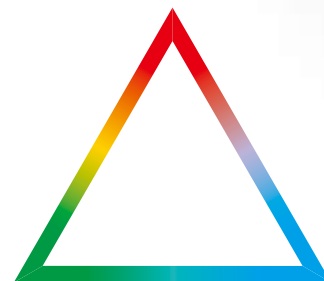


NACHI

INTERIM BUSINESS REPORT 2009

December 1, 2008 to May 31, 2009



NACHI-FUJIKOSHI CORP.

Securities Code: 6474

TO OUR SHAREHOLDERS

We are delighted to report to you about NACHI-FUJIKOSHI's interim business performance for the interim period from December 1, 2008 to May 31, 2009.

Business Environment

The operating environment for the NACHI-FUJIKOSHI Group during the interim period has been exceedingly dire, as indicated by aspects like the abrupt and extensive shrinking of the market for a range of industries at home and abroad like automobiles, industrial machinery, and electrical appliances and electronics.

Business Progress and Results

In this environment, the NACHI-FUJIKOSHI Group has worked to establish a new revenue base predicated upon our unique engineering business. Nevertheless, the fall-off in demand has continued unabated, and net sales during the interim period decreased 47.2% from the previous fiscal year to ¥55.4 billion. Sales to the Japanese market amounted to ¥36.6 billion (down 49.2% from the same period last year) and sales overseas amounted to ¥18.8 billion (down 42.5% from the same period last year).

Turning to earnings, the NACHI-FUJIKOSHI Group is working to reduce various expenses such as materials and contracting expenses and personnel expenses in response to the sharp decline in sales and production. However the decline in capacity utilization has had a substantial impact: during the interim period, operating losses amounted to ¥1.7 billion (a decline of ¥11.3 billion from the same period last year) and ordinary losses amounted to ¥2.9 billion (a decline of ¥11.5 billion from the same period last year). Along with extraordinary losses of ¥300 million and corporate income taxes of ¥1.5 billion, this resulted in net interim losses of ¥4.7 billion (a decline of ¥9.6 billion from the same period last year).

Future Action

Looking ahead, inventory is being adjusted in some industries, such as the automotive industry, and signs of restored production are also apparent, but production trends throughout industrial machinery sectors remain at low levels not seen previously. On the whole, conditions will remain unfavorable.

The NACHI-FUJIKOSHI Group promotes "NACHI Business", which creates synergy effects among our multiple business fields including machining, robots, components and materials and heat treatment technologies. Currently, we focus on developing energy and infrastructure markets and identifying newly emerging markets, which are expected to grow steadily for long term. In addition, by making numerous improvements in all aspects of business operations such as procurement and logistics, R&D, and personnel and organizational management as well as a thorough cost reduction in manufacturing, we strive to establish a stable revenue base and improve our performance.

We thank all of our shareholders for your continued support and understanding.

August 2009

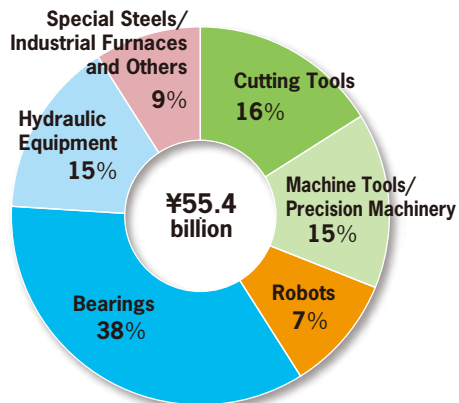
The colorful triangle on the lower right of the front cover symbolizes the notion of "Sei-Han-Go," or "Fusing discrete and opposing ideas into one," the Group corporate philosophy implicit in the meaning of "Fuji" in our name.



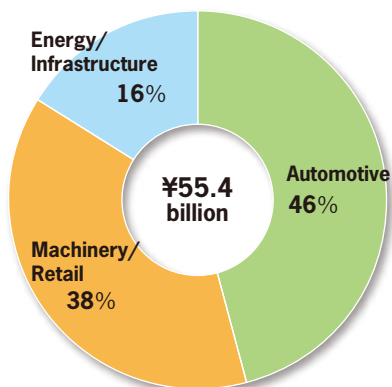
Kensuke Imura Chairman and CEO, Representative Director (Left)
Hiroo Honma President and COO, Representative Director (Right)

RESULTS OF OPERATIONS (Interim Period)

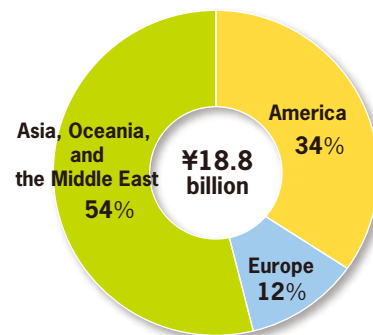
Sales by Business Segments



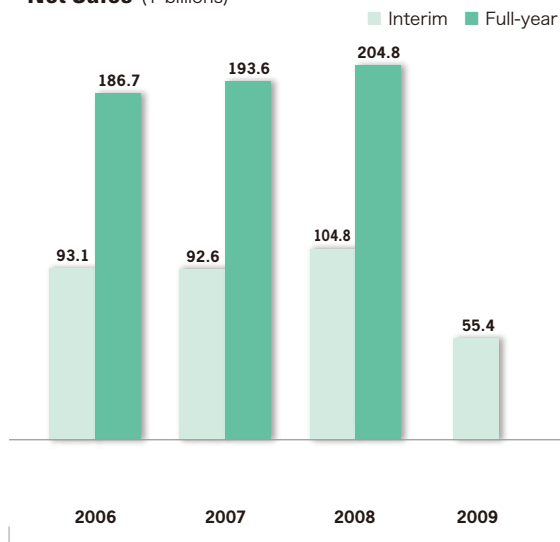
Sales by Market



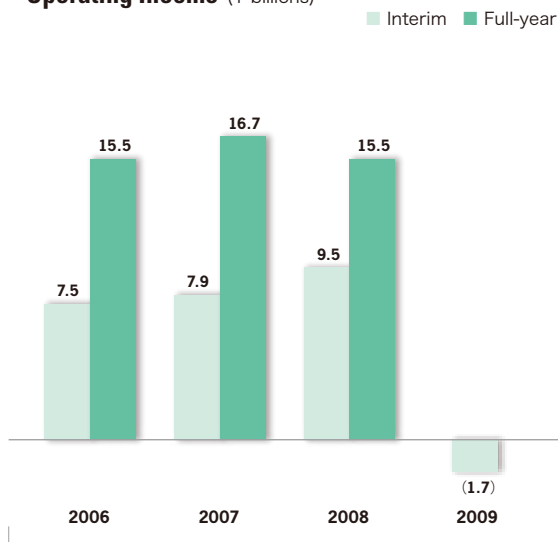
Overseas Sales



Net Sales (¥ billions)



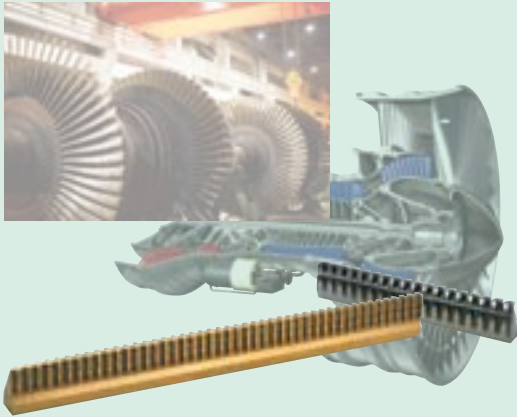
Operating Income (¥ billions)



TOPICS

The NACHI-FUJIKOSHI Group is working to develop energy and infrastructure market and identify newly emerging markets, which should lead to long-term growth. The Group is also working to evolve its engineering business and expand its operations in the global market.

Developing Energy and Infrastructure Markets



Christmas-tree-type broaches

An essential precision cutting tool for high-precision and highly efficient machining of turbines for generators and aircraft engines



Bearings for bullet trains

Seeking to provide lighter-weight, smaller, and more durable bearings to allow bullet trains to run faster



Large module hobs

Highly efficient machining of large gears for wind power generators



Spherical roller bearings

Providing dependability with the world's highest load capacity and service life

Expanding Operations in Newly Emerging Markets

We are turning our attention to newly emerging markets, which should lead to growth, in places like China, ASEAN countries, India, the Middle East, and Latin America. We have established a new business office in Turkey. (July 2009)



NACHI TECHNOLOGY (THAILAND) CO., LTD.
(Southeast Asia, Thailand)



ASEAN Business Center



SHANGHAI NACHI BEARINGS CO., LTD.
NACHI (SHANGHAI) PRECISION TOOLS CO., LTD.
(China)



NACHI MEXICANA
ENGINEERING CENTER
(Mexico)



NACHI BRASIL LTDA.
(South America, Brazil)

● Overseas Offices

Evolving the Engineering Business

Established NACHI Tool Engineering Co., Ltd.

We established NACHI Tool Engineering Co., Ltd. as part of our engineering business and we have enhanced our operations related to regrinding and recoating of cutting tools.

NACHI Tool Engineering is positioned as a global production center to handle increased demand from overseas markets in places like China, India, and ASEAN countries. (May 2009)



Toyama Technical Center (Inside the Toyama Plant)



Eastern Japan Service Center (Kanagawa)

<Engineering Business>



Regrinding and Recoating of cutting tools/ Tool engineering service

NACHI Tool Engineering Co., Ltd.
GPA Engineering Co., Ltd.



Maintenance, Overhaul of robots and machine tools

NACHI Robot Engineering Co., Ltd.
NACHI Machinery Engineering Co., Ltd.



Energy-efficient hydraulic unit/ Recycling system for working fluid and debris

NACHI Industrial Service Co., Ltd.



Heat treatment and Coating services

NACHI Thermotech Co., Ltd.

Revamping the Logistics Network



Established "NACHI Logistics Center"

We established NACHI Logistics Center at our Higashi-Toyama Plant and consolidated our nationwide logistics operations there.

We have made logistics more efficient and enhanced customer service through improvements like the use of palletizing robots in product receipt and shipping work. (June 2009)



Centralized management of
cutting tools and parts inventories



Palletizing robots in the automated packaging line

FINANCIAL STATEMENTS

Consolidated Balance Sheets

Item	Interim 2009 (as of May 31, 2009)	Interim 2008 (as of May 31, 2008)
ASSETS:		
Current assets	79,662	100,490
Cash and cash equivalents	22,567	19,659
Notes and accounts receivable	22,882	43,950
Inventories	30,037	30,816
Other	4,175	6,063
Fixed assets	99,574	106,357
Property, plant and equipment	84,622	87,116
Buildings and structures	31,919	32,232
Machinery and equipment	38,667	44,572
Land	7,334	7,571
Other	6,701	2,739
Intangible fixed assets	423	411
Investments and advances	14,529	18,830
Total assets	179,237	206,848

(¥ millions)

Item	Interim 2009 (as of May 31, 2009)	Interim 2008 (as of May 31, 2008)
LIABILITIES:		
Current liabilities	68,124	105,681
Notes and accounts payable	18,175	43,782
Short-term bank loans	41,473	33,395
Other	8,474	28,503
Long-term liabilities	56,002	39,278
Bonds and long-term debt	43,465	29,066
Allowance for retirement benefits	5,091	6,699
Other	7,445	3,511
Total liabilities	124,126	144,959
NET ASSETS:		
Shareholders' equity	55,649	59,078
Common stock	16,074	16,074
Additional paid-in capital	11,562	11,572
Retained earnings	28,184	31,604
Treasury stock	(172)	(172)
Revaluations and translation adjustments	(3,019)	227
Minority interests	2,480	2,582
Total net assets	55,110	61,889
Total liabilities and net assets	179,237	206,848

Consolidated Statements of Income

(¥ millions)

Item	Interim 2009 (December 1, 2008 -May 31, 2009)	Interim 2008 (December 1, 2007 -May 31, 2008)
Net sales	55,422	104,874
Operating income	(1,789)	9,553
Ordinary income	(2,924)	8,619
Extraordinary income	13	7
Extraordinary losses	372	146
Income before income taxes and minority interests	(3,283)	8,481
Net income	(4,760)	4,843

Consolidated Statements of Cash Flows

(¥ millions)

Item	Interim 2009 (December 1, 2008 -May 31, 2009)	Interim 2008 (December 1, 2007 -May 31, 2008)
Cash flows from operating activities	(9,319)	8,588
Cash flows from investing activities	(4,991)	(8,844)
Cash flows from financing activities	24,397	(924)
Net increase (decrease) in cash and cash equivalents	9,601	(1,590)
Cash and cash equivalents at beginning of the period	12,833	20,965
Cash and cash equivalents at end of the period	22,435	19,375

SHAREHOLDER INFORMATION (As of May 31, 2009)

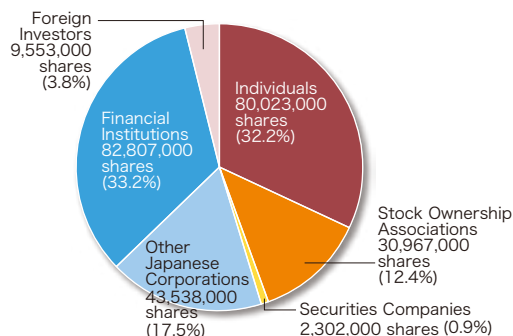
Number of Shares Issued: 249,193,436

Number of Shareholders: 35,409

Major Shareholders:

Shareholders	Number of shares held (thousand)	Shareholding ratio (%)
NACHI WANEI Stockholding	13,890	5.57
Toyota Motor Corporation	13,182	5.29
Employees' Stock Ownership Plan	12,353	4.96
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,888	4.77
Japan Trustee Services Bank, Ltd. (4G)	9,563	3.84

Breakdown of Shareholders



DIRECTORS AND AUDITORS (As of August, 2009)

*Chairman and CEO,
Representative Director*
Kensuke Imura

*President and COO,
Representative Director*
Hiroo Honma

Executive Vice President
Kenji Ishiguro

Managing Director
Yukihiko Tanaka

Managing Director
Makoto Sasaki

Managing Director
Kiyoshi Nakagawa

Managing Director
Noriyasu Shiba

Director
Atsushi Seki*

Director
Zenshiro Kaneko

Director
Naoshi Katayama

Director
Hideo Terakoshi

Director
Keiichi Ogino

Standing Corporate Auditor
Naoto Nakano

Standing Corporate Auditor
Atsushi Saguchi*

Corporate Auditor
Teruo Akashi

Corporate Auditor
Eiichi Fukushima*

*Outside director or outside corporate auditor

CORPORATE OFFICERS (As of August, 2009)

Corporate Officer
Kiyoshi Meguro

Corporate Officer
Masayuki Kobayashi

Corporate Officer
Nishiki Seto

Corporate Officer
Nobuo Segawa

Corporate Officer
Sachio Tanaka

Corporate Officer
Toshio Sugiura

Corporate Officer
Tadashi Yamazaki

Corporate Officer
Shigeki Miwa

CORPORATE INFORMATION (As of May 31, 2009)

Foundation: December 21, 1928

Capital: ¥16 billion

Number of Employees: 5,586 (Consolidated) 2,614 (Non-consolidated)

Major Products:

Machining	Cutting Tools, Forming Tools, Cutting Saws, Machine Tools, Precision Machinery, Machining Systems
Robots	Robot Systems, Electronic Equipment
Components	Bearings, Hydraulic Equipment, Automotive Parts, Seismic Isolation Systems, Filtration Systems
Materials & Heat Treatment	Special Steels, Coating, Industrial Furnaces

Major Domestic Offices and Plants:

Toyama Head Office	1-1-1, Fujikoshi-Honmachi, Toyama 930-8511, Japan	Tel:+81-76-423-5111
Tokyo Head Office	Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan	+81-3-5568-5111
Eastern Japan Main Branch	Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan	+81-3-5568-5280
Central Japan Main Branch	Nachi Nagoya Bldg., 2-120-3, Takayashiro, Meitou-ku, Nagoya 465-0095, Japan	+81-52-769-6811
Western Japan Main Branch	Nachi Osaka Bldg., 2-3-7, Honjo-nishi, Higashi-Osaka 578-8522, Japan	+81-6-6748-2510
Toyama Plant	1-1-1, Fujikoshi-Honmachi, Toyama 930-8511, Japan [Cutting Tools / Machine Tools / Robots / Bearings]	+81-76-423-5111
Higashi-Toyama Plant	3-1-1, Yoneda-machi, Toyama 931-8511, Japan [Special Steels]	+81-76-438-4411
	3-2-1, Nakada, Toyama 931-8453, Japan [Hydraulic Equipment]	+81-76-438-8970
Namerikawa Plant	176, Ogake, Namerikawa 936-0802, Japan [Precision Machinery / Hydraulic Equipment / Automotive Hydraulics / Coating / Industrial Furnaces / Precision Forming]	+81-76-471-2101

INVESTOR INFORMATION

Securities Code:	6474
Fiscal year:	From Dec. 1 of each year to Nov. 30 of the following year
Ordinary General Meeting of Shareholders:	February
Record Date:	Voting rights at General Meeting of Shareholders November 30 Year-end dividend November 30 Interim dividend May 31
Unit:	1,000 shares
Shareholders' Register Custodian:	3-33-1, Shiba, Minato-ku, Tokyo, Japan The Chuo Mitsui Trust and Banking Company, Ltd.
Mailing address:	2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan The Chuo Mitsui Trust and Banking Company, Ltd. Stock Transfer Agency Department
(Contact via phone):	Toll-free: 0120-78-2031 (Toll-free in Japan) Transactions are handled by Chuo Mitsui Trust and Banking Co., Ltd. and its branches nationwide and the head office of Japan Securities Agents, Ltd. and its branches nationwide.
URL:	http://www.nachi-fujikoshi.co.jp/

Notification of Change of Address And Requests For Purchase of Additional Shares or Buyback of Holdings Less Than the Minimum Trading Unit

Please notify the securities company with which you have your account.

For those shareholders who do not have an account with a securities company and who have set up a special account instead, please notify Chuo Mitsui Trust and Banking Co., Ltd., which is the account administrator for special accounts.

Payment of Accrued Dividends

Please contact Chuo Mitsui Trust and Banking Co., Ltd., which administers the shareholders registry.

Wonders from NACHI, Art in NACHI

Exciting Technology—that's Art.

The UFO-looking object on the cover is a bearing used in N700 series bullet trains. Early bullet trains started with the 0 series. As these trains have become faster, the bearings used have provided exceptional durability and evolved in terms of features and shape into lighter, smaller bearings.

This beautiful and unique form is evidence of our technology allowing safe operations on tracks that would circle the globe 125 times over.

NACHI-FUJIKOSHI endeavors to create art in the world of manufacturing.