

Summary of Financial Results for First Half of Fiscal Year Ending March 31, 2010

(These figures are rounded to the nearest million yen.)

1. Consolidated Financial Results for First Half of FY2009 (April 1 to September 30, 2009)

(1) Consolidated financial results

(The percentages denote year-on-year change.)

	Net sales		Operating profit		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Half FY2009	48,508	-29.7	1,790	-73.4	1,368	-80.6	546	-84.9
First Half FY2008	68,979	-	6,732	-	7,064	-	3,611	-

	Net income per share		Diluted net income per share	
	Yen		Yen	
First Half FY2009	10.26		-	
First Half FY2008	69.12		67.58	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Half FY2009	115,996	75,691	63.3	1,378.15
FY2008	112,140	74,559	64.5	1,355.98

Reference: Equity capital

First Half of FY2009
FY2008

73,460 Million yen
72,279 Million yen

2. Dividends

	Dividend per share				
	At end of first quarter	At end of second quarter	At end of third quarter	Fiscal year-end	Annual dividend
	Yen	Yen	Yen	Yen	Yen
FY2008	-	30.00	-	24.00	54.00
FY2009	-	10.00	-	-	-
FY2009 (forecast)	-	-	-	15.00	25.00

Note: Revision to dividend forecast in the quarter under review: Yes

3. Forecasts for FY2009 (April 1, 2009 to March 31, 2010)

(The percentages denote year-on-year change.)

	Net sales		Operating profit		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
FY2009	101,000	-17.6	5,000	-30.9	4,800	-30.5	2,500	-36.5	46.90

Note: Revision to the forecasts for the consolidated financial results in the quarter under review: Yes

4. Others

- (1) Changes in principal subsidiaries during this fiscal period (changes in specific subsidiaries which involve changes in the scope of consolidation): None
- (2) Adoption of simplified accounting method and accounting method specific to preparation of quarterly consolidated financial statements: Yes

Note: For further information, refer to "Qualitative Information, Financial Statements and Related Information: 4. Others" on page 5.

- (3) Changes in principles and procedures of accounting concerning the preparation of quarterly consolidated financial statements and in presentation method, etc. (stated in “Changes in Significant Accounting Policies for Preparing Consolidated Financial Statements”)
- 1) Changes following the revision of accounting standards, etc.: None
 - 2) Changes other than those included in 1) above: None
- (4) Number of shares outstanding (common stocks)
- 1) The number of shares outstanding at the end of the period (including treasury stocks):

53,754,477 in first half of FY2009
53,754,477 in FY2008
 - 2) The number of treasury stocks at the end of the period:

450,667 in first half of FY2009
450,361 in FY2008
 - 3) The average number of shares outstanding (consolidated quarterly period (YTD)):

53,303,962 in first half of FY2009
52,256,778 in first half of FY2008

* Proper use of forecasts and other special instructions

1. Of the consolidated earnings projections which were released on October 21, 2009, those for the full fiscal year are revised in this document.
2. Forward-looking statements or projections included in this document, including earnings projections, are based on currently available information and certain premises that are judged to be rational at the time of this writing. Actual results may differ greatly from the forecast figures depending on various factors. For notes in using earnings projections and assumptions for premises thereof and specific revisions of earnings projections regarding note 1 listed above, refer to “Qualitative Information, Financial Statements and Related Information: 3. Qualitative Information Regarding Earnings Forecast” on page 4.

Qualitative Information, Financial Statements and Related Information

1. Qualitative Information Regarding Consolidated Business Results

During the second quarter of the consolidated fiscal year under review, the Japanese economy remained in severe difficulties as consumer spending slowed down due to negative factors including a decline in capital expenditure and deterioration in the employment situation. However, we have started to see signs of the rapid economic downturn, which set in at the beginning of this year, bottoming out.

Japanese automobile manufacturers constitute the Company's main customer base, and their production has finally shown an indication of recovery, having declined sharply due to inventory adjustments made since the beginning of this year. Their production volumes in Asia, notably in China, have outperformed their initial plans, except for some parts of the region.

Under such economic circumstances, the consolidated net sales of the Group during the period decreased by 29.7% y-o-y to 48,508 million yen.

On the profit front, consolidated operating profit during the period dropped by 73.4% y-o-y to 1,790 million yen on the strength of the Group-wide all-out efforts for earnings recovery. Such efforts included an attempt to reduce fixed costs, which declined by 4,400 million yen from the previous corresponding period, and reduce other costs, while also improving production efficiency, despite the decrease in marginal profit in step with lower net sales. In the meantime, consolidated recurring profit decreased by 80.6% y-o-y to 1,368 million yen and consolidated net income dropped by 84.9% y-o-y to 546 million yen.

Business results by main business segment are as follows.

(i) Industrial Plastic Parts and Components Business

Sales from the industrial plastic parts and components business during the second quarter of the fiscal year under review amounted to 38,701 million yen (down 33.8% from the previous corresponding period) against the backdrop of negative factors such as a production cutback due to a drop in demand mainly from the Japanese automobile manufacturers and the appreciation of the yen. Operating profit came to 3,044 million yen (down 61.5% y-o-y), despite the significant decrease in sales, due to the Company's thorough efforts such as those for reducing fixed costs.

(ii) Bedding and Furniture Business

Sales in the bedding and furniture business amounted to 6,481 million yen (down 20.8% from the previous corresponding period) due partly to the effects of the economic downturn both in Japan and abroad and a drop in the number of new housing starts. Operating profit declined by 65.4% y-o-y to 304 million yen due mainly to the decrease in sales in step with lower profit and the initial costs incurred to start up the new plant.

(iii) Newspapers and Publishing Business

In the newspapers and publishing business, advertising income continued to decline due to the economic slump. As a result, sales in this business during the period were 1,248 million yen (down 13.3% from the previous corresponding period). Operating loss amounted to 184 million yen (operating loss of 180 million yen in the previous corresponding period).

(iv) Other Business

Nifco's other business activities, centering on the business of electronics parts for amusement devices, remained relatively robust, and sales in this business during the period increased to 2,076 million yen (up 130.4% compared with the previous corresponding period). In the meantime, operating profit returned to the black, posting 111 million yen (compared with an operating loss of 107 million yen in the previous corresponding period) due partly to the effect of reduced fixed cost.

2. Qualitative Information Regarding Consolidated Financial Position

(1) Status of assets, liabilities and net assets

Total assets at the end of the first half increased 3,855 million yen from the end of the previous consolidated fiscal year to 115,996 million yen. This is mainly because the Company shifted part of the intergroup financing of 2,400 million yen to borrowings from banks in order to increase liquidity on hand in light of the recent economic circumstances.

Total liabilities rose 2,724 million yen compared with the end of the previous consolidated fiscal year to 40,304 million yen. This is mainly due to the above-mentioned increase in borrowing.

Net assets rose 1,131 million yen compared with the end of the previous consolidated fiscal year to 75,691 million yen. This is primarily because of the increase in the foreign currency adjustment account of 1,633 million yen due to exchange rate fluctuations.

(2) Status of cash flow

- Cash flow from operating activities

Cash flow from operating activities during the second quarter of the term under review was 6,289 million yen. This was caused mainly by increased funds from income before income taxes of 1,216 million yen, depreciation of 3,537 million yen and an increase in accounts payable of 1,304 million yen and corporate tax refund of 891 million yen though there were decreased funds primarily due to the increase in trade receivables of 1,984 million yen.

- Cash flow from investing activities

Cash flow used in investing activities during the period was 4,761 million yen. This was primarily attributable to expenditure of 4,141 million yen to acquire tangible fixed assets, although part of the capital expenditure plan was postponed.

As a result, free cash flow, which is calculated as operating cash flow net of expenditure to acquire tangible fixed assets, was 2,148 million yen.

- Cash flow from financing activities

Cash flow from financing activities increased by 740 million yen on account mainly of income from long-term loans payable of 2,882 million yen, despite the expense of a dividend payment of 1,278 million yen.

As a result of the above, the balance of cash and cash equivalents at the end of the second quarter of the period under review increased by 2,628 million yen, compared with the end of the previous term, to 31,339 million yen.

3. Qualitative Information Regarding Earnings Forecast

The Company has revised its earnings forecast for FY2009 because its subsidiary, Nifco Advanced Technology, Inc., became an equity method affiliate as a result of a transfer of management rights.

In the meantime, the differences between the initial earnings forecast for FY2009 and those announced on October 21, 2009, are as shown below.

Earnings projections for the full fiscal year

	Net sales	Operating profit	Recurring profit	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced earnings projections (A)	102,000	5,000	4,800	2,500	46.90
Revised earnings projections (B)	101,000	5,000	4,800	2,500	46.90
Amount of change (B-A)	-1,000	0	0	0	-
Percentage change (%)	-1.0	0.0	0.0	0.0	-
Actual results of the previous fiscal year	122,518	7,237	6,906	3,934	74.60

4. Others

(1) Changes in principal subsidiaries during this fiscal period (changes in specific subsidiaries which involve changes in the scope of consolidation)

None

(2) Adoption of simplified accounting method and accounting method specific to preparation of consolidated quarterly financial statements

1) Simplified accounting method

1. Inventory valuation method

With regard to the writing down of book values, the Company estimates net sales value only for assets which have obviously deteriorated in profitability and writes down those assets.

2. Method of depreciation of fixed assets

Depreciation for the fiscal year under review was calculated on a pro-rata basis over the useful life period of fixed assets that are subject to the declining-balance method of depreciation.

3. Method of calculating deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated by using future earnings forecasts and tax planning which were used in financial closing for the previous term, if we deem that there are no significant changes in factors such as the management environment and no temporary differences after the end of the previous term, concerning the estimation of recoverability of deferred tax assets.

2) Adoption of accounting method specific to preparation of consolidated quarterly financial statements

Accounting standard for tax expenses and others

Tax expenses are calculated by rationally estimating the effective tax rate after applying deferred tax accounting for income before income taxes for the consolidated fiscal year, including the second quarter of the consolidated fiscal year under review, and multiplying income before income taxes for the quarterly period by the said estimated effective tax rate. Furthermore, adjustments for corporate taxes are included in corporate taxes.

(3) Changes in principles and procedures of accounting concerning the preparation of quarterly consolidated financial statements and in presentation method, etc.

None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets for First Half of FY2009

(Unit: Millions of yen)

	At the end of the first half of FY2009 (September 30, 2009)	Summary of consolidated balance sheets concerning the end of FY2008 (March 31, 2009)
Assets		
Current Assets		
Cash and deposits	34,998	30,870
Notes and accounts receivable	21,026	18,663
Marketable securities	1,853	803
Merchandise and finished goods	6,122	6,312
Work in process	1,336	1,546
Raw materials and supplies	2,410	2,350
Income taxes receivable	331	1,678
Deferred tax assets	908	914
Others	2,844	2,641
Allowance for doubtful accounts	(82)	(83)
Total Current Assets	71,750	65,698
Fixed Assets		
Tangible fixed assets		
Buildings and structures (net base)	13,054	12,594
Machinery, equipment and vehicles (net base)	5,050	5,121
Molds (net base)	2,821	3,250
Tools, furniture and fixtures (net base)	1,707	1,819
Land	11,444	11,229
Construction in progress	1,793	2,423
Others (net base)	80	76
Total Tangible Fixed Assets	35,952	36,515
Intangible fixed assets		
Goodwill	885	885
Others	924	1,031
Total Intangible Fixed Assets	1,810	1,917
Investments and other assets		
Investment securities	5,181	6,409
Deferred tax assets	375	506
Others	980	1,167
Allowance for doubtful accounts	(54)	(74)
Total Investments and Other Assets	6,482	8,008
Total Fixed Assets	44,245	46,441
Total Assets	115,996	112,140

(Unit: Millions of yen)

	At the end of the first half of FY2009 (September 30, 2009)	Summary of consolidated balance sheets concerning the end of FY2008 (March 31, 2009)
Liabilities		
Current Liabilities		
Notes and accounts payable	11,516	10,096
Short-term borrowings	703	1,253
Other payables	1,769	1,443
Income taxes payable	648	509
Accrued bonuses	1,108	1,118
Others	3,939	5,247
Total Current Liabilities	19,687	19,668
Long-term Liabilities		
Bonds payable	15,000	15,000
Long-term indebtedness	3,416	831
Deferred tax liabilities	540	514
Liability for severance and retirement benefits	1,443	1,292
Others	217	272
Total Long-term Liabilities	20,617	17,912
Total Liabilities	40,304	37,580
Net Assets		
Shareholders' Equity		
Common stock	7,290	7,290
Additional paid-in capital	11,651	11,651
Retained earnings	61,635	62,367
Treasury stocks	(1,061)	(1,060)
Total Shareholders' Equity	79,515	80,248
Valuation, Translation Adjustments and Others		
Net unrealized gain on securities	205	(75)
Revaluation reserve for land	(85)	(85)
Foreign currency translation adjustments	(6,175)	(7,808)
Total of Valuation, Translation Adjustments and Others	(6,054)	(7,969)
Minority Shareholders' Interests	2,230	2,280
Total Net Assets	75,691	74,559
Total Liabilities and Net Assets	115,996	112,140

(2) Consolidated Statements of Income for First Half of FY2009
(First half of FY2009)

(Unit: Millions of yen)

	First Half FY2008 (April 1 to September 30, 2008)	First Half FY2009 (April 1 to September 30, 2009)
Net sales	68,979	48,508
Cost of sales	48,283	34,961
Gross profit	20,695	13,547
Selling, general and administrative expenses	13,963	11,757
Operating profit	6,732	1,790
Non-operating profits		
Interest income	258	162
Investment gains on equity method	96	-
Others	283	182
Total non-operating profits	638	345
Non-operating expenses		
Interest expenses	154	158
Bond issuance cost	80	-
Foreign exchange losses	-	384
Investment losses on equity method	-	164
Others	72	59
Total non-operating expenses	306	767
Recurring profit	7,064	1,368
Extraordinary profits		
Gains on sales of investment securities	60	-
Gains on sales of fixed assets	-	20
Gains on sales of golf club memberships	23	-
Gains on redemption of securities	-	35
Others	7	1
Total extraordinary profits	91	57
Extraordinary losses		
Loss on revaluation of investment securities	323	1
Directors' retirement benefits	1,272	-
Loss on valuation of golf club memberships	-	43
Plant relocation expenses	-	43
Others	81	120
Total extraordinary losses	1,676	209
Income before income taxes	5,478	1,216
Corporate taxes	1,708	571
Minority interests	159	97
Net income	3,611	546

(Second quarter of FY2009)

(Unit: Millions of yen)

	Second Qtr. FY2008 (July 1 to September 30, 2008)	Second Qtr. FY2009 (July 1 to September 30, 2009)
Net sales	34,318	26,316
Cost of sales	24,271	18,617
Gross profit	10,046	7,698
Selling, general and administrative expenses	7,045	5,909
Operating profit	3,001	1,789
Non-operating profits		
Interest income	144	79
Investment gains on equity method	52	-
Others	53	120
Total non-operating profits	250	199
Non-operating expenses		
Interest expenses	70	85
Foreign exchange losses	116	326
Investment losses on equity method	-	145
Others	46	43
Total non-operating expenses	233	600
Recurring profit	3,018	1,388
Extraordinary profits		
Gains on sales of fixed assets	-	18
Gains on sales of golf club memberships	23	-
Others	0	0
Total extraordinary profits	23	18
Extraordinary losses		
Loss on revaluation of investment securities	112	1
Loss on valuation of golf club memberships	-	43
Directors' retirement benefits	1,272	-
Others	20	76
Total extraordinary losses	1,405	122
Income before income taxes	1,636	1,285
Corporate taxes	611	512
Minority interests	71	67
Net income	953	705

(3) Consolidated Statement of Cash Flows for First Half of FY2009

(Unit: Millions of yen)

	First Half FY2008 (April 1 to September 30, 2008)	First Half FY2009 (April 1 to September 30, 2009)
Cash Flows from Operating Activities		
Income before income taxes	5,478	1,216
Depreciation	3,975	3,537
Bond issuance cost	80	-
Amortization of goodwill	27	37
Increase (decrease) in allowance for doubtful accounts	(12)	(3)
Increase (decrease) in accrued bonuses	65	(13)
Increase (decrease) in retirement allowances	187	137
Interest income and dividends received	(288)	(192)
Interest expenses	154	158
Foreign currency exchange (gains) loss	-	219
Investment (gains) loss on equity method	(96)	164
(Gains) loss on redemption of securities	-	(35)
(Gains) loss on sales of investment securities	(60)	-
(Gains) loss on revaluation of investment securities	323	1
(Increase) decrease in trade receivables	728	(1,984)
(Increase) decrease in inventories	142	658
(Increase) decrease in other assets	(474)	(213)
Increase (decrease) in trade payables	(2,621)	1,304
Decrease / increase in consumption taxes receivable / payable	113	228
Increase (decrease) in other liabilities	166	0
Increase (decrease) in accrued directors' retirement benefits	(881)	-
Others	291	137
Subtotal	7,297	5,359
Interest income and dividends received	475	185
Interest paid	(156)	(146)
Corporate taxes refund (paid)	(2,258)	891
Net cash provided by operating activities	5,358	6,289
Cash Flows from Investing Activities		
Increase in time deposits	(2,222)	(3,766)
Decrease in time deposits	2,125	2,419
Expenditures for purchase of marketable securities	(1,312)	(0)
Proceeds from sales and redemption of marketable securities	1,002	537
Expenditures for tangible fixed assets	(4,954)	(4,141)
Proceeds from sales of tangible fixed assets	169	37
Expenditures for purchases of investment securities	(4,203)	(531)
Proceeds from sales of investment securities	74	611
Payment for loans receivable	(1)	(8)
Proceeds from collection of loans receivable	6	2

(Unit: Millions of yen)

	First Half FY2008 (April 1 to September 30, 2008)	First Half FY2009 (April 1 to September 30, 2009)
Payments for acquisition of shares of subsidiary	(27)	(9)
Proceeds from acquisition of shares of subsidiary accompanying the change in the scope of consolidation	338	-
Others	(75)	87
Net cash provided by (used in) investing activities	(9,081)	(4,761)
Cash Flows from Financing Activities		
Proceeds from short-term borrowings	6,386	1,993
Repayments of short-term borrowings	(7,527)	(2,579)
Repayments of liabilities for finance leases	(49)	(31)
Proceeds from long-term loans payable	654	2,882
Repayments of long-term indebtedness	(4)	(3)
Proceeds from issuance of bonds	14,919	-
Payment for redemption of bonds	(83)	-
Proceeds from sales of treasury stocks	7	0
Expenditures for purchases of treasury stocks	(4)	(0)
Cash dividends	(1,758)	(1,278)
Cash dividends to minority shareholders	(7)	(241)
Net cash provided by (used in) financing activities	12,533	740
Foreign exchange rate adjustment	(821)	360
Net increase (decrease) in cash and cash equivalents	7,988	2,628
Cash and cash equivalents-beginning balance	23,750	28,711
Cash and cash equivalents-ending balance	31,739	31,339

(4) Going concern issues

None

(5) Segment Information

Business segment information

For the consolidated first half of FY2008 (April 1 to September 30, 2008)

(Unit: Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Newspapers & publishing	Other businesses	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	58,454	8,183	1,440	900	68,979	-	68,979
(2) Inter-segment sales or transferred amount	-	0	11	0	11	(11)	-
Total	58,454	8,183	1,451	901	68,991	(11)	68,979
Operating profit (losses)	7,902	880	(180)	(107)	8,495	(1,762)	6,732

For the consolidated first half of FY2009 (April 1 to September 30, 2009)

(Unit: Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Newspapers & publishing	Other businesses	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	38,701	6,481	1,248	2,076	48,508	-	48,508
(2) Inter-segment sales or transferred amount	-	0	8	5	13	(13)	-
Total	38,701	6,481	1,257	2,081	48,522	(13)	48,508
Operating profit (losses)	3,044	304	(184)	111	3,276	(1,485)	1,790

Geographic segment information

For the consolidated first half of FY2008 (April 1 to September 30, 2008)

(Unit: Millions of yen)

	Japan	Asia	North America	Europe	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	40,397	17,996	6,496	4,088	68,979	-	68,979
(2) Inter-segment sales or transferred amount	2,283	679	17	-	2,979	(2,979)	-
Total	42,680	18,675	6,514	4,088	71,959	(2,979)	68,979
Operating profit	4,427	3,284	60	361	8,134	(1,402)	6,732

For the consolidated first half of FY2009 (April 1 to September 30, 2009)

(Unit: Millions of yen)

	Japan	Asia	North America	Europe	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	31,255	11,797	3,336	2,119	48,508	-	48,508
(2) Inter-segment sales or transferred amount	1,805	320	0	0	2,126	(2,126)	-
Total	33,060	12,118	3,337	2,119	50,635	(2,126)	48,508
Operating profit (losses)	2,519	1,138	(523)	(62)	3,070	(1,280)	1,790

Overseas sales

For the consolidated first half of FY2008 (April 1 to September 30, 2008)

	North America	Asia	Europe	Others	Total
I Overseas sales (Million yen)	6,601	18,072	3,867	149	28,690
II Consolidated sales (Million yen)	-	-	-	-	68,979
III Proportion of overseas sales to consolidated net sales (%)	9.6	26.2	5.6	0.2	41.6

For the consolidated first half of FY2009 (April 1 to September 30, 2009)

	North America	Asia	Europe	Others	Total
I Overseas sales (Million yen)	3,410	11,838	2,004	25	17,279
II Consolidated sales (Million yen)	-	-	-	-	48,508
III Proportion of overseas sales to consolidated net sales (%)	7.0	24.4	4.1	0.1	35.6

(6) Notes when there are significant changes in shareholders' equity

None