



# The Financial Statement Briefing For the Year Ended March 31, 2009

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May 11, 2009

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 ASIA CO., Ltd. (NDA)

- ◆ Sales base of dies established in Thailand.

### NICHIDAI USA CORPORATION (NUC)

- ◆ After we transferred NAC, sales bases of dies established in Ohio of North America as of April 1 2009.

## Assembly Business

### NICHIDAI PRECISION CORPORATION (NPC)

- ◆ Assembly VG turbo charger parts for diesel engine.



VG turbo charger parts

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

- ◆ Factory completed in the suburbs Bangkok, Thailand. Operation will start by the end of this 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 the Year Ended March 31, 2009

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# I . Financial Results for the Year Ended March 31, 2009

## -P/L: Sales and Profit

Millions of Yen

		08/3 Results 07/4-08/3	09/3 Results 08/4-09/3	Growth Rate
Non- consolidated	<u>Net sales</u>	—	5,904	—
	Gross income from sales	—	1,310	—
	<u>S.G. &amp; A. expense</u>	—	1,132	—
	Operating income	—	177	—
	<u>Non-operating income</u>	—	△ 87	—
	<u>Ordinary income</u>	—	89	—
	<u>Net income</u>	—	173	—
Consolidated	<u>Net sales</u>	12,577	10,394	△ 17.4%
	Gross income from sales	3,051	1,999	△ 34.5%
	<u>S.G. &amp; A. expense</u>	1,845	1,683	△ 8.8%
	Operating income	1,205	315	△ 73.9%
	<u>Non-operating income</u>	△ 132	△ 124	—
	<u>Ordinary income</u>	1,073	190	△ 82.2%
<u>Net income</u>	422	205	△ 51.3%	

\* Rounded down to the nearest million yen. Non-consolidated results of the previous period are not included because of Assembly Division was spin-off as of April 1, 2009.

## - Influence of issues involved in NAC

	Millions of Yen
Ordinary Income	190
Extraordinary Income	30
Loss on liquidation of Subsidiary	172
Loss on sales of Stock for Subsidiary	177
Impairment Loss	81
Others	51
Extraordinary Loss	483
Loss before taxation	<b>△ 262</b>
Income taxes-current	60
Income taxes-deferred	<b>△ 537</b>
Income taxes	<b>△ 476</b>
Minority Interest in Net Income	8
Net Income	205

### About the sale of NICHIDAI AMERICA CORPORATION (NAC)

Concluded transfer contract of our  
U.S. subsidiary NAC  
Transfer date: March.19, 2009  
Transferee NARE CORPORATION  
(Korea/Machine trading company)  
Transfer Price 150million US dollar  
(144 million yen)

399 million yen of extraordinary loss  
posted from NAC affairs

Tax-effect accounting was applied to the  
operating loss for taxes purpose, allowing  
us to post deffered tax assets.

# I . Financial Results for the Year Ended March 31, 2009

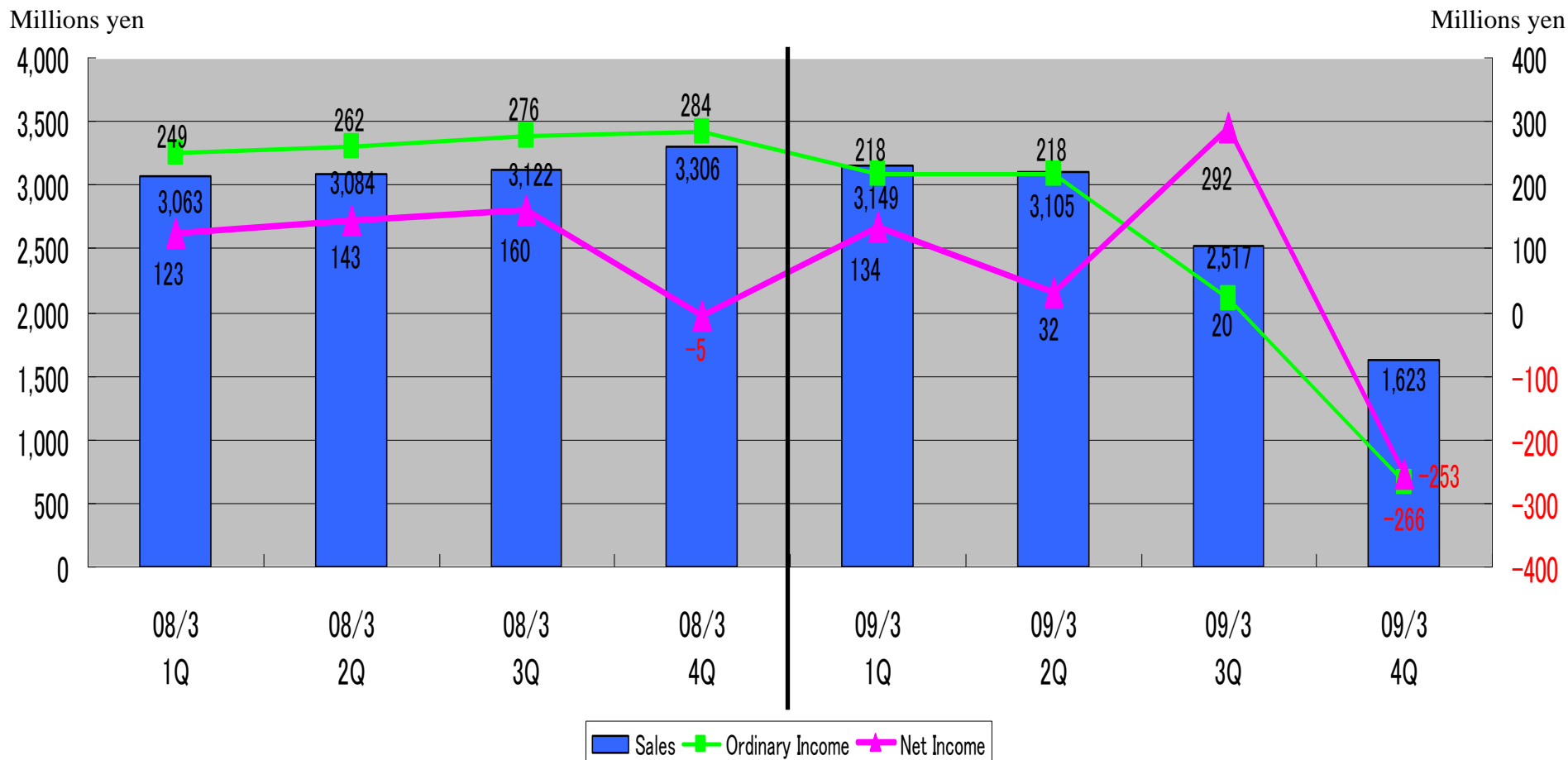
## - Trend in operating results on quarter basis

Performance declined due to the worsening economy from the third quarter for FY2009.

Sales on the fourth quarter was down 50.9% YOY.

Sales (Left axis)

Ordinary Income • Net income (Right Axis)



# I . Financial Results for the Year Ended March 31, 2009

## - Segment Net Sales

Consolidated

Millions of Yen

Business	08/3 Results	09/3 Results	Growth Rate
Net-Shape	7,548	6,232	△ 17.4%
Assembly	3,809	2,811	△ 26.2%
Filter	1,219	1,350	10.7%
Consolidated Total	12,577	10,394	△ 17.4%

➤ Sales of the Forging Die Division rapidly declined from the fourth quarter due to the worsening business conditions in the automobile industry. Trend in sales of the Precision Forged Goods Division was similar to that of the Forging Die Division.

➤ Sales sharply declined from the third quarter due to stagnation in the European automobile market.

➤ Sales of oil drilling filters manufactured by TSM increased.

\* Rounded down to the nearest million yen

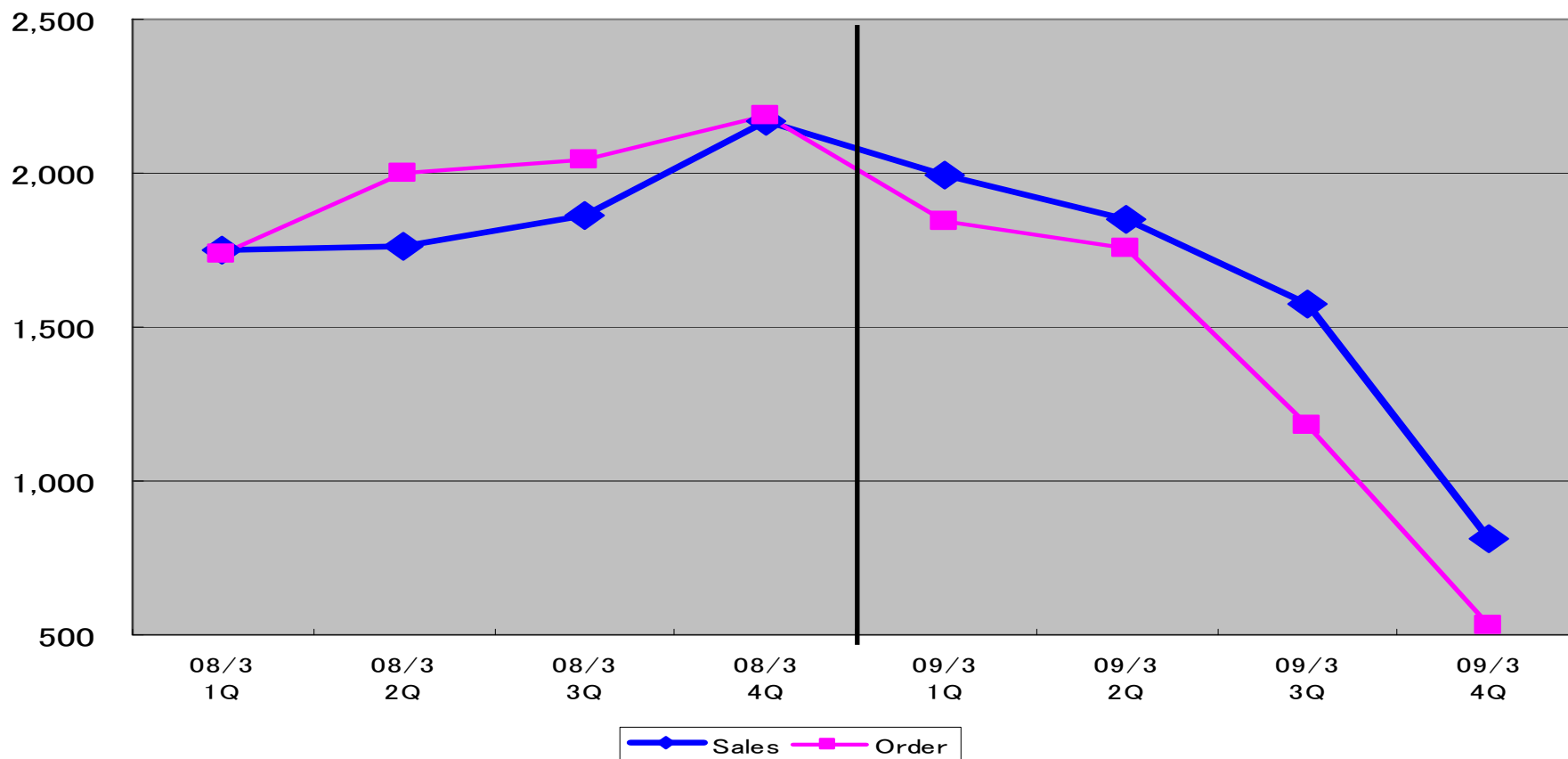
# I . Financial Results for the Year Ended March 31, 2009

## - Overview of the Net Shape Business

- Sales had remained almost according to the original plan until the first-half year.
- Order and sales of the Forging die Division and the Precision-forged goods division declined from the fourth quarter due to the production adjustment of main users who were influenced by bad business condition of automobile industry.

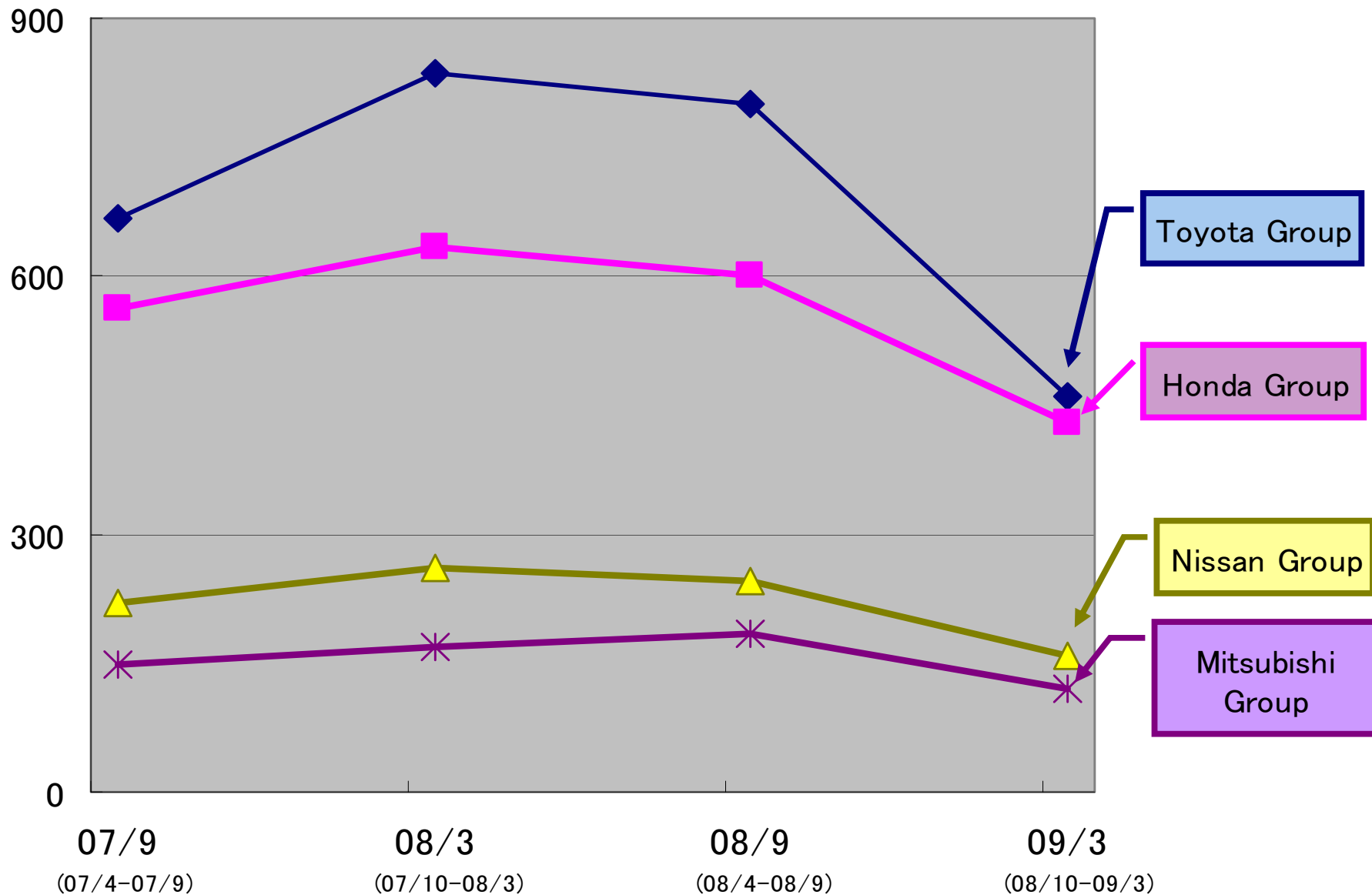
Millions of Yen

Trend in order and sales of Net-shape business





(Millions Yen)



# I . Financial Results for the Year Ended March 31, 2009

## - Overview of the Net Shape Business-Sales by Region

Consolidated

Millions of Yen

	08/3 Results	09/3 Results	Growth Rate
Domestic total	4,979	4,365	△ 12.3%
Overseas total	1,122	897	△ 20.1%
Asia	575	442	△ 23.2%
North America	533	434	△ 18.7%
Others	13	21	55.2%
Forging Dies	6,102	5,262	△ 13.8%
Precision forged goods	1,445	969	△ 32.9%
Net-Shape business total	7,548	6,232	△ 17.4%

■ Domestic total

✓ Key user in Japan started production adjustment from the second half year.

■ Asia

✓ Sales of dies for the local user in China, Korea ,etc decreased at the fourth quarter.

✓ Trends of sales of dies for domestic manufacturers who entered India were similar to that of China ,Korea.

■ North America

Sales for both Japanese manufacturers and US makers declined.

■ Precision-Forged goods

✓ Sales of precision-forged goods – scroll forged goods etc-as with forging dies declined sharply from the fourth quarter.

\* Rounded down to the nearest million yen

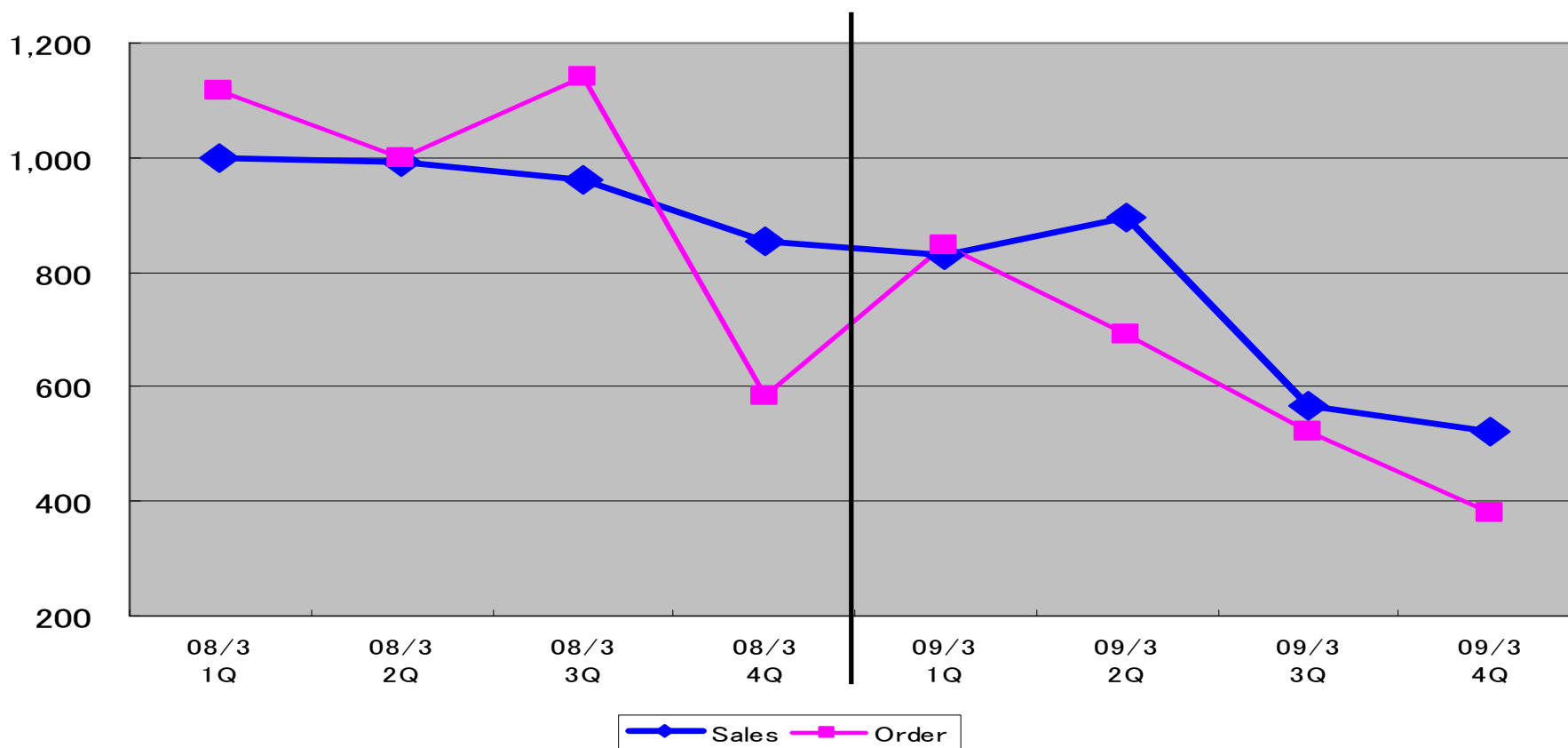
# I . Financial Results for the Year Ended March 31, 2009

## - Overview of the Assembly Business

- Sales had remained almost according to the original plan until the first- half year.
- From the second-half year onward, abrupt stagnations in the European automobile market pushed down demands of the turbo charger. Both orders and sales sharply declined from the third quarter.

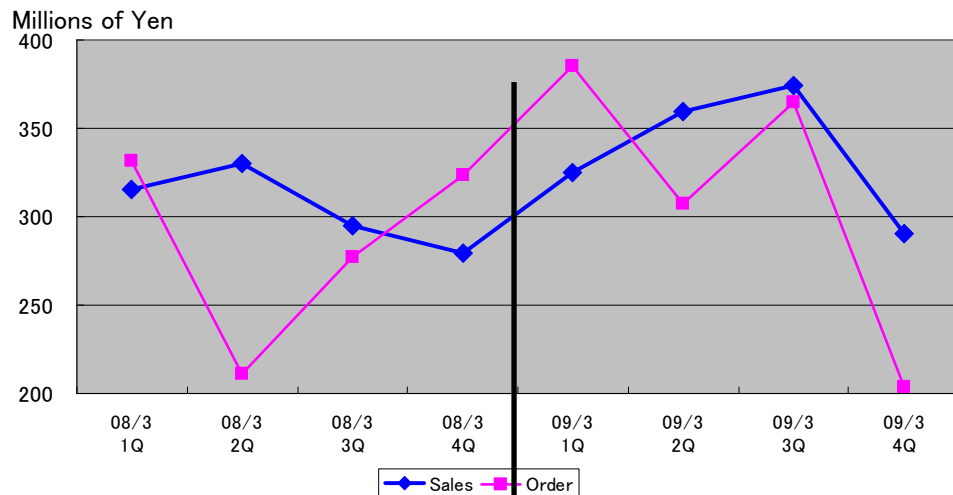
Millions of Yen

Trend in orders and sales of Assembly business



- Overseas sales increased by growing sales of oil drilling filters.
- The filter business was attribute to the less impact of the worsening economy as this segment is not heavily dependent on the automobile industry compared with others. But orders and sales declined from the fourth quarter due to the worsening business condition of industry of each customer .
- Oil drilling filters production declined due to declining oil price from the fourth quarter. The impact of declining equipment investment in domestic market emerged.

Trend in orders and sales of the Filter business



Filter business

Change in Domestic/Overseas Sales

Millions of Yen			
	08/3 Results	09/3 Results	Growth Rate
Domestic	1,003	900	△ 10.3%
Overseas	215	450	108.5%
Total	1,219	1,350	10.7%

# I . Financial Results for the Year Ended March 31, 2009

## - Segment P/L

Consolidated

Millions of Yen

(Reference)	08/3				09/3		
	Sales	Operating income	Profit Rate		Sales	Operating income	Profit Rate
Forging Die	6,102	513	8.4%	Net-Shape	6,232	117	1.9%
Components	5,255	537	10.2%	Assembly	2,811	68	2.4%
Filter	1,219	154	12.7%	Filter	1,350	129	9.6%
Cosolidated				Cosolidated			
Total	12,577	1,205	9.6%	Total	10,394	315	3.0%

➤ Profit rate drastically decreased by decreased sales.

➤ Profit rate in domestic division decreased due to the transfer of the production of oil drilling filters, which were previously domestic products, to TSM and domestic stagnant demand of filters.  
 ➤ Profit of TSM contributed to the Filter business.

Consolidated

Millions of Yen

	08/3 Results	Ratio	09/3 Results	Ratio
Net sales	12,577	100.0%	10,394	100.0%
Material cost	3,577	28.4%	2,746	26.4%
Purchase of products	698	5.6%	505	4.9%
Subcontract processing	1,550	12.3%	1,183	11.4%
Subsidiary material cost	458	3.6%	362	3.5%
Labor cost	2,179	17.3%	1,998	19.2%
Depreciation	531	4.2%	532	5.1%
Change in inventory	196	1.6%	△ 349	△ 3.4%
Others	725	5.8%	716	6.9%
Cost of Sales	9,525	75.7%	8,395	80.8%
Gross income from sales	3,051	24.3%	1,999	19.2%

**Decrease in material cost, subcontract processing, and subsidiary material cost**

➤ Due to decreased sales

**Decrease in labor cost**

➤ Decreased overtime wages

➤ Decreased temporary workers

**Decrease in inventory**

➤ Decrease in the Net-Shape business and the Assembly business

Consolidated

Millions of Yen

	08/3	Ratio	09/3	Ratio
	Results		Results	
Net sales	12,577	100.0%	10,394	100.0%
Packaging/Freight	136	1.1%	107	1.0%
Transportation	123	1.0%	112	1.1%
Labor cost	907	7.2%	842	8.1%
Depreciation	93	0.7%	100	1.0%
Rent	59	0.5%	51	0.5%
Others	525	4.2%	469	4.5%
<b>SG&amp;A Expenses</b>	<b>1,845</b>	<b>14.7%</b>	<b>1,683</b>	<b>16.2%</b>

**Decrease in labor cost**

- Decreased overtime wages
- Decreased temporary workers

# I . Financial Results for the Year Ended March 31, 2009

## - B/S: Assets-

Consolidated

Millions of Yen

	08/3 Results	09/3 Results	Change
Cash and deposit	1,008	1,670	661
Notes receivable	585	728	143
Accounts receivable	2,404	1,361	△ 1,042
Inventory	1,503	1,146	△ 357
Others	127	500	373
Allowance for bad debts	△ 23	△ 3	19
<b>Total current assets</b>	<b>5,605</b>	<b>5,404</b>	<b>△ 201</b>
Tangible fixed assets	5,817	5,282	△ 535
Intangible fixed assets	43	31	△ 12
Investment and other assets	252	795	543
<b>Total fixed assets</b>	<b>6,114</b>	<b>6,110</b>	<b>△ 3</b>
<b>Total deferred assets</b>	<b>18</b>	<b>8</b>	<b>△ 9</b>
<b>Total assets</b>	<b>11,738</b>	<b>11,522</b>	<b>△ 215</b>

### Decrease in accounts receivable

➤ Due to decreased sales of the Net-Shape business and the Assembly business

### Decrease in inventory

➤ Decrease in inventory of the Net-shape business and the Assembly business

### Increase in others in current assets

➤ Due to increase of accounts receivable for redemption for interim income taxes payment, sales of NAC, etc.

### Decrease in tangible fixed assets

➤ Fixed assets of NDT increased.  
➤ Decreasing due to sales of NAC and reduction of equipment investment

### Increase in investment and other assets

➤ Increase in deferred tax assets



Consolidated

Millions of Yen

	08/3 Results	09/3 Results	Change
Accounts payable	749	231	△ 518
Short-term debt	1,406	1,228	△ 178
Accrued income tax	210	56	△ 153
Allowance for bonus payable	133	111	△ 22
Others	537	420	△ 117
<b>Total current liabilities</b>	<b>3,037</b>	<b>2,047</b>	<b>△ 989</b>
Corporate bond	1,010	1,000	△ 10
Long-term debt	808	1,525	716
Others	144	101	△ 42
<b>Total fixed liabilities</b>	<b>1,962</b>	<b>2,626</b>	<b>664</b>
<b>Total liabilities</b>	<b>5,000</b>	<b>4,674</b>	<b>△ 325</b>
Capital	1,429	1,429	0
Capital surplus	1,192	1,192	0
Retained earnings	4,017	4,078	60
Minority interest	100	257	157
Others	△ 1	△ 110	△ 108
<b>Total net assets</b>	<b>6,738</b>	<b>6,848</b>	<b>110</b>
<b>Total liabilities and net assets</b>	<b>11,738</b>	<b>11,522</b>	<b>△ 215</b>

### Decrease in account payable

➤ Due to decreased sales of the Net-Shape business and the Assembly business

### Increase in long-term debt

➤ Due to an acquisition of land and construction for the factory with the establishment of NDT.

Consolidated

Millions of Yen

	08/3	09/3	Change
Cash flows from operating activities	1,389	1,033	△ 355
Cash flows from investing activities	△ 573	△ 632	△ 58
Cash flows from financing activities	△ 981	395	1,376
Amount of increase incash and cash equivalents	△ 171	661	833
Cash and cash equivalentsbalance at beginning of term	829	658	△ 171
Cash and cash equivalentsbalance at end of term	658	1,320	661
<b>FCF</b>	<b>815</b>	<b>401</b>	<b>△ 413</b>

**Increase in cash flows from financing activities**

➤ In the previous year, cash sharply decreased due to the redemption of corporate bonds.

# Ⅱ . Plan for the Year Ending March 31, 2010

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# II .Plan for the Year Ending March 31, 2010

## -P/L: Sales and Profit

Millions of Yen

	09/3 1st half year results 08/4-08/9	09/3 2nd half year results 08/10-09/3	09/3 Full year results 08/4-09/3	10/3 1st half year plan 09/4-09/9	10/3 2nd half year plan 09/10-10/3	10/3 Full year plan 09/4-10/3	Growth Rate
Non-consolidated							
Net sales	3,675	2,229	5,904	1,660	2,340	4,000	△ 32.3%
Gross income from sales	974	335	1,310	80	460	540	△ 58.8%
S.G. & A. expense	617	514	1,132	480	520	1,000	△ 11.7%
Operating income	356	△ 179	177	△ 400	△ 60	△ 460	—
Non-operating income	△ 19	△ 68	△ 87	△ 50	△ 50	△ 100	—
Ordinary income	337	△ 247	89	△ 450	△ 110	△ 560	—
Net income	63	110	173	△ 270	△ 75	△ 345	—
Consolidated							
Net sales	6,254	4,140	10,394	3,100	4,400	7,500	△ 27.8%
Gross income from sales	1,368	630	1,999	230	750	980	△ 51.0%
S.G. & A. expense	902	781	1,683	715	755	1,470	△ 12.7%
Operating income	466	△ 150	315	△ 485	△ 5	△ 490	—
Non-operating income	△ 29	△ 95	△ 124	△ 55	△ 65	△ 120	—
Ordinary income	437	△ 246	190	△ 540	△ 70	△ 610	—
Net income	166	38	205	△ 360	△ 40	△ 400	—

\* Rounded down to the nearest million yen

## II .Plan for the Year Ending March 31, 2010

### -Segment net sales

Consolidated

Millions of Yen

Business	09/3 Results	10/3 Plan	Growth Rate
Net-Shape	6,232	4,000	△ 35.8%
Assembly	2,811	2,280	△ 18.9%
Filter	1,350	1,220	△ 9.7%
Consolidated Total	10,394	7,500	△ 27.8%

We expect that sales of each business will be stagnant until the first half year and recover gradually from the second half year.

## II .Plan for the Year Ending March 31, 2010

### -Outlook and Challenge for the Current Period-Net-shape business (domestic)

- Automobile production is expected to be stagnant by the influence of economic downturn in the first half year. Production will supposed to increase from the second half year slowly.
- In severe economic situation, increasing investments and development progress for eco-car and environment related product is anticipated.

<i>Challenge</i>	
✓Sales	<ul style="list-style-type: none"> <li>▪ <b>Reinforce capability to explorer customer information</b></li> </ul> <p>By understanding the development movement with environment-related products of auto parts manufacturers, make the system to grasp future needs.</p>
✓Production	<ul style="list-style-type: none"> <li>▪ <b>Reinforce production engineering</b></li> </ul> <p>In declined the capacity utilization rate, aiming for shortening deliver times and cost reductions by radical reform of production.</p> <ul style="list-style-type: none"> <li>▪ <b>Advancement of production “Visualization”</b></li> </ul> <p>By continuing the “Manufacturing Reform Project” activities we did in the previous year and advancing the production “Visualization”, aiming for shortening deliver times</p>
✓Technology	<ul style="list-style-type: none"> <li>▪ <b>Reinforce development capability</b></li> </ul> <p>Start an approach to develop technology and product which can build house brands. Build the research and development team.</p>

## II .Plan for the Year Ending March 31, 2010

### -Outlook and Challenge for the Current Period-Net-shape business (Overseas)

- Though growth rate is slowing under downturn, emerging economies' automobile markets are anticipated to grow.
- At present, the precision forging for manufacturing large-sized cars parts is less progressive than for passenger-car. Hereafter, the precision forging for manufacturing large-sized car will progress to response to cost reduction competitive heating up

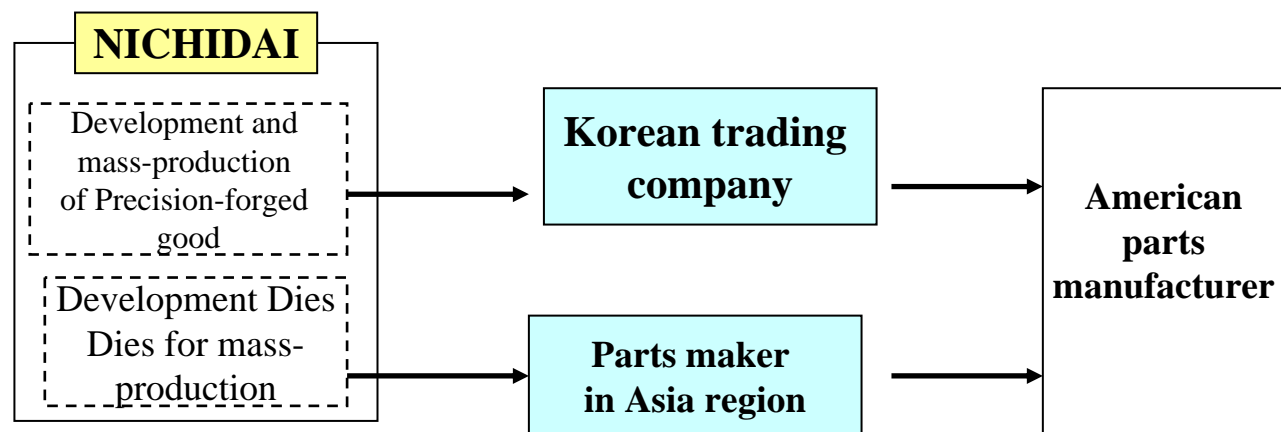
<i>Challenge</i>	
✓ <b>Asia</b>	<ul style="list-style-type: none"> <li>•<b>Exploit Asia market</b></li> </ul> <p>Aiming for exploitation of Asia markets including China, India other than Thailand by using NICHIDAI ASIA CO.,Ltd.(NDA), sales base in Thailand.</p>
✓ <b>North America</b>	<ul style="list-style-type: none"> <li>•<b>Set up special sales division</b></li> </ul> <p>Support precision forging for manufacturing large-sized car parts of American parts manufacturers.</p>

#### ✓ **Object**

To supply precision-forged dies and precision-forged goods for precision forging to manufacture larger car parts of American parts manufacturers in the North American region

#### ✓ **Scheme of special sales division**

##### ✓ **Distribution**



- Demand for diesel cars will continue to be stagnant due to the deteriorated European automobile market.
- We forecast that demand for turbo-chargers recover and sales of the Assembly Business increase from the second half year.
- In mind that mid-to-long term growing demand for turbo-chargers, our Thailand factory starts operating within this current financial 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



## Ⅱ .Plan for the Year Ending March 31, 2010

### -Outlook and Challenge for the Current Period-Filter business

- Investment for filters will increase from the second quarter.
- Also, demand and production of oil drilling filters will recover from the same term.
- Aim to achieve a surplus in full year by exploiting new demand.

#### *Challenge*

- **NFC (NICHIDAI FILTER CORPORATION)**  
**Exploit new markets and products**
  - Exploit new fields to cover declining current demand**Multiple use of the the sintering furnace**
  - We will look for new use of sintering furnace for processing materials other than stainless steels.
- **TSM (THAI SINTERED MESH CO.,LTD.)**
  - 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.

# II .Plan for the Year Ending March 31, 2010

## - Cost of Sales-

Consolidated

Millions of Yen

	<b>09/3 Results</b>	<b>Ratio</b>	<b>10/3 Plan</b>	<b>Ratio</b>
<b>Net sales</b>	<b>10,394</b>	<b>100.0%</b>	<b>7,500</b>	<b>100.0%</b>
Material cost	2,746	26.4%	2,128	28.4%
Purchase of products	505	4.9%	262	3.5%
Subcontract processing	1,183	11.4%	882	11.8%
Subsidiary material cost	362	3.5%	235	3.1%
Labor cost	1,998	19.2%	1,739	23.2%
Depreciation	532	5.1%	480	6.4%
Change in inventory	△ 349	△ 3.4%	0	0.0%
Others	716	6.9%	794	10.6%
<b>Cost of Sales</b>	<b>8,395</b>	<b>80.8%</b>	<b>6,520</b>	<b>86.9%</b>
<b>Gross income from sales</b>	<b>1,999</b>	<b>19.2%</b>	<b>980</b>	<b>13.1%</b>

\* Rounded down to the nearest million yen

Consolidated

Millions of Yen

	09/3 Results	Ratio	10/3 Plan	Ratio
Net sales	10,394	100.0%	7,500	100.0%
Packaging/Freight	107	1.0%	75	1.0%
Transportation	112	1.1%	107	1.4%
Labor cost	842	8.1%	746	9.9%
Depreciation	100	1.0%	83	1.1%
Rent	51	0.5%	51	0.7%
Others	469	4.5%	408	5.4%
<b>SG&amp;A Expenses</b>	<b>1,683</b>	<b>16.2%</b>	<b>1,470</b>	<b>19.6%</b>

\* Rounded down to the nearest million yen

Consolidated

Millions of Yen

	06/3 Results	07/3 Results	08/3 Results	09/3 Results	10/3 Plan
Amount of capital investment	680	581	759	524	277
Depreciation	575	617	625	633	563

\* Rounded down to the nearest million yen

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
FY2008	8.00	8.00	16.00
FY2009	8.00	0.00	8.00
FY2010(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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