



NACHI

BUSINESS REPORT 2011

December 1, 2010 to November 30, 2011

NACHI-FUJIKOSHI CORP.

Securities Code: 6474

TO OUR SHAREHOLDERS

I trust that all is well for our valued shareholders. I wish to express my heartfelt sympathy for the victims of the Great East Japan Earthquake.

I am pleased to report the results for the NACHI-FUJIKOSHI Group for the fiscal year ended November 30, 2011 (from December 1, 2010 to November 30, 2011).

Business Environment

The NACHI-FUJIKOSHI Group faced a challenging business environment overall during the fiscal year due to such factors as the impact of the Great East Japan Earthquake and the floods in Thailand, and soaring yen exchange rates and the global economic slowdown touched off by the financial and debt crises in Europe.

Business Progress and Results

Given this environment, the NACHIFUJIKOSHI Group moved forward with the expansion of its business, focusing on the emerging economies, by playing to the strengths generated by its position in the machining, robotics, functional parts, and materials businesses that enables it to propose a wide range of solutions to its customers.

As a result, sales for the fiscal year totaled 166.0 billion yen, up 23.3% over the previous fiscal year. Of this, sales in the Japanese market reached 101.9 billion yen, up 21.1% over the previous fiscal year, while overseas sales totaled 64.1 billion yen, up 26.6%.

In terms of profitability, although affected by such factors as deteriorating export margins due to the appreciation of the yen and surging material costs, efforts

to curb overall costs including continued efforts to promote cost cutting in addition to improved capacity utilization as the result of the increase in sales and manufacturing enabled us to secure 14.6 billion yen in operating profits, up 77.6% over the previous fiscal year, and 12.9 billion yen in ordinary profits, up 98.7% over the previous fiscal year.

In addition to this, accounting for impairment loss, loss from investment securities revaluation and other extraordinary losses, as well as corporate tax and other such items, brought net income for the fiscal year to 10.0 billion yen, up 80.1% over the previous fiscal year.

Cash Dividends

With regard to the fiscal year-end dividend, since the NACHI-FUJIKOSHI Group was able to secure meaningful profits, the group is expressing its appreciation for the support of its shareholders and is paying 6 yen in dividends per share, up 2 yen from the previous fiscal year.

Future Initiatives

As for the outlook moving forward, a difficult situation is expected, where the financial and debt problems in Europe will worsen, sending ripples throughout the global economy. Japanese manufacturing should also be deeply impacted through the appreciation of the yen and lower sales prices due to increased competition. The Group shall strive to further improve our business results and to establish a stable foundation for profits in order to achieve the objectives of its Long-term Vision and its Mid-term Business Plan.

Finally, in July 2011, this company was

subjected to an on site inspection by the Japan Fair Trade Commission with regard to ball bearings transactions due to allegations of Antimonopoly Act violations.

This NACHI EUROPE GmbH, a subsidiary of this company, was also subjected to an investigation in November by the European Commission with regard to EU competition law concerning ball bearings.

This company shall, while receiving advice from experts, cooperate fully with the inspection and investigation conducted by the authorities.

I would like to express my sincerest appreciation to all of our shareholders for their continued support and understanding.



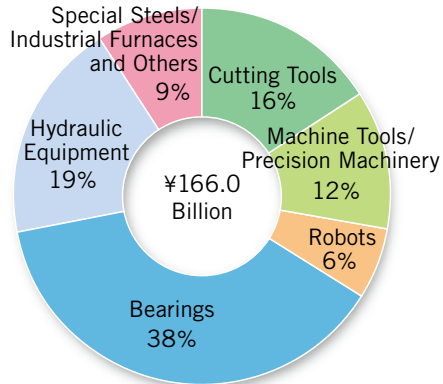
President and
Representative Director

A handwritten signature in black ink, appearing to read 'Shiroo Sonoda', written in a cursive style.

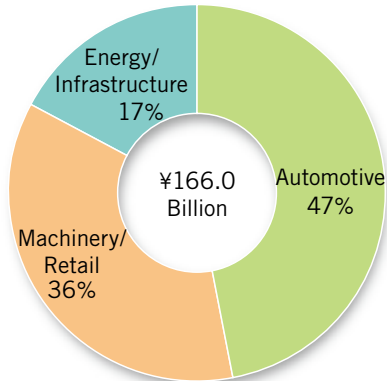
February 2012

RESULTS OF OPERATIONS (Consolidated)

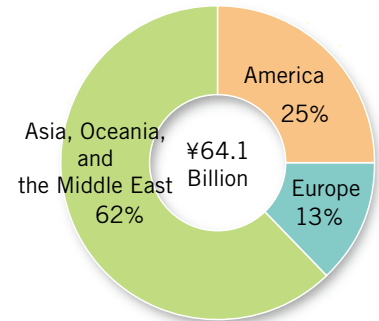
Sales by Business Segment



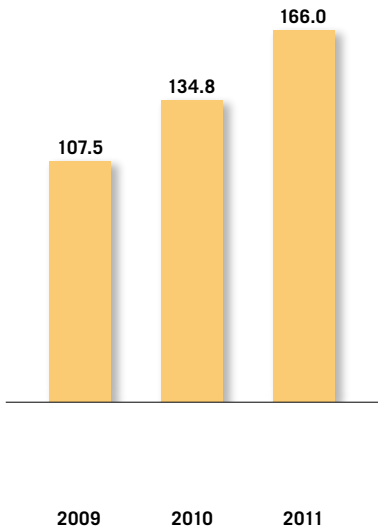
Sales by Market



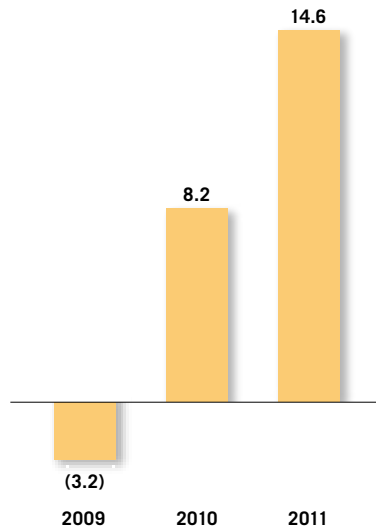
Overseas Sales



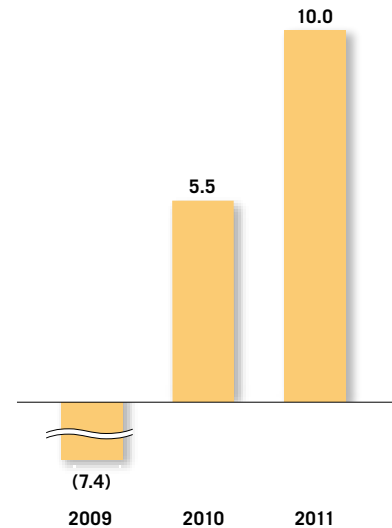
Net Sales (¥ billions)



Operating Income (¥ billions)



Net profits for Fiscal Year (¥ billions)

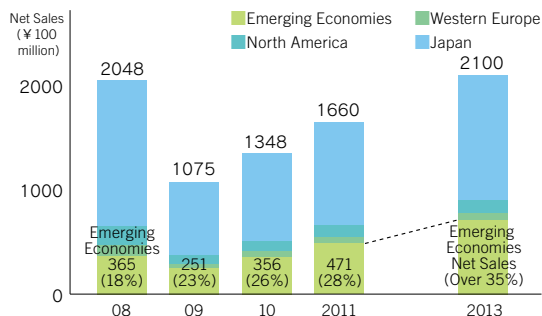


Permeating emerging economies with the NACHI brand

The group is expanding its business presence in China, India, ASEAN, Latin America and other emerging markets by expanding its sales and services operations and beefing up its production capacities there.

Net sales trends in emerging economies.

The group shall increase the share of emerge economies in total sales to more than 35% in fiscal year 2013.



Traveling motor



MQL Power Cell



Crankshaft processing

Expansion in the China market

The group newly established sales operations in Beijing and Guangzhou in addition to Shanghai, Shenyang and Chongqing with the aim of developing local customers in China, and expanded sales and service operations by significantly increasing the local staff. The intent is to take in the strong demand in the automobile, machine tool and construction machinery sectors.

The India market



NACHI MOTHERSON PRECISION LIMITED (India)

The group launched full-scale operations for the manufacture and resharping of precision tools in the India market. The group is also developing customers in the local automobile and two-wheel vehicle and industrial machinery sectors through the sale of tools and machine tools.

The ASEAN market



NACHI INDUSTRIES PTE (Singapore)

The group increased its production capacity by a wide margin by expanding drill production lines in its Singapore and Philippine factories in order to meet increasing demand in the ASEAN and East Asia markets.



Drills

Developing markets by expanding business features

The group is undertaking the development of new markets and revitalization of existing ones by expanding its business features and product lineups through the development of new products and improvement of existing ones.

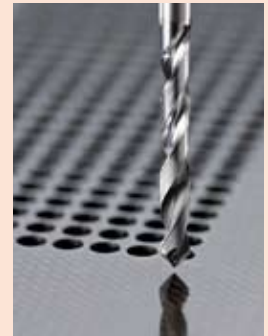


Worldwide simultaneous launch of the hyperspeed "SRA" robot

The SRA robot achieves both low weight and high rigidity. Combined with the latest control technology, it dramatically shortens welding process cycle time for automobile bodies. This results in a dramatic improvement of productivity in automobile manufacture.

CFRP processing drills "Crystal Diamond-coated Drill"

The Crystal Diamond-coated Drill, with its newly developed coating highly resistant to wear and abrasion, attains a lifespan three times longer than existing products. It helps raise productivity in aircraft manufacture.



Increasing production capacity



High-precision ball bearings



High-precision bearings factory (Toyama Plant)

The group reinforced manufacturing capacity for high-precision ball bearings, which are used for machine tools and injection molding machines, robots, semiconductor manufacturing equipment and the like.

The group shall respond to increasing demand in aircraft and power generation equipment by expanding processing lines dedicated to Fir tree forms broaches.



Fir tree forms Broaches



Fir tree forms broach factory (Toyama Plant)

FINANCIAL STATEMENTS

Consolidated Balance Sheets

(¥ millions)

Item	2011 (as of November 30, 2011)	2010 (as of November 30, 2010)
ASSETS:		
Current assets	89,443	78,468
Cash and cash equivalents	13,118	18,868
Notes and accounts receivable	38,192	30,861
Inventories	32,790	25,473
Other	5,342	3,265
Fixed assets	90,347	92,047
Property, plant and equipment	76,235	77,057
Buildings and structures	27,939	29,482
Machinery and equipment	34,550	34,044
Land	7,022	7,315
Other	6,722	6,215
Intangible fixed assets	391	308
Investments and advances	13,720	14,681
Total assets	179,791	170,516

Consolidated Statements of Income

(¥ millions)

Item	2011 (as of November 30, 2011)	2010 (as of November 30, 2010)
Net sales	166,023	134,807
Operating income	14,643	8,245
Ordinary income	12,913	6,499
Extraordinary income	45	1,201
Extraordinary losses	734	283
Income before income taxes and minority interests	12,223	7,417
Net income	10,016	5,562

(¥ millions)

Item	2011 (as of November 30, 2011)	2010 (as of November 30, 2010)
LIABILITIES:		
Current liabilities	75,377	73,869
Notes and accounts payable	36,758	28,952
Short-term bank loans	25,216	34,755
Other	13,403	10,161
Long-term liabilities	43,456	42,153
Bonds and long-term debt	30,556	29,241
Allowance for retirement benefits	6,553	7,107
Other	6,346	5,804
Total liabilities	118,834	116,022
NET ASSETS:		
Shareholders' equity	67,664	57,455
Common stock	16,074	16,074
Additional paid-in capital	11,560	11,560
Retained earnings	40,218	30,001
Treasury stock	(189)	(181)
Revaluations and translation adjustments	(9,465)	(5,461)
Minority interests	2,758	2,500
Total net assets	60,957	54,493
Total liabilities and net assets	179,791	170,516

Consolidated Statements of Cash Flows

(¥ millions)

Item	2011 (as of November 30, 2011)	2010 (as of November 30, 2010)
Cash flows from operating activities	12,825	20,803
Cash flows from investing activities	(8,383)	(6,008)
Cash flows from financing activities	(9,742)	(24,040)
Net decrease in cash and cash equivalents	(5,677)	(9,506)
Cash and cash equivalents at beginning of the year	18,756	28,262
Cash and cash equivalents at end of the year	13,078	18,756

SHAREHOLDER INFORMATION (As of November 30, 2011)

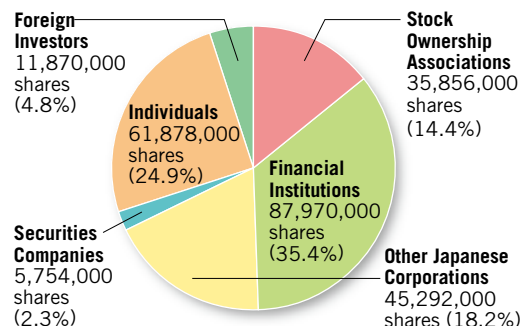
Number of Shares Issued: 249,193,436

Number of Shareholders: 30,441

Major Shareholders (top five): Note: Shareholding ratio is calculated after subtracting treasury stock (573,000 shares).

Shareholders	Number of shares held (thousand)	Shareholding ratio (%)
NACHI WANEI Stockholding	17,170	6.91
Japan Trustee Services Bank, Ltd. (holder of trust units)	13,248	5.33
Toyota Motor Corporation	13,182	5.30
Employees' Stock Ownership Plan	12,650	5.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,888	4.78

Breakdown of Shareholders



DIRECTORS AND AUDITORS (As of February 21, 2012)

President and Representative Director
Hiroo Honma

Managing Director
Hideo Terakoshi

Director
Nishiki Seto

Standing Corporate Auditor
Hiroshi Yamada

Managing Director
Yukihiko Tanaka

Managing Director
Keiichi Ogino

Director
Sachio Tanaka

Corporate Auditor
Eiichi Fukushima*

Managing Director
Noriyasu Shiba

Director
Hideo Oba*

Director
Masayuki Kobayashi

Managing Director
Makoto Sasaki

Director
Kenji Susukida

Standing Corporate Auditor
Naoto Nakano

Managing Director
Naoshi Katayama

Director
Nobuo Segawa

Standing Corporate Auditor
Atsushi Saguchi*

*Outside director or outside corporate auditor.

CORPORATE OFFICERS

(As of February 21, 2012)

Corporate Officer
Toshio Sugiura

Corporate Officer
Yasuo Hatakeyama

Corporate Officer
Kiyoshi Meguro

Corporate Officer
Isao Hori

Corporate Officer
Kazuhito Yoshida

Corporate Officer
Yusaburo Nomura

Corporate Officer
Katsumi Nishijima

Corporate Officer
Satoshi Hamamoto

Corporate Officer
Shinichi Urata

Corporate Officer
Hidenori Hayashi

CORPORATE INFORMATION (As of November 30, 2011)

Foundation: December 21, 1928
Capital: ¥16 billion
Number of Employees: 2,605 (Group employees 5,645)

Major Products:

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

Major Domestic Offices and Plants:

Toyama Head Office
Tokyo Head Office
1-1-1, Fujikoshi-Honmachi, Toyama 930-8511, Japan
Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan
Tel:+81-76-423-5111
+81-3-5568-5111

Eastern Japan Main Branch
Central Japan Main Branch
Western Japan Main Branch
Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan
Nachi Nagoya Bldg., 2-120-3, Takayashiro, Meitou-ku, Nagoya 465-0095, Japan
Sumitomo Nakanoshima Bldg. 5F, 3-2-18, Nakanoshima, Kita-ku, Osaka 530-0005, Japan

Toyama Plant
Higashi-Toyama Plant
Namerikawa Plant
1-1-1, Fujikoshi-Honmachi, Toyama 930-8511, Japan
[Cutting Tools / Machine Tools / Bearings / Robots]
3-1-1, Yoneda-machi, Toyama 931-8511, Japan [Special Steels]
3-2-1, Nakada, Toyama 931-8453, Japan [Hydraulic Equipment]
176, Ogake, Namerikawa 936-0802, Japan [Hydraulic Equipment / Automotive Hydraulics / Precision Machinery / Coating / Industrial Furnaces]

Major Overseas Offices and Plants: NACHI AMERICA INC. NACHI EUROPE GmbH (Germany) NACHI SINGAPORE PRIVATE LIMITED
NACHI (SHANGHAI) CO., LTD.

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/Administrator for Special Accounts:	3-33-1, Shiba, Minato-ku, Tokyo 105-8574, Japan
Administrative Office/ Mailing Address:	The Chuo Mitsui Trust and Banking Company, Ltd. 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan The Chuo Mitsui Trust and Banking Company, Ltd. Stock Transfer Agency Department
Inquiries:	Toll-free: 0120-78-2031 (Toll-free in Japan)
(Any question may be forwarded to the competent department.)	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/

Notice regarding the Transfer of Dividends to the Shareholder's Account We recommend transfer to the shareholder's account as a safe, foolproof, and convenient way to receive dividends.

Please choose from the following three methods for receiving dividends through transfer to the shareholder's account.

Designation by Specific Stock: Assigning an account that the shareholder has with banks, etc. for each category of stock and receiving dividends through such accounts.

Registration of a Single Account for Receiving Dividends: Receiving dividends for all categories of stock that the shareholder owns through a single account that the shareholder has with banks, etc. (An account with the Japan Post Bank may not be designated for this purpose.)

Allocation by Proportion of Shares: Receiving dividends through accounts that the shareholder has with securities firms. (A shareholder who does not have an account at a securities firm may not use this method.)

Procedures regarding Shares

1. **Notification regarding Designation of the Method for Receiving Dividends; the Purchase of Additional Shares or Buyback of Holdings Less Than the Minimum Trading Unit; Change of Address, Name, etc.; and Request for Stock Transfers between Accounts**

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.

2. **Questions regarding Payments of Accrued Dividends and Other General Administrative Matters regarding Shares**

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

Notice

1)The Chuo Mitsui Trust and Banking Company, Ltd., this company's shareholders' register custodian, will merge with the Sumitomo Trust and Banking Co., Ltd. and the Chuo Mitsui Asset Trust and Banking Company, Ltd. as of April 1, 2012 pending approval and authorization from the relevant authorities and become the "Sumitomo Mitsui Trust Bank, Limited." The actual execution of its custodian duties will begin on April 2 (Mon), 2012 since April 1 (Sun), 2012 is a holiday for the shareholders' register custodian.

Shareholders' Register Custodian/ Administrator for Special Accounts: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Sumitomo Mitsui Trust Bank, Ltd.

Mailing Address/ Phone Inquiries: Sumitomo Mitsui Trust Bank, Ltd.
Stock Transfer Agency Department
(There is no change in the address and phone number.)

2)Agency operations by Japan Securities Agents, Ltd. shall be terminated as of the end of March 2012.

Art in NACHI.

The cover photograph captures an image of a NACHI-FUJIKOSHI industrial robot, featured prominently on automobile production lines and elsewhere.

The robot welds automobile bodies with a spot welding gun mounted at its tip.

Lighter, harder, and faster, the robot helps to dramatically reduce process cycle time.

The slim and dynamic body is the outcome of the search for perfection in functionality, components, and control.

Technology pushed to its limits becomes art.

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