

Final Financial Results for the Fiscal Year Ended Nov.2006

Conference : January 30, 2007



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Outline : Consolidated Final Results Ended Nov.2006

06 Performance

(unit: 100 million Yen)

| | Fiscal 2005 (A) Performance | Fiscal 2006 (B) Performance | Changes (%) (B) - (A) |
|--------------------|--------------------------------|--------------------------------|--------------------------|
| Sales | 1,760 | 1,867 | (+6.1%) +107 |
| Business Profit | (7.5%) 132 | (8.3%) 155 | (+17.4%) +23 |
| Current Earnings | (6.8%) 120 | (7.6%) 141 | (+17.7%) +21 |
| Special Profit | 3 | 6 | +3 |
| Extraordinary Loss | 28 | 16 | △12 |
| Current Net Profit | 51 | 73 | (+41.0%) +21 |

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Managerial Data

06 Performance

(unit: 100 million Yen)

| | Fiscal 2005 (A) Performance | Fiscal 2006 (B) Performance | Changes (B) - (A) |
|----------------------|--------------------------------|--------------------------------|----------------------|
| Collective Assets | 1,639 | 1,861 | +221 |
| Total Equity | (27.7%) 454 | (28.6%) 532 | (+0.9 point) +77 |
| Debt with Interest | 469 | 604 | +135 |
| D/E ratio | 1.0 multiplied | 1.1 multiplied | |
| Capital Expenditures | 141 | 180 | +39 |
| Depreciation Cost | 76 | 87 | +10 |
| Human Resources | 5,383 jobs | 5,613 jobs | +230 jobs |

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Summaries by Geographical Locations

06 Performance

○Sales

(unit: 100 million Yen)

○Sales Profit

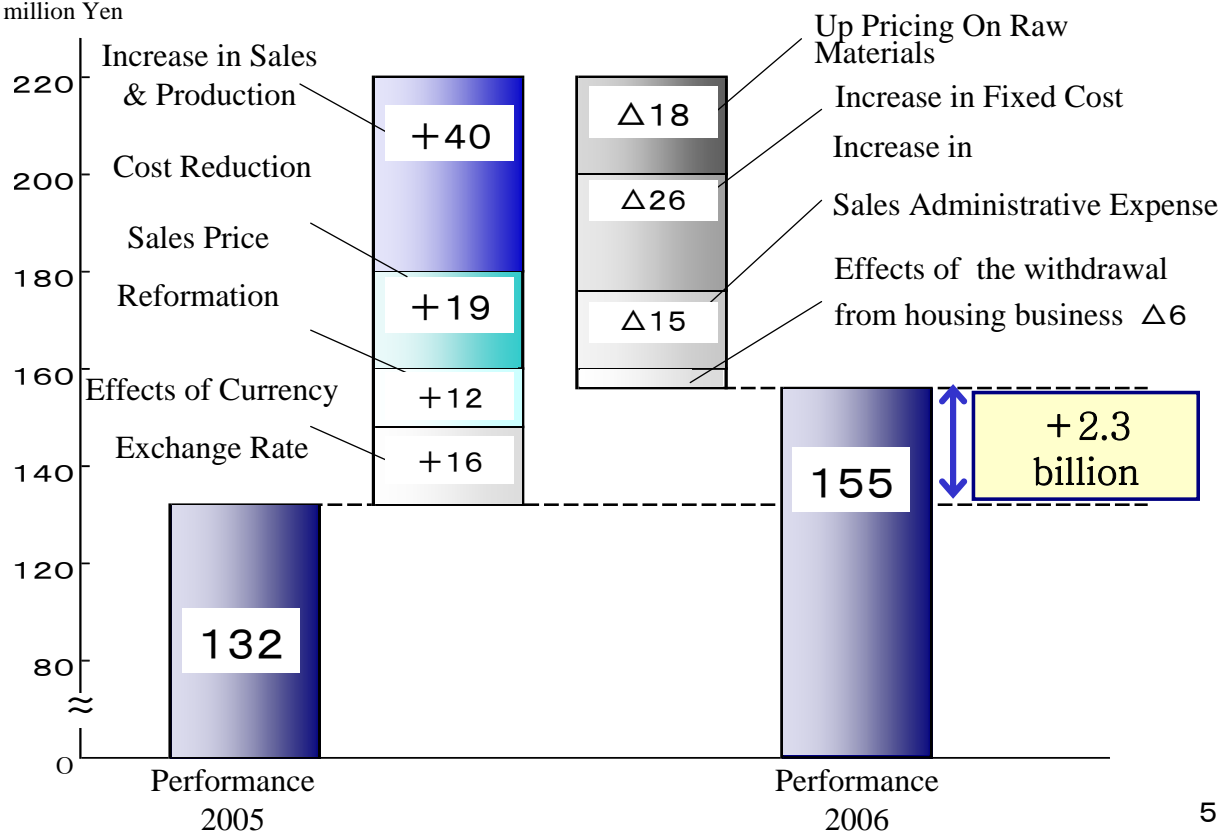
(unit: 100 million Yen)

| | | Fiscal 2005 Performance (A) | Fiscal 2006 Performance (B) | Changes (B) - (A) | Fiscal 2005 Performance (A) | Fiscal 2006 Performance (B) | Changes (B) - (A) |
|------------------------|-----------------|-----------------------------------|-----------------------------------|----------------------|-----------------------------------|-----------------------------------|----------------------|
| Non-consolidated | | 1,449 | 1,547 | +97 | 96 | 117 | +21 |
| Subsidiaries | Sales | 235 | 239 | +4 | 8 | 9 | +1 |
| | Production | 357 | 349 | △8 | 16 | 12 | △4 |
| | Domestic | 592 | 588 | △4 | 24 | 21 | △3 |
| | Americas | 195 | 238 | +43 | 15 | 19 | +4 |
| | Europe | 82 | 94 | +12 | △1 | 0 | +1 |
| | Asia | 91 | 126 | +35 | 4 | 4 | 0 |
| | Overseas | 368 | 459 | +91 | 18 | 23 | +5 |
| | Total | 960 | 1,047 | +87 | 42 | 44 | +2 |
| Subtotal | | 2,410 | 2,594 | +184 | 138 | 161 | +23 |
| Adjustment | | △650 | △727 | △77 | △6 | △6 | 0 |
| Consolidated Net Sales | | 1,760 | 1,867 | +107 | 132 | 155 | +23 |

Factors Fluctuate Business Profit

06 Performance

100 million Yen



Sales & Operating Profits by Business Segments

(Unit: 100 million Yen)

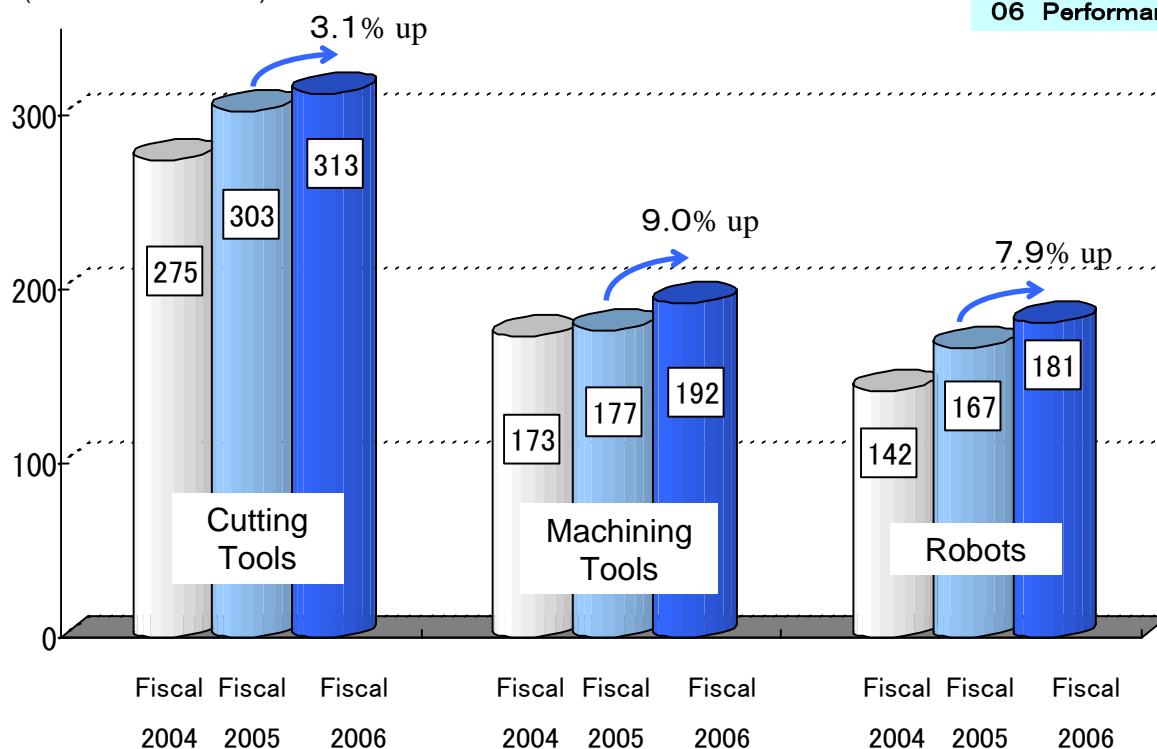
| 06 Performance | | Fiscal 2005(A) Performance | Fiscal 2006 (B) Performance | Changes (%) (B) - (A) | |
|------------------------|-----------------|-------------------------------|--------------------------------|--------------------------|--------------|
| Tools & Machine | Sales | Cutting Tool | 303 | 313 | (+3.1%) +10 |
| | | Machine Tool | 177 | 192 | (+9.0%) +15 |
| | | R o b o t | 167 | 181 | (+7.9%) +13 |
| | | T o t a l | 648 | 687 | (+6.0%) +38 |
| | Business Profit | (8.9%) 57 | (9.8%) 67 | (+17.7%) +10 | |
| Components | Sales | B e a r i n g | 591 | 634 | (+7.3%) +42 |
| | | Hydraulic Equipment | 322 | 363 | (+12.8%) +41 |
| | | T o t a l | 913 | 997 | (+9.2%) +84 |
| | Business Profit | (7.2%) 66 | (8.2%) 82 | (+24.2%) +16 | |
| Materials etc | Sales | Special Steels | 137 | 139 | (+1.0%) +2 |
| | | O t h e r | 60 | 43 | (Δ28.5%) Δ17 |
| | | T o t a l | 198 | 182 | (Δ8.0%) Δ15 |
| | Business Profit | (4.7%) 9 | (3.0%) 5 | (Δ40.8%) Δ3 | |
| Gross Sales Figures | | 1,760 | 1,867 | (+6.1%) +107 | |
| Gross Business Profits | | (7.5%) 132 | (8.3%) 155 | (+17.4%) +23 | |

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Sales Figures by Main Business (Machining & Cutting Tools)

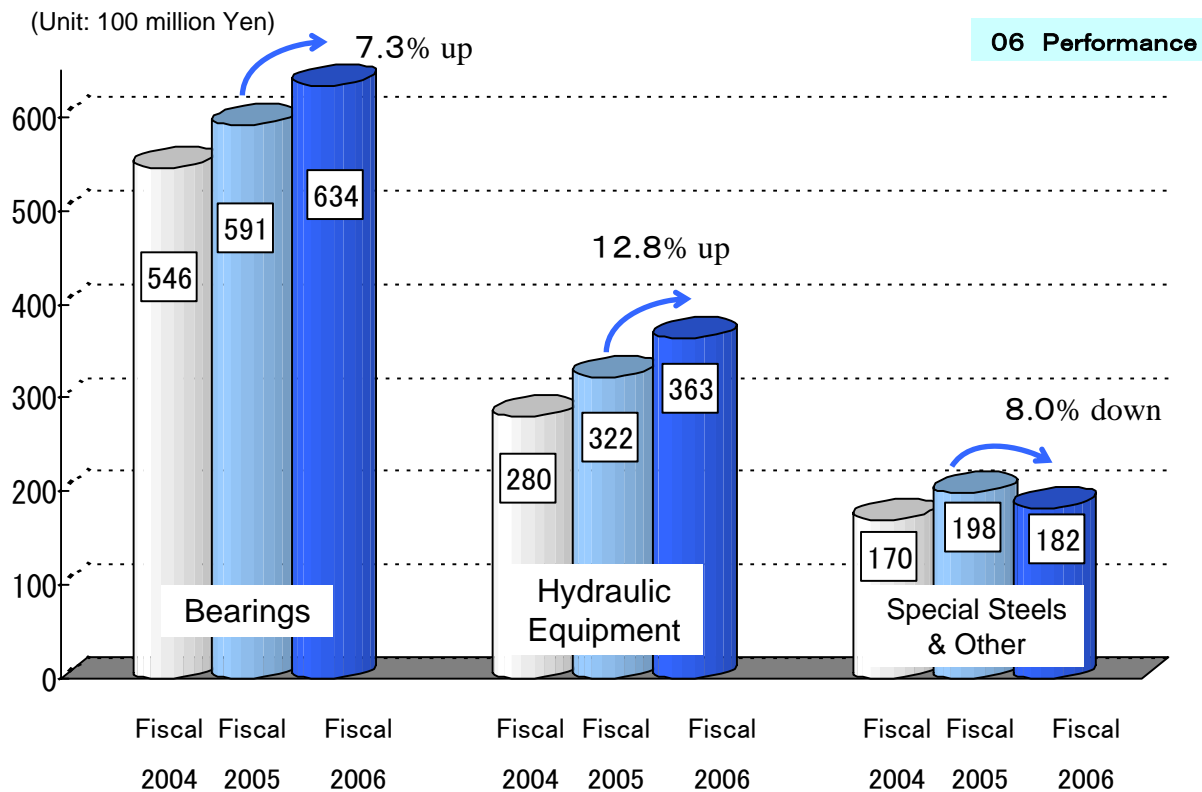
(Unit: 100 million Yen)

06 Performance



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Sales Figures by Main Businesses (Components & Special Steels)



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Profit Planning : as of Nov. 2007

(unit: 100 million Yen)

| 07 Plan | Fiscal 2006 (A) Performance | | Fiscal 2007 (B) Projection | | Change (%) (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 | | 3 | | △3 |
| Extraordinary Loss | | 16 | | 14 | | △2 |
| Current Net Profit | | 73 | | 75 | (+2.7%) | +2 |

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Managerial Data

07 Plan

(unit: 100 million Yen)

| | Fiscal 2006 (A) Performance | Fiscal 2007 (B) Projection | Changes (B) - (A) |
|----------------------|--------------------------------|-------------------------------|----------------------|
| Collective Assets | 1,861 | 1,900 | +39 |
| Total Equity | (28.6%) 532 | (30.9%) 587 | (+2.3 point) +55 |
| Debt with Interest | 604 | 660 | +55 |
| D/E ratio | 1.1 multiplied | 1.1 multiplied | |
| Capital Expenditures | 180 | 200 | +20 |
| Depreciation Cost | 87 | 97 | +10 |
| Human Resources | 5,613 jobs | 5,650 jobs | +37 jobs |

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Projection by Geographical Locations

07 Plan

○Sales

(unit: 100 million Yen)

| | Fiscal 2006 Performance (A) | Fiscal 2007 Projection (B) | Changes (B) - (A) | |
|------------------------|-----------------------------------|----------------------------------|----------------------|-----|
| Non-consolidated | 1,547 | 1,550 | +3 | |
| Subsidiaries | Sales | 239 | 248 | +9 |
| | Production | 349 | 330 | △19 |
| | Domestic | 588 | 578 | △10 |
| | Americas | 238 | 253 | +15 |
| | Europe | 94 | 92 | △2 |
| | Asia | 126 | 136 | +10 |
| | Overseas | 459 | 482 | +23 |
| | Total | 1,047 | 1,060 | +13 |
| Subtotal | 2,594 | 2,610 | +16 | |
| Adjustment | △727 | △730 | △3 | |
| Consolidated Net Sales | 1,867 | 1,880 | +13 | |

○Sales Profit

(unit: 100 million Yen)

| | Fiscal 2006 Performance (A) | Fiscal 2007 Projection (B) | Changes (B) - (A) | |
|------------------------|-----------------------------------|----------------------------------|----------------------|-----|
| Non-consolidated | 117 | 122 | +4 | |
| Subsidiaries | Sales | 9 | 11 | +2 |
| | Production | 12 | 16 | +4 |
| | Domestic | 21 | 27 | +6 |
| | Americas | 19 | 21 | +2 |
| | Europe | 0 | 2 | +2 |
| | Asia | 4 | 7 | +2 |
| | Overseas | 23 | 30 | +7 |
| | Total | 44 | 57 | +13 |
| Subtotal | 161 | 179 | +17 | |
| Adjustment | △6 | △14 | △7 | |
| Consolidated Net Sales | 155 | 165 | +10 | |

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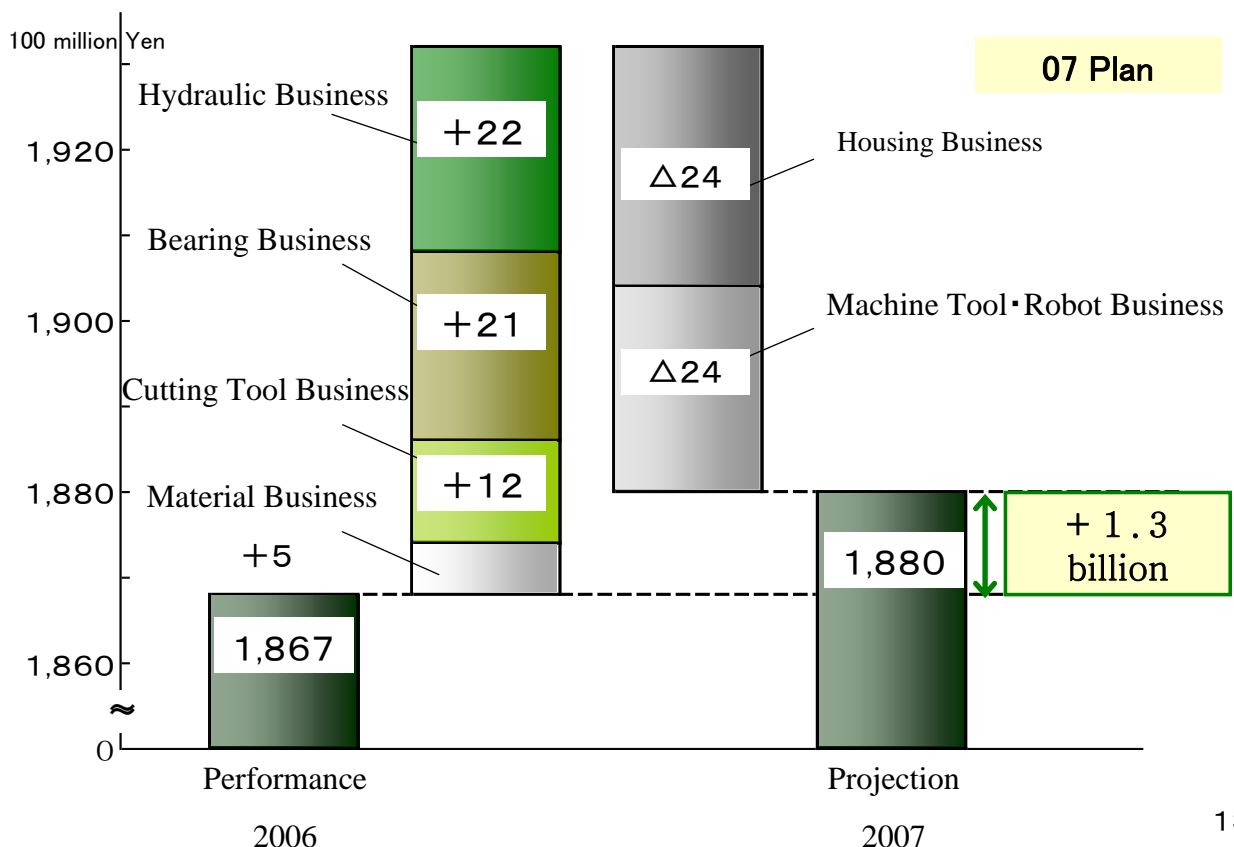
Prospects by Business Segments (sales & business profit)

(unit:100 million Yen)

| 07 Plan | | Fiscal 2006(A) Performance | Fiscal 2007(B) Projection | Changes (%) (B)-(A) | | |
|------------------------|-----------------|-------------------------------|------------------------------|------------------------|----------|-----|
| Tools & Machines | Sales | Cutting Tool | 313 | 325 | (+3.8%) | +12 |
| | | Machine Tool | 192 | 180 | (Δ6.7%) | Δ13 |
| | | R o b o t | 181 | 170 | (Δ6.1%) | Δ11 |
| | | T o t a l | 687 | 675 | (Δ1.8%) | Δ12 |
| Business Profit | | (9.8%) 67 | (9.9%) 67 | (-) | - | |
| Components | Sales | B e a r i n g | 634 | 655 | (+3.2%) | +21 |
| | | Hydraulic Equipment | 363 | 385 | (+6.0%) | +22 |
| | | T o t a l | 997 | 1,040 | (+4.2%) | +43 |
| | Business Profit | | (8.2%) 82 | (8.6%) 89 | (+7.3%) | +6 |
| Materials etc. | Sales | Special Steels | 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 Profit | | (3.0%) 5 | (5.5%) 9 | (+80.0%) | +4 |
| Gross Sales Figures | | 1,867 | 1,880 | (+0.7%) | +13 | |
| Gross Business Profits | | (8.3%) 155 | (8.8%) 165 | (+6.1%) | +10 | |

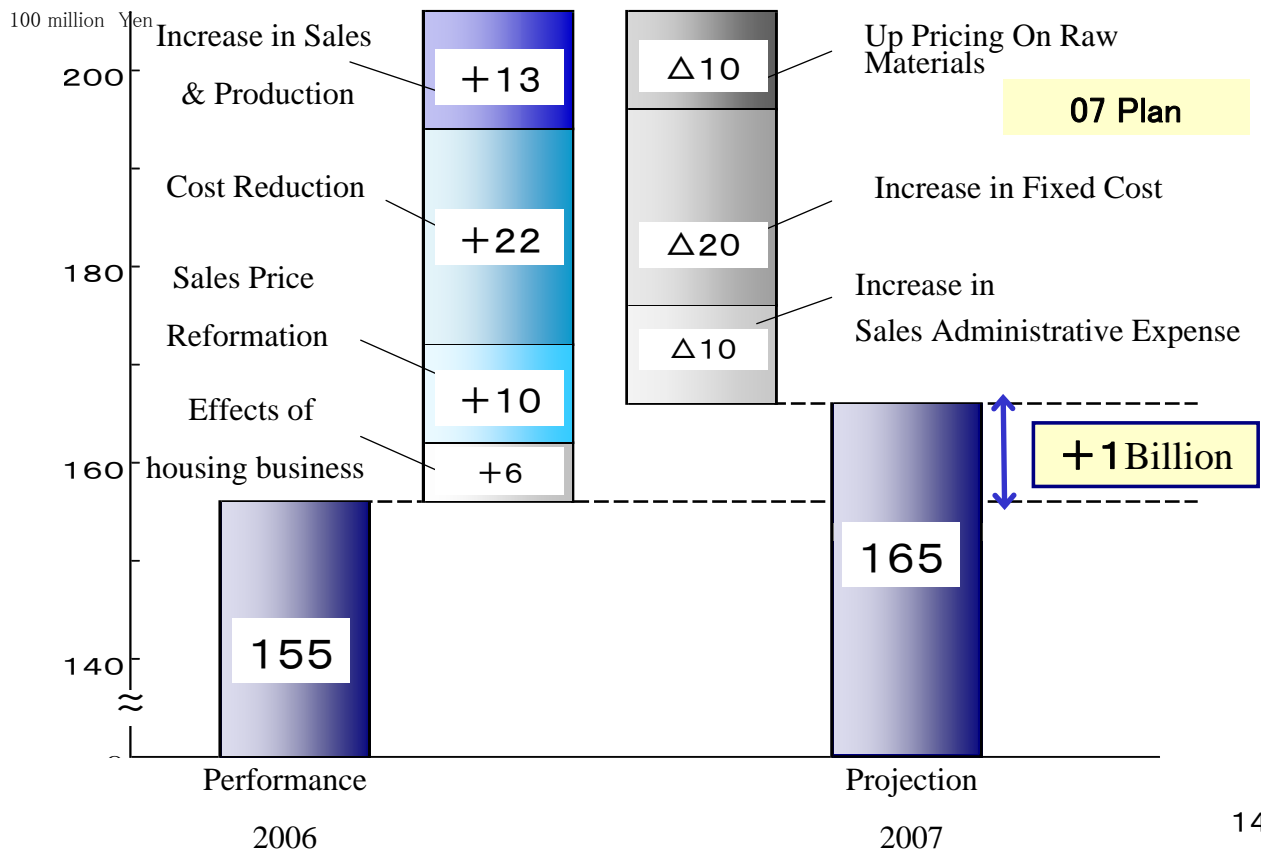
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Plan : Factors Fluctuate Sales Figures



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Plan : Factors Fluctuate Business Profit



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Prospects for Fiscal 2007

Part 2

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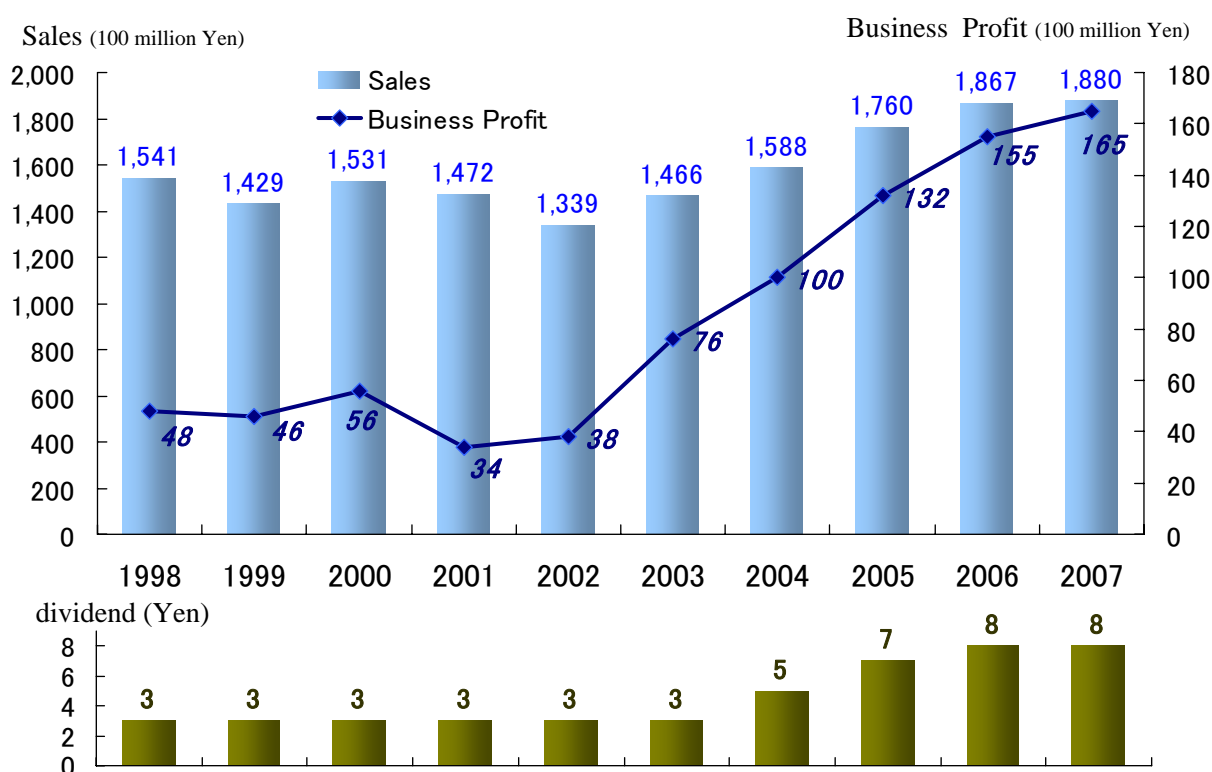
1. Performance for Fiscal 2006 and 2007

(Unit: 100 million yen)

| | Fiscal 2005 Performance | Fiscal 2006 Performance | Fiscal 2007 Projection |
|-----------------------|-------------------------|-------------------------|------------------------|
| Net sales | 1,760 | 1,867 | 1,880 |
| Operating income | (7.5%) 132 | (8.3%) 155 | (8.8%) 165 |
| Ordinary income | (6.8%) 120 | (7.6%) 141 | (8.0%) 150 |
| Net income | 51 | 73 | 75 |
| Net income per share | 20.44 yen | 29.38 yen | 30.16 yen |
| Dividend per share | 7 yen | 8 yen | 8 yen |
| Dividend payout ratio | 34.2% | 27.2% | 26.5% |

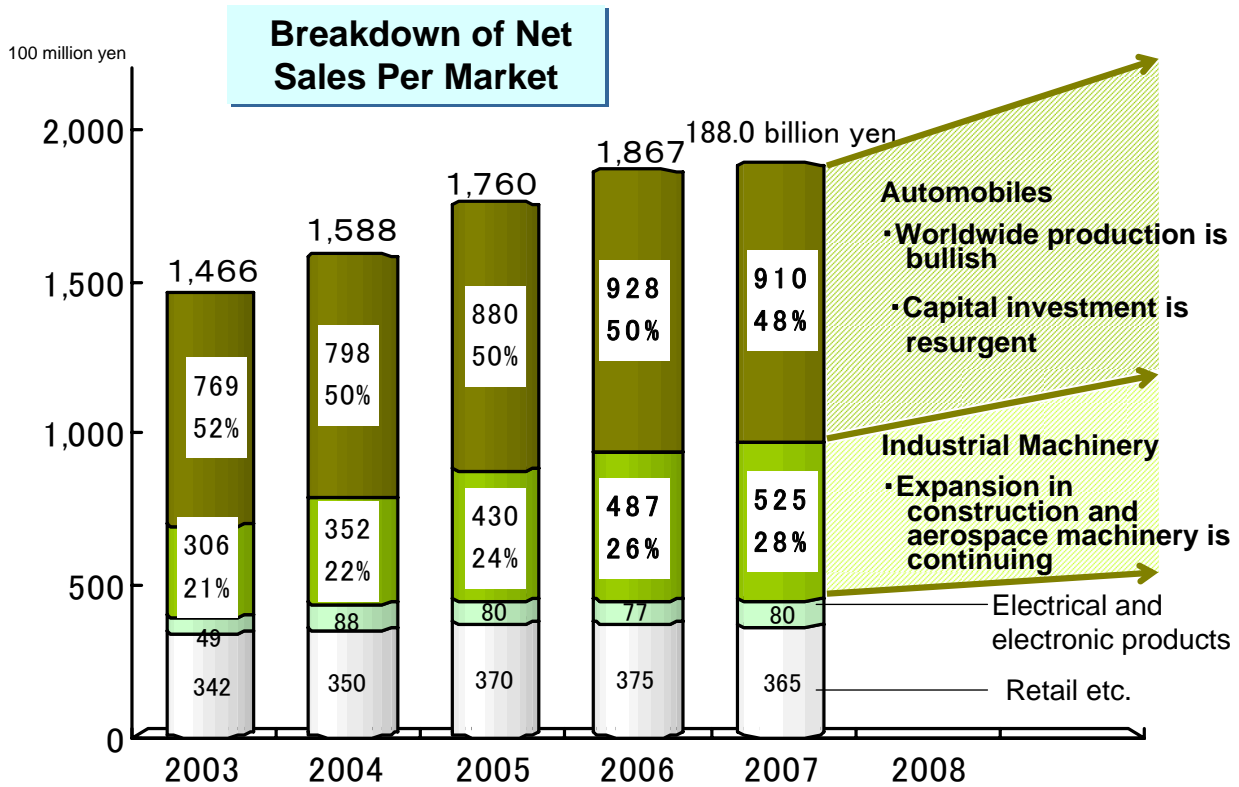
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Transition in the Current Decade



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2. Future Outlook and Stance



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3. Management Strategies

(1) Expanding Capabilities

- Strengthening relationships with suppliers, allied companies, distributors and dealers.

(2) Promoting Engineering Business

- Focusing expansion of the engineering business in the Japanese, North American and Asian markets.

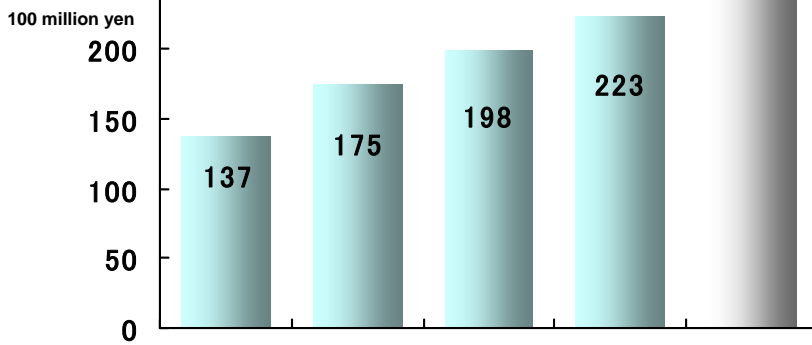
(3) Policies for Investment in the Future

- Proactive investment in research and development, employee education and a production system for products that have a superior competitive advantage.

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(1) Expanding Capabilities 1

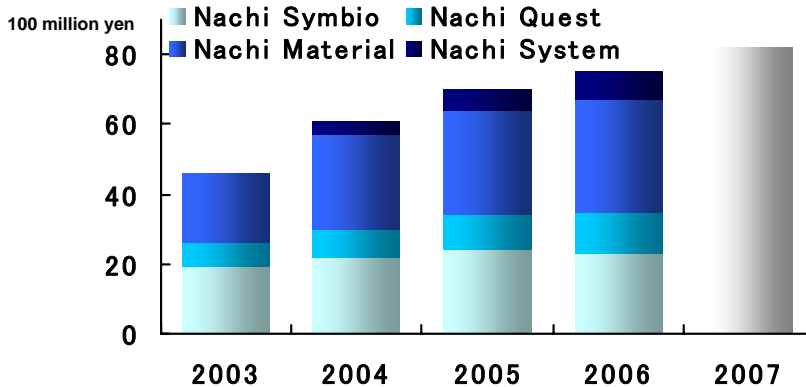
Business Transactions with Allied Companies



Expand Alliances

- Expand into group companies
- Expand into suppliers and peripheral device makers

Business Transactions with NACHI Dealers

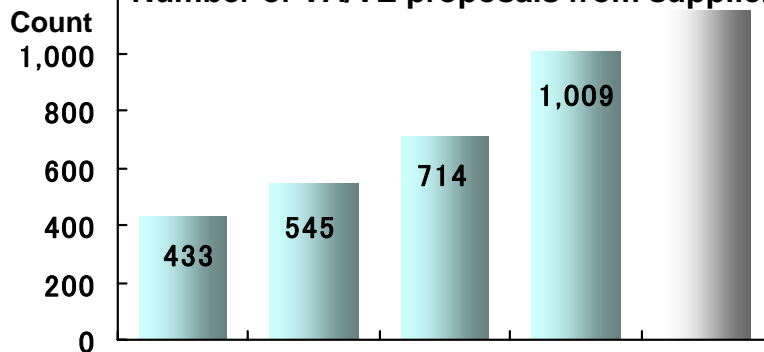


Building Up Distribution Channels

- Distributors
- Domestic NACHI group companies: 148 companies
- Overseas NACHI group companies: 55 companies
- Dealers: 144 companies
- Major NACHI Dealers
- Top dealer in each field

(1) Expanding Capabilities 2

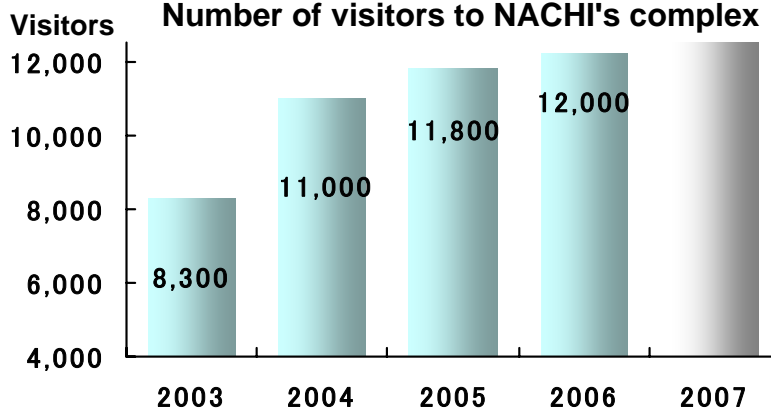
Number of VAVE proposals from suppliers



Bolstering Partnerships

- Suppliers: 1,410 companies
- Expand connections with good suppliers to grow business opportunities

Number of visitors to NACHI's complex



Providing places to do business

- NACHI complex activities
- Providing locations (w/business facilities) for interaction between businesses, industries and regions
- Business information exchange
- Creating hybrid new business models

(2) Developing Engineering Business

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

(1) Established NACHI Engineering in Ayase, Kanagawa prefecture

- Expanding hybrid engineering services for regrinding and recoating tools, robot, machine tools, heat treatment equipment, bearings, hydraulic equipment and specialty steels



NACHI Engineering (April 2007 open)

(2) Established engineering systems in USA and China for global development



NACHI Precision North Carolina



NACHI (Shanghai) Precision Tools Co., Ltd.

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(3) Managing for Investment in the Future 1

Investing for the future by educating personnel, expanding overseas, boosting research & development to grow our production system for products with primary competitive advantages.

(1) Establishing a dominant production system for products that have a primary competitive advantage

- Construction machinery and hydraulic equipment for utilities
- Precision machine tools (broaches and gear cutting tools)
- High performance bearings for industrial machinery
- Robots, specialty steels and other products



New Hydraulics Factory (Namerikawa groundbreaking, autumn 2007)

(2) Boosting research and development capabilities

Research and development spending (in real terms)

2005: 5.4, 2006: 6.7, 2007: 8.0 billions of yen

- Growing operations in parts business by applying materials and heat treatment technology
- Product manufacturing using machine tool and robot technology

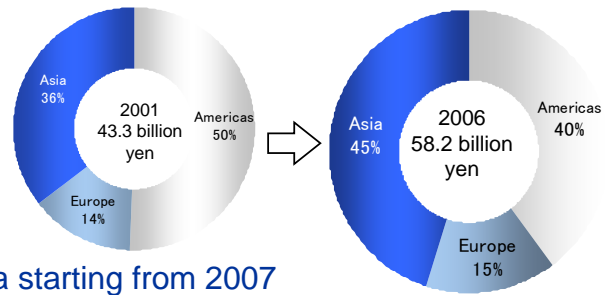
Intra-company sales 2003: 6.3, 2006: 11.0, 2007: 13.0 billions of yen

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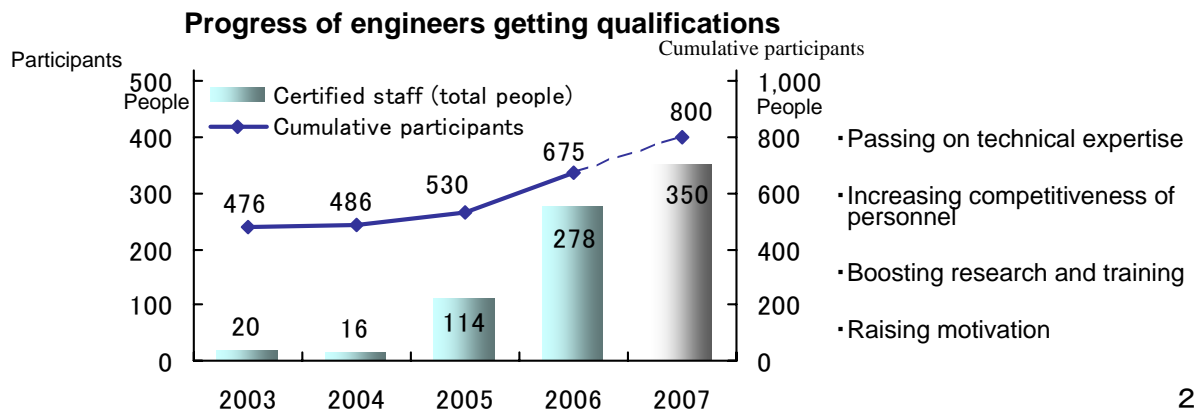
(3) Managing for Investment in the Future 2

(3) Expansion in overseas operations

- Ratio of net sales overseas is 31%
→ in real terms it is 55%
- Overseas networks
2001: 35 → 2006: 46 locations
- Expand overseas operations in Asia starting from 2007



(4) Bolstering personnel Promoting each skill for each person



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4. Management Goals

| | Fiscal 2003 Performance | Fiscal 2006 Performance | Fiscal 2007 Projection | Fiscal 2010 Target |
|----------------------------------|----------------------------|----------------------------|---------------------------|-----------------------|
| Business Profit (billion Yen) | 7.6 | 15.5 | 16.5 | |
| Business Profit (%) | 5.2% | 8.3% | 8.8% | ⇒ 10% Scale |
| Dividend/share (Yen) | 3 | 8 | 8 | ⇒ ¥10 and above |
| DOE (%) | 2.4% | 3.7% | 3.4% | ⇒ 3% Scale |

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NACHI

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

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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.