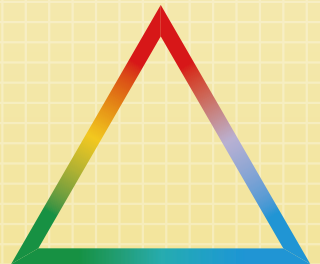


NACHI

BUSINESS REPORT 2009

December 1, 2008 to November 30, 2009



NACHI-FUJIKOSHI CORP.

Securities Code: 6474

TO OUR SHAREHOLDERS

I would like to report to you about NACHI-FUJIKOSHI's business performance for the fiscal year ended November 30, 2009.

Business Environment

The environment surrounding the NACHI-FUJIKOSHI Group was unprecedentedly harsh with the sudden and broad-based contraction of markets across a wide range of areas, including domestic and overseas automobiles, industrial machinery, electrical/electronics, etc.

Business Progress and Results

In this environment, the NACHI-FUJIKOSHI Group continued its efforts to expand into new markets leveraging our proprietary engineering business, reduce fixed costs, re-engineer production systems to improve productivity, and strengthen our earnings base.

The decrease in demand, however, could not be stopped and revenues fell 47.5% year-on-year to 107.5 billion yen. By geography, revenues in the Japan market were 70.1 billion yen (a decrease of 49.7% compared to the previous period) and revenues in the rest of the world were 37.5 billion yen (a decrease of 42.9% vs. the previous period).

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.

Facing a sudden and dramatic fall in sales and production levels, we endeavored to lower materials and external vendor costs, reduce fixed costs including labor, and reduce various expenses such as selling, general, and administrative costs. Despite these efforts, however, the impact of reduced operating levels was significant, and the Group recorded an operating loss of 3.2 billion yen, and an ordinary loss of 5.0 billion yen. When extraordinary income and loss from gains on sale of fixed assets and re-structuring costs, as well as corporate taxes, etc., are accounted for, we recorded a net loss of 7.4 billion yen for the period.

Cash Dividends

In consideration of our operating results during the period, and the prospects for business growth in the future, dividends were set with regret at 1.50 yen per share.

Future Action

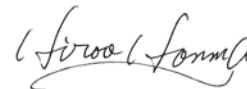
While recovery of demand can be observed in certain areas, primarily in emerging countries and in certain industrial segments such as automobiles, production levels across the industrial machinery field as a whole remain at low levels. The overall harsh environment is forecasted to continue.

The NACHI-FUJIKOSHI Group will continue its efforts to expand the "Nachi Business," which integrates industrial tools, components, and materials/heat treatment technologies, expand into emerging markets where long-term growth can be expected, and explore new markets such as energy and infrastructure. We shall endeavor to improve our operating results through fundamental improvement of all aspects of our business including manufacturing, procurement, distribution, research & development, organization and human resources, reduce costs, and build a stable platform for earning growth.

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

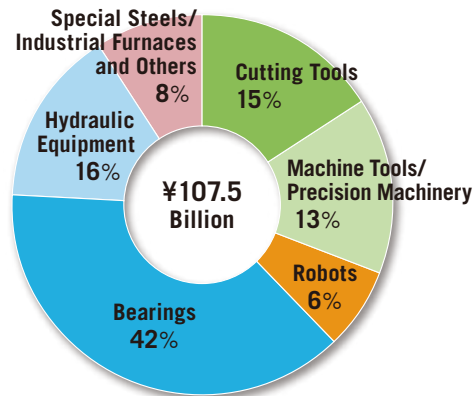
February 2010

President and Representative Director

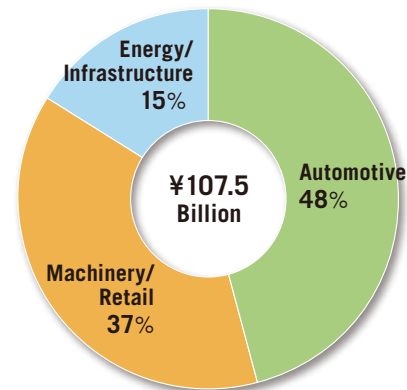


RESULTS OF OPERATIONS (Consolidated)

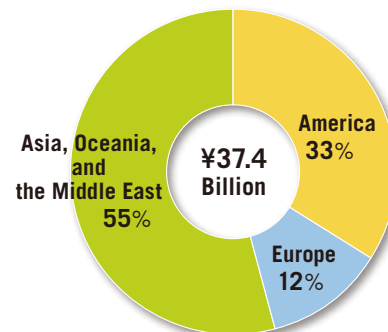
Sales by Business Segments



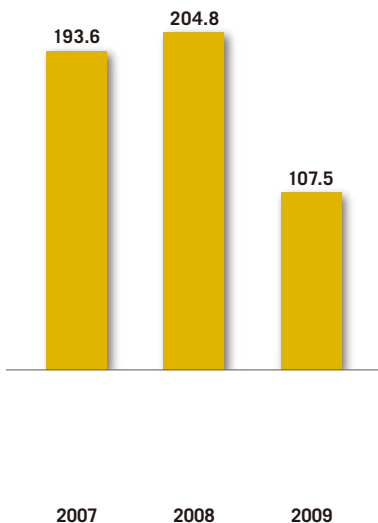
Sales by Market



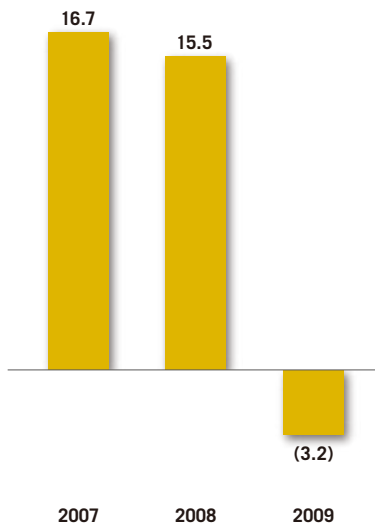
Overseas Sales



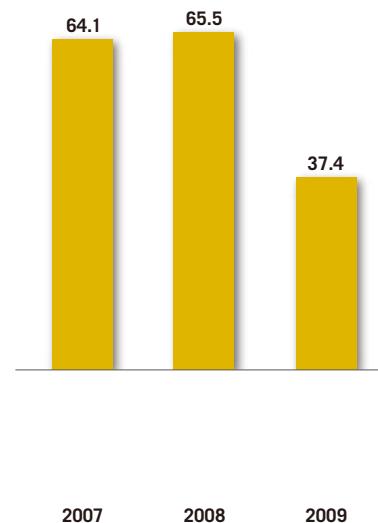
Net Sales (¥ billions)



Operating Income (¥ billions)



Overseas Sales (¥ billions)



TOPICS

We are working to grow operations in global markets by expanding into emerging markets, where long-term growth can be expected, energy/infrastructure markets, and the continued expansion of our engineering business.

Shifting our Focus toward Emerging Markets

We increased our production capacity, primarily for bearings used in automobiles and motorcycles, in China, Thailand, and Brazil. We also expanded our sales, service, and presentation systems in India, the Middle East, and Central & South America.



NACHI TECHNOLOGY (THAILAND) CO., LTD. (South East Asia, Thailand)

Construction of factory #3 was completed in August 2009. We strengthened our production system for motorcycle bearings, demand for which is expanding in ASEAN.



DONGGUAN NACHI C.Y. CORPORATION (Shanghai, China)

With growth in the China automobile market, we constructed a new production line and started increasing production of bearings used in constant-velocity joints.



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

Full local production of hydraulic machinery for construction equipment began in Spring 2009, adding to our existing lines of bearings and tools for the China automobile industry.



● Major Overseas Facilities

Overseas Exhibitions

We participated actively at exhibitions and private shows held in emerging markets. Robots for machine processing and palletization were the center of attention.



IMTEX (India Exhibition) (January 2009)



METALEX 2009 (Thailand Exhibition)
(November 2009)



NACHI BRASIL LTDA. (Brazil)

Aiming at the expansion of markets in Central and South America, we built additional manufacturing facilities in March 2009, strengthening production capacity for bearings used in automobiles and motorcycles.

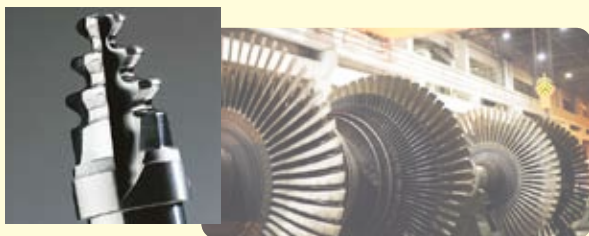
Developing Energy and Infrastructure Markets

We continued to introduce distinctive new products, with the intention of making energy and infrastructure markets the primary drivers of growth.



Palletizing Robot [Presto LP130/180]

These robots enable high-speed, high-precision palletization of cardboard boxes, bags, bottles, and metal products. We will develop distribution infrastructure markets primarily in emerging countries.



Christmas Tree-Shaped Formed Cutter

Essential tools for high precision, high performance processing of generator turbines and aircraft engines.



Linear Motor Car Branching Unit



River Gate Unit

Energy-Saving Hydraulic System [QDesign Unit]

The energy-saving system that provides for the control of the large power requirements of railroads, bridges, rivers, harbor facilities, environmental systems, etc. The Chubu Hydraulic Center, established in September 2009, will provide customers with comprehensive support from design to after-sales service.



Magni Cradle S Series

Greatly reduces the shock of earthquakes while remaining thin and light. Protects servers, medical equipment, artworks, etc.



Dialysis Solution



Large Servers

Bringing Our Engineering Business to the World

NACHI TOOL ENGINEERING CO., LTD. was established in May 2009 to strengthen operations in recycling and re-use of cutting tools. This company is positioned as the mother factory from which we will grow into global markets.

(Japan)



Toyama Technical Center
(Inside the Toyama Plant)



Eastern Japan Service Center
(Ayase City, Kanagawa)

(Overseas)



NACHI MEXICANA, S.A. DE C.V.
ENGINEERING CENTER



NACHI (SHANGHAI)
PRECISION TOOLS CO., LTD.
SHANGHAI NACHI SAW CO., LTD.



NACHI TOOL AMERICA INC.

FINANCIAL STATEMENTS

Consolidated Balance Sheets

Item	2009 (As of November 30, 2009)	2008 (As of November 30, 2008)
ASSETS:		
Current assets	80,802	90,617
Cash and cash equivalents	28,373	13,001
Notes and accounts receivable	23,655	38,507
Inventories	23,629	32,787
Other	5,143	6,320
Fixed assets	95,445	101,827
Property, plant and equipment	81,072	87,395
Buildings and structures	31,211	31,858
Machinery and equipment	35,380	45,922
Land	7,320	7,376
Other	7,159	2,237
Intangible fixed assets	391	403
Investments and advances	13,981	14,027
Total assets	176,248	192,444

Consolidated Statements of Income

(¥ millions)

Item	2009 (For the year ended November 30, 2009)	2008 (For the year ended November 30, 2008)
Net sales	107,586	204,844
Operating income	(3,217)	15,532
Ordinary income	(5,051)	13,953
Extraordinary income	740	955
Extraordinary losses	1,351	978
Income before income taxes and minority interests	(5,661)	13,931
Net income	(7,449)	8,347

(¥ millions)

Item	2009 (As of November 30, 2009)	2008 (As of November 30, 2008)
LIABILITIES:		
Current liabilities	69,501	91,892
Notes and accounts payable	18,147	40,093
Short-term bank loans	43,061	36,687
Other	8,292	15,111
Long-term liabilities	57,219	37,020
Bonds and long-term debt	44,264	27,730
Allowance for retirement benefits	6,339	6,081
Other	6,615	3,208
Total liabilities	126,720	128,913
NET ASSETS:		
Shareholders' equity	52,426	62,439
Common stock	16,074	16,074
Additional paid-in capital	11,561	11,567
Retained earnings	24,967	34,972
Treasury stock	(176)	(175)
Revaluations and translation adjustments	(5,232)	(1,681)
Minority interests	2,332	2,772
Total net assets	49,527	63,530
Total liabilities and net assets	176,248	192,444

Consolidated Statements of Cash Flows

(¥ millions)

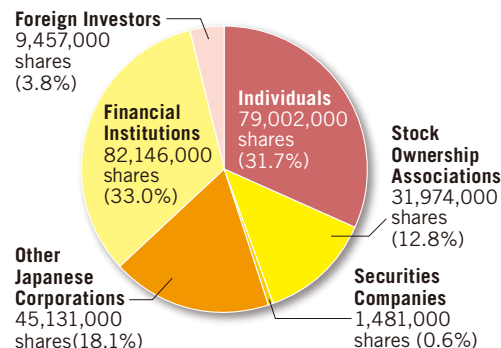
Item	2009 (For the year ended November 30, 2009)	2008 (For the year ended November 30, 2008)
Cash flows from operating activities	(2,161)	14,730
Cash flows from investing activities	(8,376)	(23,647)
Cash flows from financing activities	26,493	1,126
Net increase (decrease) in cash and cash equivalents	15,428	(8,131)
Cash and cash equivalents at beginning of the year	12,833	20,965
Cash and cash equivalents at end of the year	28,262	12,833

SHAREHOLDER INFORMATION (As of November 30, 2009)

Number of Shares Issued: 249,193,436
Number of Shareholders: 34,562
Major Shareholders:

Shareholders	Number of shares held (thousand)	Shareholding ratio (%)
NACHI WANEI Stockholding	14,719	5.91
Toyota Motor Corporation	13,182	5.29
Employees' Stock Ownership Plan	12,101	4.86
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,888	4.77
The Hokuriku Bank, Ltd.	8,659	3.48

Breakdown of Shareholders



DIRECTORS AND AUDITORS (As of February 23, 2010)

President and Representative Director
Hiroo Honma

Managing Director
Makoto Sasaki

Director
Zenshiro Kaneko

Standing Corporate Auditor
Atsushi Saguchi*

Managing Director
Yukihiko Tanaka

Managing Director
Naoshi Katayama

Director
Keiichi Ogino

Corporate Auditor
Teruo Akashi

Managing Director
Noriyasu Shiba

Director
Atsushi Seki*

Director
Kenji Susukida

Corporate Auditor
Eiichi Fukushima*

Managing Director
Kiyoshi Nakagawa

Director
Hideo Terakoshi

Standing Corporate Auditor
Naoto Nakano

*Outside director or outside corporate auditor

CORPORATE OFFICERS (As of February 23, 2010)

Corporate Officer
Kiyoshi Meguro

Corporate Officer
Sachio Tanaka

Corporate Officer
Masayuki Kobayashi

Corporate Officer
Toshio Sugiura

Corporate Officer
Nishiki Seto

Corporate Officer
Tadashi Yamazaki

Corporate Officer
Nobuo Segawa

Corporate Officer
Shigeki Miwa

CORPORATE INFORMATION (As of November 30, 2009)

Foundation: December 21, 1928
Capital: ¥16 billion
Number of Employees: 5,351 (Consolidated) 2,556 (Non-consolidated)

Major Products:
 Machining
 Robots
 Components
 Materials & Heat Treatment
 Cutting Tools, Forming Tools, Cutting Saws, Machine Tools, Precision Machinery, Machining Systems
 Robot Systems, Electronic Equipment
 Bearings, Hydraulic Equipment, Automotive Parts, Seismic Isolation Systems, Filtration Systems
 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 / Bearings / Robots]	+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 [Hydraulic Equipment / Automotive Hydraulics / Precision Machinery / Coating / Industrial Furnaces]	+81-76-471-2320

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/eng/

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.

Dividend Calculation Sheet

The Dividend Calculation Sheet that is sent with payment of dividends also serves as the Notification of Payment as stipulated by the regulations of the Act on Special Measures Concerning Taxation. This form may be used as reference documentation when filing tax returns. For the Notification of Payment form for shareholders who receive dividends through the proportional distribution based on number of shares, please contact the transacting securities company.

Wonders from NACHI, Art in NACHI

Exciting Technology—that's Art.

Cover photography features industrial robots at work in manufacturing facilities.

The seven-jointed robot is truly like a human arm.

Using the hands (fingers) and sensors (eyes), robots are capable of a range of movements including carrying, assembling, and welding.

In the pursuit of smooth and complex movement, robots are approaching human form and function. NACHI-FUJIKOSHI endeavors to create art in the world of manufacturing.

