

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

Nov 10, 2006

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: President and CEO
 Inquiries: Name: Shuichi Nakamura Tel. (03) 3578-7070
 Title: General Manager, General Administration & Human Resource Div.
 Date of Board of Directors Meeting for Account Settlement: Nov 10, 2006
 Has the Company adopted U.S. Accounting Standards: No

1. Consolidated Operating Results for the Interim of FY2006 (From April 1, 2006 to September 30, 2006)

(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 2006	77,934	8.6	8,161	11.2	8,433	21.5
Interim of Fiscal Year 2005	71,739	7.8	7,340	40.0	6,940	21.1
Fiscal Year ended March 31, 2006	147,427		14,828		14,481	

	Interim (net) income		Interim (net) income per share		Diluted interim (net) income per share	
	Million yen	%	Yen		Yen	
Interim of Fiscal Year 2006	4,796	22.1	37.80		37.77	
Interim of Fiscal Year 2005	3,928	13.5	30.96		30.93	
Fiscal Year ended March 31, 2006	8,211		64.05		63.95	

- (Notes) a) Investment profit/loss on equity method:
 Interim of FY2006 196 million yen Interim of FY2005 (357) million yen FY2005 (100) million yen
 b) Average number of outstanding shares during the fiscal year (consolidated)
 Interim of FY2006 126,903,501 shares Interim of FY2005 126,906,984 shares FY2005 126,868,022 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	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Interim of Fiscal Year 2006	150,206	71,897	45.2	534.84
Interim of Fiscal Year 2005	139,248	57,445	41.3	452.79
Fiscal Year ended March 31, 2006	146,894	64,189	43.7	505.58

(Note) Shares outstanding at fiscal year-end (consolidated):

Interim of FY2006 127,014,402 shares Interim of FY2005 126,870,522 shares FY2005 126,792,599 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 2006	1,469	(3,229)	(1,930)	14,825
Interim of Fiscal Year 2005	6,455	(2,715)	(1,000)	16,832
Fiscal Year ended March 31, 2006	16,405	(4,896)	(7,273)	18,496

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries: 34 companies
 Non-consolidated subsidiaries accounted for by the equity method: None
 Affiliates accounted for by the equity method: 9 companies

(5) Change in scope of consolidation and application of equity method

Newly consolidated companies: 1 (excluded): None
 Equity method (new): None (excluded): None

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

Fiscal year	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
	159,000	16,500	9,300

Reference: Estimated consolidated net income per share for the fiscal year: 73.28 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 last May, and under this corporate philosophy, has set up the Long-term Vision and developed 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 for FY2014>

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 products 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 future profit.

2) Strengthening of profitability of the existing business

We will actively invest in 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 market. Specifically, we will focus on business development in Chinese and European markets positioning China as a promising market where long-term growth can be expected and Europe as an important market for our products.

4) CSR-conscious management

We will carry out stakeholder (e.g., shareholders, business partners, employees, and society) conscious management. We will also respect and comply with local laws, regulations, cultures, etc., and will conduct business with high ethical standards. Further, 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 prioritize the foster of technology personnel and overseas staff from a long-term perspective.

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, balancing 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.

Interim dividend payment is decided to be increased by ¥2 from previous interim to ¥7 per share. Accordingly, the annual dividend is planned to be increased by ¥2 from previous year to ¥14 (¥7 year-end).

We will maintain the current schedule for dividends with the record date at the end of the interim period and at the end of the 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 important issues in our policy on capitalization.

Reduction of trade unit will continue to be an important issue, with consideration towards stock price and liquidity.

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

As most of the domestic market of our existing business is already saturated, we will

promote development and expansion of overseas market. Specifically, China and Europe are considered to be strategically important areas and the Company will conduct aggressive business activities in those regions, including penetrating into and expanding of markets, and establishment of procurement and production bases.

2) Technology strategy

We will establish a system enabling the sharing of technical needs and seeds of all Group companies in order to strengthen and evolve the Group's motion control technology, and will also enhance the core technology to create new business and products.

3) Manufacturing strategy

We will further 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 improvement of employees' capability, and strive to develop globally competent employees.

6. Issues Requiring Responses from the Company

[Business deployment]

The most important current assignment is to make all efforts in accomplishing the Mid-term Management Strategy.

In recognition of the maturation of existing businesses, we will take advantage of and reorganize our group resources for the fosterage of new business and the development of new products, in order to shift our business portfolio to the areas with high growth potential.

On the other hand, we will also actively focus on strengthening price competitiveness and developing new market because keeping and enhancing competitive edge of existing businesses is essential for stable profitability.

[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 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. Matters relating to the Parent Company

The Company has no parent company.

3. Consolidate Operating Results and Financial Position

1. Consolidated Operating Results

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

[Overview]

The Japanese economy in the interim of fiscal 2006 stably continued a gradual recovery trend, mainly supported by private demand with both consumer spending and private capital investment steadily growing, although prices of resources such as oil kept hovering near record-high levels.

The business environment surrounding Nabtesco Group remained robust, helped by revitalized capital spending in the railway vehicles sector with both JR and private railway companies renewing their trains, continuous growth in the aircraft sector, and globally booming construction machinery with the Chinese market at its center.

In such environment, our group's mid-term business plan has entered the second year. For railway vehicles products, we have aggressively entered overseas markets with foremost emphasis on penetration into the Chinese market. In the oil hydraulic business, we have been committed to the creation of new products and new business, such as promoting sales of our new equipment for wind-turbines.

In order to improve product lines and productivity, we expanded the Tsu plant (Mie Prefecture), or our main plant for the precision equipment business. Moreover, we strived to expand overseas procurement and cut costs.

As a result, consolidated sales for the interim of fiscal 2006 increased by 8.6% from the same period of the previous year to ¥77.9 billion, consolidated ordinary income increased by 21.5% to ¥8.4 billion, and consolidated net income increased by 22.1% to ¥4.7 billion.

Operating results by business segment are as follows:

<Precision equipment business>

In the precision equipment business, net sales decreased by 19.7% from the same period of the previous year to ¥14.5 billion and operating income decreased by 53.0% from the same period of the previous year to ¥1.6 billion.

Sales of precision reducer for industrial robots, one of our main products, declined since the automobile manufacturers have undergone capital spending adjustments of their robots.

Combined with additional depreciation expense due to new plant operation and increased development cost, profit of the main product declined.

However, precision reducer for machine tools remained robust, and semiconductor/LCD-related equipment also stayed at high levels.

<Transport equipment business>

In the transport equipment business, net sales increased by 22.1% from the same period of the previous year to ¥21.8 billion and operating income increased 84.4% from the same period of the previous year to ¥2.6 billion.

For railway vehicles products, sales of brake systems and door engines expanded, supported by brisk train renewals of conventional railway lines at both public and private railway companies as well as JR companies. Sales for the high-speed train project on existing track in China also gained momentum.

In the automobile-related business, sales of air brake system for commercial vehicles expanded

thanks to the continuously high demand for products responding to emission control on trucks. In marine propulsion control systems, increased number of newly built ships on a global scale continued to drive sales.

<Aircraft and oil hydraulic equipment business>

In the aircraft and oil hydraulic equipment business, sales increased by 29.2% from the same period of the previous year to ¥24.5 billion and operating income increased by 112.2% from the same period of the previous year to ¥2.0 billion.

Sales of aircraft equipment rose in the wake of increased number of aircraft production such as the Boeing 777 in the civil aviation sector. For reference, development of racks and panels (high voltage electric power unit) for the Boeing 787, which had obtained large amount of orders, is running smoothly.

In oil hydraulic equipments, traveling units and valves remained brisk and posted an increased sales, backed by recovery in the Chinese market and growing demand of hydraulic shovels and mini excavators both at home and abroad.

<Industrial equipment business>

In the industrial equipment business, sales increased by 1.6% from the same period of the previous year to ¥17.0 billion and operating income increased by 26.2% from the same period of the previous year to ¥1.8 billion.

In automatic doors-related business, general-purpose doors achieved sales expansion by increasing market share, regardless of the difficult situation in construction investment. Meanwhile, orders/sales of platform screen doors have entered the post-boom period in this interim of fiscal 2006 after project completion in the previous year, resulting in a sales decline. On balance, sales of the overall automatic doors-related business edged up.

Sales of automatic packaging machines increased, supported by robust capital spending for the beverage/retort food manufacturers.

(2) Forecast for fiscal 2006

The Japanese economy is expected to expand at a healthy pace, with continuously high level of capital spending and robust consumer spending in the wake of the improving situation in employment and income, although there are some uncertainties such as crude oil price trend, the situation in the Middle East and risks of terrorism.

In terms of the business environment of our group, capital spending in automobile manufacturers who are the main users of industrial robots will continue adjustments for a while and recovery is expected to take more time.

Meanwhile, railway vehicles products are expected to remain brisk, supported by continuously strong renewal demand for trains from both public and private railway companies as well as JR companies. On top of this, the onset of mass production of new vehicles for the Shinkansen (domestic bullet train) and the continuous production for the speeding-up of conventional railway lines in China will also assure favorable trend. As for aircraft and oil hydraulic equipment business, production of civil aircraft is expected to grow, and construction machinery-related products are anticipated to benefit from strong demand in both home and abroad centering on hydraulic shovels.

In this situation, our group plans to actively keep developing markets both in Japan and abroad and creating new products, in order to achieve goals set in the mid-term business plan.

Moreover, with the aim of further strengthening profitability, we will make efforts on cost reduction through building the best production system and improving productivity.

In regard to consolidated business outlook for full fiscal 2006, we expect sales to be ¥159.0 billion, operating income at ¥16.0 billion, ordinary income at ¥16.5 billion, and net income at ¥9.3 billion, ROA at 6.3%, and ROE at 13.7%.

2. Financial Position

[Consolidated Financial Position for the 1st half of fiscal 2006]

Total assets increased by ¥10.9 billion to ¥150.2 billion, due to ¥3.8 billion increase in trade notes/accounts receivable, ¥1.7 billion increase in inventory, ¥2.0 billion increase in tangible fixed assets, and market value increase in investment securities, etc. Liabilities with interest decreased by ¥6.4 billion to ¥18.1 billion.

[Consolidated Cash flows for the 1st half of fiscal 2006]

Cash flows from operating activities were plus ¥1.4 billion while those from investment activities were minus 3.2 billion mainly due to ¥3.0 billion expenditures to acquire tangible fixed assets. Cash flows from financing activities were minus ¥1.9 billion due to repayment for debts and dividend payment, etc. Cash and cash equivalents at the interim of fiscal 2006 amounted to ¥14.8 billion.

[Forecast for Consolidated Financial Position at end of fiscal 2006]

Total assets are expected to be ¥149.2 billion, due to repayment for debts with funds on hand, etc, and liabilities with interest are expected to decrease by ¥1.8 billion to ¥16.3 billion. Net worth is anticipated to be ¥75.5 billion, with expected capital adequacy ratio of 47.9%.

[Consolidated Cash Flows for fiscal 2006]

Cash flows from operating activities is expected to be plus, investment activities and financing activities are expected to be plus ¥11.5 billion, minus ¥11.0 billion and minus ¥4.6 billion, respectively. The cash flow from financing activities includes effects from repayment for debts.

3. Risk Factors relating to Nabtesco Group and its Business

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

Overseas sales in our group account for 23.9% in the interim of fiscal year 2006, and although the exchange risk of overseas sales in domestic business is hedged through forward markets, our group performance is affected by the exchange rate. Performances in overseas subsidiaries are also influenced by the exchange rate when their figures are translated into Japanese yen.

(2) Risks in product quality

Our group manufactures each product in accordance with the carefully planned quality control standards to detect any defects in products. However, there is no guarantee that all products are free from any defect, any recall, or are free from issues of product 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.

(3) 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 the Group's businesses in the interim of fiscal year 2006. If such a lawsuit is filed in the future, it may materially affect the Group's operating results and financial position.

(4) Intellectual properties

Our group utilizes intellectual property rights and licenses we hold or we acquired for operation of business activities. Upon expiration of those rights or licenses, competitors might enter the market, which may bring adverse effects on our performance.

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 2006)	End of Previous Interim Term (As of Sept.30 2005)	Increase (Decrease)	End of Previous Term (As of Mar.31 2006)
<Assets>				
Current assets				
Cash and time deposits	15,170	17,173	(2,002)	18,840
Notes and accounts receivable	46,948	43,116	3,832	43,340
Inventories	17,683	15,924	1,759	16,363
Deferred income taxes	3,198	2,763	434	3,507
Other current assets	938	1,016	(78)	721
Allowance for doubtful receivables	(216)	(387)	170	(272)
Total	83,722	79,607	4,115	82,501
Fixed assets				
(1) Property, plant and equipment	66,483	59,641	6,841	64,393
Buildings and structures	16,679	14,971	1,708	14,682
Machinery and equipment	9,791	9,464	326	9,122
Land	14,473	14,468	4	14,476
Other property, plant and equipment	2,965	2,966	(0)	3,653
Total	43,910	41,871	2,039	41,934
(2) Intangible assets				
Total	1,186	1,696	(509)	1,257
(3) Investments and other assets				
Investments in securities	19,212	13,673	5,538	18,549
Deferred income taxes	482	378	104	403
Other investments and other assets	1,982	2,287	(304)	2,565
Allowance for doubtful receivables	(291)	(265)	(26)	(315)
Total	21,386	16,073	5,312	21,202
Total assets	150,206	139,248	10,957	146,894

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

	End of Current Interim Term (As of Sept.30 2006)	End of Previous Interim Term (As of Sept.30 2005)	Increase (Decrease)	End of Previous Term (As of Mar.31 2006)
<Liabilities>				
Current liabilities				
Trade notes and accounts payable	28,861	27,206	1,655	28,017
Short-term loans payable	15,129	14,710	418	15,699
Income taxes payable	2,867	3,204	(337)	5,820
Reserve for product guarantee	1,128	-	1,128	-
Reserve for losses on land improvements	1,158	1,160	(1)	1,158
Other current liabilities	10,907	8,810	2,097	9,442
Total	60,052	55,092	4,960	60,137
Long-term liabilities				
Long-term loans	3,039	9,938	(6,899)	3,488
Retirement allowance	12,829	12,330	498	12,600
Reserve for directors' retirement accounts	226	156	70	226
Deferred tax liabilities	1,588	-	1,588	1,887
Other long-term liabilities	571	768	(196)	599
Total	18,255	23,193	(4,937)	18,803
Total liabilities	78,308	78,285	23	78,941
<Minority interests>				
Minority interests	-	3,517	(3,517)	3,763
<Shareholders' equity>				
Capital stock	-	10,000	-	10,000
Capital surplus	-	17,709	-	17,710
Earned surplus	-	26,580	-	30,387
Net unrealized gains on securities	-	4,301	-	6,995
Translation adjustments	-	(924)	-	(582)
Treasury stock, at cost	-	(222)	-	(321)
Total shareholders' equity	-	57,445	-	64,189
Total liabilities, minority interests and shareholders' equity	-	139,248	-	146,894
<Net assets>				
Owner's equity	61,703	-	-	-
Paid-in capital	10,000	-	-	-
Capital surplus	17,654	-	-	-
Earned surplus	34,207	-	-	-
Treasury stock	(159)	-	-	-
Valuation and translation adjustments	6,229	-	-	-
Valuation difference on available-for-sale securities	6,850	-	-	-
Deferred gains or losses on hedges	(7)	-	-	-
Translation adjustments	(614)	-	-	-
Minority interests	3,964	-	-	-
Total net assets	71,897	-	-	-
Total liabilities and net assets	150,206	-	-	-

(2) Interim Consolidated Statements of Income

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

	Six-month ended Sept. 30, 2006	Six-month ended Sept. 30, 2005	Increase (Decrease)	Term ended Mar.31, 2006
Net sales	77,934	71,739	6,194	147,427
Cost of sales	59,299	53,930	5,368	111,541
Gross profit	18,634	17,808	825	35,885
Selling, general and administrative expenses	10,473	10,468	4	21,057
Operating income	8,161	7,340	821	14,828
Non-operating income				
Interest income	31	15	16	40
Dividends income	120	77	42	115
Equity in earnings of an affiliate	196	-	196	-
Foreign exchange income	-	21	(21)	6
Rents income	115	123	(8)	248
Other non-operating income	124	98	25	183
Total	587	336	250	594
Non-operating expenses				
Interest expenses	134	187	(52)	342
Loss on disposal of inventories	32	115	(82)	266
Equity in losses of an affiliate	-	357	(357)	100
Foreign exchange losses	92	-	92	-
Other non-operating expenses	55	75	(20)	231
Total	315	735	(420)	941
Ordinary income	8,433	6,940	1,492	14,481
Extraordinary gains				
Gain on sales of fixed assets	2	46	(43)	63
Gain on sales of investment securities	3	-	3	0
Gain on sales of securities of an affiliate	-	-	-	539
Gain on sales of investments for an affiliate	-	-	-	22
Reversal of allowance for doubtful accounts	28	36	(8)	40
Total	34	83	(48)	666
Extraordinary losses				
Loss on disposal of fixed assets	290	133	157	214
Write-down of investment securities	-	-	-	0
Write-down of golf membership rights	-	1	(1)	3
Environmental cost	-	-	-	134
Loss on liquidation of an affiliate	-	-	-	506
Total	290	135	155	859
Net income before income taxes	8,176	6,888	1,288	14,288
Corporate, resident and business taxes	3,007	3,233	(225)	6,998
Adjustment for corporate and other taxes	25	(395)	421	(1,277)
Minority interest income	347	122	224	355
Net income	4,796	3,928	867	8,211

(3) Interim Consolidated Statements of Appropriations

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

	Six-month ended Sept. 30, 2006	Term ended Mar.31, 2006
(Capital surplus)		
I Balance at beginning of period	17,709	17,709
II Increase in capital surplus		
Gain on disposal of treasury stock	0	1
Total	0	1
III Balance at end of period	17,709	17,710
(Earned surplus)		
I Balance at beginning of period	23,172	23,172
II Increase in earned surplus		
Net income	3,928	8,211
Reversal of projected retirement benefit obligation at overseas subsidiaries	-	158
Total	3,928	8,369
III Decrease in earned surplus		
Cash dividends paid	444	1,078
Bonuses to directors	75	75
Total	519	1,154
IV Balance at end of period	26,580	30,387

(4) Interim Consolidated Statements of Shareholders' Equity

Interim of Fiscal Year ended March 31, 2007 (From April 1, 2006 to September 30, 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 interim of fiscal 2006)					
Cash dividends			(887)		(887)
Bonuses to directors			(85)		(85)
Interim net income			4,796		4,796
Acquisition of treasury stock				(40)	(40)
Disposal of treasury stock		(56)		202	146
Transfer to statutory capital of overseas subsidiary			(3)		(3)
Changes (net) in accounts other than shareholders' equity					
Total changes during the interim of fiscal 2006	-	(56)	3,820	162	3,926
Balance at September 30, 2006	10,000	17,654	34,207	(159)	61,703

(Million yen)

	Valuation/translation adjustments, etc.				Minority interests	Total net worth
	Net unrealized gains on 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 interim of fiscal 2006)						
Cash dividends						(887)
Bonuses to directors						(85)
Interim net income						4,796
Acquisition of treasury stock						(40)
Disposal of treasury stock						146
Transfer to statutory capital of overseas subsidiary						(3)
Changes (net) in accounts other than shareholders' equity	(144)	(7)	(32)	(183)	201	17
Total changes during the interim of fiscal 2006	(144)	(7)	(32)	(183)	201	3,943
Balance at September 30, 2006	6,850	(7)	(614)	6,229	3,964	71,897

(5) Interim Consolidated Statements of Cash Flows

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

	Six-month ended Sept. 30, 2006	Six-month ended Sept. 30, 2005	Increase (Decrease)	Term ended Mar.31, 2006
I Cash follows from operating activities				
Net income before income taxes and adjustments	8,176	6,888	1,288	14,288
Depreciation and amortization	2,214	2,148	65	4,575
Amortization of cost in excess of net book values of consolidated subsidiaries	-	19	(19)	37
Amortization of goodwill	0	-	0	-
Increase (decrease) in allowance for doubtful receivables	(71)	8	(80)	(59)
Increase in retirement benefits of employees	233	107	126	313
Increase (decrease) in directors' retirement allowance	0	(54)	55	15
Interest and dividend income	(151)	(92)	(58)	(156)
Interest expense	134	187	(52)	342
Foreign exchange gain (loss)	0	(2)	3	(6)
Equity in earnings of an affiliate (loss)	(196)	357	(553)	100
Gain on sales of fixed assets	(2)	(46)	43	(63)
Loss on disposal of fixed assets	290	133	157	214
Gain on sales of securities of an affiliate	-	-	-	(539)
Gain on sales of investments for an affiliate	-	-	-	(22)
Gain on sales of investment securities	(3)	-	(3)	(0)
Loss on sales of investment securities	-	-	-	0
Write-down of golf membership rights	-	1	(1)	3
Environmental cost	-	-	-	134
Loss on liquidation of an affiliate	-	-	-	506
Decrease (increase) in notes and accounts receivable	(3,209)	394	(3,603)	336
Increase in inventories	(1,321)	(1,472)	150	(1,990)
Decrease (increase) in other assets	(176)	592	(768)	789
Increase (decrease) in notes and accounts payable	750	(689)	(1,439)	58
Increase (decrease) in consumption taxes payable	127	(147)	274	(197)
Increase (decrease) in other liabilities	607	(329)	936	612
Bonuses to director	(89)	(80)	(8)	(80)
Subtotal	7,314	7,923	(608)	19,211
Interest and dividend received	165	118	47	203
Interest paid	(142)	(187)	45	(383)
Income taxes paid	(5,868)	(1,398)	(4,470)	(2,625)
Net cash and cash equivalents provided by operating activities	1,469	6,455	(4,985)	16,405
II Cash flows from investing activities				
Decrease in time deposit	(1)	(22)	21	(37)
Increase in time deposit	-	-	-	12
Purchases of property, plant and equipment	(3,029)	(2,533)	(495)	(5,260)
Proceeds from sales of property, plant and equipment	79	52	27	299
Purchases of intangible fixed assets	(101)	(73)	(27)	(136)
Proceeds from sales of marketable securities	-	-	-	10
Purchases of investments in securities	(395)	(301)	(93)	(402)
Proceeds from sales of investments securities	3	-	3	1
Purchase of subsidiary and affiliate stocks	(9)	-	(9)	-
Gain on sales of securities and investment for an affiliate	-	-	-	774
Payment of short-term loans	-	-	-	(48)
Proceeds from repayment of short-term loans	4	17	(13)	14
Expenses from other investing activities	(54)	(60)	5	356
Income from other investing activities	274	206	67	(477)
Net cash and cash equivalents used in investing activities	(3,229)	(2,715)	(513)	(4,896)
III Cash flows from financing activities				
Increase (decrease) in short-term bank loans	(570)	118	(688)	(279)
Proceeds from long-term loans	-	-	-	3,000
Repayment of long-term loans	(455)	(574)	118	(8,692)
Payments for purchases of treasury stock	(40)	(59)	18	(160)
Proceeds from sales of treasury stock	146	0	145	3
Cash dividends paid	(887)	(444)	(443)	(1,078)
Cash dividends paid subsidiaries for minority	(123)	(41)	(82)	(65)
Net cash and cash equivalents provided by financing activities	(1,930)	(1,000)	(930)	(7,273)
IV Effect exchange rate changes on cash and cash equivalents	18	36	(18)	204
V Increase (decrease) in cash and cash equivalents	(3,671)	2,776	(6,448)	4,440
VI Cash and cash equivalents at beginning of year	18,496	14,035	4,461	14,035
VII Increase in cash and cash equivalents resulting from initial consolidation of subsidiaries	-	20	(20)	20
VIII Cash and cash equivalents at end of year	14,825	16,832	(2,007)	18,496

Segment Information

Nabtesco Corporation

(1) Segment Information by Business Category

Interim of Fiscal Year ended March 31, 2007 (From April 1, 2006 to September 30, 2006)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Oil Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
I . Net sales							
(1) External sales	14,514	21,831	24,500	17,088	77,934	-	77,934
(2) Intersegment net sales or transfer	13	218	401	177	811	(811)	-
Total	14,528	22,049	24,902	17,265	78,745	(811)	77,934
Operating expenses	12,881	19,394	22,850	15,458	70,584	(811)	69,772
Operating Income	1,647	2,655	2,051	1,807	8,161	-	8,161

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 and high-performance heat transfer device.
- (2) Transportation 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.

Previous Interim of Fiscal Year ended March 31, 2006 (From April 1, 2005 to September 30, 2005)

(Million yen)

	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)	71,739
Operating expenses	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) Transportation 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, 2006 (From April 1, 2005 to March 31, 2006)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Oil Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
I . 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 expense	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

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 and high-performance heat transfer device.
- (2) Transportation 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 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.

(2) Segment Information by Region

Interim of Fiscal Year ended March 31, 2007 (From April 1, 2006 to September 30, 2006)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
I . Net sales and operating income							
(1) External sales	64,577	5,846	4,188	3,321	77,934	-	77,934
(2) Intersegment net sales or transfer	5,853	499	903	21	7,277	(7,277)	-
Total	70,431	6,345	5,092	3,342	85,211	(7,277)	77,934
Operating expenses	63,468	5,629	4,710	3,241	77,050	(7,277)	69,772
Operating Income	6,963	715	381	101	8,161	-	8,161

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: Indonesia, China, Thailand, South Korea and Singapore

(2) North America: U.S.A.

(3) Europe: Germany, and Holland

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

Previous Interim of Fiscal Year ended March 31, 2006 (From April 1, 2005 to September 30, 2005)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
I . Net sales and operating income							
(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 expenses	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: Indonesia, China, Thailand, South Korea and Singapore

(2) North America: U.S.A.

(3) Europe: Germany, and Holland

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

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

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
I . Net sales and operating income							
(1) External sales	122,790	7,933	8,851	7,853	147,427	-	147,427
(2) Intersegment net sales or transfer	12,083	686	1,129	45	13,945	(13,945)	-
Total	134,873	8,619	9,980	7,898	161,373	(13,945)	147,427
Operating expense	121,531	7,978	9,364	7,669	146,544	(13,945)	132,599
Operating income	13,341	640	616	228	14,828	-	14,828

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: Indonesia, China, Thailand, South Korea and Singapore

(2) North America: U.S.A.

(3) Europe: Germany and Holland

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

(3) Overseas Sales**Interim of Fiscal Year ended March 31, 2007 (From April 1, 2006 to September 30, 2006)**

(Million yen)

	Asia	North America	Europe	Other regions	Total
Overseas sales	8,359	5,509	4,351	382	18,603
Consolidated net sales					77,934
Composition to consolidated net sale (%)	10.7	7.1	5.6	0.5	23.9

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, South Korea, India, Singapore and Indonesia

(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.

Previous Interim of Fiscal Year ended March 31, 2006 (From April 1, 2005 to September 30, 2005)

(Million yen)

	Asia	North America	Europe	Other regions	Total
Overseas sales	6,578	5,186	4,323	372	16,462
Consolidated net sales					71,739
Composition to consolidated net sales (%)	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, South Korea, India, Singapore and Indonesia

(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, 2006 (From April 1, 2005 to March 31, 2006)

(Million yen)

	Asia	North America	Europe	Other regions	Total
Overseas sales	14,412	10,755	9,732	439	35,340
Consolidated net sales					147,427
Composition to consolidated net sales (%)	9.8	7.3	6.6	0.3	24.0

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, South Korea, India, Singapore and Indonesia

(2) North America: U.S.A.

(3) Europe: Germany, Great Britain, 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.

1. Production

(Million yen)

	Six-month ended Sept. 30, 2006		Six-month ended Sept. 30, 2005		Term ended Mar.31, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	14,766	18.7	18,260	24.9	34,245	22.8
Transport Equipment	21,703	27.5	17,671	24.1	37,930	25.3
Aircraft and Oil Hydraulic Equipment	24,897	31.5	19,833	27.0	41,079	27.4
Industrial Equipment	17,611	22.3	17,624	24.0	36,648	24.5
Total	78,979	100.0	73,389	100.0	149,903	100.0

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

2. Orders

(Million yen)

	Six-month ended Sept. 30, 2006		Six-month ended Sept. 30, 2005		Term ended Mar.31, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	13,750	16.1	17,792	23.1	33,152	21.7
Transport Equipment	24,498	28.6	19,449	25.2	42,567	27.8
Aircraft and Oil Hydraulic Equipment	28,177	32.9	21,231	27.6	41,889	27.4
Industrial Equipment	19,193	22.4	18,540	24.1	35,413	23.1
Total	85,620	100.0	77,014	100.0	153,022	100.0

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

3. Sales

(Million yen)

	Six-month ended Sept. 30, 2006		Six-month ended Sept. 30, 2005		Term ended Mar.31, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	14,514	18.6	18,076	25.2	34,242	23.2
Transport Equipment	21,831	28.0	17,880	24.9	37,524	25.5
Aircraft and Oil Hydraulic Equipment	24,500	31.4	18,961	26.4	39,571	26.8
Industrial Equipment	17,088	22.0	16,821	23.5	36,088	24.5
Total	77,934	100.0	71,739	100.0	147,427	100.0
(Overseas sales)	(18,603)	(23.9)	(16,462)	(22.9)	(35,340)	(24.0)

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

4. Backlog or orders

(Million yen)

	Six-month ended Sept. 30, 2006		Six-month ended Sept. 30, 2005		Term ended Mar.31, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Precision Equipment	5,144	9.0	6,713	13.7	5,908	12.0
Transport Equipment	18,779	32.9	12,639	25.7	16,112	32.5
Aircraft and Oil Hydraulic Equipment	22,775	39.9	19,051	38.8	19,098	38.7
Industrial Equipment	10,403	18.2	10,692	21.8	8,297	16.8
Total	57,103	100.0	49,096	100.0	49,417	100.0

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