

Summary of Consolidated Financial Statements for the First Quarter of Year ended March 31, 2006

August 10, 2005

Name of Listed Company: Nabtesco Corporation  
(URL <http://www.nabtesco.com/>)

Stock listed on: the First Section of the Tokyo Stock Exchange  
Code Number: 6268

Representative Name: Kazuyuki Matsumoto  
Title: Representative Director and President

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Title: Director and General Manager,  
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1. Details related to summary of quarterly operating results

(1) Simplified accounting method adopted: None

(Contents)

(2) Change in accounting methods since the latest fiscal year: None

(Contents)

(3) Change in scope of consolidation and application of equity method: Yes

(Contents)

Newly consolidated company: 1 company Excluded consolidated company: 1 company  
Excluded non-consolidated subsidiary accounted by the equity method: 1 company

2. Consolidated Operating Results for the First Quarter of FY2005 (From April 1, 2005 to June 30, 2005)

(1) Consolidated Operating Results

Note: Amounts less than one million yen have been rounded down.

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of Fiscal Year 2005	33,594	6.2	3,120	36.6	3,120	20.0	1,694	13.1
First Quarter of Fiscal Year 2004	31,630	(-)	2,284	(-)	2,600	(-)	1,497	(-)
Fiscal year ended March 31, 2005	137,960		11,287		11,306		5,625	

	Net income per share		Diluted net income per share	
	Yen		Yen	
First Quarter of Fiscal Year 2005	13.35		13.35	
First Quarter of Fiscal Year 2004	11.79		-	
Fiscal year ended March 31, 2005	43.70		43.69	

(Note) Percentages shown for net sales, operating income, ordinary income and net income represent the increase or decrease compared with the previous quarter fiscal year.

[Qualitative Information regarding Consolidated Operating Results]

Business environments surrounding Nabtesco Group during the first quarter of fiscal 2005 (ending March 31, 2006) remained favorable, since the American and European markets, assisted by the automobile industry's strong capital investments, continued to be brisk and capital investment in the domestic markets increased with the improvement of corporate profits. Under these circumstances, the Company achieved increases both in consolidated sales and consolidated profits in the first quarter of fiscal 2005 compared with the same term of the preceding year.

<Precision equipment business>

Business results for industrial robots, precision reduction gears for machine tools manufacturers, and semiconductor-related equipments climbed steadily, and both sales and profits increased compared to the same period last year.

<Transportation equipment business>

The delivery of the Shinkansen (Bullet train) brake control system for Taiwan and expanding marine engine control systems contributed to increases in both sales and profits on year-to-year basis.

<Aircraft and hydraulic equipment business>

The situation in aircraft equipment is still severe despite signs of recovery in private demand. As for hydraulic equipments, drive hydraulic motors for the American and European market continued to grow fairly well. However, sales and profits of overall aircraft and hydraulic equipment business declined compared with the same term last year, due mainly to stagnating demand for construction machinery in the Chinese market.

<Industrial equipment business>

Industrial equipment including automatic doors for buildings and automatic food-filling and packaging machinery saw rises in sales and profits on a year-on-year basis, helped by increase in private-sector capital investment.

## (2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
First Quarter of Fiscal Year 2005	133,302	53,783	40.3	423.76
First Quarter of Fiscal Year 2004	132,494	48,902	36.9	384.88
Fiscal year ended March 31, 2005	133,602	52,471	39.3	412.75

## &lt; Consolidated Cash Flows &gt;

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at fiscal year-end
	Million yen	Million yen	Million yen	Million yen
First Quarter of Fiscal Year 2005	1,219	(1,286)	(884)	13,139
First Quarter of Fiscal Year 2004	2,327	(729)	(1,486)	115,377
Fiscal year ended March 31, 2005	11,102	(4,569)	(7,808)	14,035

## [Qualitative Information regarding changes in Consolidated Financial Position]

Cash and cash equivalents at the end of the first quarter of fiscal 2005 decreased by around ¥900 million from the end of the preceding fiscal year, due to expenditures for capital investment, expenditures for payment of dividends and income taxes, and repayment of borrowings.

Interest-bearing liabilities at the end of the first quarter of fiscal 2005 decreased ¥300 million from the end of the previous year to ¥24,700 million.

In addition, shareholders' equity increased ¥1,300 million from the end of the preceding fiscal year to ¥53,700 million, and the equity ratio was 40.3%, up by 1.0% from the end of the previous fiscal year.

## Appendix:

Consolidated Balance Sheets (summary) and Consolidated Statements of Income for the first quarter of FY2005 (summary).

## [Reference]

Forecast of consolidated operating results for FY2005 (From April 1, 2005 to March 31, 2006)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	70,500	5,600	3,000
Fiscal year	141,000	11,200	6,000

Reference: Estimated consolidated net income per share for the fiscal year: 46.62 yen

## [Qualitative Information regarding Business Forecasts]

Business forecasts for the first half of FY2005 and for FY2005 remained same to those initially published, due to concerns over rising raw material costs including skyrocketing crude oil price.

## Notice regarding the application of consolidated forecast:

The information stated above is based on various assumptions. This summary does not constitute an assurance or guarantee that the company will achieve its numerical targets or necessarily implement the strategies outlined.

**Nabtesco Corporation**  
(Unaudited)

**(1) First Quarter Consolidated Balance Sheets**

(Million yen; amounts less than one million yen are omitted)

	1st Quarter of Term Ending March 31, 2006	1st Quarter of Term Ending March 31, 2005	Increase (Decrease)	Rate of Change (%)	March 31, 2005 (Reference)
<b>&lt;Assets&gt;</b>					
<b>Current assets</b>	<b>75,183</b>	<b>72,959</b>	<b>2,224</b>	<b>3.0</b>	<b>75,161</b>
Cash and time deposits	13,465	15,745	(2,280)	(14.5)	14,353
Notes and accounts receivable	42,233	37,527	4,705	12.5	43,025
Inventories	16,052	15,260	792	5.2	14,158
Other current assets	3,432	4,425	(993)	(22.4)	3,623
<b>Fixed assets</b>	<b>58,118</b>	<b>59,535</b>	<b>(1,417)</b>	<b>(2.4)</b>	<b>58,440</b>
Property, plant and equipment	41,691	42,781	(1,089)	(2.5)	41,949
Intangible assets	1,724	1,997	(273)	(13.7)	1,791
Investments and other assets	14,703	14,757	(54)	(0.4)	14,699
<b>Total assets</b>	<b>133,302</b>	<b>132,494</b>	<b>807</b>	<b>0.6</b>	<b>133,602</b>
<b>&lt;Liabilities&gt;</b>					
<b>Current liabilities</b>					
Trade notes and accounts payable	27,126	25,838	1,287	5.0	27,580
Short-term bank loans	14,715	13,260	1,454	11.0	14,610
Current portion of bonds	-	5,000	(5,000)	-	-
Other current liabilities	11,250	9,667	1,583	16.4	12,041
<b>Total</b>	<b>53,092</b>	<b>53,766</b>	<b>(674)</b>	<b>(1.3)</b>	<b>54,232</b>
<b>Long-term liabilities</b>					
Long-term loans	9,995	12,593	(2,597)	(20.6)	10,428
Other long-term liabilities	13,058	13,996	(937)	(6.7)	13,098
<b>Total</b>	<b>23,054</b>	<b>26,589</b>	<b>(3,535)</b>	<b>(13.3)</b>	<b>23,526</b>
<b>Total liabilities</b>	<b>76,146</b>	<b>80,356</b>	<b>(4,209)</b>	<b>(5.2)</b>	<b>77,759</b>
<b>&lt;Minority interests&gt;</b>					
Minority interests	3,372	3,236	136	4.2	3,371
<b>&lt;Shareholders' equity&gt;</b>					
Capital stock	10,000	10,000	-	-	10,000
Capital surplus	17,709	17,709	(0)	(0.0)	17,709
Earned surplus	24,343	19,496	4,847	24.9	23,172
Net unrealized gains on securities	2,928	2,907	21	0.7	2,880
Translation adjustments	(1,017)	(1,116)	98	(8.8)	(1,128)
Treasury stock, at cost	(180)	(95)	(85)	89.3	(162)
<b>Total shareholders' equity</b>	<b>53,783</b>	<b>48,902</b>	<b>4,881</b>	<b>10.0</b>	<b>52,471</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>133,302</b>	<b>132,494</b>	<b>807</b>	<b>0.6</b>	<b>133,602</b>

**Nabtesco Corporation**  
(Unaudited)

**(2) First Quarter Consolidated Statements of Income**

(Million yen; amounts less than one million yen are omitted)

	Current Year 1st Quarter (From April 1 2005 to June 30,2005)	Previous Year 1st Quarter (From April 1 2004 to June 30,2004)	Increase (Decrease)	Rate of Change (%)	FY2004 (Reference) (Apr.2004-Mar.2005)
<b>Net sales</b>	<b>33,594</b>	<b>31,630</b>	<b>1,963</b>	<b>6.2</b>	<b>137,960</b>
Cost of sales	25,406	23,996	1,410	5.9	105,227
<b>Gross profit</b>	<b>8,187</b>	<b>7,633</b>	<b>553</b>	<b>7.3</b>	<b>32,733</b>
Selling, general and administrative expenses	5,066	5,349	(282)	(5.3)	21,446
<b>Operating income</b>	<b>3,120</b>	<b>2,284</b>	<b>836</b>	<b>36.6</b>	<b>11,287</b>
Non-operating income	237	560	(322)	(57.6)	849
Non-operating expenses	237	243	(6)	(2.6)	829
<b>Ordinary income</b>	<b>3,120</b>	<b>2,600</b>	<b>520</b>	<b>20.0</b>	<b>11,306</b>
Extraordinary gains	8	51	(42)	(83.7)	864
Extraordinary losses	20	31	(11)	(35.6)	2,945
Pretax net income for the quarter or term	3,108	2,620	488	18.6	9,225
Corporate, resident and business taxes	1,402	1,058	344	32.5	3,337
Minority interest income	11	63	(52)	(82.3)	262
<b>Net income for the quarter or term</b>	<b>1,694</b>	<b>1,497</b>	<b>196</b>	<b>13.1</b>	<b>5,625</b>

**Nabtesco Corporation**  
(Unaudited)

**(3) First Quarter Consolidated Statements of Cash Flows**

(Million yen; amounts less than one million yen are omitted)

	Current Year 1st Quarter (From April 1, 2005 to June 30, 2005)	Previous Year 1st Quarter (From April 1, 2004 to June 30, 2004)	FY2004 (Reference) (Apr. 2004-Mar. 2005)
<b>I Cash flows from operating activities</b>			
Net income before income taxes and adjustments	3,108	2,620	9,225
Depreciation and amortization	1,072	1,053	4,545
Other	(1,670)	336	(91)
Subtotal	2,511	4,009	13,679
Income taxes paid	(1,214)	(1,692)	(2,369)
Other	(77)	10	(207)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>1,219</b>	<b>2,327</b>	<b>11,102</b>
<b>II Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(1,116)	(971)	(4,494)
Proceeds from sale of property, plant and equipment	25	457	1,551
Other	(195)	(216)	(1,626)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(1,286)</b>	<b>(729)</b>	<b>(4,569)</b>
<b>III Cash flows from financing activities</b>			
Decrease in short-term bank loans	130	(442)	(251)
Proceeds from long-term loans	-	-	3,000
Repayment of long-term loans	(509)	(525)	(4,506)
Repayments of debentures	-	-	(5,000)
Cash dividends paid	(489)	(504)	(973)
Other	(16)	(13)	(77)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>(884)</b>	<b>(1,486)</b>	<b>(7,808)</b>
<b>IV Effect exchange rate changes on cash and cash equivalents</b>	<b>35</b>	<b>(24)</b>	<b>19</b>
<b>V Increase or decrease in cash and cash equivalents</b>	<b>(916)</b>	<b>85</b>	<b>(1,256)</b>
<b>VI Cash and cash equivalents at beginning of year</b>	<b>14,035</b>	<b>14,476</b>	<b>14,476</b>
<b>VII Increase in cash and cash equivalents from newly consolidated company</b>	<b>20</b>	<b>815</b>	<b>815</b>
<b>VIII Cash and cash equivalents at end of year</b>	<b>13,139</b>	<b>15,377</b>	<b>14,035</b>

**(4) Segment Information****Nabtesco Corporation**  
(Unaudited)**[Segment Information by Business Category]****Current Quarter Year (First Quarter of Fiscal Year 2005)**

(Million yen: amounts less than one million yen are omitted)

	Precision Equipment	Transport Equipment	Aircraft and Oil Hydraulic Equipment	Industrial Equipment	Total	Eliminations and general corporate assets	Consolidated
Net sales							
(1) External sales	8,937	8,738	8,742	7,175	33,594	-	33,594
(2) Intersegment net sales or transfer	13	104	170	113	401	(401)	-
<b>Total</b>	<b>8,950</b>	<b>8,843</b>	<b>8,912</b>	<b>7,289</b>	<b>33,995</b>	<b>(401)</b>	<b>33,594</b>
Operating expenses	7,227	8,119	8,611	6,916	30,874	(401)	30,473
Operating Income	1,723	723	301	372	3,120	-	3,120

**Previous Quarter Year (First Quarter of Fiscal Year 2004)**

(Million yen: amounts less than one million yen are omitted)

	Precision Equipment	Transport Equipment	Aircraft and Oil Hydraulic Equipment	Industrial Equipment	Total	Eliminations and general corporate assets	Consolidated
Net sales							
(1) External sales	7,724	8,231	8,960	6,713	31,630	-	31,630
(2) Intersegment net sales or transfer	25	83	288	123	522	(522)	-
<b>Total</b>	<b>7,750</b>	<b>8,315</b>	<b>9,249</b>	<b>6,837</b>	<b>32,152</b>	<b>(522)</b>	<b>31,630</b>
Operating expenses	6,441	7,952	8,800	6,673	29,868	(522)	29,345
Operating Income	1,309	362	448	164	2,284	-	2,284

**(Reference) Fiscal Year 2004 (From April 1, 2004 to March 31, 2005)**

(Million yen: amounts less than one million yen are omitted)

	Precision Equipment	Transport Equipment	Aircraft and Oil Hydraulic Equipment	Industrial Equipment	Total	Eliminations and general corporate assets	Consolidated
Net sales							
(1) External sales	32,648	35,807	34,272	35,232	137,960	-	137,960
(2) Intersegment net sales or transfer	40	314	1,171	566	2,092	(2,092)	-
<b>Total</b>	<b>32,688</b>	<b>36,121</b>	<b>35,444</b>	<b>35,798</b>	<b>140,052</b>	<b>(2,092)</b>	<b>137,960</b>
Operating expenses	27,589	33,944	34,660	32,571	128,765	(2,092)	126,673
Operating Income	5,099	2,177	783	3,227	11,287	-	11,287

<Reference>

[Segment Information by Business Category]

Current Quarter Year (First Quarter of FY2005) results and forecast for FY2005

(Million yen: amounts less than one million yen are omitted)

	FY2005 First Quarter From April 1, 2005 to June 30, 2005	FY2005 Interim From April 1, 2005 to September 30, 2005	FY2005 Third Quarter From April 1, 2005 to December 31, 2005	FY2005 Full Year From April 1, 2005 to March 31, 2006
Net sales				
Precision Equipment	8,937	16,800	25,200	33,600
Transport Equipment	8,738	18,300	27,400	36,400
Aircraft and Oil Hydraulic Equipment	8,742	18,400	27,600	36,900
Industrial Equipment	7,175	17,000	25,500	34,100
<b>Total</b>	<b>33,594</b>	<b>70,500</b>	<b>105,700</b>	<b>141,000</b>
Operating Income				
Precision Equipment	1,723	2,700	4,050	5,400
Transport Equipment	723	1,100	1,550	2,000
Aircraft and Oil Hydraulic Equipment	301	500	600	700
Industrial Equipment	372	1,500	2,500	3,500
<b>Total</b>	<b>3,120</b>	<b>5,800</b>	<b>8,700</b>	<b>11,600</b>

Previous Year (FY2004) results

(Million yen: amounts less than one million yen are omitted)

	FY2004 First Quarter From April 1, 2004 to June 30, 2004	FY2004 Interim From April 1, 2004 to September 30, 2004	FY2004 Third Quarter From April 1, 2004 to December 31, 2004	FY2004 Full Year From April 1, 2004 to March 31, 2005
Net sales				
Precision Equipment	7,724	15,099	23,883	32,648
Transport Equipment	8,231	17,241	26,562	35,807
Aircraft and Oil Hydraulic Equipment	8,960	17,533	25,736	34,272
Industrial Equipment	6,713	16,664	24,894	35,232
<b>Total</b>	<b>31,630</b>	<b>66,538</b>	<b>101,077</b>	<b>137,960</b>
Operating Income				
Precision Equipment	1,309	2,321	3,846	5,099
Transport Equipment	362	864	1,717	2,177
Aircraft and Oil Hydraulic Equipment	448	675	924	783
Industrial Equipment	164	1,381	1,916	3,227
<b>Total</b>	<b>2,284</b>	<b>5,242</b>	<b>8,406</b>	<b>11,287</b>