

Summary of Consolidated Financial Statements for the First Quarter of Year ended March 31, 2007

August 4, 2006

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: President and CEO

Inquiries: Name: Shuichi Nakamura Tel. (03) 3578-7070
Title: General Manager,
General Administration & Human Resource Div.

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 companies: 1 company (excluded): None

Equity method (new): None (excluded): None

2. Consolidated Operating Results for the First Quarter of FY2006 (From April 1, 2006 to June 30, 2006)

(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 2006	36,506	8.7	4,133	32.4	4,501	44.3	2,522	50.6
First Quarter of Fiscal Year 2005	33,594	6.2	3,120	36.6	3,120	20.0	1,694	13.1
Fiscal Year 2005	147,427		14,828		14,481		8,211	

	Net income per share		Diluted net income per share	
	Yen		Yen	
First Quarter of Fiscal Year 2006	20.13		20.07	
First Quarter of Fiscal Year 2005	13.35		13.35	
Fiscal Year 2005	64.05		63.95	

(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 FY2006 (April 1, 2006 to June 30, 2006) remained favorable despite concerns over uncertainties in the future economy of the American and European markets. The uptrend was due to the increase in capital investments, which maintained a high level to begin with, within the domestic market thanks to the growth of corporate profits.

Under these circumstances, the Company achieved increases both in consolidated sales and consolidated profits in the first quarter of fiscal 2006 year-on-year.

<Precision equipment business>

Business results of precision reduction gears for machine tools and semiconductor manufacturing maintained stable sales growth. However, precision reduction gears for industrial robots decreased in both sales and profits year-on-year, due to the curtailment of automobile industry's capital investments.

<Transportation equipment business>

In railway vehicles, sales of brake system for China's new national inter-city railroad project began to show actual results, and automobile-related products and marine engine control system steadily grew. As a result, the transportation equipment business increased in both consolidated net sales and consolidated profits year-on-year.

<Aircraft and hydraulic equipment business>

Private demand for aircraft equipment has been gradually recovering. As for hydraulic equipments, sales and profits increased year-on-year, due to the rapid recovery of construction machinery in the Chinese market.

<Industrial equipment business>

Industrial equipment including automatic doors for buildings and packaging machines for food saw no material changes in capital investment of related industries, and sales slightly increased year-on-year. With improved profitability in the business units, profits of the industrial equipment business increased on a year-on-year basis.

(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 2006	144,894	68,902	44.9	513.09
First Quarter of Fiscal Year 2005	133,302	53,783	40.3	423.76
Fiscal Year 2005	146,894	64,189	43.7	505.58

< 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
First Quarter of Fiscal Year 2006	(2,039)	(2,523)	(1,552)	12,412
First Quarter of Fiscal Year 2005	1,219	(1,286)	(884)	13,139
Fiscal Year 2005	16,405	(4,896)	(7,273)	18,496

[Qualitative Information regarding changes in Consolidated Financial Position]

Cash and cash equivalents at the end of the first quarter of fiscal 2006 decreased by around ¥700 million year-on-year, due to expenditures for capital investment, expenditures for payment of dividends and income taxes, and repayment of borrowings. Interest-bearing debt at the end of the first quarter of fiscal 2006 decreased ¥6,000 million year-on-year to ¥18,600 million. In addition, shareholders' equity increased ¥11,700 million year-on-year to ¥68,900 million, and equity ratio was 44.9%, up by 4.6 point year-on-year.

Appendix:

Consolidated Balance Sheets (summary) and Consolidated Statements of Income for the first quarter of FY2006 (summary).

[Reference]

1. Forecast of consolidated operating results for FY2006 (From April 1, 2006 to March 31, 2007)

(1) Interim (From April 1, 2006 to September 30, 2006)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Previously published forecast (A) (May 10, 2006)	75,000	7,100	3,000
Current forecast (B)	76,500	8,100	4,500
Increase (Decrease) (B-A)	1,500	1,000	300
Increase or decrease ratio	2.0 %	14.1 %	7.1 %
Previous Results (Interim of Fiscal year 2005)	71,739	6,940	3,928

(2) Fiscal year (From April 1, 2006 to March 31, 2007)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Previously published forecast (A) (May 10, 2006)	152,000	15,000	8,700
Current forecast (B)	155,500	16,000	9,000
Increase (Decrease) (B-A)	3,000	1,000	300
Increase or decrease ratio	2.0 %	6.7 %	3.4 %
Previous Results (Fiscal year 2005)	71,739	6,940	3,928

Reference: Estimated consolidated net income per share for the fiscal year: 68.62 yen

[Qualitative Information regarding Business Forecasts]

Business forecasts for the interim of FY2006 and for FY2006 were revised, since consolidated net sales is expected to rise, due mainly to the rapid recovery of construction machinery in the Chinese market.

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
(Reference)

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

	1st Quarter of Term Ending March 31, 2007	1st Quarter of Term Ending March 31, 2006	Increase (Decrease)	Rate of Change (%)	March 31, 2006 (Reference)
<Assets>					
Current assets	79,180	75,183	3,996	5.3	82,501
Cash and time deposits	12,756	13,465	(708)	(5.3)	18,840
Notes and accounts receivable	43,319	42,233	1,085	2.6	43,340
Inventories	18,818	16,052	2,765	17.2	16,363
Other current assets	4,285	3,432	853	24.9	3,956
Fixed assets	65,713	58,118	7,594	13.1	64,393
Property, plant and equipment	43,821	41,691	2,129	5.1	41,934
Intangible assets	1,213	1,724	(510)	(29.6)	1,257
Investments and other assets	20,679	14,703	5,975	40.6	21,202
Total assets	144,894	133,302	11,591	8.7	146,894
<Liabilities>					
Current liabilities					
Trade notes and accounts payable	29,845	27,126	2,718	10.0	28,017
Short-term bank loans	15,562	14,715	847	5.8	15,699
Income taxes payable	1,853	1,647	205	12.5	5,820
Other current liabilities	10,831	9,602	1,228	12.8	10,600
Total	58,092	53,092	5,000	9.4	60,137
Long-term liabilities					
Long-term loans	3,061	9,995	(6,934)	(69.4)	3,488
Retirement allowance	12,639	12,239	400	3.3	12,600
Other long-term liabilities	2,198	819	1,378	168.2	2,713
Total	17,899	23,054	(5,155)	(22.4)	18,803
Total liabilities	75,991	76,146	(154)	(0.2)	78,941
<Minority interests>					
Minority interests	-	3,372	-	-	3,763
<Shareholders' equity>					
Capital stock	-	10,000	-	-	10,000
Capital surplus	-	17,709	-	-	17,710
Earned surplus	-	24,343	-	-	30,387
Net unrealized gains on securities	-	2,928	-	-	6,995
Translation adjustments	-	(1,017)	-	-	(582)
Treasury stock, at cost	-	(180)	-	-	(321)
Total shareholders' equity	-	53,783	-	-	64,189
Total liabilities, minority interests and shareholders' equity	-	133,302	-	-	146,894
<Net assets>					
Owners' equity	59,337	-	-	-	-
Paid-in capital	10,000	-	-	-	-
Capital surplus	17,711	-	-	-	-
Earned surplus	31,966	-	-	-	-
Treasury stock	(340)	-	-	-	-
Valuation and translation adjustments	5,712	-	-	-	-
Valuation difference on available-for-sale securities	6,254	-	-	-	-
Deferred gains or losses on hedges	(2)	-	-	-	-
Translation adjustments	(540)	-	-	-	-
Minority interests	3,852	-	-	-	-
Total net assets	68,902	-	-	-	-
Total liabilities and net assets	144,894	-	-	-	-

(2) First Quarter Consolidated Statements of Income

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

	Current Year 1st Quarter (From April 1, 2006 to June 30, 2006)	Previous Year 1st Quarter (From April 1, 2005 to June 30, 2005)	Increase (Decrease)	Rate of Change (%)	FY2005 (Reference) (Apr. 2005-Mar. 2006)
Net sales	36,506	33,594	2,912	8.7	147,427
Cost of sales	27,294	25,406	1,887	7.4	111,541
Gross profit	9,211	8,187	1,024	12.5	35,885
Selling, general and administrative expenses	5,077	5,066	11	0.2	21,057
Operating income	4,133	3,120	1,012	32.4	14,828
Non-operating income	512	237	275	116.1	594
Non-operating expenses	144	237	(92)	(39.1)	941
Ordinary income	4,501	3,120	1,381	44.3	14,481
Extraordinary gains	20	8	11	141.7	666
Extraordinary losses	81	20	61	298.0	859
Pretax net income for the quarter or term	4,440	3,108	1,331	42.8	14,288
Corporate, resident and business taxes	1,762	1,402	359	25.6	5,721
Minority interest income	126	11	114	1,022.0	355
Net income for the quarter or term	2,552	1,694	857	50.6	8,211

(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, 2006 to June 30, 2006)	Previous Year 1st Quarter (From April 1, 2005 to June 30, 2005)	FY2005 (Reference) (Apr. 2005-Mar. 2006)
I Cash follows from operating activities			
Net income before income taxes and adjustments	4,440	3,108	14,288
Depreciation and amortization	1,063	1,072	4,613
Other	(1,942)	(1,670)	310
Subtotal	3,561	2,511	19,211
Income taxes paid	(5,640)	(1,214)	(2,625)
Other	39	(77)	(180)
Net cash and cash equivalents provided by operating activities	(2,039)	1,219	16,405
II Cash flows from investing activities			
Purchases of property, plant and equipment	(2,220)	(1,116)	(5,260)
Proceeds from sale of property, plant and equipment	63	25	299
Other	(366)	(195)	65
Net cash and cash equivalents used in investing activities	(2,523)	(1,286)	(4,896)
III Cash flows from financing activities			
Increase or decrease in short-term bank loans	(159)	130	(279)
Proceeds from long-term loans	-	-	3,000
Repayment of long-term loans	(433)	(509)	(8,692)
Cash dividends paid	(940)	(489)	(1,144)
Other	(18)	(16)	(156)
Net cash and cash equivalents provided by financing activities	(1,552)	(884)	(7,273)
IV Effect exchange rate changes on cash and cash equivalents	30	35	204
V Increase or decrease in cash and cash equivalents	(6,083)	(916)	4,400
VI Cash and cash equivalents at beginning of year	18,496	14,035	14,035
VII Increase in cash and cash equivalents from newly consolidated company	-	20	20
VIII Cash and cash equivalents at end of year	12,412	13,139	18,496

(4) Segment Information

Segment Information by Business Category

Current Quarter Year (First Quarter of Fiscal Year 2006)

(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	6,950	10,871	11,371	7,312	36,506	-	36,506
(2) Intersegment net sales or transfer	9	134	211	104	459	(459)	-
Total	6,960	11,005	11,583	7,416	36,965	(459)	36,506
Operating expenses	6,183	9,209	10,654	6,784	32,831	(459)	32,372
Operating Income	776	1,795	928	632	4,133	-	4,133

Previous 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)	-
Total	8,950	8,843	8,912	7,289	33,995	(401)	33,594
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

(Reference) Fiscal Year 2005 (From April 1, 2005 to March 31, 2006)

(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	34,242	37,524	39,571	36,088	147,427	-	147,427
(2) Intersegment net sales or transfer	43	504	736	336	1,620	(1,620)	-
Total	34,285	38,029	40,307	36,425	149,048	(1,620)	147,427
Operating expenses	28,514	34,505	38,060	33,139	134,220	(1,620)	132,599
Operating Income	5,770	3,524	2,247	3,285	14,828	-	14,828

<Reference>

Segment Information by Business Category

Current Quarter Year (First Quarter of FY 2006) results and forecast for FY2006

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

	FY2006 First Quarter From April 1, 2006 to June 30, 2006	FY2006 Interim From April 1, 2006 to September 30, 2006	FY2006 Third Quarter From April 1, 2006 to December 31, 2006	FY2006 Full Year From April 1, 2006 to March 31, 2007
Net sales				
Precision Equipment	6,950	14,400	21,800	30,000
Transport Equipment	10,871	21,600	32,000	42,300
Aircraft and Oil Hydraulic Equipment	11,371	23,600	36,000	47,200
Industrial Equipment	7,312	16,900	26,200	35,500
Total	36,506	76,500	116,000	155,000
Operating income				
Precision Equipment	776	1,950	3,400	4,900
Transport Equipment	1,795	2,500	3,300	4,000
Aircraft and Oil Hydraulic Equipment	928	1,800	2,400	3,000
Industrial Equipment	632	1,550	2,400	3,600
Total	4,133	7,800	11,500	15,500

Previous Year (FY2005) Results

(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	18,076	25,462	34,242
Transport Equipment	8,738	17,880	26,787	37,524
Aircraft and Oil Hydraulic Equipment	8,742	18,961	29,115	39,571
Industrial Equipment	7,175	16,821	25,321	36,088
Total	33,594	71,739	106,687	147,427
Operating income				
Precision Equipment	1,723	3,501	4,735	5,770
Transport Equipment	723	1,440	2,342	3,524
Aircraft and Oil Hydraulic Equipment	301	966	1,822	2,247
Industrial Equipment	372	1,431	2,220	3,285
Total	3,120	7,340	11,120	14,828