



## Summary of Financial Results For the year ended March 31, 2008

May 1, 2008

Company name: Nichidai Corporation

Listed Stock Exchange: JASDAQ

Code number: 6467

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

Company Representative: Motonobu Furuya, President &amp; CEO

Contact Information: Mitsuhiro Fujimoto, Managing Director

TEL (0774) 62-3481

Annual shareholders' meeting: June 25, 2008

Commencement date of dividend payment: June 26, 2008

Reporting date of financial statements: June 26, 2008

(Rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for the Year Ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

#### (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 2008 | 12,577          | 4.0  | 1,205            | 5.8  | 1,073           | 2.6  | 422             | △22.2 |
| FY 2007 | 12,095          | 12.0 | 1,139            | 28.7 | 1,046           | 30.4 | 543             | 47.2  |

|         | 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 2008 | 46  | 67  | 46           | 67  | 6.5              | 9.0                                      | 9.6                                    |
| FY 2007 | 61  | 84  | 61           | 48  | 9.6              | 9.0                                      | 9.4                                    |

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

FY 2008

—million yen

FY 2007

—million yen

#### (2) Consolidated Financial Position

|         | Total Assets    |  | Net Assets      |  | Shareholders' Equity Ratio |  | BPS |     |
|---------|-----------------|--|-----------------|--|----------------------------|--|-----|-----|
|         | Millions of Yen |  | Millions of Yen |  | %                          |  | Yen | Sen |
| FY 2008 | 11,738          |  | 6,738           |  | 56.5                       |  | 733 | 33  |
| FY 2007 | 12,060          |  | 6,413           |  | 52.8                       |  | 703 | 22  |

(Ref.) Shareholders' Equity

FY 2008

6,637 million yen

FY 2007

6,363 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 2008 | 1,389                |  | △573                 |  | △981                 |  | 658  |  |
| FY 2007 | 799                  |  | △399                 |  | 45                   |  | 829  |  |

### 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 2007           | —                              | —   | 10                    | 00  | —                              | —   | 10       | 00  | 20        | 00  | 180                         | 32.3                        | 3.0                                     |
| FY 2008           | —                              | —   | 8                     | 00  | —                              | —   | 8        | 00  | 16        | 00  | 144                         | 34.3                        | 2.2                                     |
| FY2009 (Forecast) | 0                              | 00  | 8                     | 00  | 0                              | 00  | 8        | 00  | 16        | 00. | —                           | 25.9                        | —                                       |

(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 2009 (From April 1, 2008 to March 31, 2009)

(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 |
| 6months ended | 6,300           | 2.5 | 570              | 0.2 | 520             | 1.5 | 270             | 1.1  | 29  | 83  |
| Full Year     | 12,900          | 2.6 | 1,210            | 0.4 | 1,100           | 2.4 | 570             | 32.6 | 61  | 87  |

#### 4. Others

(1) Changes of important subsidiaries during the period (changes in specified subsidiaries that involve changes in the scope of consolidation) 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 2008 9,053,300 shares FY 2007 9,050,300 shares

② Number of treasury stocks at the end of the term

FY 2008 1,504 shares FY 2007 1,492 shares

(Ref.) Overview of non-consolidated operating results

1. Non-Consolidated Operating Results for the FY 2008 (From April 1, 2007 to March 31, 2008)

(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 2008 | 11,050          | 4.1 | 1,111            | 10.9 | 989             | 12.0 | 315             | — |
| FY 2007 | 10,619          | 8.8 | 1,002            | 15.9 | 883             | 10.0 | △372            | — |

|         | EPS |     | Adjusted EPS |     |
|---------|-----|-----|--------------|-----|
|         | Yen | Sen | Yen          | Sen |
| FY 2008 | 34  | 84  | 34           | 84  |
| FY 2007 | △42 | 38  | —            | —   |

(2) Non-Consolidated Financial Position

|         | Total Assets    | Net Assets      | Shareholders' Equity Ratio | BPS |     |
|---------|-----------------|-----------------|----------------------------|-----|-----|
|         | Millions of Yen | Millions of Yen | %                          | Yen | Sen |
| FY 2008 | 10,500          | 6,292           | 59.9                       | 695 | 16  |
| FY 2007 | 11,127          | 6,143           | 55.2                       | 678 | 98  |

(Ref.) Shareholders' Equity

FY 2008 6,292 million yen FY 2007 6,143 million yen

2. Non-Consolidated Forecast for the Year Ending 2009 (From April 1, 2008 to March 31, 2009)

(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 |
| 6months ended | 3,670           | — | 410              | — | 370             | — | 183             | — | 20  | 22  |
| Full Year     | 7,300           | — | 840              | — | 750             | — | 370             | — | 40  | 88  |

※Percentage is not indicated as the Assembly Division was spinned off as of April 1, 2008.

\* 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 consolidated financial year under review, in the domestic automobile industry, or our key customers, while overseas production has remained on an increasing trend, the effects of rising raw material prices, exchange fluctuations associated with stronger yen and slowdown in the economy of the North American market have started to set in.

Under such circumstance, in the domestic die business, sales were sluggish in the first half year due to decrease in new development projects, but turned upward in the second half year supported by growing demand from our key users, new orders from new users and other factors. Consequently, the die business posted domestic sales of 4,979 million yen (up 2.4% over the previous year).

Overseas, while the Indian market, where many Japanese companies have started operations, enjoyed sales increase, other Asian markets turned flat. NICHIDAI AMERICA CORPORATION faced decline in sales for American users affected by slowdown in the economy of the North American region, resulting in overall overseas sales amounted to 1,122 million yen (down 3.8%).

Consequently, sales of the die business amounted to 6,102 million yen (up 1.2%).

The precision-forged goods and assembly businesses posted sales of 5,255 million yen (up 6.9%) thanks to the order for entrusted production of precision-forged goods from automotive parts manufacturers and increased production of scroll forged parts, as well as stable production of VG turbo charger parts.

The filter business recorded sales of 1,219 million yen (up 6.2%) driven by filter products for the aerospace industry and for overseas centering on the Asian region. Our joint venture THAI SINTERED MESH CO., LTD. has been manufacturing oil drilling filters in full-scale since March 2008.

As a result of the above, consolidated net sales for the consolidated financial year under review totaled 12,577 million yen (up 4.0%).

In terms of income, while higher sales in all businesses pushed up operating income to exceed the plan amounting to 1,205 million yen (up 5.8%), the company posted an exchange loss of 67 million yen due to exchange fluctuations. Ordinary income, therefore, totaled 1,073 million yen (up 2.6%) virtually according to plan. And as we announced on February 18, 2008, we posted 202 million yen of supplemental cost for withdrawal from the Japan Die & Mold Industry Pension Fund as an extraordinary loss. Net income, therefore, totaled 422 million yen (down 22.2%).

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

In the next financial year, worsened business picture is anticipated in the automobile industry, or our key customers, adversely affected by rising raw material prices, economic downturn in the North American market and other factors. On the other hand, continued aggressive promotion is expected in developing products which meet global strategy, including emerging countries in the Asian region, and needs for environmental measures.

In this situation, the Nichidai Group will seek to respond to diversifying business composition and move ahead with our businesses under a new corporate structure designed to develop new applications and to reinforce overseas operations from the next period (see the business composition chart in Page 4).

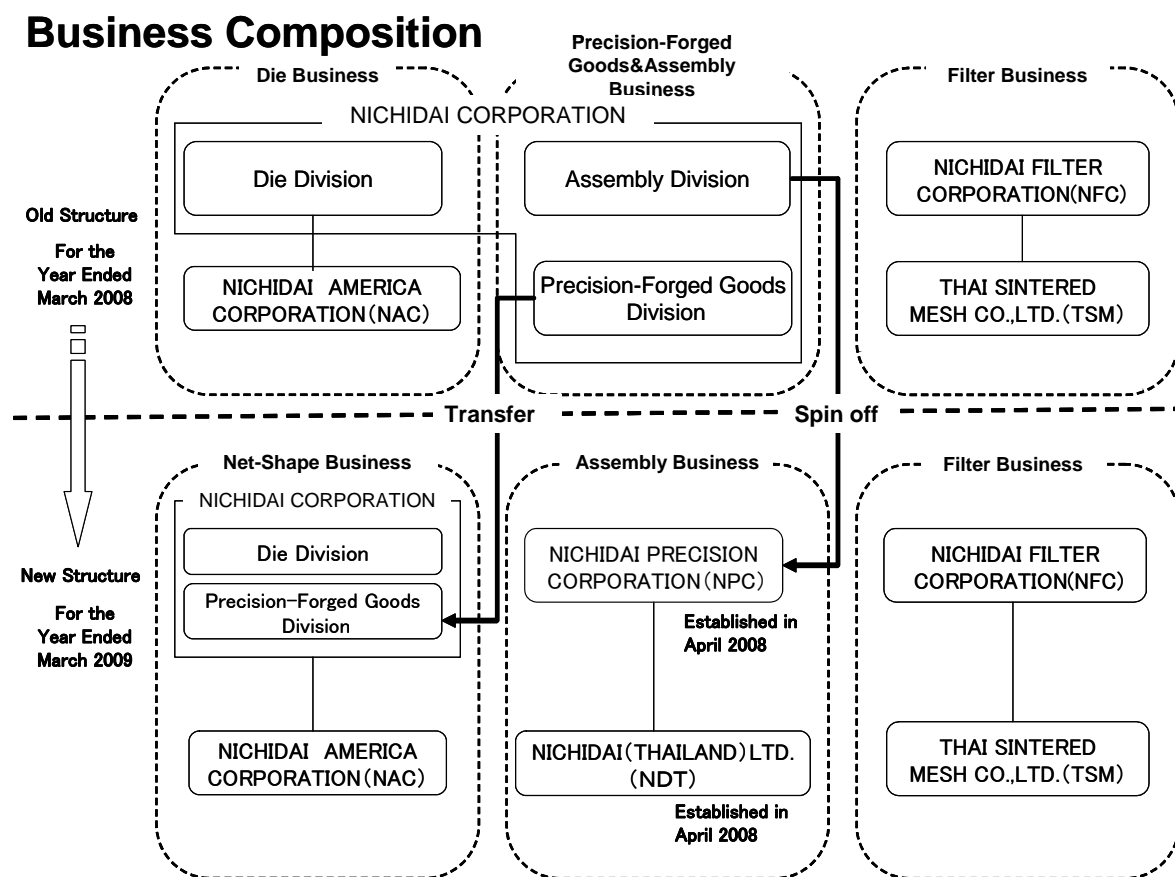
First, with a view to step up research & development, we will integrate our main die business and precision-forged goods business, which is currently included in the precision-forged goods and assembly businesses, into the net-shape business. Leveraging on our strength of total engineering capability in precision forging, we will satisfy emerging needs for the net-shape business in providing environment-responsive products as a vehicle lightweight solution, demand of which is expected to grow in the future, in serving overseas users' start-up of local production and in other ways.

And in the assembly business, where the turbo charger market has been active as it enters the growth period, in order to adapt to the changes nimbly and quickly, we spined off the assembly business into a separate company as NICHIDAI PRECISION CORPORATION in April 2008. In the first half year, VG turbo charger parts will be on the year-on-year decrease affected by specification changes in preparation for the enforcement of the European environmental regulation "EURO 5" standards. However, we expect sales to rise in the second half year when new models will be brought into production.

In April 2008, we also established NICHIDAI (THAILAND) LTD. at the Amatanakon Industrial Park in Thailand to deal with our customers' starting VG turbo charger production overseas. We will prepare for the early launch so it can facilitate meeting the supply needs from our customers expected after 2009.

In the filter business, we will push forward with new application development at NICHIDAI FILTER CORPORATION and we expect THAI SINTERED MESH CO., LTD., which is now in full-scale operation, to be profitable.

As a result of the above, we forecast net sales of 12,900 million yen (up 2.6%) and ordinary income of 1,100 million yen (up 2.4%) for the next financial year.



## (2) Analysis on the Financial Position

### ① Summary of assets, liabilities and net assets

Total assets at the end of the consolidated financial year under review decreased by 322 million yen from an year earlier to 11,738 million yen.

Current assets decreased by 401 million yen from an year earlier to 5,605 million yen. This decrease is attributable primarily to the decrease of 467 million yen in notes receivable and accounts receivable.

Fixed assets increased by 69 million yen from an year earlier to 6,114 million yen due mainly to the increase of 69 million yen in machineries and vehicles.

Deferred assets increased by 9 million yen from an year earlier to 18 million yen due mainly to the increase of 13 million yen in corporate bond issue cost.

Current liabilities decreased by 1,867 million yen from an year earlier to 3,037 million yen. This decrease occurred due mainly to the decrease of 2 billion yen in current portion of bonds which fell due for redemption in November 2007.

Fixed liabilities increased by 1,221 million yen from an year earlier to 1,962 million yen due mainly to the increase of 980 million yen in corporate bond.

Net assets at the end of the consolidated financial year under review increased by 324 million yen from an year earlier to 6,738 million yen. This increase was brought primarily by the increases of 259 million yen in retained surplus and 49 million yen in minority shareholders' interest.

## ② Summary of cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the consolidated financial year under review decreased by 171 million yen from an year earlier to 658 million yen.

### (Cash Flows from Operating Activities)

Net cash provided by operations amounted to 1,389 million yen (an increase of 589 million yen from an year earlier). The decrease was resulted from posting 838 million yen of net income before taxation, 624 million yen of allowance for depreciation, decrease of 464 million yen in notes and accounts receivable and 508 million yen of income tax paid.

### (Cash Flows from Investing Activities)

Net cash expenditures in investment amounted to 573 million yen (an increase of 174 million yen from an year earlier) due primarily to the expenditure for acquisition of tangible fixed assets—land, buildings and production equipments— of THAI SINTERED MESH CO., LTD.

### (Cash Flows from Financing Activities)

Net cash expenditures in financing activities amounted to 981 million yen (45 million yen were provided in an year earlier) due mainly to 981 million yen of the proceeds from issuing corporate bonds and expenditure of 2,020 million yen for redemption of corporate bonds.

Cash Flow Index Trend of Nichidai Group is as below.

|   | Year Ended<br>March 31, 2007 | Year Ended<br>March 31, 2008 |
|---|------------------------------|------------------------------|
| Equity Ratio (%)                                    | 52.8                         | 56.5                         |
| Equity Ratio Based on Current Value (%)             | 58.1                         | 33.5                         |
| Ratio of Interest-Bearing Debts to Cash Flow (Year) | 5.1                          | 2.3                          |
| Interest Coverage Ratio (Times)                     | 8.5                          | 12.2                         |

- Equity Ratio:  $\text{Equity} / \text{Total asset}$
- Equity Ratio Based on Current Value:  $\text{Total market value of shares} / \text{Total asset}$
- Ratio of Interest-Bearing Debts to Cash Flow:  $\text{Interest-bearing debts} / \text{Cash flow from operating activities}$
- Interest Coverage Ratio:  $\text{Cash flow from operating activities} / \text{Interest payment}$

1. Each index is calculated based on the consolidated financial values.
2. Total market value of shares is calculated based on the number of shares issued excluding treasury stocks.
3. Cash flow from operations adopts Cash Flows from Operating Activities in the Consolidated Statement of Cash Flows. Interest-bearing debts refer to the debts of which debit interest is being paid among debts posted in the Consolidated Balance Sheets. Interest payment adopts the amount of interest paid in the Consolidated Statements of Cash Flows.

## (3) Basic Policy on Profit Sharing and Dividends for the Current/Next Financial Year

The Company’s basic policy toward profit sharing is to maintain stable dividend policy, while at the same time securing retained earnings needed for future business deployment and strengthening of management practices, with returning profits to our shareholders placed as the key management policy.

Regarding dividend for the current financial year, we will pay a full-year dividend of 16 yen per share combined with the interim dividend of 8 yen.

The dividend for the next financial year will be 16 yen per share.

To bolster our competitiveness more than ever, we will invest effectively our retained earnings mainly into the facilities of the Ujitawara Factory, thus seeking greater income and improved financial strength.

## (4) Business Risks

The major risks that may affect the Group's operating results and financial position are described below.

Items involving future events are based on the determination of the Group as of the day that this summary was released.

①High dependence on specific industries

The primary market of dies and precision forged-products of the Nichidai Group is the automobile-related industry represented by automobile parts manufacturers. Although the Nichidai Group does not belong to any corporate group of finished car manufacturers or automobile parts manufacturers, our sales to this industry in the current consolidated financial year accounts for 78.4% of the total sales. This indicates the possibility that our business results may be affected by the production trends of car manufacturers as well as new development trends, communization and overseas local procurement of automobile parts.

②High dependence on specific customers

In the precision-forged goods and assembly business, our VG turbo charger components are sold to specific customers. Consequently, our future business results may be affected by the trends of customers' strategy on VG turbo charger, as well as the trends of mounting VG turbo charger in cars in compliance with the emission controls.

③Concentration of production base

Domestic production base of the Nichidai Group is concentrated in the Ujitawara Factory. Thus, in cases where a natural disaster or other unforeseeable event occurs, it may have a significant adverse effect on production and may hurt business results.

④Dependence on interest-bearing debt

As for interest-bearing debt of the Nichidai Group, if interest rates rise, the resulting higher interest cost may hurt business results.

## 2. Management Policy

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

Nichidai Group is seeking to become a company which creates new values and contributes to the society by realizing "Customer Satisfaction," "Investor Satisfaction" and "Employee Satisfaction" to the fullest and improving them permanently.

Under this management philosophy, the Group is doing three main businesses with the aim of serving as a 3E (Excellent, Exciting and Expanded) company; which is capable of sustaining healthy growth, appropriate for its employees' self-realization and meets the needs from the society, while seeking to become a one-of-the-kind company which pursues "products that other companies cannot copy and high technology that does not allow imitation of others."

### (2) Target Management Index

Nichidai Group strives to follow out the "products that other companies cannot copy and high technology that does not allow imitation of others" and to bolster "competitiveness by improvement of QCD", thus achieving 10% of sales growth rate and 10% of operating income rate to sales.

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

Amid rising oil prices and growing awareness of environmental protection, our major customer automobile industry is conducting global strategies focused on the rising emerging markets while pushing forward with development of environment-responsive technologies and is entering a phase of change in business environment.

In such situation, Nichidai Group will commit to "Promoting development of technologies and new applications which tightens inter-business relationship" and to "Promoting global operations by establishing overseas base" as key measures with the keyword of "Growth and Challenge."

[Promoting development of technologies and new applications which tightens inter-business relationship]

Automobile manufactures are vigorously promoting development of environment-responsive technologies and precision forging field is involved with this in manufacturing of environment-responsive products, contributing to weight saving and other ways. For this reason, building up a development system is also a challenge to the Nichidai Group.

In the recently set up net-shape business, we will combine die division, where die production technologies have been accumulated, and precision-forged goods division, where precision forging technologies have been acquired through mass production of parts. In doing so, we seek to restrengthen total engineering capability, or our cutting edge, and advance development of new applications for environment-responsive products demand of which is expected to grow.

Meanwhile, in the assembly business, we will promote self-manufacturing of the VG turbo charger parts by using the thickness addition method that is being developed in the net-shape business.

In the filter business, we will foster technological development based on the sintering technology cultivated in the development of wire mesh filters, aiming to break ground in new applications and create a new market.

[Promoting global operations by establishing overseas base]

Since the Nichidai Group has set up overseas bases with every business segment, it is facing a challenge of stable operation and securing of profitability.

In the Asian region where further economic growth is prospected, NICHIDAI (THAILAND) LTD., founded at the Amatanakon Industrial Park in Thailand in April 2008, will serve as a strategic hub for the entire Nichidai Group to enter into the Asian markets, while becoming a production base for the VG turbo charger parts the demand for which is expected to grow because of the tightening environmental regulations.

THAI SINTERED MESH CO., LTD., an oil drilling filter-producing joint venture, will seek to boost production of filter products in the Asian markets.

And NICHIDAI AMERICA CORPORATION, a die-producing subsidiary in North America, will work to better serve Japanese manufacturers who are going into a full-fledged local production of parts, thus improving the profitability.

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

With regard to the development and operation of internal control system, we have appointed directors as Administration directors who manages and checks each business. This structure serves as an internal control function at the management level. We have also enhanced 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.

The internal control project, formed in November 2006, is preparing for establishing a system evaluated by internal control audit in compliance with the Financial Instruments and Exchange Law to be enforced in the next financial year. Nichidai is building up a company-wide compliance system and is aiming for a company that can contribute to and win the trust of the community to fulfill its corporate social responsibility (CSR).

