorded due to a decline in sales.
 ➤ Sales recovery after 2Q significantly cut deficits in the same period.

➤ Loss was recorded due to a decline in sales.
 ➤ Start-up cost of NDT was one of the decrease factors.

➤ Despite some profits generated in Japan, loss was recorded due to the continuous low operating rate at TSM.

II .Interim Results for the Year Ending March 2010 – Cost of Sales–

	Sep./08		Sep./09	
	Results	Ratio	Results	Ratio
Net sales	6,254	100.0%	3,084	100.0%
Material cost	1,675	26.8%	866	28.1%
Purchase of products	327	5.2%	159	5.2%
Subcontract processing	741	11.9%	321	10.4%
Subsidiary material cost	224	3.6%	120	3.9%
Labour cost	1,092	17.5%	826	26.8%
Depreciation	261	4.2%	220	7.2%
Change in inventory	△ 154	△ 2.5%	△ 56	△ 1.8%
Others	408	6.5%	271	8.8%
Cost of Sales	4,886	78.1%	2,842	92.2%
Gross income from sales	1,368	21.9%	241	7.8%

Decrease in material cost, subcontract processing and subsidiary material cost

➤ Due to the sales decline

Decrease in labor cost

➤ Management allowance cut
 ➤ Decrease in overtime pay
 ➤ Decrease in temporary employees

Decrease in depreciation

➤ Attributable to reduced capital investment

Decrease in others

➤ Attributable to various cost-cutting measures

* Rounded down to the nearest million yen

II .Interim Results for the Year Ending March 2010 – SG & A Expenses –

Consolidated

Millions yen

	Sep./08	Ratio	Sep./09	Ratio
	Results		Results	
Net sales	6,254	100.0%	3,084	100.0%
Packaging/Freight	64	1.0%	33	1.1%
Transportation	62	1.0%	41	1.3%
Labor cost	446	7.1%	336	10.9%
Depreciation	48	0.8%	43	1.4%
Rent	26	0.4%	20	0.7%
Others	252	4.0%	178	5.8%
SG & A Expenses	902	14.4%	653	21.2%

Decrease in labor cost

- Management allowance cut
- Decrease in overtime pay
- Decrease in temporary employees

* Rounded down to the nearest million yen

Consolidated

Millions yen

	Sep./08 Results	March/09 Results	Sep./09 Results	Change
Cash and deposit	1,550	1,670	1,947	277
Notes receivable	470	728	429	△ 298
Accounts receivable	3,121	1,361	1,346	△ 14
Inventory	1,361	1,146	1,048	△ 98
Others	144	500	119	△ 381
Allowance for bad debts	△ 6	△ 3	△ 5	△ 1
Total current assets	6,642	5,404	4,886	△ 517
Tangible fixed assets	5,760	5,282	5,372	89
Intangible fixed assets	38	31	41	10
Investment and other assets	245	795	954	158
Total fixed assets	6,044	6,110	6,368	258
Total deferred assets	13	8	4	△ 3
Total assets	12,699	11,522	11,260	△ 262

Decrease in others of current assets

➤ 09/3 results include accounts due from interim corporate tax payment return and transfer of NICHIDAI AMERICA and others.

Increase in investment and other assets

➤ Due to an increase in deferred assets

* Rounded down to the nearest million yen

II .Interim Results for the Year Ending March 2010 – B/S: Liabilities and Net Assets –

Consolidated

Millions yen

	Sep./08 Results	March/09 Results	Sep./09 Results	Change
Accounts payable	643	231	324	93
Short-term debt	1,857	1,228	1,370	141
Accrued income tax	232	56	9	△ 47
Allowance for bonus payable	184	111	130	19
Others	510	420	353	△ 66
Total current liabilities	3,428	2,047	2,188	140
Corporate bond	1,000	1,000	1,000	0
Long-term debt	1,415	1,525	1,325	△ 199
Others	110	101	108	6
Total fixed liabilities	2,525	2,626	2,433	△ 193
Total liabilities	5,953	4,674	4,621	△ 52
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	4,111	4,078	3,803	△ 274
Minority interest	87	257	275	18
Others	△ 75	△ 110	△ 64	46
Total net assets	6,746	6,848	6,638	△ 209
Total liabilities and net assets	12,699	11,522	11,260	△ 262

* Rounded down to the nearest million yen

II .Interim Results for the Year Ending March 2010 – Cash Flows (CF) –

Consolidated	Millions yen		
	08/9	09/9	Change
Cash flows from operating activities	△ 44	518	563
Cash flows from investing activities	△ 384	△ 159	225
Cash flows from financing activities	1,007	△ 100	△ 1,108
Amount of increase in cash and cash equivalents	542	277	△ 264
Cash and cash equivalents balance at beginning of term	658	1,320	661
Cash and cash equivalents balance at end of term	1,200	1,597	397
FCF	△ 428	359	788

Increase in cash flows from operating activities

Decrease in accounts receivable and inventory.

Increase in cash flows from investing activities

➤ Includes income from the sale of NICHIDAI AMERICA stocks.

Ⅲ. Full-Year Forecast for the Year Ending March 31, 2010

Ⅲ.Full-Year Forecast for the Year Ending March 31, 2010 —P/L: Sales and Profit

Millions yen

		10/3 1st Half Plan 09/4-09/9	10/3 1st Half Results 09/4-09/9	09/3 Full year Results 08/4-09/3	10/3 Full year Plan 09/4-10/3	Year-on- year Growth
Non- consolidat ed	Net sales	1,660	1,773	5,904	4,000	△ 32.3%
	Gross income from sales	80	119	1,310	540	△ 58.8%
	S.G. & A. expense	480	437	1,132	1,000	△ 11.7%
	Operating income	△ 400	△ 318	177	△ 460	—
	Non-operating income	△ 50	△ 7	△ 87	△ 100	—
	Ordinary income	△ 450	△ 325	89	△ 560	—
	Net income	△ 270	△ 200	173	△ 345	—
Consolidat ed	Net sales	3,100	3,084	10,394	7,500	△ 27.8%
	Gross income from sales	230	241	1,999	980	△ 51.0%
	S.G. & A. expense	715	653	1,683	1,470	△ 12.7%
	Operating income	△ 485	△ 412	315	△ 490	—
	Non-operating income	△ 55	9	△ 124	△ 120	—
	Ordinary income	△ 540	△ 403	190	△ 610	—
	Net income	△ 360	△ 274	205	△ 400	—



III. Full-Year Forecast for the Year Ending March 31, 2010 — Segment Net Sales —

Consolidated

Millions yen

Business	Sep./09 Plan 09/4-09/9	Sep./09 Results 09/4-09/9	March/09 Results 08/4-09/3	March/10 Plan 09/4-10/3	Year-on- year Growth
Net-Shape	1,660	1,773	6,232	4,000	△ 35.8%
Assembly	900	851	2,811	2,280	△ 18.9%
Filter	540	459	1,350	1,220	△ 9.7%
Consolidated total	3,100	3,084	10,394	7,500	△ 27.8%

* Rounded down to the nearest million yen

NICHIDAI CORPORATION

	<i>Challenge</i>	<i>Progress Situation</i>
✓Sales	<ul style="list-style-type: none"> ▪ Reinforce capability to explorer customer information By understanding the development movement with environment-related products of auto parts manufacturers, make the system to grasp future needs. 	<ul style="list-style-type: none"> ▪ Start information collection on motor parts related to hybrid, electric vehicles, etc.
✓Production	<ul style="list-style-type: none"> ▪ Reinforce production engineering In declined the capacity utilization rate, aiming for shortening deliver times and cost reductions by radical reform of production. ▪ Advancement of production “Visualization” By continuing the “Manufacturing Reform Project” activities we did in the previous year and advancing the production “Visualization”, aiming for shortening deliver times 	<ul style="list-style-type: none"> ▪ Review production line. ▪ Implement cost reduction and delivery time shortening measures by reviewing EDM processing and other processing methods. ▪ Utilize production control board at each shop.
✓Technology	<ul style="list-style-type: none"> ▪ Reinforce development capability Start an approach to develop technology and product which can build house brands Build the research and development team. 	<ul style="list-style-type: none"> ▪ Promote new development projects at Special Sales Division. Develop new enclosed forging system. (Realization of price reduction) Establish new forging system.

	<i>Challenge</i>	<i>Progress Situation</i>
✓Asia	<ul style="list-style-type: none"> ▪Exploit Asia market Aiming for exploitation of Asia markets including China, India other than Thailand by using NICHIDAI ASIA CO.,Ltd.(NDA) sales base in Thailand. 	<ul style="list-style-type: none"> • Conduct market research on Japanese manufacturers operating in the Asia region (China, India, etc.) in the 1st half year. • Expand sales to Japanese Manufacturers in the Asia region toward the 2nd half year.
✓North America	<ul style="list-style-type: none"> ▪Set up special sales division Support precision forging for manufacturing large-sized car parts of American parts manufacturers. 	<ul style="list-style-type: none"> • In the 1st half year, preparation for large-size car parts of Special Sales Division was delayed, falling below the plan. • Prepare for mass production of precision-forged goods from the 2nd half year.

Challenge

NPC (NICHIDAI PRECISION CORPORATION)

▪ **Lowering cost ratio**

Reduce cost by building project team to drive VA•VE

▪ **Exploit new business**

Development next-generation products for the gasoline turbo.

NDT (NICHIDAI(THAILAND)LTD.)

▪ Aiming for full-scale at the factory within this year.

▪ Planning for the full-scale of minimum cost under the consideration of severe economic situation

Progress Situation

- Implement inventory reduction and cost cutting measures by selecting new suppliers and reviewing procurement procedure.
- Cost cutting measures will be continued into the 2nd half year.

- Prototype of gasoline turbo parts is under development.

- NDT is ready for end user audit.
- Push forward with measures to handle mass production within the current financial year in collaboration with NPC.

<i>Challenge</i>	<i>Progress Situation</i>
<p>➤ NFC (NICHIDAI FILTER CORPORATION) Exploit new markets and products</p> <ul style="list-style-type: none"> ▪ Exploit new fields to cover declining current demand <p>Multiple use of the the sintering furnace</p> <ul style="list-style-type: none"> ▪ We will look for new use of sintering furnace for processing materials other than stainless steels. <p>➤ TSM (THAI SINTERED MESH CO.,LTD.)</p> <ul style="list-style-type: none"> ▪ Demand for oil drilling filters also will be stagnant due to the global recession in the first half year. ▪ Production of oil drilling filters will increase from the second half year. 	<ul style="list-style-type: none"> ▪ In the 1st half year, healthcare business, which was newly developed in the previous term, grew to cover a decline in sales of existing products. ▪ Create new business area other than healthcare products after the 2nd half year. <ul style="list-style-type: none"> ▪ Recovery of the oil drilling filter market after the 2nd half year is expected. ▪ Explore the usage of thermal treatment other than stainless steel sintering, and aim to improve operating rate.

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
FY2009	8.00	0.00	8.00
FY2010(Forecast)	0.00	0.00(Forecast)	0.00(Forecast)

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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Reference : Business Introduction

NICHIDAI CORPORATION

Non-Consolidated

Products/Technologies

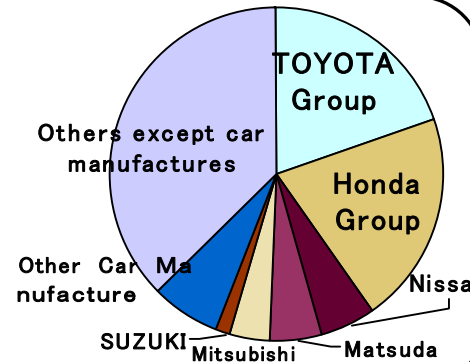
- ✓ Development and manufacturing of precision forging dies and manufacturing of precision-forged goods, with the net-shape technology for forging parts without cutting as its core
- ✓ Precision forging dies account for 85% of the total sales of the Net-Shape Business.



Precision forging dies

Customer

- ✓ About 70% of the total sales of the Net-Shape Business are related to the automobile industry.
- ✓ Precision forging dies are sold to all the car manufacturing groups, not to particular customers.



Overseas bases

NICHIDAI ASIA (NDA)

- ✓ A die sales base located in Thailand

NICHIDAI USA (NUC)

- ✓ A die sales base located in the Ohio State, USA

Other

- ✓ Total engineering capability ranging from die development, offering of peripheral technologies to parts manufacturing, as well as die manufacturing, is the Company's competitive edge.



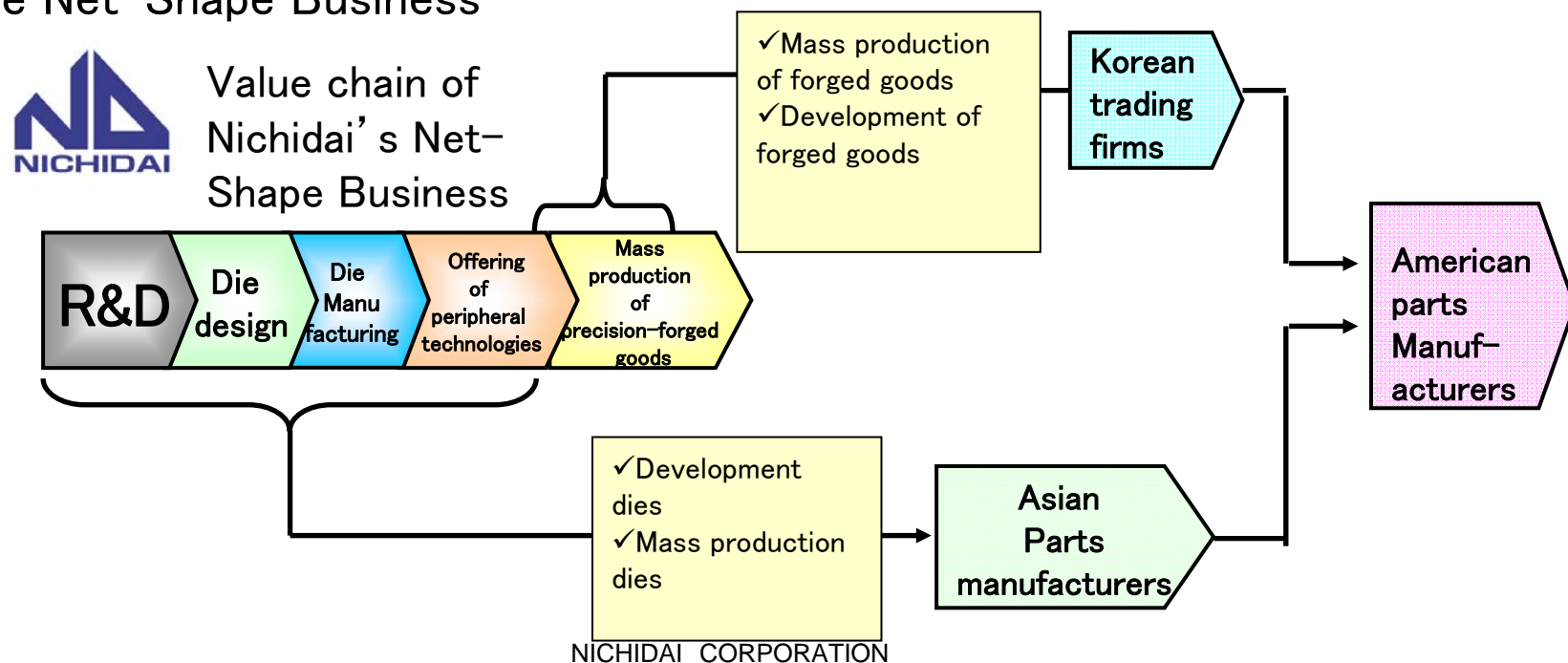
Value chain

Mission

- ✓ Supporting adoption of the net-shape technology to large-size car parts production for American automobile parts manufacturers, and creating demand.

Special Sales Division's business model

- ✓ A business model for delivery of precision forging dies through Asian parts manufacturers as well as development and mass production of precision-forged goods, by fully utilizing total engineering capability of the Net-Shape Business



NICHIDAI PRECISION CORPORATION (NPC)

Products/Technologies

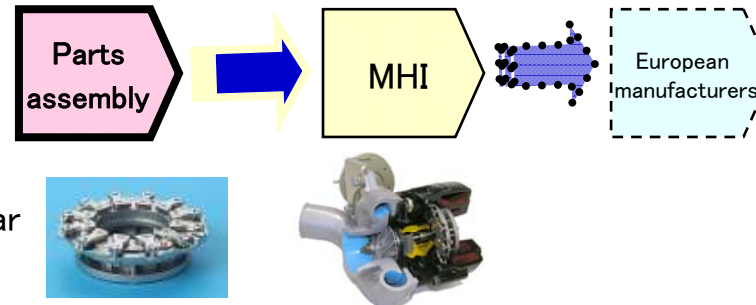
- ✓ Assembling VG turbocharger parts for diesel engine VG
- ✓ VG turbochargers contribute to the reduction of toxic substances, such as PM and NOx.



VG turbocharger part

Customer

- ✓ Delivers 100% to Mitsubishi Heavy Industries (MHI)
- ✓ European finished car manufacturers are major end users.



Others

- ✓ About a half of new European passenger cars are with diesel engine.
- ✓ VG turbochargers are mounted on environmental regulation-compliant clean diesel cars.

Overseas base

NICHIDAI (THAILAND) LTD. (NDT)

- ✓ A VG turbocharger parts manufacturing base located in Thailand
- ✓ A joint venture of NPC and Mitsubishi Turbocharger Asia Co., Ltd.



NICHIDAI FILTER CORPORATION (NFC)

Products/Technologies

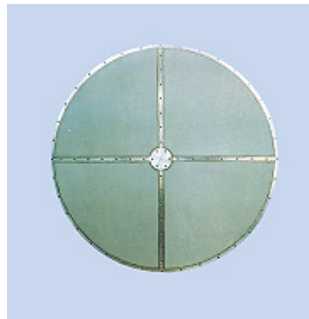
- ✓ Manufacturing, development and sales of sintered multi-layer stainless steel wire mesh filters
- ✓ Characterized by excellent properties in heat resistance and mechanical strength.

Customer

- ✓ Delivers products to a variety of industries, such as food, pharmaceutical, nuclear power and aerospace.



Food



Pharmaceutical



Oil



Lamination sintered wire mesh filters

Overseas base

THAI SINTERED MESH CO., LTD. (TSM)

- ✓ A manufacturing base of oil drilling filters located in Chiangmai, Thailand
- ✓ A joint venture with Kansai Wire Netting Co., Ltd.

