

Fiscal 2008 Interim Business Report

July 7th, 2008

NACHI

NACHI –FUJIKOSHI CORP.

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Outline of Operations

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Part 2.

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Interim Figures of Fiscal 2008

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Overview of Interim Figures for Fiscal 2008 (Consolidated)

○ Profit and Loss Statements

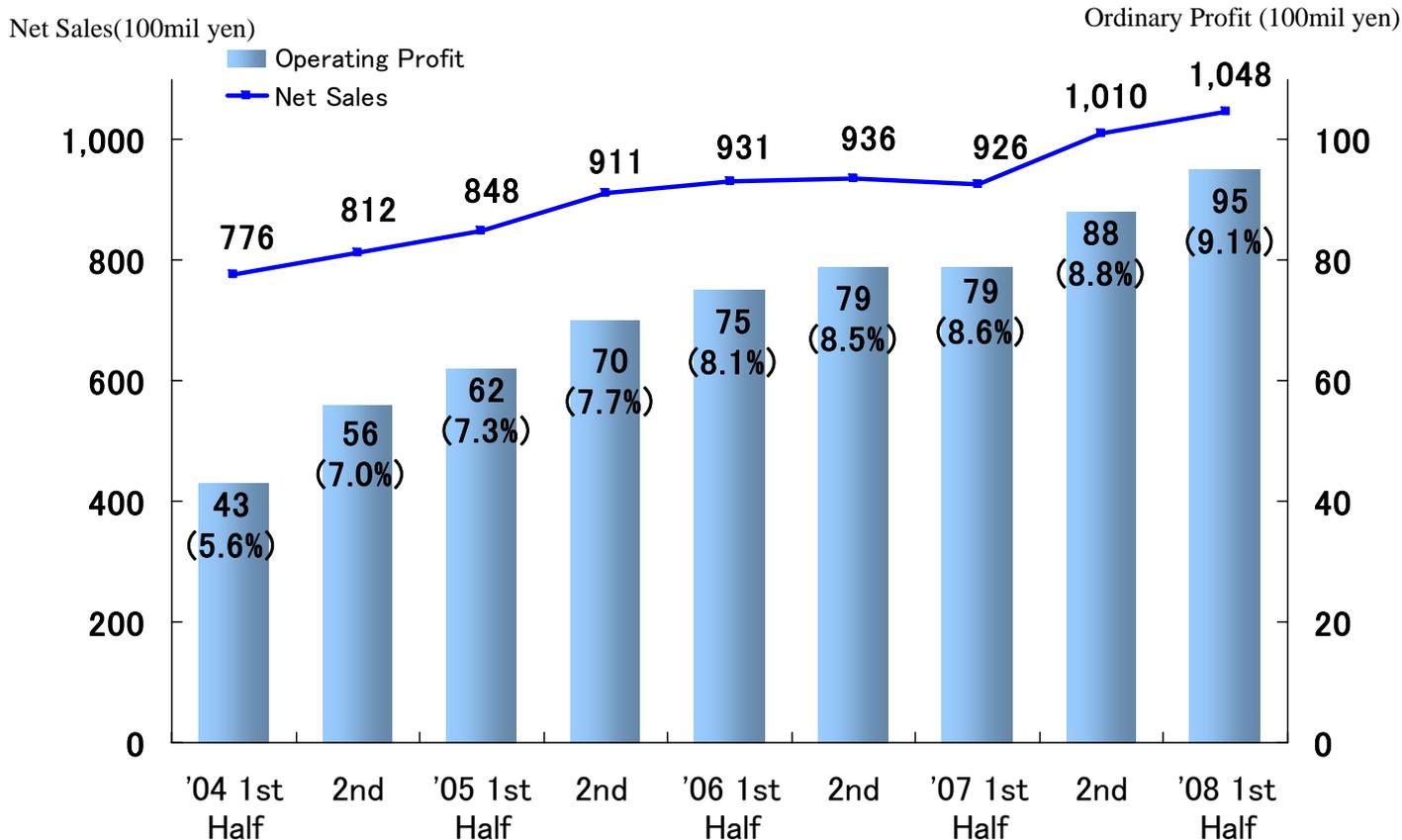
Mid' 08

(unit: 100mil Yen)	Fiscal2007 Interim (A)		Fiscal2008 Interim (B)		Changes in Profit (B) - (A)	
Net Sales		926		1,048	(+13.2%)	+122
Operating Profit	(8.6%)	79	(9.1%)	95	(+20.6%)	+16
Ordinary Profit	(7.8%)	72	(8.2%)	86	(+19.2%)	+13
Extraordinary Profit		9		0		△8
Extraordinary Loss		3		1		△2
Current Net Profit		41		48	(+16.0%)	+6

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Index of Business Results

Mid '08



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Major Management Indexes 2008

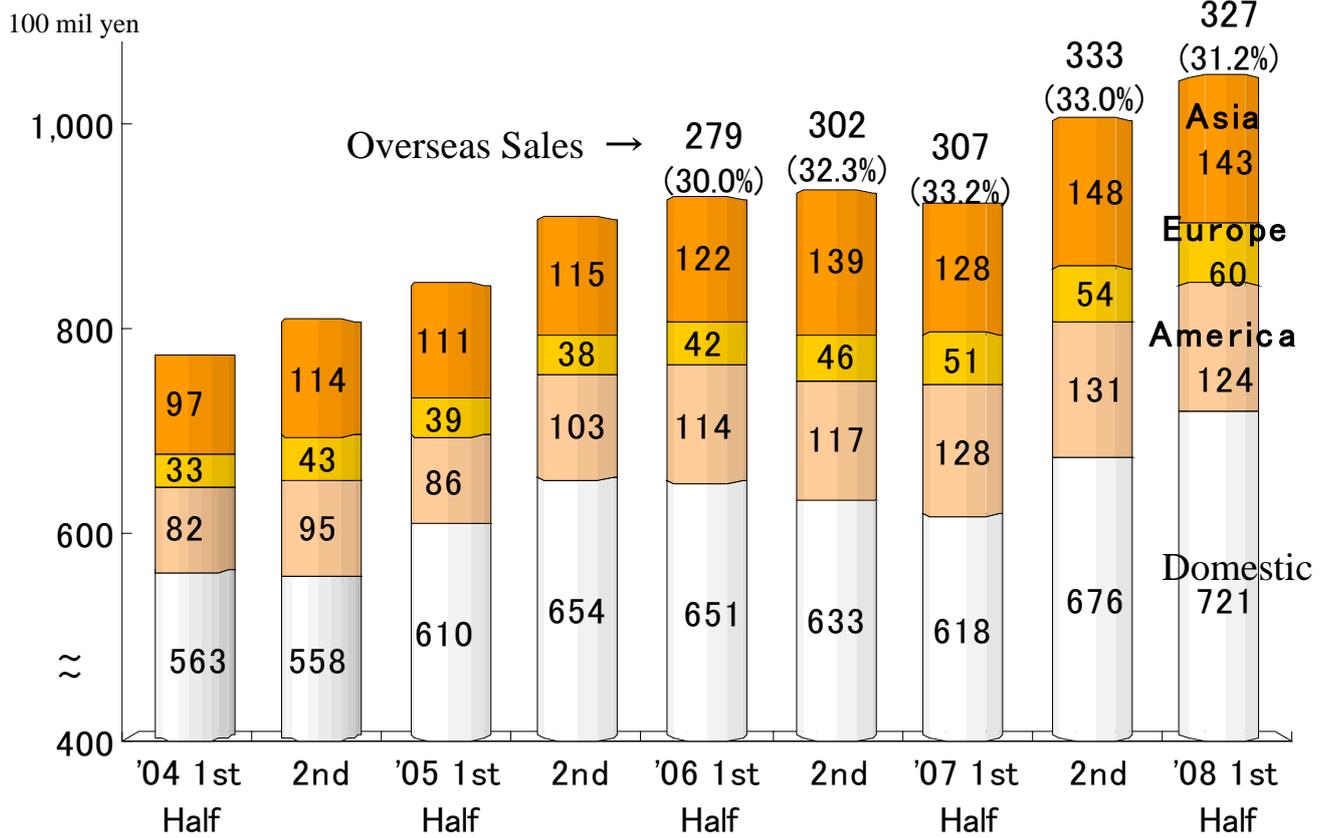
Mid '08

(unit: 100 mil yen)	Fiscal 2007 Interim (A)	Fiscal 2008 Interim (B)	Changes (B) - (A)
Total Assets	1,901	2,068	+167
Debt with Interest (D/E Ratio)	(1.1 times) 611	(1.1 times) 624	+12
Shareholders Equity (Equity Capital Ratio)	(29.4%) 559	(28.7%) 593	+33
Capital Expenditure	89	114	+24
Expenses of Depreciation	45	50	+4
Number of Associates	5,698	5,857	+159
R O A	8.3%	9.2%	0.9 points improve
R O E	15.5%	16.3%	0.8 points improve
Exchange Rate (US\$)	119yen	109yen	10yen appreciation
Exchange Rate (EUR)	154yen	161yen	6yen depreciation

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Sales by Each Area

Mid '08

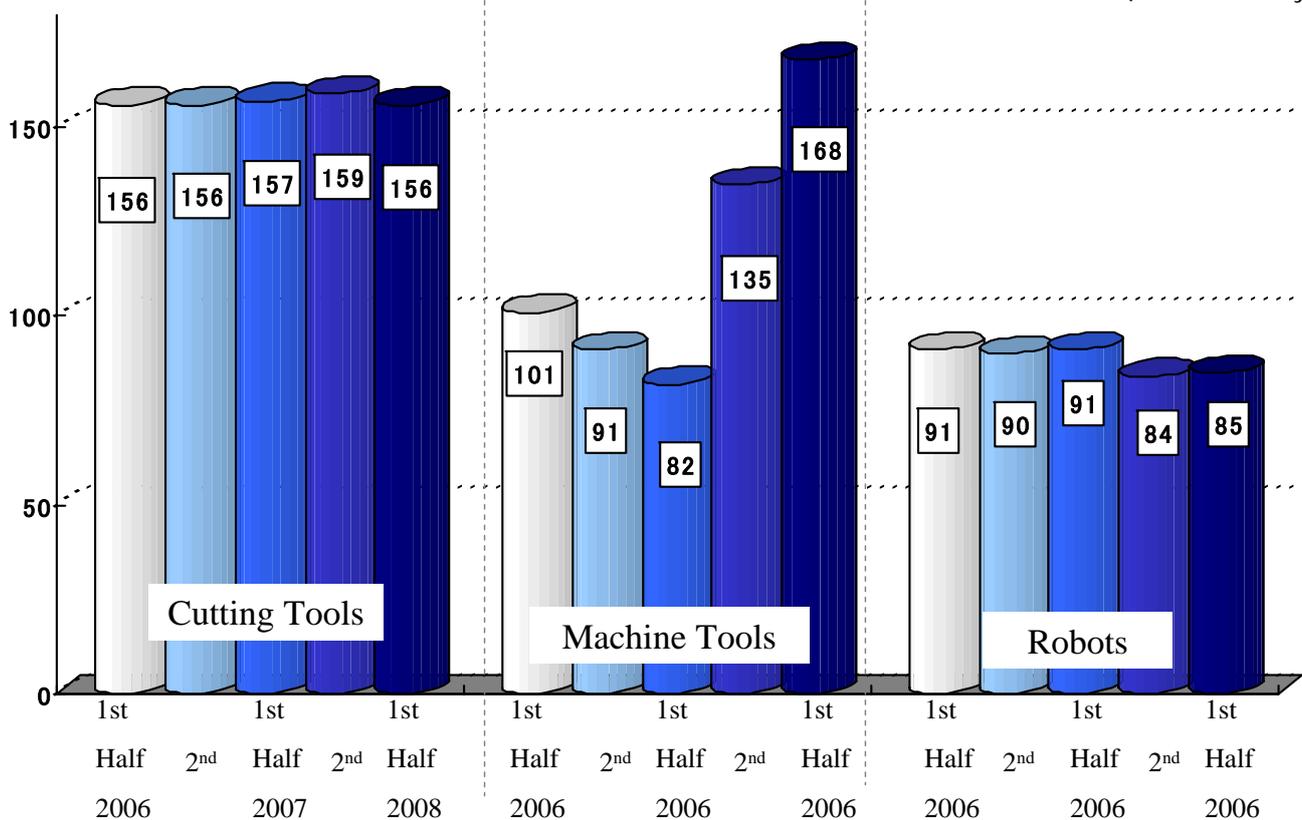


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Sales by Business Segments (Cutting Tools & Machines)

Mid '08

(Unit: 100 mil yen)

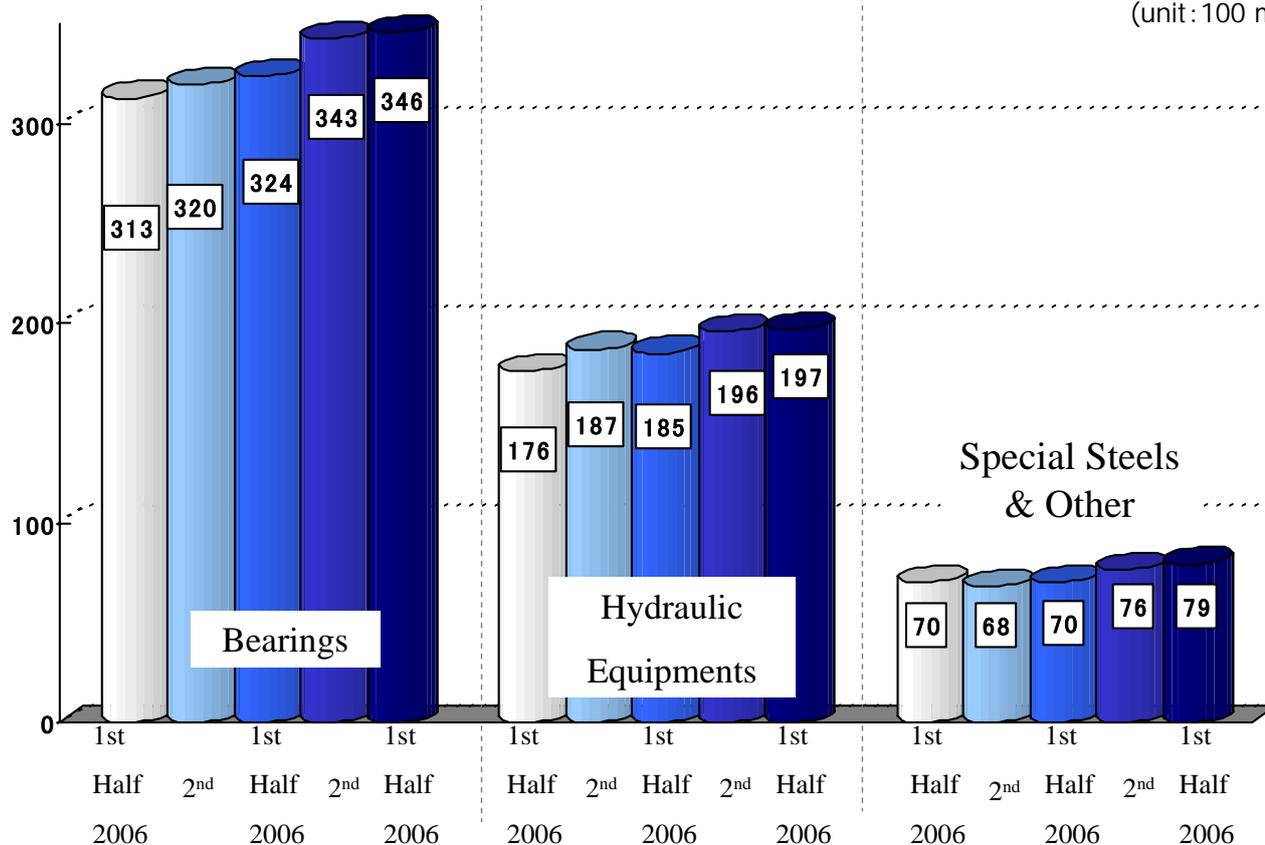


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Sales by Business Segments (Components & Special Steels)

Mid '08

(unit: 100 mil yen)



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Sales & Operating Profits by Business Segments

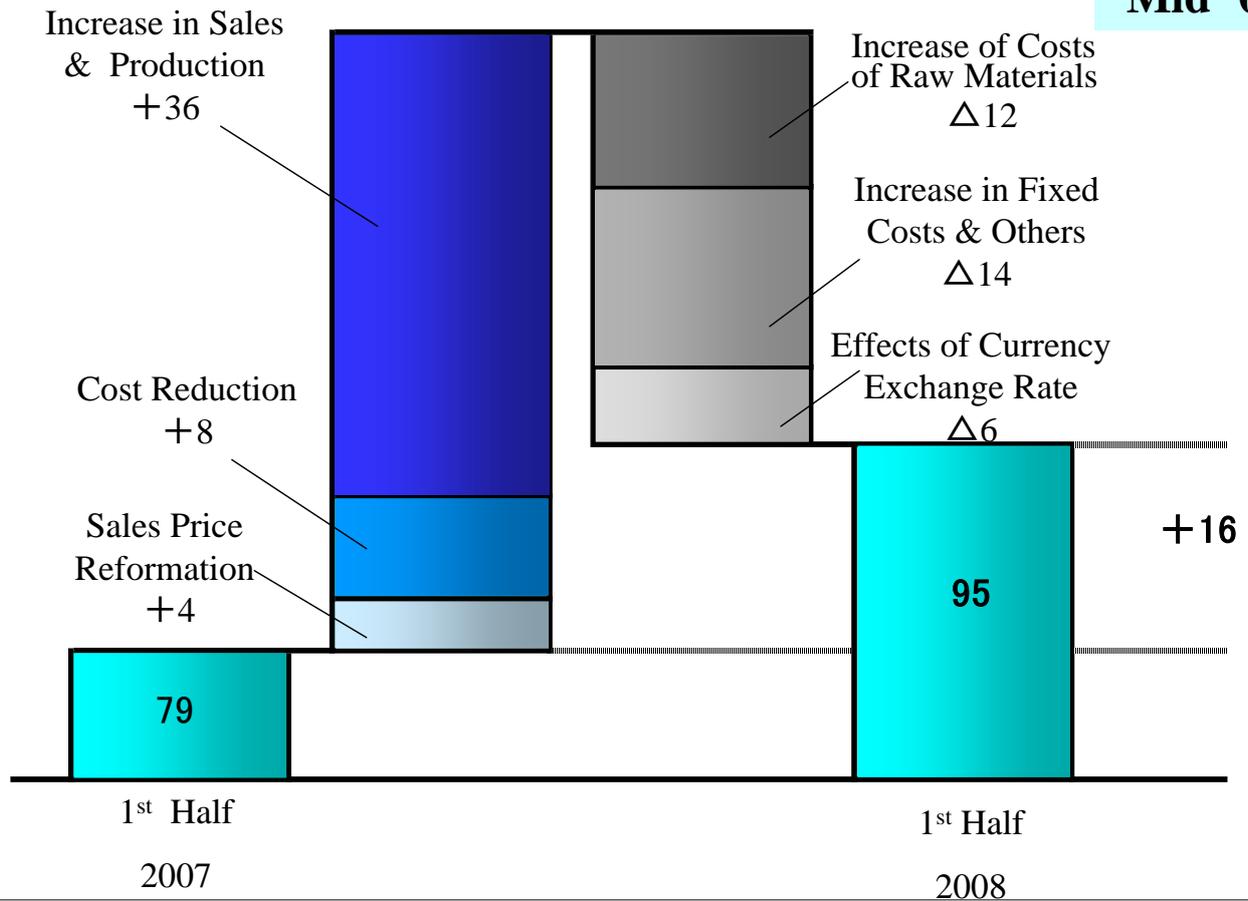
Mid '08 (unit: 100 mil yen)			Fiscal 2007 Interim (A)	Fiscal 2008 Interim (B)	Changes (%) (B)-(A)
Tools & Machines	Sales	Cutting Tools	157	156	($\Delta 0.7\%$) $\Delta 1$
		Machine Tools	82	168	(2.0 times) +85
		Robots	91	85	($\Delta 6.8\%$) $\Delta 6$
		Total	331	409	(+23.8%) +78
	Operating Profit	(7.9%) 26	(7.0%) 28	(+8.9%) +2	
Components	Sales	Bearings	324	346	(+6.6%) +21
		Hydraulic Equipments	185	197	(+6.3%) +11
		Total	510	543	(+6.5%) +33
	Operating Profit	(9.2%) 47	(10.5%) 56	(+20.5%) +9	
Materials & Others	Sales	Special Steels	70	79	(+11.6%) +8
		Others	14	16	(+15.0%) +2
		Total	85	95	(+12.2%) +10
	Operating Profit	(6.9%) 5	(10.1%) 9	(+63.2%) +3	
Sales Total			926	1,048	(+13.2%) +122
Operating Profit Total			(8.6%) 79	(9.1%) 95	(+20.6%) +16

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Factors of Fluctuating Sales Profit Figures

(unit: 100 mil yen)

Mid '08



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Prospect for Fiscal 2008

Management Plan of Fiscal 2008

'08 Plan

(unit: 100 mil yen)

	Fiscal 2007 (A)	Fiscal 2008 Plan (B)	Changes (B) - (A)
Sales	1,936	2,070	(+6.9%) +133
Operating Profit	(8.7%) 167	(8.2%) 170	(+1.3%) +2
Ordinary Profit	(7.9%) 152	(7.5%) 155	(+1.4%) +2
Extraordinary Profit	10		△10
Extraordinary Loss	27	7	△20
Net Profit	78	88	(+12.0%) +10

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Major Management Index

'08 Plan

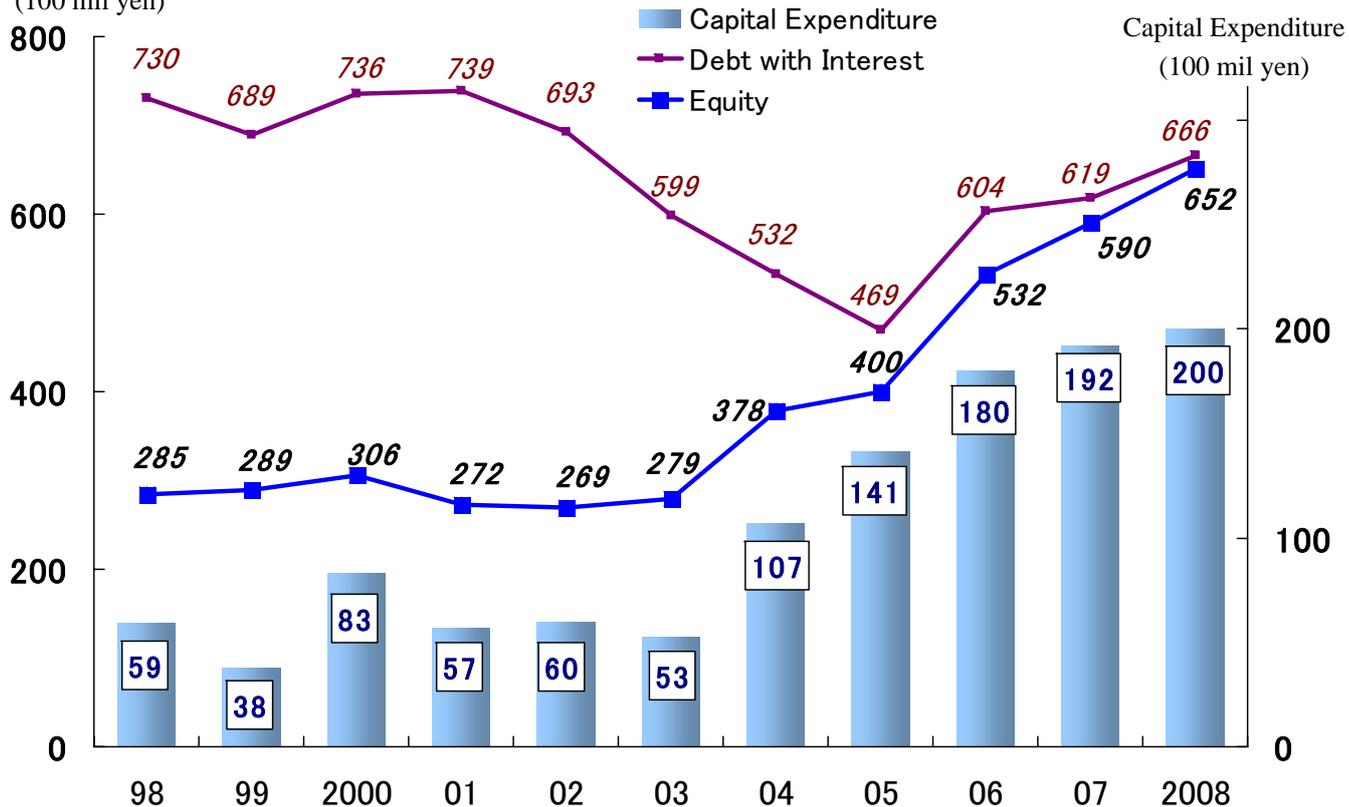
(unit: 100 mil yen)	Fiscal 2007 (A)	Fiscal 2008 Plan (B)	Change (B) - (A)
Total Assets	2,017	2,000	△17
Debt with Interest (D/E Ratio)	(1.0 time) 619	(1.0time) 666	+46
Shareholders Equity (Equity Capital Ratio)	(29.3%) 590	(32.6%) 652	+61
Capital Expenditure	192	200	+7
Expenses of Depreciation	99	104	+5
Number of Associates	5,802	5,900人	+98
R O A	8.3%	8.5%	0.2point improve
R O E	13.3%	13.5%	0.2point improve
Exchange Rate (US\$)	119yen	106yen	13 yen appreciation
(EUR)	158yen	158yen	—

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Capital Expenditure and Debt with Interest - Equity

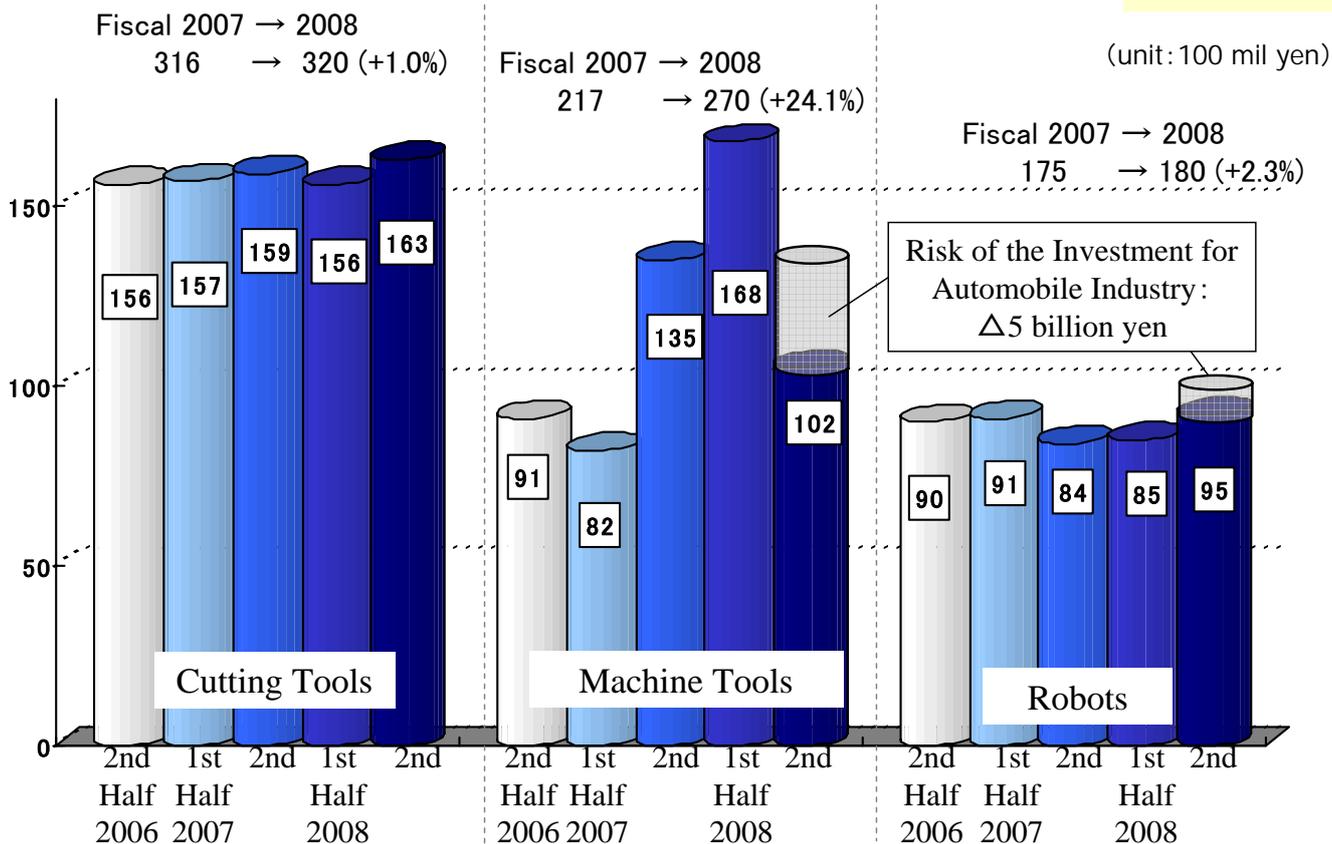
Debt with Interest
(100 mil yen)

'08 Plan



Sales by Business Segments (Cutting Tools & Machines)

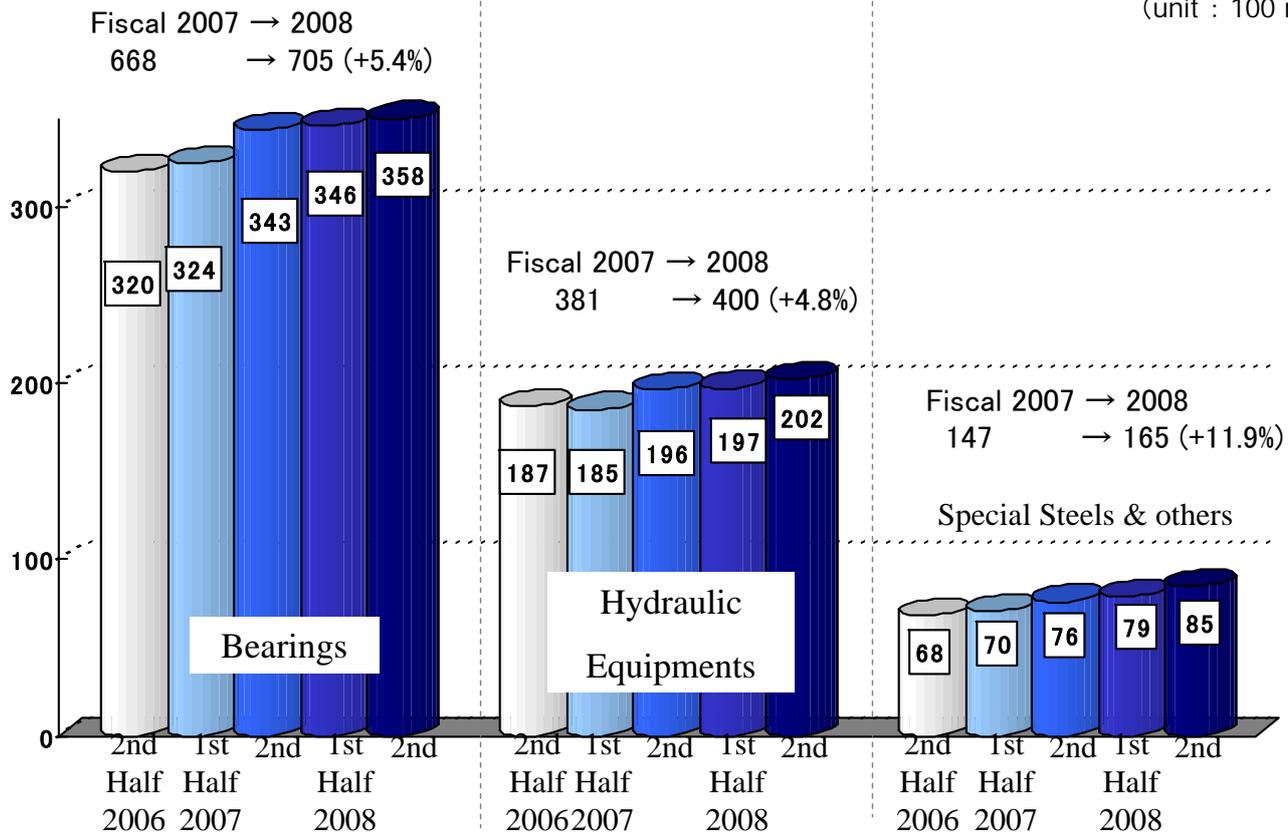
'08 Plan



Sales Figures by Main Business(Components & Special Materials)

'08 Plan

(unit : 100 mil yen)



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Prospects by Business Segments (Sales & Operating Profit)

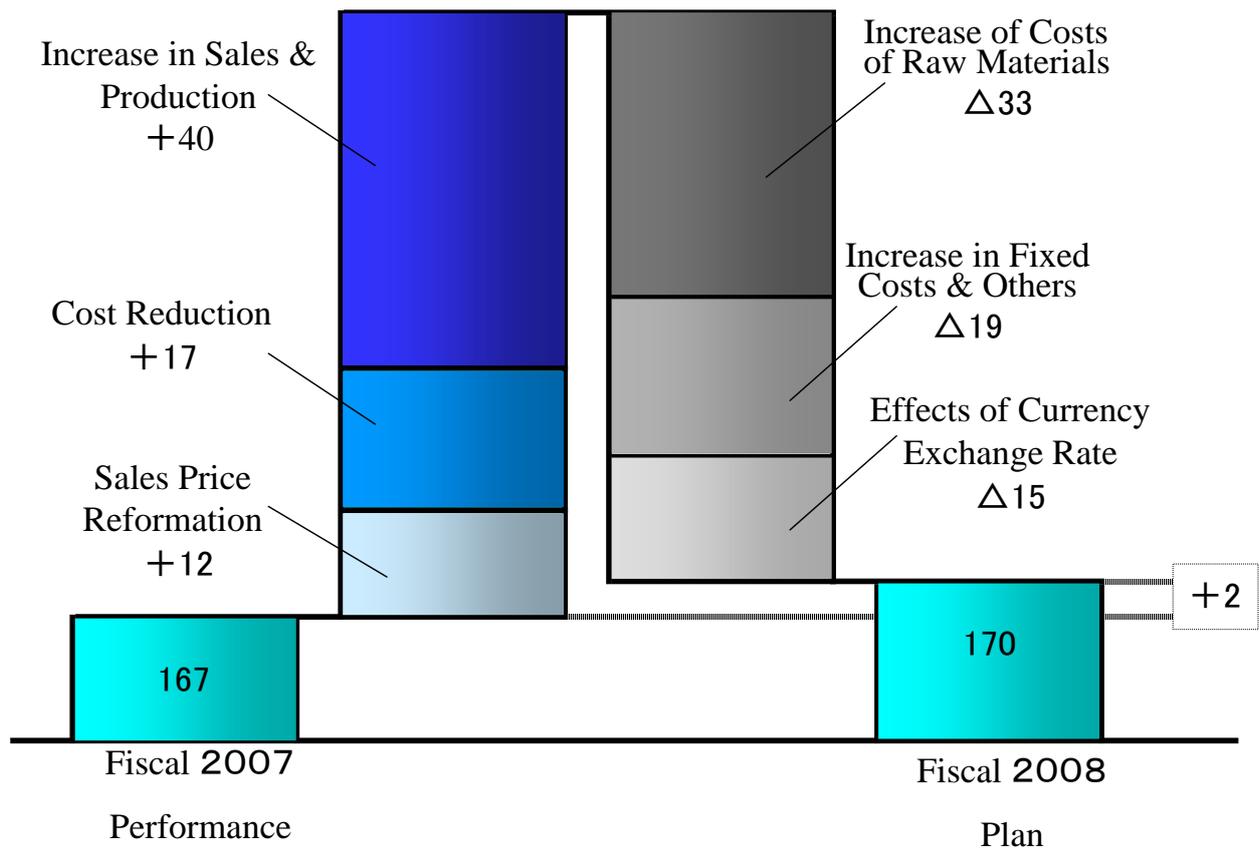
'08 Plan (unit : 100 mil yen)			Fiscal 2007 (A)	Fiscal 2008 Plan (B)	Change (%) (B)-(A)
Tools & Machines	Sales	Cutting Tools	316	320	(+1.0%) +3
		Machine Tools	217	270	(+24.1%) +52
		Robots	175	180	(+2.3%) +4
		Total	710	770	(+8.4%) +60
	Operating Profit	(7.3%) 51	(6.8%) 52	(+2.0%) +1	
Components	Sales	Bearings	668	705	(+8.4%) +36
		Hydraulic Equipments	381	400	(+4.8%) +18
		Total	1,050	1,105	(+5.2%) +54
	Operating Profit	(9.7%) 101	(9.3%) 103	(+1.4%) +1	
Materials & Others	Sales	Special Steels	147	165	(+11.9%) +17
		Others	28	30	(+4.8%) +2
		Total	176	195	(+10.8%) +19
	Operating Profit	(7.7%) 13	(7.7%) 15	(+10.7%) +1	
Sales Total			1,936	2,070	(+6.9%) +133
Operating Profit Total			(8.7%) 167	(8.2%) 170	(+1.3%) +2

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Factors of Fluctuating Sales Profit Figures

'08 Plan

(unit : 100 mil yen)



Management Measures

Management Policies and Market Awareness

1. Outlook on market environment

- In 2008 the economy continued to fluctuate as the markets diversified
- Economic recession in the US → May spread to the global economy
- Inflated cost of resources → Resources and developing countries growing in importance
- ▼ Downturn in demand ▼ Falling dollar ▼ Escalating cost of materials

2. Management policies

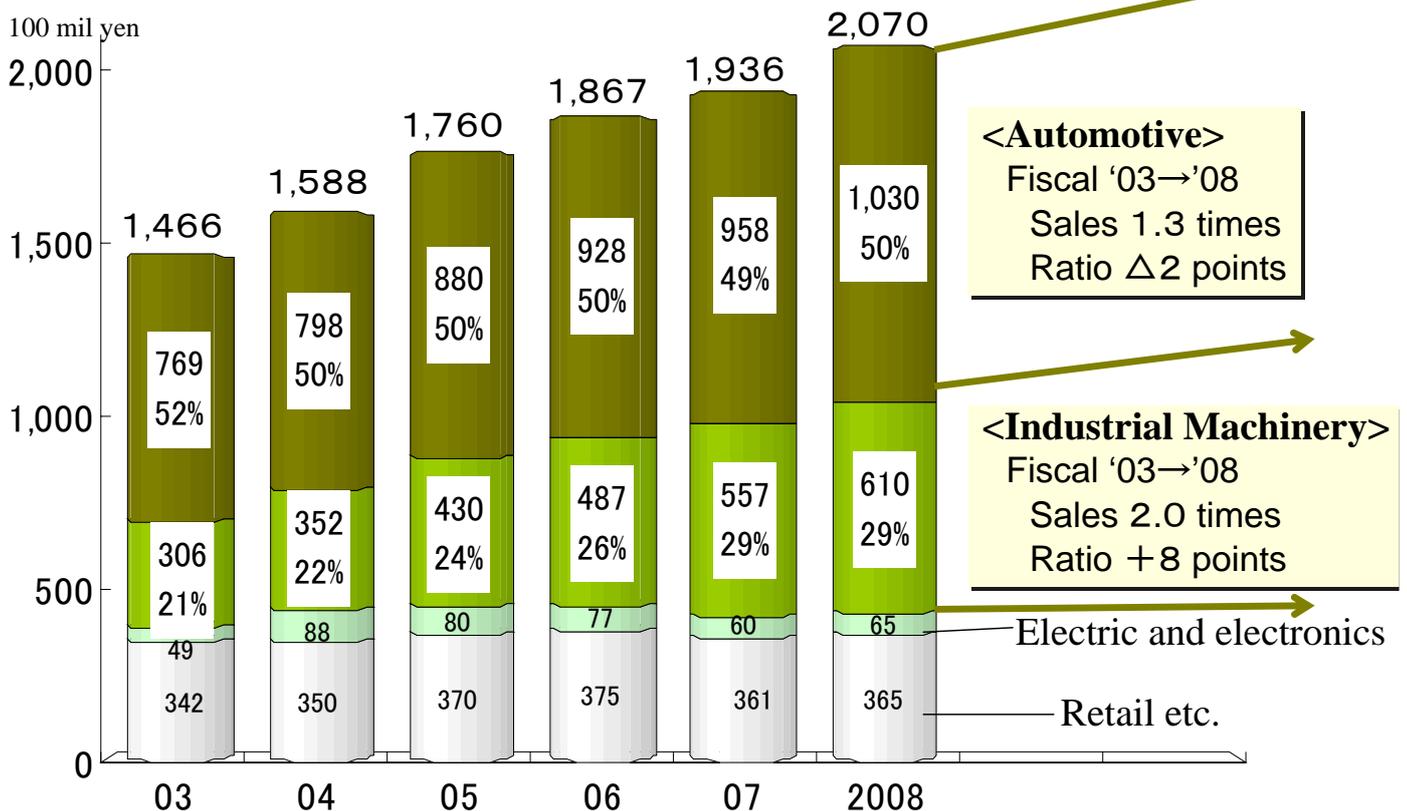
- Strengthen interconnectivity of management
 - Expand operations on multiple fronts
- } Establishing stable profit growth

- Bolster production capacities of strategic products - Specifically in the industrial machinery field
- Expand business in new markets
- Promote engineering business

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① Industrial Machinery as Main Business

○ Sales by Each Market



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Focusing Management Resources on Strategic Products

Bolster production framework of strategic products for industrial machinery and automotive markets

Toyama Head office, Toyama Plant



Mizuhashi Plant



Namerikawa Plant



NACHI Tohoku Seiko Co.,Ltd. (Yamagata)



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II. Expand Business in New Markets

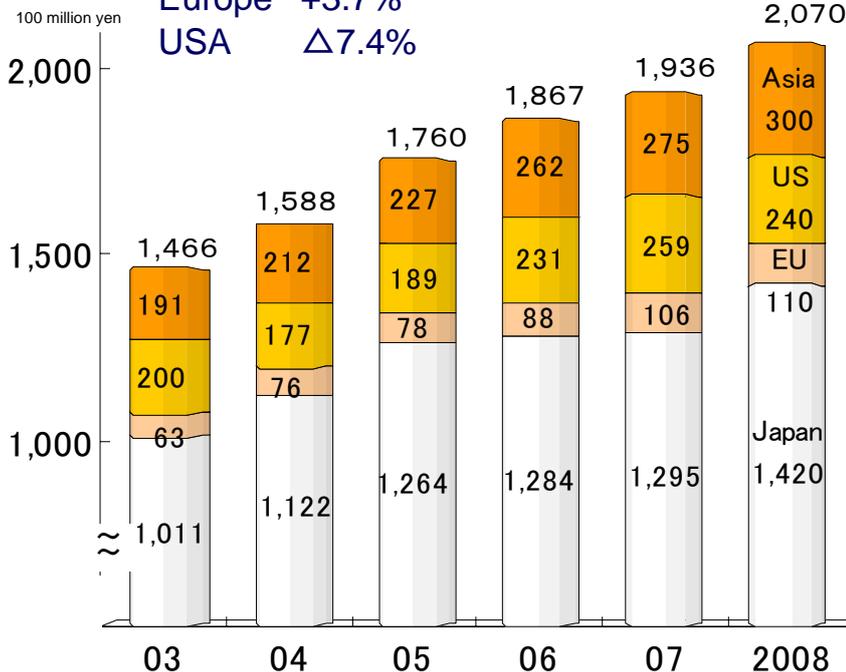
Expand overseas operations in emerging nations

○ Overseas net sales: 641 (33.1%) → 65.0 billion yen (31.4%)

Asia +8.7%

Europe +3.7%

USA Δ7.4%



Thailand: ASEAN Business Center Established



Shanghai: Hydraulic equipment joins bearing and cutting tool production



Brazil: Growing auto and motorcycle demand

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III. Promote Engineering Business

Expanding engineering at home and abroad

○ Key facilities in Japan - From engineering to presentations & training -



NACHI Engineering
(Ayase City, Kanagawa Prefecture)



Kyushu Plant (provisional name, opening summer 2009)
(Kurume City, Fukuoka Prefecture)

○ Key facilities overseas - USA, China, Mexico, and India -



NACHI (Shanghai) Precision Tools Co., Ltd.



NACHI PRECISION
NORTH CAROLINA

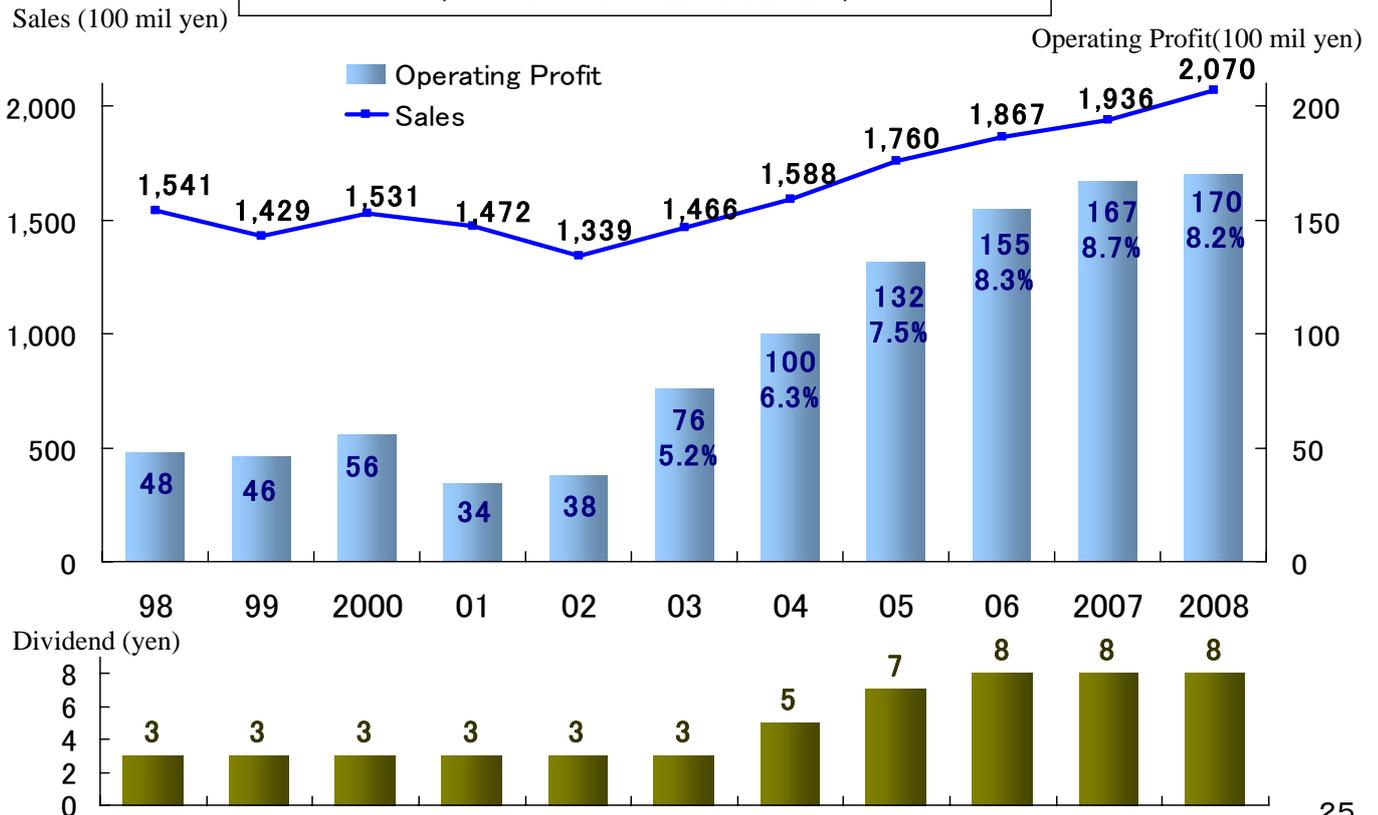


NACHI MEXICANA
ENGINEERING CENTER

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Comparison of Fiscal 2008 with Recent Years

Continuous 6-terms Increase in Revenue & Profit
(Stable Growth of Profit)



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NACHI

<http://www.nachi-fujikoshi.co.jp/>

These materials are produced based on expectations of future performance and business plans that are predicated on a continuation of current economic conditions and business policies.

Because of this, actual performance may vary from expected business performance due to fluctuations in demand, exchange rates and various other factors.