

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

January 30, 2007

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

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Title: President and CEO

Inquiries:

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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): None

Equity method (New): None (Excluded): None

2. Consolidated Operating Results for the Third Quarter of FY2006 (From April 1, 2006 to December 31, 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	%
Third Quarter of Fiscal Year 2006	117,622	10.2	12,401	11.5	12,996	17.9	7,352	15.1
Third Quarter of Fiscal Year 2005	106,687	5.6	11,120	32.3	10,996	22.8	6,389	28.5
Fiscal year ended March 31, 2006	147,427		14,828		14,481		8,211	

	Net income per share		Diluted net income per share	
	Yen		Yen	
Third Quarter of Fiscal Year 2006	57.93		57.89	
Third Quarter of Fiscal Year 2005	50.36		50.29	
Fiscal year ended March 31, 2006	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]

The Japanese economy during the third quarter of FY2006 (9 months from April 1, 2006 to December 31, 2006) remained favorable, supported by increased private capital investment with the growth of corporate profits. The American and European economies also maintained favorable conditions, stably growing.

Under these circumstances, Nabtesco Group's achieved increases both in consolidated sales and consolidated profits in the third quarter of fiscal 2006 year-on-year.

<Precision equipment business>

Though precision reduction gears for machine tool manufacturers maintained strong performance, sales of precision reduction gears for industrial robots decreased due to the automotive industry's adjustment phase for capital investment. The precision equipment business showed declines in sales and profits compared with the same period of the preceding year due to increased depreciation with the new plant's start-up and increased development cost.

<Transport equipment business>

In railway vehicles, sales of brake system for China's new national inter-city railroad project began to show actual results, and train renewals of conventional railway lines at domestic railway companies were brisk. In addition, automobile-related products and marine engine control system maintained strong performance. As a result, the transport equipment business increased in both consolidated net sales and consolidated profits year-on-year.

<Aircraft and oil hydraulic equipment business>

The aircraft and oil hydraulic equipment business achieved increases in both sales and profits year-on-year, thanks to increased number of aircraft production in the civil aviation sector in the aircraft equipment, and the recovery of the Chinese market and growing demand for oil-hydraulic excavators and mini excavators both at home and abroad in the hydraulic equipment.

<Industrial equipment business>

The industrial equipment business including the automatic doors for buildings and automatic pouch fillers/sealers enjoyed increased sales and profits year-on-year, due to expanded market shares and improved profitability, despite no substantial changes in capital investment trends in each industry.

## (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Third Quarter of Fiscal Year 2006	159,951	73,918	43.6	549.38
Third Quarter of Fiscal Year 2005	138,518	60,617	43.8	477.97
Fiscal year ended March 31, 2006	146,894	64,189	43.7	505.58

## &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
Third Quarter of Fiscal Year 2006	2,367	(4,755)	6,296	22,505
Third Quarter of Fiscal Year 2005	7,953	(2,933)	(7,237)	11,951
Fiscal year ended March 31, 2006	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 third quarter of fiscal 2006 increased by ¥10.5 billion year-on-year, due to issuance of the yen denominated unsecured convertible bond type warrant bonds due 2011, despite expenditures for capital investment, expenditures for payment of dividends and income taxes, and repayment of borrowings.

Interest-bearing debt at the end of the third quarter of fiscal 2006 increased ¥8.1 billion year-on-year to ¥27.3 billion.

In addition, net assets increased ¥13.3 billion year-on-year to ¥73.9 billion. However, equity ratio was 43.6%, down by 0.2 point year-on-year.

## Appendix:

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

## [Reference]

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

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	77,934	8,433	4,796
Fiscal year	159,000	16,500	9,300

Reference: Estimated consolidated net income per share for the fiscal year: 73.21 yen

## [Qualitative Information regarding Business Forecasts]

There are no revisions to our consolidated business forecasts.

## 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.

**(1) Third Quarter Consolidated Balance Sheets (Summary)**

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

	3rd Quarter of Term Ending March 31, 2007	3rd Quarter of Term Ending March 31, 2006	Increase (Decrease)	Rate of Change (%)	March 31, 2006 (Reference)
<b>&lt;Assets&gt;</b>					
<b>Current assets</b>					
Cash and time deposits	22,851	12,295	10,556	85.9	18,840
Notes and accounts receivable	46,604	42,982	3,621	8.4	43,340
Inventories	19,832	18,222	1,609	8.8	16,363
Other current assets	4,089	3,529	559	15.8	3,956
<b>Total</b>	<b>93,377</b>	<b>77,029</b>	<b>16,348</b>	<b>21.2</b>	<b>82,501</b>
<b>Fixed assets</b>					
Property, plant and equipment	43,814	41,818	1,996	4.8	41,934
Intangible assets	1,151	1,301	(150)	(11.5)	1,257
Investments and other assets	21,607	18,368	3,238	17.6	21,202
<b>Total</b>	<b>66,573</b>	<b>61,488</b>	<b>5,084</b>	<b>8.3</b>	<b>64,393</b>
<b>Total assets</b>	<b>159,951</b>	<b>138,518</b>	<b>21,432</b>	<b>15.5</b>	<b>146,894</b>
<b>&lt;Liabilities&gt;</b>					
<b>Current liabilities</b>					
Trade notes and accounts payable	30,551	27,508	3,042	11.1	28,017
Short-term bank loans	13,312	15,635	(2,322)	(14.9)	15,699
Income taxes payable	2,045	4,017	(1,971)	(49.0)	5,820
Other current liabilities	10,861	9,369	1,492	15.9	10,600
<b>Total</b>	<b>56,770</b>	<b>56,530</b>	<b>240</b>	<b>0.4</b>	<b>60,137</b>
<b>Long-term liabilities</b>					
Bonds	11,000	-	11,000	-	-
Long-term loans	3,026	3,533	(506)	(14.3)	3,488
Retirement allowance	12,758	12,438	319	2.6	12,600
Other long-term liabilities	2,476	1,850	626	33.7	2,713
<b>Total</b>	<b>29,261</b>	<b>17,822</b>	<b>11,439</b>	<b>64.2</b>	<b>18,803</b>
<b>Total liabilities</b>	<b>86,032</b>	<b>74,352</b>	<b>11,679</b>	<b>15.7</b>	<b>78,941</b>
<b>&lt;Minority interests&gt;</b>					
Minority interests	-	3,547	-	-	3,763
<b>&lt;Shareholders' equity&gt;</b>					
Capital stock	-	10,000	-	-	10,000
Capital surplus	-	17,709	-	-	17,710
Earned surplus	-	28,365	-	-	30,387
Net unrealized gains on securities	-	5,614	-	-	6,995
Translation adjustments	-	(793)	-	-	(582)
Treasury stock, at cost	-	(278)	-	-	(321)
<b>Total shareholders' equity</b>	<b>-</b>	<b>60,617</b>	<b>-</b>	<b>-</b>	<b>64,189</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>-</b>	<b>138,518</b>	<b>-</b>	<b>-</b>	<b>146,894</b>
<b>&lt;Net assets&gt;</b>					
Shareholders' equity	63,358	-	-	-	-
Capital stock	10,000	-	-	-	-
Capital surplus	17,642	-	-	-	-
Earned surplus	35,874	-	-	-	-
Treasury stock	(158)	-	-	-	-
Valuation and translation adjustments	6,434	-	-	-	-
Valuation difference on available-for-sale securities	6,898	-	-	-	-
Deferred gains or losses on hedges	(7)	-	-	-	-
Translation adjustments	(456)	-	-	-	-
Minority interests	4,125	-	-	-	-
<b>Total net assets</b>	<b>73,918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>159,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(2) Third Quarter Consolidated Statements of Income (Summary)**

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

	Current Year 3rd Quarter (From April 1, 2006 to December 31, 2006)	Previous Year 3rd Quarter (From April 1 2005 to December 31, 2005)	Increase (Decrease)	Rate of Change (%)	FY2005(Reference) (Apr. 2005-Mar.2006)
<b>Net sales</b>	<b>117,622</b>	<b>106,687</b>	<b>10,935</b>	<b>10.2</b>	<b>147,427</b>
Cost of sales	89,369	79,852	9,516	11.9	111,541
<b>Gross profit</b>	<b>28,253</b>	<b>26,834</b>	<b>1,418</b>	<b>5.3</b>	<b>35,885</b>
Selling, general and administrative expenses	15,851	15,714	137	0.9	21,057
<b>Operating income</b>	<b>12,401</b>	<b>11,120</b>	<b>1,280</b>	<b>11.5</b>	<b>14,828</b>
Non-operating income	989	627	362	57.7	594
Non-operating expenses	423	751	(327)	(43.6)	941
<b>Ordinary income</b>	<b>12,966</b>	<b>10,996</b>	<b>1,970</b>	<b>17.9</b>	<b>14,481</b>
Extraordinary gains	34	622	(588)	(94.4)	666
Extraordinary losses	303	468	(165)	(35.2)	859
Pretax net income for the quarter or term	12,697	11,150	1,547	13.9	14,288
Corporate, resident and business taxes	4,859	4,548	311	6.8	5,721
Minority interest income	486	212	273	128.3	355
<b>Net income for the quarter or term</b>	<b>7,352</b>	<b>6,389</b>	<b>963</b>	<b>15.1</b>	<b>8,211</b>

**(3) Third Quarter Consolidated Statements of Shareholders' Equity (Briefing)**  
Third Quarter of Year ended March 31, 2007 (From April 1, 2006 to December 31, 2006)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	10,000	17,710	30,387	(321)	57,776
(Changes during the 3rd quarter of fiscal 2006)					
Cash dividends			(1,776)		(1,776)
Bonuses to directors			(85)		(85)
Net income			7,352		7,352
Purchase of treasury stock				(90)	(90)
Disposal of treasury stock		(68)		253	185
Transfer to statutory capital of overseas subsidiary			(3)		(3)
Changes (net) in accounts other than shareholders' equity					
Total changes during the 3rd quarter of fiscal 2006	-	(68)	5,487	163	(5,581)
Balance at December 31, 2006	10,000	17,642	35,874	(158)	63,358

(Million yen)

	Valuation / translation adjustments, etc.				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	6,995	-	(582)	6,412	3,763	67,953
(Changes during the 3rd quarter of fiscal 2006)						
Cash dividends						(1,776)
Bonuses to directors						(85)
Net income						7,352
Purchase of treasury stock						(90)
Disposal of treasury stock						185
Transfer to statutory capital of overseas subsidiary						(3)
Changes (net) in accounts other than shareholders' equity	(96)	(7)	125	21	361	382
Total changes during the 3rd quarter of fiscal 2006	(96)	(7)	125	21	361	5,964
Balance at December 31, 2006	6,898	(7)	(456)	6,434	4,125	73,918

**(4) Third Quarter Consolidated Statements of Cash Flows (Summary)**

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

	Current Year 3rd Quarter (From April 1, 2006 to December 31, 2006)	Previous Year 3rd Quarter (From April 1 2005 to December 31, 2005)	FY2005 (Reference) (Apr. 2005-Mar.2006)
<b>I Cash follows from operating activities</b>			
Net income before income taxes and adjustments	12,697	11,150	14,288
Depreciation and amortization	3,454	3,367	4,613
Other	(5,227)	(4,016)	310
Subtotal	10,924	10,501	19,211
Income taxes paid	(8,574)	(2,410)	(2,625)
Other	17	(137)	(180)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>2,367</b>	<b>7,953</b>	<b>16,405</b>
<b>II Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(4,533)	(3,690)	(5,260)
Proceeds from sale of property, plant and equipment	93	204	299
Other	(315)	552	65
<b>Net cash and cash equivalents used in investing activities</b>	<b>(4,755)</b>	<b>(2,933)</b>	<b>(4,896)</b>
<b>III Cash flows from financing activities</b>			
Increase (Decrease) in short-term bank loans	4,009	(329)	(279)
Proceeds from long-term loans	-	-	3,000
Repayment of long-term loans	(6,883)	(5,607)	(8,692)
Repayments of debentures	11,000	-	-
Cash dividends paid	(1,924)	(1,186)	(1,144)
Other	94	(114)	(156)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>6,296</b>	<b>(7,237)</b>	<b>(7,273)</b>
<b>IV Effect exchange rate changes on cash and cash equivalents</b>	<b>101</b>	<b>112</b>	<b>204</b>
<b>V Increase or decrease in cash and cash equivalents</b>	<b>4,009</b>	<b>(2,104)</b>	<b>4,440</b>
<b>VI Cash and cash equivalents at beginning of year</b>	<b>18,496</b>	<b>14,035</b>	<b>14,035</b>
<b>VII Increase in cash and cash equivalents from newly consolidated company</b>	<b>-</b>	<b>20</b>	<b>20</b>
<b>VIII Cash and cash equivalents at end of year</b>	<b>22,505</b>	<b>11,951</b>	<b>18,496</b>

**(5) Segment Information**  
**[Segment Information by Business Category]**

**Current Quarter Year (Third 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	21,753	33,458	36,792	25,618	117,622	-	117,622
(2) Intersegment net sales or transfer	19	311	572	239	1,142	(1,142)	-
Total	21,773	33,770	37,364	25,857	118,765	(1,142)	117,622
Operating expenses	19,148	29,369	34,549	23,296	106,364	(1,142)	105,221
Operating income	2,624	4,400	2,814	2,561	12,401	-	12,401

**Previous Quarter Year (Third 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	25,462	26,787	29,115	25,321	106,687	-	106,687
(2) Intersegment net sales or transfer	34	342	523	252	1,152	(1,152)	-
Total	25,497	27,130	29,638	25,574	107,840	(1,152)	106,687
Operating expenses	20,761	24,787	27,816	23,354	96,719	(1,152)	95,567
Operating income	4,735	2,342	1,822	2,220	11,120	-	11,120

**(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 (Third Quarter of FY2006) 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	14,514	21,753	29,200
Transport Equipment	10,871	21,831	33,458	44,600
Aircraft and Oil Hydraulic Equipment	11,371	24,500	36,792	49,100
Industrial Equipment	7,312	17,088	25,618	36,100
<b>Total</b>	<b>36,506</b>	<b>77,934</b>	<b>117,622</b>	<b>159,000</b>
Operating income				
Precision Equipment	776	1,647	2,624	3,800
Transport Equipment	1,795	2,655	4,400	5,200
Aircraft and Oil Hydraulic Equipment	928	2,051	2,814	3,400
Industrial Equipment	632	1,807	2,561	3,600
<b>Total</b>	<b>4,133</b>	<b>8,161</b>	<b>12,401</b>	<b>16,000</b>

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
<b>Total</b>	<b>33,594</b>	<b>71,739</b>	<b>106,687</b>	<b>147,427</b>
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
<b>Total</b>	<b>3,120</b>	<b>7,340</b>	<b>11,120</b>	<b>14,828</b>