This document is a translation of the Japanese financial statements and is not in conformity with accounting principles of the United States.

Nabtesco Corporation

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

Nov 15, 2005

Name of Listed Company: Nabtesco Corporation
Stock listed on: the First Section of the Tokyo Stock Exchange
Code Number: 6268
(URL http://www.nabtesco.com/)
Location (prefecture) of Head Office: Tokyo, Japan
Representative Name: Kazuyuki Matsumoto
Title: Representative Director and President
Inquiries: Name: Hiroshi Sawa Tel. (03) 3578-7070
Title: Director and General Manager, General Administration Dept.
Date of Board of Directors Meeting for Account Settlement: Nov 15, 2005
Has the Company adopted U.S. Accounting Standards: No

1. Consolidated Operating Results for the Interim of FY2005 (From April 1, 2005 to September 30, 2005)

(1) Consolidated Operating Results
Note: Amounts less than one million yen have been rounded down.

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Interim of Fiscal Year 2005	71,739	7.8	7,340	40.0	6,940	21.1
Interim of Fiscal Year 2004	66,538	10.0	5,242	42.2	5,733	48.3
Fiscal Year ended March 31, 2005	137,960		11,287		11,306	

	Interim (net) income		Interim (net) income per share	Diluted interim (net) income per share
	Million yen	%	Yen	Yen
Interim of Fiscal Year 2005	3,928	13.5	30.96	30.93
Interim of Fiscal Year 2004	3,460	101.8	27.24	—
Fiscal Year ended March 31, 2005	5,625		43.70	43.69

(Notes) a) Investment profit/loss on equity method:
Interim of FY2005 (357) million yen Interim of FY2004 452 million yen FY2004 230 million yen
b) Average number of outstanding shares during the fiscal year (consolidated)
Interim of FY2005 126,906,984 shares Interim of FY2004 127,059,853 shares FY2004 127,011,940 shares
c) Change in accounting methods: None
d) Percentages shown for net sales, operating income, ordinary income and interim (net) income represent the increase or decrease compared with the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Interim of Fiscal Year 2005	139,248	57,445	41.3	452.79
Interim of Fiscal Year 2004	132,898	50,313	37.9	396.05
Fiscal Year ended March 31, 2005	133,602	52,471	39.3	412.75

(Note) Shares outstanding at fiscal year-end (consolidated):
Interim of FY2005 126,870,522 shares Interim of FY2004 127,039,272 shares FY2004 126,943,445 shares

(3) Consolidated Cash Flows

	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
Interim of Fiscal Year 2005	6,455	(2,715)	(1,000)	16,832
Interim of Fiscal Year 2004	4,529	(996)	(2,846)	15,983
Fiscal Year ended March 31, 2005	11,102	(4,569)	(7,808)	14,035

(4) Scope of consolidation and application of equity method
Consolidated subsidiaries: 33 companies
Non-consolidated subsidiaries accounted for by the equity method: None
Affiliates accounted for by the equity method: 8 companies

(5) Change in scope of consolidation and application of equity method
Newly consolidated companies: 1 (excluded): 1
Equity method (new): None (excluded): 1

2. 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
Fiscal year	149,000	13,000	7,100

Reference: Estimated consolidated net income per share for the fiscal year: 55.29 yen

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.

2. Management Policy

1. Principle Policies of Management

The Nabtesco Group established the “Corporate Philosophy” in this May, and under this corporate philosophy, has set up the “Long-term Vision” and its introductory implementation program “Mid term Business Plan” which covers the period from fiscal 2005 to fiscal 2007.

[Corporate Philosophy]

The Nabtesco Group with our unique motion control technology will provide safety, comfort and a sense of security in daily lives as well as any form of transportation.

[Long-term Vision]

Global company group growing with society
-Challenge, Creation and Progress to higher stage-

<Management targets at the end of the next ten years>

Net sales:	¥220,000 million
Operating income to sales:	15%
Return on equity (ROE):	15% or more

[Medium-term Management Strategy]

1) Creation of new product and new business

We will address as an important issue the creation of new product and new business based on our strengthened and evolved motion control technologies, and will concentrate on the launch of products and businesses, which will be a source of profit ten years later.

2) Strengthening of profitability of the existing business

We will focus active investment on businesses with high profitability and high growth-potential, and will work on the strengthening of superiority, and the overcoming of weakness, of each business.

3) Aggressive penetration into overseas markets

We will make aggressive penetration into overseas markets. In particular, we define mainland China as an important market in the medium term and Europe as a growth-potential market in the long term, and will develop priority marketing in both areas.

4) CSR-conscious management

We will carry out stakeholder (e.g., shareholders, business partners, employees, and society) conscious management, In addition, we will respect and comply with local laws, regulations culture, etc., and will carry out management based in high ethical standards. Furthermore, we will focus on environmental concerns.

5) Reforming organizational climate

We will establish a system to promote “group-wide optimum” through efficient and effective personnel allocation. We will also cultivate diversified human resources from a long-term point of view.

2. Basic Policy on Return of Profit to Shareholders

The Company intends to maintain the basic policy of a stable and sustainable dividend payout to shareholders according to the level of the Group's overall income, taking a harmonious balance with the accumulation of internal reserve for increasing future corporate value.
The internal reserve will be invested in strategic investments leading to the growth of the Group and in the execution of a flexible capitalization program.
With respect to dividends for fiscal 2005, the Company intends to increase ¥3 per share compared with the preceding year to ¥10 per share for the full term of fiscal 2005 (¥5 per share for the interim period).

3. Policy on the Lowering of the Trade Unit

The Company recognizes the improvement of liquidity of shares and an increase in number of shareholders as an important issue in our policy on capitalization.
In regard to the lowering of the trade unit in stock markets, the Company will continue to carefully investigate the necessity as an important issue, taking consideration of movements of stock price and liquidity in markets.

4. Medium-term Management Plan Target (Consolidated)

The Company has set up the Medium-term Management Targets for the period from fiscal 2005 to fiscal 2007 as follows:

1) Growth with profits

Net sales for fiscal 2007: ¥155,000 million
Net income for fiscal 2007: ¥9,500 million

2) Improvement of efficiency

Return on asset (ROA) as of Mar. 31, 2008: 8%
Return on equity (ROE) as of Mar. 31, 2008: 15%

3) Strengthening of financial position

Accumulated free cash flow in 3 years: ¥25,000 million

5. Mid/Long-term Management Strategy

Towards the achievement of the Mid-term Business Plan, the Company considers 1) Overseas strategy, 2) Technology strategy, 3) Manufacturing strategy and 4) Human resource strategy as the Group's major strategies. The Company will strive to plan and execute necessary measures, and to establish and implement systems and schemes as follows.

1) Overseas strategy

We will promote to develop and expand overseas markets, since most of the domestic markets of the existing businesses are saturated. In particular, we rank China and Europe as strategic areas and will focus on aggressive business activities, including penetrating into and expanding markets, and establishment of procurement and production bases.

2) Technology strategy

In order to strengthen and evolve the Group's motion control technology, we will establish a system enabling us to share all technical needs and seeds between all Group companies, and will enhance our core-technology and accelerate the creation of new product and new business.

3) Manufacturing strategy

We will strive to promote further improvement in manufacturing efficiency through reinforcing group-wide federated manufacturing functions and setting up a scheme to foster and establish employees to promote improvement.

4) Human resource strategy

We will endeavor to develop each employee's capacity through human resource development corresponding to needs and motivation for improvement of one's career, promote overall leveling up of employees' capability, and strive to develop globally competent employees.

6. Issues Requiring Responses from the Company

[Business deployment]

Our most important current assignment is to make all efforts accomplishing the Mid-term Management Strategy. In view of the maturation of the existing businesses, we will utilize and realign our group resources to speed up the fosterage of new business and the development of new products to shift the business portfolio to high-growth-potential fields.
On the other hand, it is also vital for the stabilization of the Company's profitability to maintain and reinforce further superiority of the existing business having competitiveness. We will concentrate on strengthening of cost-competitiveness and developing new markets.

[Improvement in financial position]

We will improve profitability of each business, and at the same time, endeavor to pursue the contraction and effective utilization of capital in use by promoting reduction of inventories and enhancing efficiency of funds operation through a centralized control system (cash-pool system) of the Group's funds.

7. Basic Policy on Corporate Governance and the Implementation of related Measures

< Basic Policy on Corporate Governance >

We aim to maximize corporate value of the whole Nabtesco group by harmonizing with stakeholders including shareholders, and are conducting management emphasizing the securing of transparency and fairness in management and on quick decision-making.
Remunerations of directors and auditors are determined at the board of directors' meeting and the auditor's meeting respectively, within the limits approved by the shareholders' meeting.

< Implementation of related Measures >

The Company adopts the board of directors, the coeporate officers system, the board of corporate auditors and the management committee to clearly separate functions of decision-making, management, execution, audits and supervision of management.

[Board of Directors]

The Board of directors, consisting of 10 directors including one outside director, is the organization that is in charge of the establishment of a basic policy and a business strategy, decision over execution of important business operations, and supervision of execution of duties. The Board is convened one or more times every month, and it was held 12 times during the interim period of fiscal 2005.

[Corporate Officers System]

The Corporate Officers system was introduced as a system in which corporate officers are devoted entirely to execution of duties under the Board of Directors' policy, strategy and supervision. The corporate officers is comprised of representatives of major group companies. The executive officers' meeting is a regular meeting and was convened 3 times in the current interim period.

[Board of Corporate Auditors]

The Board of Corporate Auditors consists of 5 statutory auditors including 3 external statutory auditors. The Board has reinforced its audit system by establishing the Board of the Group Auditors, which includes auditors of group companies, in order to respond to the strengthened group management. In the interim period of fiscal 2005, the Board of Corporate Auditors was convened 6 times and the Board of the Group Auditors was held one time.

[Management Committee]

The Management Committee was introduced as a system to discuss important issues relating to the execution of duties for the Company and the Group, and to report business performances, and the execution of duties according to the policies decided by the Board of Directors. The Committee is held three times a month principally, and was convened 17 times in the 1st half of fiscal 2005.

[Business Auditing Department]

The Company enhanced its internal auditing function by establishing the Business Auditing Department, which is an organization under the direct control of the President. The Company is promoting to execute the efficient administration of the Company and the Group's business operations and improvement in the quality of administration, aiming to contribute to the execution of sound business administration. The Department conducted audits on administrative departments of the headquarters, two in-house companies and four consolidated subsidiaries in the current interim period.

[Implementation and Promulgation of Corporate Ethics]

The Company is implementing and promulgating corporate ethics by establishing "Nabtesco Corporate Ethics Code" and "Nabtesco Rule of Conduct", aiming that all of the Group companies takes business behaviors based on higher ethical standard.
In addition, the Company introduced the Compliance Department, and is promoting the compliance with higher corporate ethics standard, needless to say the compliance with laws and regulations, from the viewpoint of increasing the Group's corporate value in the mid/long-term.

[Accounting Auditors]

The Company concluded the audit contract with KPMG AZSA & Co. with the approval by the shareholders' meeting, and is undergoing audit on financial statements under the Commercial Code of Japan and those under the Securities and Exchange Law. In addition, the name of the certified public accountants that executed the audit and the composition of assistants to auditing are as follows:

- Name of the certified public accountants in charge of audit and successive period of years

Name		Successive period of years
Partner involved and CPA	Akira Yonebayashi	2.0 years
Partner involved and CPA	Yosuke Miura	2.0 years
Partner involved and CPA	Daisuke Harada	0.5 years

- Composition of assistants for the accounting audit: CPA: four person, Assistant CPA: eight persons, and Other: two persons

[Disclosure of Operating Results]

The Company will strive toward a quicker simultaneous disclosure of the consolidated financial statements and non-consolidated financial statements. In addition, the Company has been closing accounts quarterly and disclosing the quarterly consolidated and non-consolidated financial reports.

<Outline of Human, Capital and Business Relation and Other Interest between the Company and the Outside Directors and Auditors>

One outside director is an auditor of Kobe Steel, Ltd., which has transactions with us and owns 11.9% of our total outstanding shares.
Three external statutory auditors are the representative director of Teijin Engineering Ltd., an outside auditor of the former Nabco Co., Ltd. and an adviser of ChuoAoyama PricewaterhouseCoopers. Teijin Engineering Ltd. has business transactions with our group companies and the Company has no transactions with ChuoAoyama PricewaterhouseCoopers.

8. Matters relating to the Parent Company

The Company has no parent company.

3. Consolidate Operating Results and Financial Position

1. Consolidated Operating Results for the 1st half of fiscal 2005 (From April 1 to September 30, 2005)

(1) Summery of operating results for the 1st half

[Overview of performance for the 1st half]

The Japanese economy during the first half of fiscal 2005 continued to grow steadily, assisted by brisk exports, increasing private capital investment and recovery of consumer spending.
Concerning the business environments surrounding Nabtesco Group, the automobile industry's capital spending continued to be strong at home and overseas, and the construction machinery industry in China turned to recovery from the depression caused by the local monetary restraint policy. Domestic markets also continued a steady growth, supported by the production expansion thanks to increase of exports.

Under these circumstances, the Company set up the Mid-term Business Plan in this May and has promoted development of new technology and new product, improvement of productivity, and enhancement of a profit-making structure.
As a result, consolidated net sales for the 1st half of fiscal 2005 were ¥71.7 billion, up by 7.8% compared with the same period of the preceding year, and consolidated ordinary income accounted for ¥6.9 billion, an increase by 21.1% from the same period last year. Consolidated net income stood at ¥3.9 billion, an improvement by 13.5% on a year-on-year basis.

With regard to cash flows, cash flow from operating activities ended with a gain of ¥6.4 billion. Cash flow from investing activities resulted in a minus of ¥2.7 billion due mainly to expenditure of ¥2.5 billion for acquisition of fixed assets. As a result, free cash flow was a plus ¥3.7 billion.
On the other hand, cash flow from financing activities saw a deficit of ¥1.0 billion owing to repayment of borrowings and payment of dividends. Cash and cash equivalents as of the end of the 1st half of fiscal 2005 were ¥16.8 billion. In addition, outstanding amount of borrowings as of the end of September 30, 2005 was ¥24.6 billion.

Operating results by business segment are as follows:

<Precision equipment business>

Net sales of the precision equipment business increased 19.7% compared with the same period of the preceding year to ¥18.0 billion, and operating income climbed by 50.8% from the same period last year to ¥3.5 billion.
Precision reduction gears for industrial robots continued to grow steadily, assisted by the domestic and overseas automobile industry's strong capital investments, and those for machine tools manufacturers also maintained a steady growth due to the industry's prosperous conditions.
On the other hand, precision equipment for semiconductor manufacturers declined in sales slightly, affected by the weakened market of semiconductors. However, the overall sales in this business segment hit a record-high.

<Transport equipment business>

Net sales of the transport equipment business were ¥17.8 billion, an increase by 3.7% compared with the same period a year ago, and operating income accounted for ¥1.4 billion, a climb by 66.6%.
Sales of railway vehicle products increased on a year-on-year basis, since increased sales of new trains for the existing railways and those of maintenance parts covered a decline of sales for the Shinkansen (bullet train).

In the automobile-related business, brake products for commercial vehicles increased supported by increased demand for replacements in common trucks. However, overall sales in the business of automobiles declined due mainly to the contraction of FSR (Force Sensing Resistors) business.
Marine propulsion control systems posted record-high sales, helped by the marine transportation industry's strong, continuous capital investment for new vessels due to brisk cargo movements mainly in China and North America.

<Aircraft and oil hydraulic equipment business>

Sales of the aircraft and oil hydraulic equipment business rose to ¥18.9 billion, up by 8.1% compared with the same period a year earlier, and operating income increased by 43.2% to ¥0.9 billion.
The aircraft equipment increased its sales, thanks to an increase in fuselage production in the civil aviation sector including the B777. This was backed up by a recovery in civil demand despite adverse effects from airliners' depression owing to soaring crude oil price.
As for hydraulic equipment, hydraulic traveling units and valves continued a constant growth thanks to increase in demand for hydraulic excavators in Japan and abroad. In addition, drive units for wind turbines, a new product, started mass production for overseas markets, which contributed an increase of sales.

<Industrial equipment business>

Sales in this business were ¥16.8 billion, an increase by 0.9% against the same period last year, and operating income recorded ¥1.4 billion, an advance by 3.6% compared with the same period of 2004.
Sales of the automatic doors related business increased, since mainstay general-purpose automatic doors performed favorably, and sales of platform screen doors for South Korea sharply climbed.
In the industrial machinery related business, sales of machine tools increased due to strong capital spending by the domestic automobile manufacturers. On the other hand, automatic packaging machines for food industry saw a decline in sales on a year-on-year basis, due to decreased capital investment in Asian markets such as South Korea.

(2) Forecast for fiscal 2005

The Japanese economy is forecasted to show steady performance thanks to active capital spending and recovery of consumer spending, both supported by high profitability of corporations. On the other hand, there are undeniable concerns over uncertainties of the world economy including hike of raw material prices including crude oil price, and over the negative effects from natural disasters in various areas such as U.S.A.
In these business environments, the whole Company and its Group will continue implementing the principles of management as an effort to accomplish the Mid-term Management Plan, that is to say, 1) Creation of new product and new business; 2) Strengthening profitability of the existing business; 3) Aggressive penetration into overseas markets; 4) CSR-conscious management; and 5) Reforming organizational climates.
In addition, the Company decided the capital spending of which total amount will be ¥6.0 billion, and duration of three years, to boost the manufacturing capacity of precision reduction gears.

With regard to the forecast for the full term of consolidated fiscal 2005, the Company expects the consolidated operating results to be ¥149 billion for net sales, ¥13.8 billion for operating income, ¥13 billion for ordinary income, and ¥7.1 billion for net income. In addition, the Company also expects that ROA and ROE will be 5.2% and 12.6% respectively.

2. Financial Position

[Consolidated Financial Position for the 1st half of fiscal 2005]

The Company kept a high level cash and time deposits of ¥17.1 billion at the end of September 2005, and intends to allocate ¥6.0 billion out of them to the repayment of borrowings in the 2nd half. Total assets as of the end of the 1st half of fiscal 2005 were ¥139.2 billion, an increase by ¥6.3 billion compared with the same period a year earlier due to increase in notes and accounts receivable and investment securities, in addition to cash and time deposits. Outstanding amount of interest-bearing debt as of the end of the interim period were ¥24.6 billion, a decrease by ¥4.8 billion on a year-on-year basis.

[Consolidated Cash flows for the 1st half of fiscal 2005]

With respect to cash flows, cash flow from operating activities ended with a plus ¥6.4 billion, and cash flow from investing activities resulted to a minus ¥2.7 billion. Cash flow from financing activities was minus ¥1.0 billion.

[Forecast for Consolidated Financial Position at end of fiscal 2005]

Concerning the financial position at the end of fiscal 2005, total assets will be ¥137.5 billion and outstanding amount of interest-bearing debt will be ¥18.5 billion, due to repayment of borrowings by cash flow.
Furthermore, shareholders' equity will increase ¥2.6 billion from the end of the interim period to ¥60.0 billion, and the equity ratio will be 43.6%.

[Consolidated Cash Flows for fiscal 2005]

As far as consolidated cash flows for the whole term of fiscal 2005 is concerned, the Company estimates that 1) cash flow from operating activities will be a plus ¥14.5 billion; 2) cash flow from investing activities will be minus ¥6.8 billion; and 3) cash flow from financing activities will results to a minus ¥7.6 billion owing to repayment of interest-bearing debt.

3. Risk Factors relating to Nabtesco Group and its Business

(1) Unexpected change in the financial position and operating results

Since Nabtesco Group's overseas sales add up to 22.9% of the total net sales, the Company is executing risk hedging through forward foreign exchange contracts for exports from Japan. However the Company is not able to avoid all negative effects from foreign exchanges and actually suffering from exchange losses to some extent. In addition, regarding overseas subsidiaries' performances, the Company has been subject to losses from conversion of foreign currencies into yen.

(2) Excessive reliance on specific products or technologies with uncertainty in the future

The precision reduction gear product for industrial robots, a mainstay product of the Group, has about 60% market shares. However, its basic patents will expire in January 2006, and since then competitors may enter into the market.

(3) Risks in product quality

Nabtesco Group has been manufacturing various kinds of products in accordance with carefully planned quality control standards. However, there is no guarantee that all products are free from any defect, any recall, or are free from issues of products liability in the future. Product defects leading to a recall or products liability may cause a large amount of cost and negatively affect the Group's financial position and performances.

(4) Important lawsuits

Nabtesco group has a risk to be filed a lawsuit or to be subject to a legal proceeding in Japan and abroad. To correspond to a legal risk, the Company established the system in which the Legal Department and the Intellectual Property Department manage legal risks and report to the Board of Directors or the Board of Auditors if necessary. There was no lawsuit that might have substantially affected Group's businesses during the 1st half of fiscal 2005. If such a lawsuit is filed in the future, it may materially affect Group's operating results and financial position.

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

	End of Current Interim Term (As of Sept.30 2005)	End of Previous Interim Term (As of Sept.30 2004)	Increase (Decrease)	End of Previous Term (As of Mar.31 2005)
<Liabilities>				
Current liabilities				
Trade notes and accounts payable	27,206	25,530	1,676	27,580
Short-term loans payable	14,710	11,995	2,715	14,610
Current potion of bonds	-	5,000	(5,000)	-
Income taxes payable	3,204	1,108	2,096	1,433
Reserve for losses on land improvements	1,160	-	1,160	1,160
Other current liabilities	8,810	9,708	(899)	9,448
Total	**55,092**	**53,342**	**1,749**	**54,232**
Long-term liabilities				
Long-term loans	9,938	12,513	(2,574)	10,428
Retirement allowance	12,330	12,570	(240)	12,207
Reserve for directors' retirement accounts	156	154	1	211
Other long-term liabilities	768	686	81	680
Total	**23,193**	**25,925**	**(2,732)**	**23,526**
Total liabilities	**78,285**	**79,268**	**(982)**	**77,759**
<Minority interests>				
Minority interests	3,517	3,316	200	3,371
<Shareholders' equity>				
Capital stock	10,000	10,000	-	10,000
Capital surplus	17,709	17,709	(0)	17,709
Earned surplus	26,580	21,460	5,120	23,172
Net unrealized gains on securities	4,301	2,288	2,013	2,880
Translation adjustments	(924)	(1,039)	115	(1,128)
Treasury stock, at cost	(222)	(105)	(116)	(162)
Total shareholders' equity	**57,445**	**50,313**	**7,132**	**52,471**
Total liabilities, minority interests and shareholders' equity	**139,248**	**132,898**	**6,349**	**133,602**

Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

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

	End of Current Interim Term (As of Sept.30 2005)	End of Previous Interim Term (As of Sept.30 2004)	Increase (Decrease)	End of Previous Term (As of Mar.31 2005)
<Assets>				
Current assets				
Cash and time deposits	17,173	16,311	862	14,353
Notes and accounts receivable	43,116	38,939	4,176	43,025
Inventories	15,924	15,556	367	14,158
Deferred income taxes	2,763	2,430	332	2,526
Other current assets	1,016	1,617	(600)	1,482
Allowance for doubtful receivables	(387)	(379)	(7)	(384)
Total	**79,607**	**74,476**	**5,131**	**75,161**
Fixed assets	**59,641**	**58,422**	**1,218**	**58,440**
(1) Property, plant and equipment				
Buildings and structures	14,971	16,134	(1,163)	15,005
Machinery and equipment	9,464	9,092	372	9,447
Land	14,468	14,481	(12)	14,462
Other property, plant and equipment	2,966	3,013	(47)	3,033
Total	**41,871**	**42,721**	**(850)**	**41,949**
(2) Intangible assets				
Total	**1,696**	**1,969**	**(272)**	**1,791**
(3) Investments and other assets				
Investments in securities	13,673	9,474	4,198	11,361
Deferred income taxes	378	1,826	(1,448)	1,082
Other investments and other assets	2,287	2,685	(397)	2,509
Allowance for doubtful receivables	(265)	(254)	(10)	(254)
Total	**16,073**	**13,731**	**2,341**	**14,699**
Total assets	**139,248**	**132,898**	**6,349**	**133,602**

(2) Interim Consolidated Statements of Income

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

	Six-month ended Sept.30, 2005	Six-month ended Sept.30, 2004	Increase (Decrease)	Term ended Mar.31, 2005
Net sales	**71,739**	**66,538**	**5,200**	**137,960**
Cost of sales	53,930	50,802	3,127	105,227
Gross profit	**17,808**	**15,735**	**2,072**	**32,733**
Selling, general and administrative expenses	10,468	10,493	(24)	21,446
Operating income	**7,340**	**5,242**	**2,097**	**11,287**
Non-operating income				
Interest income	15	11	3	22
Dividends income	77	52	25	76
Equity in earnings of an affiliate	-	452	(452)	230
Foreign exchange income	21	95	(74)	25
Rents income	123	208	(84)	324
Other non-operating income	98	110	(12)	169
Total	**336**	**930**	**(594)**	**849**
Non-operating expenses				
Interest expenses	187	260	(73)	461
Loss on disposal of inventories	115	22	92	88
Equity in losses of an affiliate	357	-	357	-
Other non-operating expenses	75	157	(81)	279
Total	**735**	**439**	**295**	**829**
Ordinary income	**6,940**	**5,733**	**1,207**	**11,306**
Extraordinary gains				
Gain on sales of fixed assets	46	157	(111)	385
Gain on sale of investment securities	-	-	-	0
Reversal of allowance for doubtful accounts	36	22	14	57
Compensation for loss on withdrawal from business	-	-	-	420
Other extraordinary gains	-	-	-	0
Total	**83**	**180**	**(97)**	**864**
Extraordinary losses				
Loss on disposal of fixed assets	133	88	45	1,381
Write-down of investment securities	-	13	(13)	13
Write-down of golf membership rights	1	2	(0)	13
Loss on cancellation of leasehold property	-	335	(335)	335
Loss on reserve for losses on land improvements	-	-	-	1,160
Other extraordinary losses	-	-	-	41
Total	**135**	**439**	**(303)**	**2,945**
Net income before income taxes	**6,888**	**5,474**	**1,413**	**9,225**
Corporate, resident and business taxes	3,233	1,070	2,163	2,274
Adjustment for corporate and other taxes	(395)	808	(1,204)	1,063
Minority interest income	122	135	(12)	262
Net income	**3,928**	**3,460**	**467**	**5,625**

(3) Interim Consolidated Statements of Appropriations

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

	Six-month ended Sept.30, 2005	Six-month ended Sept.30, 2004	Increase (Decrease)	Term ended Mar.31, 2005
(Capital surplus)				
Ⅰ Balance at beginning of period	17,709	17,709	(0)	17,709
Ⅱ Increase in capital surplus				
Gain on disposal of treasury stock	0	-	0	-
Total	**0**	**-**	**0**	**-**
Ⅲ Decrease in capital surplus				
Loss on disposal of treasury stock	-	0	(0)	0
Total	**-**	**0**	**(0)**	**0**
Ⅳ Balance at end of period	**17,709**	**17,709**	**(0)**	**17,709**
(Earned surplus)				
Ⅰ Balance at beginning of period	23,172	18,677	4,495	18,677
Ⅱ Increase in earned surplus				
Net income	3,928	3,460	467	5,625
Increase from increase in number of consolidated subsidiaries	-	242	(242)	242
Increase from increase in number of affiliated companies accounted for by the equity method	-	30	(30)	30
Total	**3,928**	**3,733**	**194**	**5,898**
Ⅲ Decrease in earned surplus				
Cash dividends paid	444	444	(0)	889
Bonuses to directors	75	74	0	74
Transfer to projected benefit obligation at overseas subsidiary	-	-	-	7
Transfer to statutory capital of overseas subsidiary	-	-	-	1
Decrease from increase in number of consolidated subsidiaries	-	394	(394)	394
Decrease from increase in number of affiliated companies accounted for by the equity method	-	35	(35)	35
Total	**519**	**950**	**(430)**	**1,403**
Balance at end of period	**26,580**	**21,460**	**5,120**	**23,172**

(4) Interim Consolidated Statements of Cash Flows

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

	Six-month ended Sept.30, 2005	Six-month ended Sept.30, 2004	Increase (Decrease)	Term ended Mar.31, 2005
Ⅰ Cash follows from operating activities				
Net income before income taxes and adjustments	6,888	5,474	1,413	9,225
Depreciation and amortization	2,148	2,123	25	4,490
Amortization of cost in excess of net book values of consolidated subsidiaries	19	27	(8)	55
Increase (decrease) in allowance for doubtful receivables	8	(41)	49	(60)
Increase (decrease) in retirement benefits of employees	107	(239)	347	(593)
Decrease in directors' retirement allowance	(54)	(538)	484	(482)
Interest and dividend income	(92)	(63)	(28)	(98)
Interest expense	187	260	(73)	461
Foreign exchange loss (gain)	(2)	(0)	(2)	0
Equity in earnings of an affiliate (loss)	357	(452)	809	(230)
Gain on sales of fixed assets	(46)	(157)	111	(385)
Loss on disposal of fixed assets	133	88	45	1,381
Gain on sales of investment securities	-	-	-	(0)
Losses from valuation of investment securities	-	13	(13)	13
Write-down of golf membership rights	1	2	(0)	13
Loss on cancellation of leasehold property	-	335	(335)	335
Compensation for loss on withdrawal from business	-	-	-	(420)
Increase in reserve for losses on land improvements	-	-	-	1,160
Increase (decrease) in notes and accounts receivable	394	(595)	989	(4,820)
Increase in inventories	(1,472)	(2,197)	725	(772)
Increase (decrease) in other assets	592	(86)	678	250
Increase (decrease) in notes and accounts payable	(689)	1,609	(2,299)	3,811
Increase (decrease) in consumption taxes payable	(147)	(20)	(127)	144
Increase (decrease) in other liabilities	(329)	827	(1,157)	281
Bonuses to director	(80)	(80)	(0)	(80)
Subtotal	7,923	6,289	1,634	13,679
Interest and dividends received	118	250	(132)	305
Interest paid	(187)	(272)	84	(513)
Income taxes paid	(1,398)	(1,737)	339	(2,369)
Net cash and cash equivalents provided by operating activities	**6,455**	**4,529**	**1,925**	**11,102**
Ⅱ Cash flows from investing activities				
Decrease in time deposit	(22)	(6)	(16)	(12)
Increase in time deposit	-	3	(3)	18
Purchases of property, plant and equipment	(2,533)	(1,857)	(676)	(4,494)
Proceeds from sale of property, plant and equipment	52	1,311	(1,258)	1,551
Purchases of intangible fixed assets	(73)	(122)	48	(179)
Proceeds from sales of marketable securities	-	20	(20)	40
Purchase of subsidiary and affiliate stocks	-	(318)	318	(318)
Purchases of investments in securities	(301)	(2)	(299)	(1,260)
Proceeds from sale of investments securities	-	13	(13)	21
Payment of short-term loans	-	(11)	11	(12)
Proceeds from repayment of short-term loans	17	2	15	6
Expenses from other investing activities	(60)	(216)	155	(408)
Income from other investing activities	206	187	19	477
Net cash and cash equivalents used in investing activities	**(2,715)**	**(996)**	**(1,718)**	**(4,569)**
Ⅲ Cash flows from financing activities				
Increase (decrease) in short-term bank loans	118	(546)	664	(251)
Proceeds from long-term loans	-	-	-	3,000
Repayment of long-term loans	(574)	(1,771)	1,196	(4,506)
Repayment of debentures	-	-	-	(5,000)
Payments for purchases of treasury stock	(59)	(24)	(34)	(82)
Proceeds from sales of treasury stock	0	-	0	4
Cash dividends paid	(444)	(444)	0	(889)
Cash dividends paid subsidiaries for minority	(41)	(59)	18	(84)
Net cash and cash equivalents provided by financing activities	**(1,000)**	**(2,846)**	**1,846**	**(7,808)**
Ⅳ Effect of exchange rate changes on cash and cash equivalents	**36**	**5**	**31**	**19**
Ⅴ Increase (decrease) in cash and cash equivalents	**2,776**	**691**	**2,084**	**(1,256)**
Ⅵ Cash and cash equivalents at beginning of year	**14,035**	**14,476**	**(441)**	**14,476**
Ⅶ Increase in cash and cash equivalents resulting from initial consolidation of subsidiaries	**20**	**815**	**(794)**	**815**
Ⅷ Cash and cash equivalents at end of year	**16,832**	**15,983**	**849**	**14,035**

Segment Information

(1) Segment Information by Business Category

Interim of Fiscal Year ended March 31, 2005 (From April 1, 2005 to September 30, 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
Ⅰ. Net sales							
(1) External sales	18,076	17,880	18,961	16,821	71,739	-	71,739
(2) Intersegment net sales or transfer	25	219	355	168	767	(767)	-
Total	18,101	18,099	19,316	16,990	72,507	(767)	64,399
Operating expense	14,600	16,659	18,349	15,558	65,167	(767)	64,399
Operating income	3,501	1,440	966	1,431	7,340	-	7,340

Notes: 1. Business segments above are based on the grouping used internally.

2. Each segment includes the following products:

(1) Precision equipment business: Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum pumps, vacuum equipment, high-performance heat transfer device, and digital logging system

(2) Transport equipment business: Railway brake systems, door operating system for railway vehicles, braking systems for commercial vehicles, and marine main propulsion control systems

(3) Aircraft and Oil hydraulic equipment business: Aircraft equipment, hydraulic motors with reduction gears, yaw drives for wind turbines.

(4) Industrial equipment business: Automatic door for buildings, automatic fillers/sealers, forming machines, machine tools, automobile parts, mould and jigs

3. All common expenses of operating expenses are allocated to each segment.

Interim of Fiscal Year ended March 31, 2004 (From April 1, 2004 to September 30, 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
Ⅰ. Net sales							
(1) External sales	15,099	17,241	17,533	16,664	66,538	-	66,538
(2) Intersegment net sales or transfer	49	168	633	266	1,116	(1,116)	-
Total	15,148	17,409	18,167	16,930	67,655	(1,116)	66,538
Operating expense	12,826	16,544	17,491	15,549	62,413	(1,116)	61,296
Operating income	2,321	864	675	1,381	5,242	-	5,242

Notes: 1. Business segments above are based on the grouping used internally.

2. Each segment includes the following products:

(1) Precision equipment business: Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum pumps, vacuum equipment, high-performance heat transfer device, and digital logging system

(2) Transport equipment business: Railway brake systems, door operating system for railway vehicles, braking systems for commercial vehicles, and marine main propulsion control systems

(3) Aircraft and Oil hydraulic equipment business: Aircraft equipment, hydraulic motors with reduction gears, yaw drives for wind turbines.

(4) Industrial equipment business: Automatic door for buildings, automatic fillers/sealers, forming machines, machine tools, automobile parts, mould and jigs

3. All common expenses of operating expenses are allocated to each segment.

Fiscal Year ended March 31, 2005 (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
Ⅰ. Net sales							
(1) External sales	32,648	35,807	34,272	35,232	137,690	-	137,960
(2) Intersegment net sales or transfer	40	314	1,171	566	2,092	(2,092)	-
Total	32,688	36,121	35,444	35,798	140,052	(2,092)	137,960
Operating expense	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

Notes: 1. Business segments above are based on the grouping used internally.

2. Each segment includes the following products:

(1) Precision equipment business: Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum pumps, vacuum equipment, high-performance heat transfer device, and digital logging system

(2) Transport equipment business: Railway brake systems, door operating system for railway vehicles, braking systems for commercial vehicles, and marine main propulsion control systems

(3) Aircraft and Oil hydraulic equipment business: Aircraft equipment, hydraulic motors with reduction gears, yaw drives for wind turbines.

(4) Industrial equipment business: Automatic door for buildings, automatic fillers/sealers, forming machines, machine tools, automobile parts, mould and jigs

3. All common expenses of operating expenses are allocated to each segment.

Segment Information

(2) Segment Information by Region

Interim of Fiscal Year ended March 31, 2005 (From April 1, 2005 to September 30, 2005)

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

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Ⅰ. Net sales							
(1) External sales	60,766	3,183	4,173	3,615	71,739	-	71,739
(2) Intersegment net sales or transfer	5,460	349	405	22	6,237	(6,237)	-
Total	66,226	3,533	4,579	3,638	77,977	(6,237)	71,739
Operating expense	59,490	3,296	4,339	3,511	70,636	(6,237)	64,399
Operating income	6,736	236	239	127	7,340	-	7,340

Notes: 1. Grouping of countries and regions is based on geographic adjacency.
2. Each geographic segment except Japan covers the following countries or regions:
(1) Asia: China, Indonesia, Singapore, South Korea, and Thailand
(2) North America: U.S.A.
(3) Europe: Germany, and Holland
3. All common expenses of operating expenses are allocated to each segment.

Interim of Fiscal Year ended March 31, 2004 (From April 1, 2004 to September 30, 2004)

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

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Ⅰ. Net sales							
(1) External sales	55,656	4,233	3,309	3,338	66,538	-	66,538
(2) Intersegment net sales or transfer	4,828	252	409	27	5,517	(5,517)	-
Total	60,484	4,486	3,719	3,366	72,056	(5,517)	66,538
Operating expense	55,904	4,155	3,492	3,261	66,814	(5,517)	61,296
Operating income	4,580	330	226	104	5,242	-	5,242

Notes: 1. Grouping of countries and regions is based on geographic adjacency.
2. Each geographic segment except Japan covers the following countries or regions:
(1) Asia: China, Indonesia, Singapore, South Korea, and Thailand
(2) North America: U.S.A.
(3) Europe: Germany, and Holland
3. All common expenses of operating expenses are allocated to each segment.

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

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

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Ⅰ. Net sales							
(1) External sales	117,225	6,848	7,166	6,719	137,960	-	137,960
(2) Intersegment net sales or transfer	10,150	559	746	47	11,503	(11,503)	-
Total	127,375	7,407	7,913	6,767	149,464	(11,503)	137,960
Operating expense	117,151	7,001	7,432	6,591	138,177	(11,503)	126,673
Operating income	10,224	406	480	176	11,287	-	11,287

Notes: 1. Grouping of countries and regions is based on geographic adjacency.
2. Each geographic segment except Japan covers the following countries or regions:
(1) Asia: China, Indonesia, Singapore, South Korea, and Thailand
(2) North America: U.S.A.
(3) Europe: Germany, and Holland
3. All common expenses of operating expenses are allocated to each segment.

Segment Information

(3) Overseas Sales

Interim of Fiscal Year ended March 31, 2005 (From April 1, 2005 to September 30, 2005)

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

	Asia	North America	Europe	Other rigions	Total
Overseas sales	6,578	5,186	4,323	372	16,462
Consolidated net sales					71,739
Composition to consolidated net sale	9.2	7.2	6.0	0.5	22.9

Notes. 1.Grouping of countries and regions is based on geographic adjacency.

2.Each geographic segment except Japan covers the following countries or regions:

(1) Asia: China, India, Indonesia, Singapore, and South Korea

(2) North America: U.S.A

(3) Europe: Germany, France, Italy and Holland

(4) Other: Australia and New Zealand

3.Overseas sales refer to the Company and its Group's sales in countries or regions other than Japan.

Interim of Fiscal Year ended March 31, 2004 (From April 1, 2004 to September 30, 2004)

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

	Asia	North America	Europe	Other rigions	Total
Overseas sales	7,695	3,992	4,048	296	16,033
Consolidated net sales					66,538
Composition to consolidated net sale	11.6	6.0	6.1	0.4	24.1

Notes. 1.Grouping of countries and regions is based on geographic adjacency.

2.Each geographic segment except Japan covers the following countries or regions:

(1) Asia: China, India, Indonesia, Singapore, and South Korea

(2) North America: U.S.A

(3) Europe: Germany, France, Italy and Holland

(4) Other: Australia and New Zealand

3.Overseas sales refer to the Company and its Group's sales in countries or regions other than Japan.

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

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

	Asia	North America	Europe	Other rigions	Total
Overseas sales	14,048	8,609	8,451	152	31,261
Consolidated net sales					137,960
Composition to consolidated net sale	10.2	6.3	6.1	0.1	22.7

Notes. 1.Grouping of countries and regions is based on geographic adjacency.

2.Each geographic segment except Japan covers the following countries or regions:

(1) Asia: China, India, Indonesia, Singapore, and South Korea

(2) North America: U.S.A

(3) Europe: Germany, France, Italy and Holland

(4) Other: Australia and New Zealand

3.Overseas sales refer to the Company and its Group's sales in countries or regions other than Japan.

Production, Orders and Sales

1. Production

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

	Six-month ended Sept. 30, 2005		Six-month ended Sept. 30, 2004		Term ended Mar.31, 2005	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	18,260	24.9	15,453	23.2	32,810	23.8
Transport Equipment	17,671	24.1	16,650	25.0	35,452	25.7
Aircraft and Oil Hydraulic Equipment	19,833	27.0	17,882	26.9	34,784	25.2
Industrial Equipment	17,624	24.0	16,587	24.9	34,884	25.3
Total	73,389	100.0	66,574	100.0	137,932	100.0

Note: Amounts above are based on sales prices and do not include consumption tax.

2. Orders

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

	Six-month ended Sept. 30, 2005		Six-month ended Sept. 30, 2004		Term ended Mar.31, 2005	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	17,792	23.1	15,351	21.7	33,436	23.9
Transport Equipment	19,449	25.2	17,665	24.9	36,031	25.8
Aircraft and Oil Hydraulic Equipment	21,231	27.6	19,516	27.6	3,475	24.8
Industrial Equipment	18,540	24.1	18,294	25.8	35,655	25.5
Total	77,014	100.0	70,828	100.0	139,869	100.0

Note: Amounts above are based on sales prices and do not include consumption tax.

3. Sales

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

	Six-month ended Sept. 30, 2005		Six-month ended Sept. 30, 2004		Term ended Mar.31, 2005	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	18,076	25.2	15,099	22.7	32,648	23.7
Transport Equipment	17,880	24.9	17,241	25.9	35,807	26.0
Aircraft and Oil Hydraulic Equipment	18,961	26.4	17,533	26.4	34,272	24.8
Industrial Equipment	16,821	23.5	16,664	25.0	35,232	25.5
Total	71,739	100.0	66,538	100.0	137,960	100.0
(Overseas sales)	(16,462)	(22.9)	(16,033)	(24.1)	(31,261)	(22.7)

Note: Amounts above are based on sales prices and do not include consumption tax.

4. Backlog or orders

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

	Six-month ended Sept. 30, 2005		Six-month ended Sept. 30, 2004		Term ended Mar.31, 2005	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	6,713	13.7	6,462	14.0	6,998	16.0
Transport Equipment	12,639	25.7	11,269	24.4	11,069	25.2
Aircraft and Oil Hydraulic Equipment	19,051	38.8	18,290	39.6	16,781	38.3
Industrial Equipment	10,692	21.8	10,180	22.0	8,973	20.5
Total	49,096	100.0	46,203	100.0	43,822	100.0

Note: Amounts above are based on sales prices and do not include consumption tax.