

Fiscal 2007 Interim Business Report

Jul. 18th, 2007

NACHI

NACHI –FUJIKOSHI CORP.

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Overview

Interim Figures for fiscal 2007 (consolidated)

(unit: 100mil Yen)

1st Half 2007

	Fiscal2006 interim (A)		Fiscal2007 interim (B)		Changes in Profit (%) (B) - (A)	
Sales	931		926		(Δ0.5%)	Δ4
Business Profit	(8.1%)	75	(8.6%)	79	(+4.8%)	+3
Current Earnings	(7.4%)	69	(7.8%)	72	(+4.4%)	+3
Special Profit		1		9		+8
Extraordinary Loss		10		3		Δ6
Current Net Profit		33		41	(+23.8%)	+8

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Managerial Performance

1st Half 2007

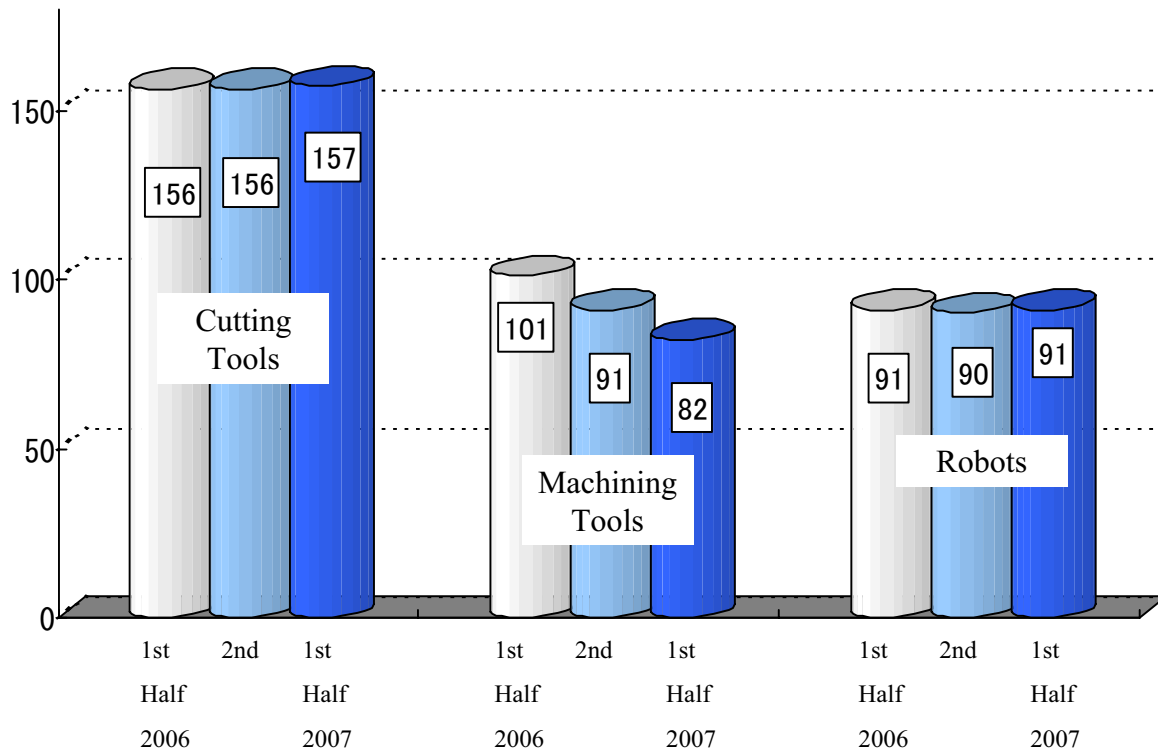
Unit: 100mili Yen	Fiscal 2006 interim(A)	Fiscal 2006 interim(B)	Changes (B)-(A)
Collective Assets	1,732	1,901	+168
Equity	(27.9%) 483	(29.4%) 559	(+1.5 points) +76
Debt with Interest	522	611	+89
D/E ratio	1.1 times	1.1times	
Capital Expenditures	94	89	Δ4
Expenses of Depreciation	41	45	+4
Human Resources	5,542	5,698	+156

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Sales Figures by Main Businesses (Machining & Cutting Tools)

(unit: 100mil Yen)

1st Half 2007

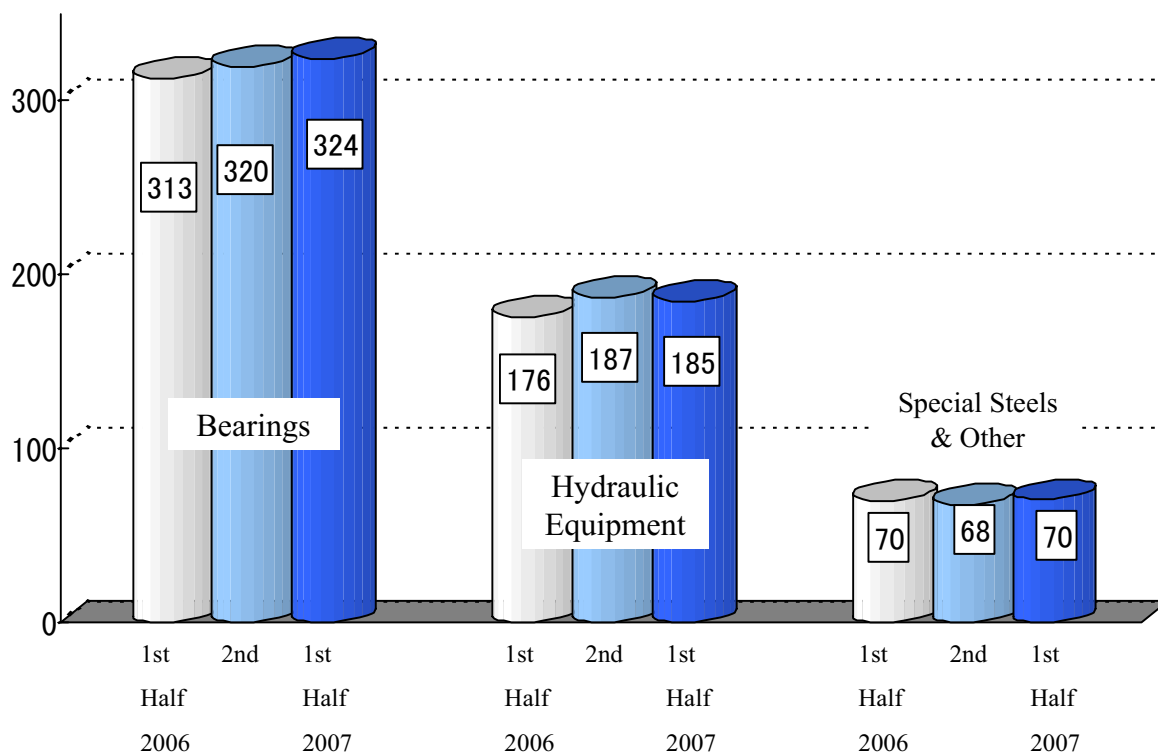


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Sales Figures by Main Business (Parts & Special Steels)

(unit: 100mil Yen)

1st Half 2007



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Sales & Operating Profits by Business Segments

(Unit: 100 mil Yen)

1st Half 2007

		Interim '06 (A)	Interim '07 (B)	Changes (%) (B)-(A)	
Tools & Machining	Sales	Cutting Tools	156	157	(+0.5%) +1
		Machine Tools	101	82	(Δ18.9%) Δ19
		R o b o t s	91	91	(+0.8%) -
		T o t a l	348	331	(Δ5.1%) Δ17
	Business Profits	(9.7%) 34	(7.9%) 26	(Δ22.7%) Δ7	
Components	Sales	B e a r i n g s	313	324	(+3.6%) +11
		Hydraulic Equipment	176	185	(+5.3%) +9
		T o t a l	489	510	(+4.2%) +20
	Business Profits	(7.9%) 38	(9.2%) 47	(+21.7%) +8	
Materials etc	Sales	Special Steels	70	70	(+0.2%) -
		O t h e r	21	14	(Δ51.2%) Δ7
		T o t a l	92	85	(Δ2.1%) Δ7
	Business Profits	(3.0%) 2	(6.9%) 5	(+2.1times) +3	
Gross Sales Figures		931	926	(Δ0.5%) Δ4	
Gross Business Profits		(8.1%) 75	(8.6%) 79	(+4.8%) +3	

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Summaries by Geographical Locations

1st Half 2007

○Sales

(unit:100 mil Yen)

		Fiscal 06 interim (A)	Fiscal 07 interim (B)	Changes (B)-(A)
Unconsolidated		767	744	Δ23
Subsidiaries	Sales	122	120	Δ2
	Production	175	160	Δ15
	Domestic	298	281	Δ17
	Americas	118	130	+12
	Europe	45	55	+10
	Asia	62	71	+9
	Overseas	225	257	+32
	Total	523	538	+15
Subtotal		1,291	1,283	Δ8
Adjustment		Δ360	Δ357	+3
Consolidated Net Sales		931	926	Δ4

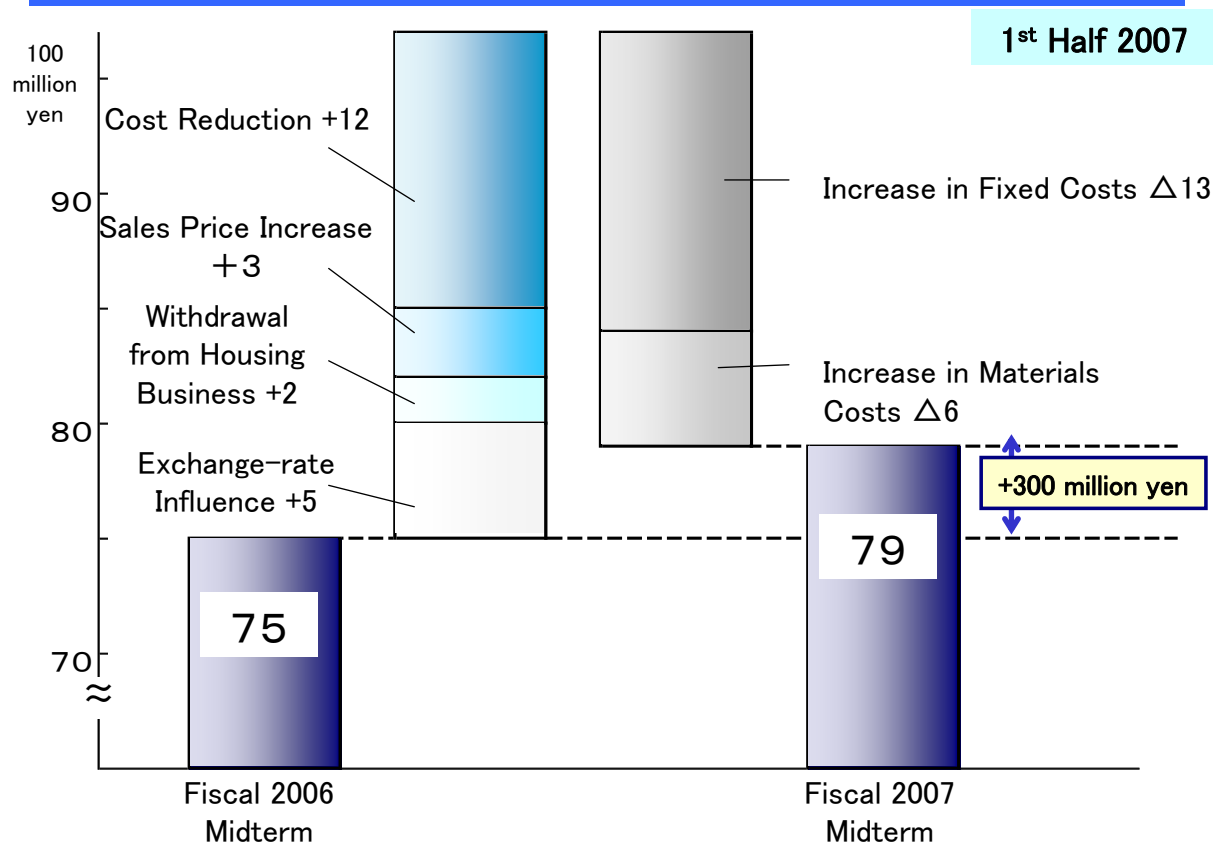
○Sales Profit

(unit:100 mil Yen)

		Fiscal 06 interim (A)	Fiscal 07 interim (B)	Changes (B)-(A)
		58	53	Δ5
		4	5	+1
		6	7	+1
		11	12	+2
		7	11	+4
		0	1	+1
		2	3	+1
		9	15	+6
		20	28	+8
		78	81	+2
		Δ3	Δ2	+1
		75	79	+3

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Changes in Operating Income Parameters



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Yearly Profit Plan Ended November, 2007

(unit : 100 mil Yen)

FY 2007

	Performance Fiscal 2006(A)	Reviewed Plan Fiscal 2007(B)	Changes(%) (B) - (A)
Sales	1,867	1,880	(+0.7%) +13
Business Profit	(8.3%) 155	(8.8%) 165	(+6.1%) +10
Current Earnings	(7.6%) 141	(8.0%) 150	(+5.9%) +9
Special Profit	6	9	+3
Extraordinary Loss	16	20	+4
Net Income of The Fiscal 2006	73	75	(+2.7%) +2

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Managerial Performance

(unit : 100 mil Yen)

FY 2007

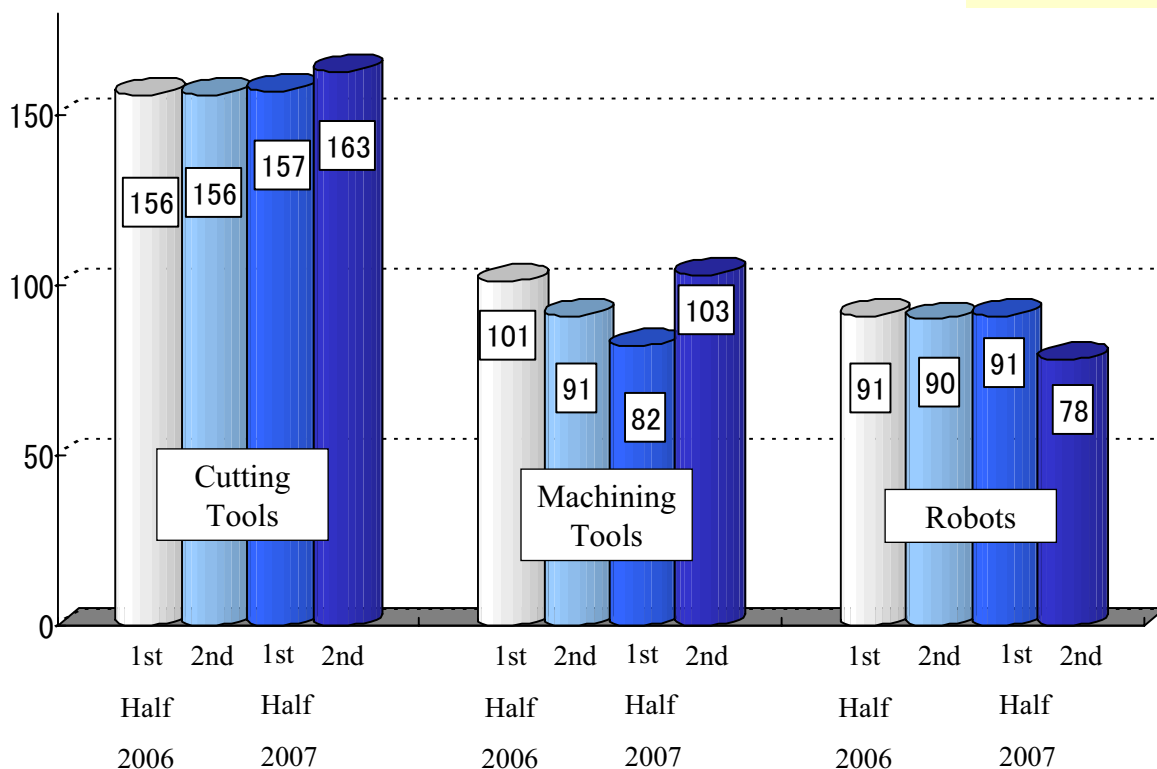
	Performance Fiscal 2006(A)	Reviewed Plan Fiscal 2007(B)	Changes(%) (B) - (A)
Collective Assets	1,861	1,920	+59
Equity	(28.6%) 532	(31.0%) 595	(+2.4point) +63
debt with interest	604	630	+26
D/E ratio	1.1 times	1.1 times	-
capital expenditures	180	200	+20
Expenses of Depreciation	87	95	+8
Human Resources	5,613 jobs	5,650 jobs	+37jobs

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Sales Figures by Main Business (Machining & Cutting Tools)

(unit:100mil Yen)

FY 2007

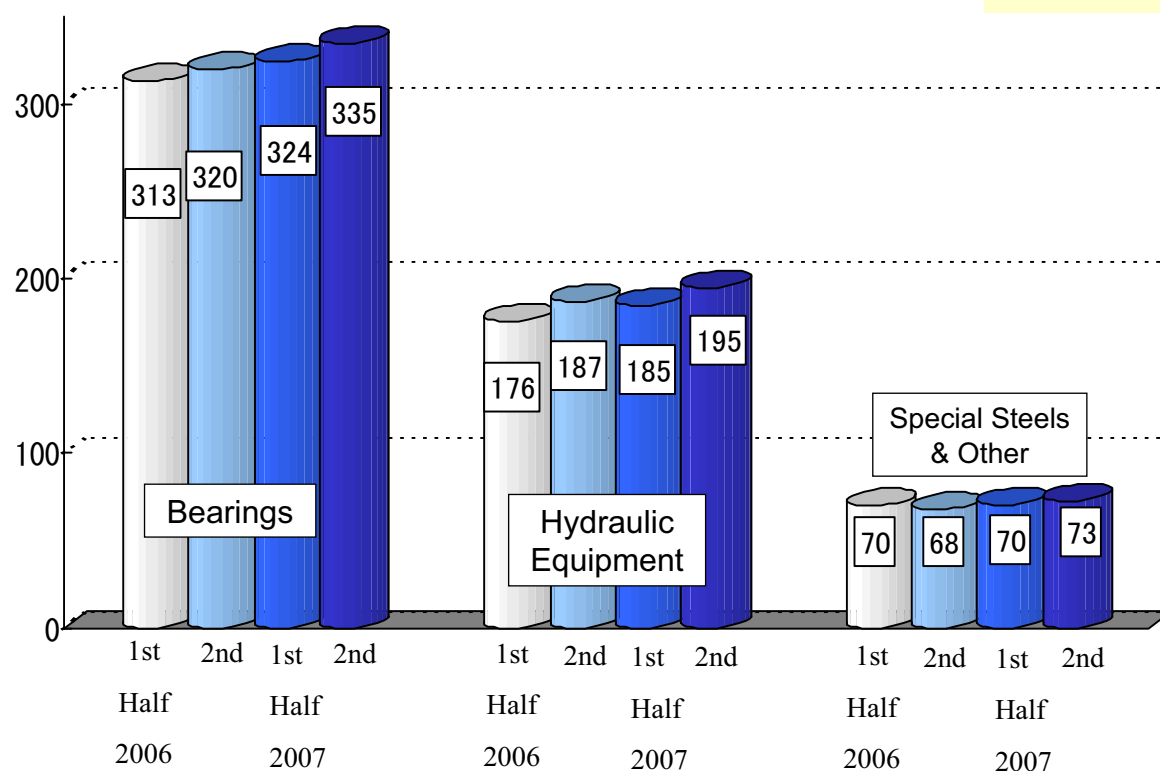


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Sales Figures by Main Business (Components & Special Steels)

(unit: 100mil Yen)

FY 2007



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Prospects by Business Segments (Operating & Sales Profit)

(unit: 100 mil Yen)

FY 2007

			Performance Fiscal 2006(A)	Reviewed Plan Fiscal 2007(B)	Changes (%) (B)-(A)
Tools & Machining	Sales	Cutting Tools	313	320	(+2.2%) +6
		Machine Tools	192	185	(Δ4.1%) Δ8
		R o b o t s	181	170	(Δ6.1%) Δ11
		T o t a l	687	675	(Δ1.8%) Δ12
	Business Profits	(9.8%) 67	(8.9%) 60	(Δ11.3%) Δ7	
Components	Sales	B e a r i n g s	634	660	(+4.0%) +25
		Hydraulic Equipment	363	380	(+4.6%) +16
		T o t a l	997	1,040	(+4.2%) +42
	Business Profits	(8.2%) 82	(9.1%) 95	(+15.8%) +13	
Materials etc	Sales	S p e c i a l S t e e l s	139	144	(+3.5%) +5
		O t h e r	43	21	(Δ51.2%) Δ22
		T o t a l	182	165	(Δ9.4%) Δ17
	Business Profits	(3.0%) 5	(6.1%) 10	(+1.8times) +4	
Gross Sales Figures			1,867	1,880	(+0.7%) +13
Gross Business Profits			(8.3%) 155	(8.8%) 165	(+6.1%) +10

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Summaries by geographical locations

FY 2007

○Sales

(unit: 100 mil Yen)

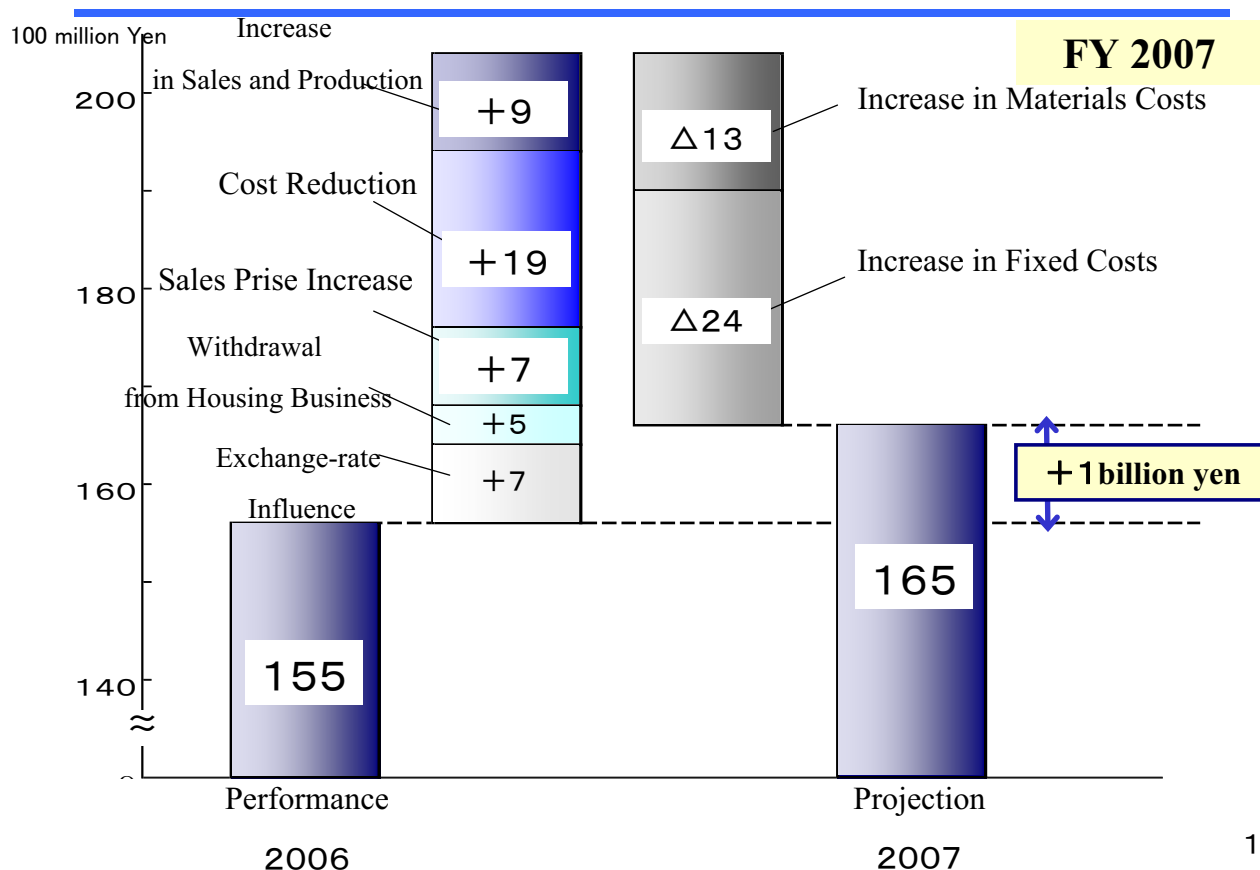
○Sales Profit

(unit: 100 mil Yen)

		Fiscal 2006(A) Performance	Fiscal 2007(B) Reviewed Plan	Changes (B)-(A)	Fiscal 2006(A) Performance	Fiscal 2007(B) Reviewed Plan	Changes (B)-(A)
Unconsolidated		1,547	1,550	+3	117	122	+4
subsidiaries	Sales	239	324	+85	9	12	+3
	production	349	332	△17	12	16	+4
	Domestic	589	646	+58	21	28	+7
	Americas	238	255	+17	19	21	+2
	Europe	94	107	+13	0	2	+2
	Asia	126	144	+18	4	6	+2
	Oversea	459	507	+48	23	29	+6
	Total	1,047	1,154	+106	44	57	+13
Subtotal		2,594	2,704	+110	161	179	+17
Adjustment		△727	△824	△97	△6	△14	△8
Consolidated Net Sales		1,867	1,880	+13	155	165	+10

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Factors in Increase and Decrease of Business Profit



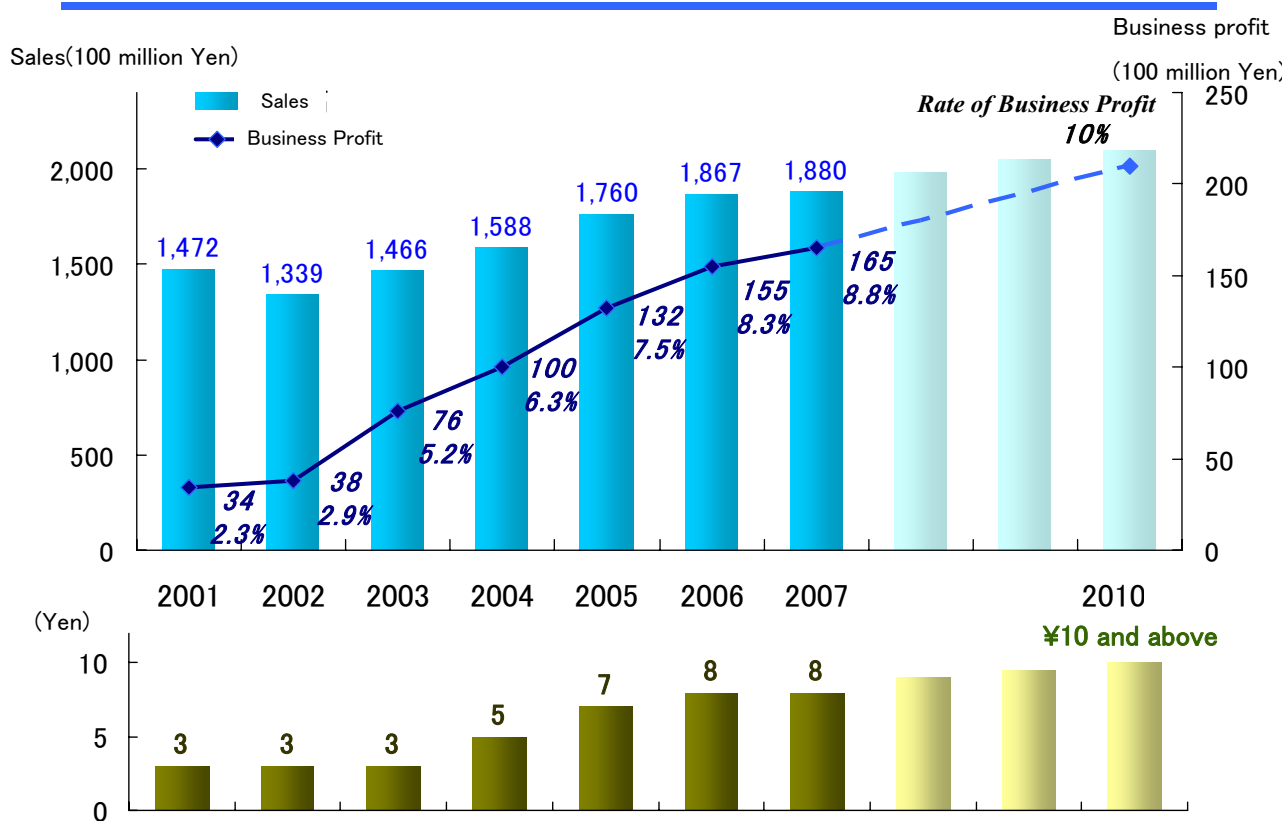
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Outlook for 2008 and Beyond

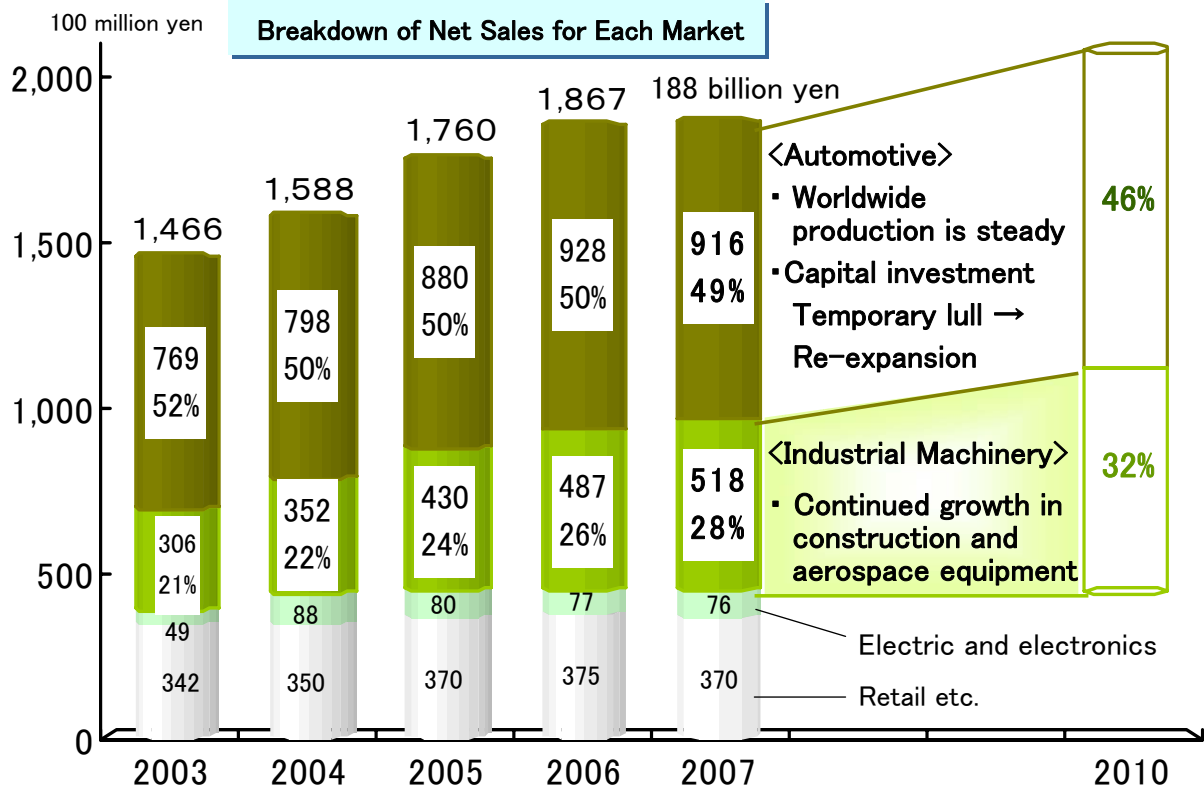
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1. Medium-Term Profit Target



2. Future Outlook and Stance



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3. Strategies for Increased Profit for 2008 and Beyond

Expansion of Products with a Competitive Advantage

- Increasing production capacity and productivity

Introduction of New Products to the Market

- Pursue development of new products with specialized features

Fostering New Business

- Promoting engineering business

<Keywords>

- (1) Leveraging strengths of combinations and connections
- (2) Investing in the Future
- (3) Fostering Alliances

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Strengthening the Production System for Products with Primary Competitive Advantages

Proactive Investment in Products with Primary Competitive Advantages

(1) Targeting Industrial Machinery

- Hydraulic equipment for construction machinery
- Precision bearings for machine tools, printing machines, and speed reducers
- Precision tools for aerospace machinery and generators



(2) Targeting Automotive Industries

- Automotive solenoid valves
- Bearings for C.V.J.
- Gear cutting tools for transmissions



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Bolstering the R & D System

Development of new products and technologies in-house that foster combined and connected businesses



(1) Newly Created R & D Materials

- Combined new products that utilize materials and heat treatment technologies

Thin plates of magnesium and products from presses (in cooperation with Sankyo Tateyama Aluminum, Inc.)

Newly developed stainless wiring (in cooperation with Tohoku University)

(2) Promoting Development of Production Technologies

- Development of in-house equipment and processing technologies, such as new robots, machine tools, and heat treatment devices, aimed at improving the productivity and quality of products with primary competitive advantages

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Developing Engineering Business

Developing engineering as a core business by promoting engineering service systems both domestically and overseas.

(1) Establish NACHI Engineering

- Expanding combined engineering for resharpener and recoating tools, robots, machine tools, heat treatment equipment, bearings, hydraulic equipment and specialty steels



(2) Expanding in the Global Market



NACHI Precision North Carolina



NACHI (Shanghai) Precision Tools Co., Ltd.

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4. Management Goals

	Fiscal 2003 Performance	Fiscal2006 Performance	Fiscal2007 Projection	(Fiscal2010 Target)
Business Profit (billion Yen)	7.6	15.5	16.5	
Rate of Business Profit	5.2%	8.3%	8.8%	⇒ 10% Scale
Dividend/share (Yen)	3	8	8	⇒ ¥10 And above
DOE	2.4%	3.7%	3.3%	⇒ 3% scale

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NACHI

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

All the future business outlook and business plans in this presentation are premised on recent economic circumstances and business policy settled currently.

Therefore, please keep in mind that the actual business performance could be differed by plural fluctuating parameters such as seesawing demand change or currency exchange rate.