

Nabtesco Corporation

Summary of Financial Statements for the First Quarter of Year ended March 31, 2008

July 31, 2007

Name of Listed Company: Nabtesco Corporation  
 Code Number: :6268  
 Representative Title: President and CEO  
 Inquiries: Title: General Manager, General Administration & Human Resource Div.

Stock listed on: the First Section of the Tokyo Stock Exchange  
 (URL <http://www.nabtesco.com/>)  
 Name: Kazuyuki Matsumoto  
 Name: Shuichi Nakamura Tel. (03) 3578-7070

(Amounts less than one million yen have been rounded down)

1. Consolidated Operating Results for the First Quarter of FY2007 (From April 1, 2007 to June 30, 2007)

(1) Consolidated Operating Results

Percentages indicate the year-over-year increase (decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter of Fiscal Year 2007	39,379	7.9	4,635	12.2	5,023	11.6	2,508	(1.7)
First Quarter of Fiscal Year 2006	36,506	8.7	4,133	32.4	4,501	44.3	2,552	50.6
Fiscal year ended March 31, 2007	161,444		16,427		16,869		9,783	

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
First Quarter of Fiscal Year 2007	19.76		19.75	
First Quarter of Fiscal Year 2006	20.13		20.07	
Fiscal year ended March 31, 2007	77.10		77.02	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Quarter of Fiscal Year 2007	162,184	78,605	45.8	585.51
First Quarter of Fiscal Year 2006	144,894	68,902	44.9	513.09
Fiscal year ended March 31, 2007	163,223	77,109	44.8	575.19

(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
First Quarter of Fiscal Year 2007	1,035	(2,879)	(2,708)	21,619
First Quarter of Fiscal Year 2006	(2,039)	(2,523)	(1,552)	12,412
Fiscal year ended March 31, 2007	8,293	(6,941)	6,134	26,188

2. Forecast of Consolidated Operating Results for FY2007 (From April 1, 2007 to March 31, 2008)

Percentages indicate the year-over-year increase (decrease)

	Net sale		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	83,000	6.5	9,200	12.7	9,600	13.8	5,100	6.3	40.16
Fiscal year	165,000	2.2	18,300	11.4	18,900	12.0	10,400	6.3	81.89

(Caution concerning forward-looking statements about the future performance)

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.

3. Others

(1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries associated with change in scope of consolidation): None

(2) Adoption of simplified accounting treatment method: Yes

(Explanation) A simple method has been adopted for handling corporate taxes and others based on the legally effective tax rate.

(3) Changes in accounting treatment methods from the last consolidated accounting period: None

## [Qualitative Information and Financial Statements]

## 1. Qualitative information concerning consolidated business results

Looking back at the business environment surrounding our group during the first quarter of the fiscal year ending March 2008, capital spending in the private sector remained strong in the domestic market, markets in Europe and U.S. steadily expanded, and the Chinese market grew at an accelerated pace. Under such circumstances, the results of our group for the first quarter of the fiscal year ending March 2008 showed increased sales, while profit decreased due to a temporary loss caused by changes in the retirement benefit scheme, compared with the corresponding period of the previous fiscal year.

## &lt;Precision equipment business&gt;

Both sales and profit of precision reduction gears increased from the same period a year earlier, thanks to increased production by industrial robot manufacturers as a result of recovered capital spending of auto manufacturers, and to the continuously robust performance of the machine tool industry.

## &lt;Transport equipment business&gt;

In the transport equipment business, sales increased from the corresponding period of the previous year due to continued strong sales of railroad vehicle products and marine vessel products as well as the smaller decrease in sales of automobile-related equipment. However, particularly profitable products had concentrated in the same period a year earlier, thus profit decreased from a year ago.

## &lt;Aircraft and hydraulic equipment business&gt;

The aircraft and oil hydraulic equipment business enjoyed increases in both sales and profit compared with the same period of the previous fiscal year, mainly due to continuously strong demand for aircraft equipment in the private sector as well as hydraulic equipment supported by buoyant demand for construction machines in the both domestic and Chinese markets.

## &lt;Industrial equipment business&gt;

As to industrial equipment including automatic doors and automatic packaging machines, there was no significant change in capital spending trends in individual industries, and due to the sale of an overseas group company, both sales and profit decreased from the corresponding period of the previous fiscal year.

## 2. Qualitative information concerning consolidated financial positions

Total assets at the end of the first quarter of the fiscal year ending March 2008 increased by 17.2 billion yen from the corresponding period a year earlier to 162.1 billion yen. Main reasons for the increase were a 9.2 billion yen increase in cash and time deposits, a 3.7 billion yen increase in notes and accounts receivable and a 3.8 billion yen increase in investments and other assets. Liabilities increased by 7.5 billion yen from the same period of the preceding fiscal year to 83.5 billion yen. Bonds payable and debts increased by 6.5 billion yen to 25.1 billion yen compared with the period a year earlier due to bond issuance and repayment of debts. Shareholders' equity increased by 9.7 billion yen to 78.6 billion yen on a year-over-year basis, and shareholders' equity ratio increased by 0.9 points to 45.8% on a year-over-year basis.

## 3. Qualitative information concerning consolidated forecasts

Interim and full-year consolidated forecasts have been revised upward in view of the expected impact of increased productivity due to cost-cutting and others on precision reduction gears and hydraulic equipment.

## 4. First Quarter Consolidated Financial Statements (Summary)

## (1) First Quarter Consolidated Balance Sheets (Summary)

(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, 2008	Increase (Decrease)	Rate of Change (%)	March 31, 2007 (Reference)
<b>&lt;Assets&gt;</b>					
<b>Current assets</b>					
Cash and time deposits	12,756	22,003	9,246	72.5	26,534
Notes and accounts receivable	43,319	47,034	3,714	8.6	47,249
Inventories	18,818	20,669	1,850	9.8	18,087
Other current assets	4,285	3,702	(583)	(13.6)	3,753
<b>Total</b>	<b>79,180</b>	<b>93,408</b>	<b>14,228</b>	<b>18.0</b>	<b>95,625</b>
<b>Fixed assets</b>					
Property, plant and equipment	43,821	43,171	(650)	(1.5)	43,610
Intangible assets	1,213	1,118	(95)	(7.8)	1,074
Investments and other assets	20,679	24,486	3,806	18.4	22,912
<b>Total</b>	<b>65,713</b>	<b>68,775</b>	<b>3,061</b>	<b>4.7</b>	<b>67,597</b>
<b>Total assets</b>	<b>144,894</b>	<b>162,184</b>	<b>17,290</b>	<b>11.9</b>	<b>163,223</b>
<b>&lt;Liabilities&gt;</b>					
<b>Current liabilities</b>					
Trade notes and accounts payable	29,845	30,746	901	3.0	29,452
Short-term bank loans	15,562	11,173	(4,389)	(28.2)	12,922
Income taxes payable	1,853	1,681	(172)	(9.3)	2,461
Other current liabilities	10,831	11,172	341	3.1	12,262
<b>Total</b>	<b>58,092</b>	<b>54,773</b>	<b>(3,319)</b>	<b>(5.7)</b>	<b>57,098</b>
<b>Long-term liabilities</b>					
Bonds	-	11,000	11,000	-	11,000
Long-term loans	3,061	3,001	(59)	(1.9)	3,004
Retirement allowance	12,639	11,442	(1,196)	(9.5)	11,489
Other long-term liabilities	2,198	3,360	1,162	52.9	3,521
<b>Total</b>	<b>17,899</b>	<b>28,804</b>	<b>10,905</b>	<b>60.9</b>	<b>29,015</b>
<b>Total liabilities</b>	<b>75,991</b>	<b>83,578</b>	<b>7,586</b>	<b>10.0</b>	<b>86,113</b>
<b>&lt;Net assets&gt;</b>					
<b>Shareholders' equity</b>					
Capital stock	10,000	10,000	0	0.0	10,000
Capital surplus	17,711	17,575	(135)	(0.8)	17,583
Earned surplus	31,966	39,924	7,957	24.9	38,304
Treasury stock	(340)	(248)	92	(27.1)	(209)
<b>Total</b>	<b>59,337</b>	<b>67,251</b>	<b>7,914</b>	<b>13.3</b>	<b>65,679</b>
<b>Valuation and translation adjustments</b>					
Valuation difference on available-for-sale securities	6,254	7,232	978	15.6	7,498
Deferred gains or losses on hedges	(2)	-	2	-	-
Translation adjustments	(540)	(130)	409	(75.7)	(124)
<b>Total</b>	<b>5,712</b>	<b>7,102</b>	<b>1,390</b>	<b>24.3</b>	<b>7,374</b>
<b>Minority interests</b>					
<b>Total</b>	<b>3,852</b>	<b>4,251</b>	<b>398</b>	<b>10.3</b>	<b>4,056</b>
<b>Total net assets</b>	<b>68,902</b>	<b>78,605</b>	<b>9,703</b>	<b>14.1</b>	<b>77,109</b>
<b>Total liabilities and net assets</b>	<b>144,894</b>	<b>162,184</b>	<b>17,290</b>	<b>11.9</b>	<b>163,233</b>

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

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

	Previous Year 1st Quarter (From April 1, 2006 to June 30, 2006)	Current Year 1st Quarter (From April 1, 2007 to June 30, 2007)	Increase (Decrease)	Rate of Change (%)	FY2006 (Reference) (Apr. 2006-Mar.2007)
<b>Net sales</b>	<b>36,506</b>	<b>39,379</b>	<b>2,873</b>	<b>7.9</b>	<b>161,444</b>
Cost of sales	27,294	29,334	2,040	7.5	123,639
<b>Gross profit</b>	<b>9,211</b>	<b>10,044</b>	<b>833</b>	<b>9.0</b>	<b>37,804</b>
Selling, general and administrative expenses	5,077	5,409	331	6.5	21,377
<b>Operating income</b>	<b>4,133</b>	<b>4,635</b>	<b>502</b>	<b>12.2</b>	<b>16,427</b>
Non-operating income	512	505	(7)	(1.3)	1,138
Non-operating expenses	144	117	(26)	(18.4)	696
<b>Ordinary income</b>	<b>4,501</b>	<b>5,023</b>	<b>521</b>	<b>11.6</b>	<b>16,869</b>
Extraordinary gains	20	19	(1)	(0.8)	254
Extraordinary losses	81	498	416	506.6	432
Pretax net income for the quarter or term	4,440	4,543	103	2.3	16,691
Corporate, resident and business taxes	1,762	1,787	24	1.4	6,216
Minority interest income	126	247	121	81.6	691
<b>Net income for the quarter or term</b>	<b>2,552</b>	<b>2,508</b>	<b>(43)</b>	<b>(1.7)</b>	<b>9,783</b>

**(3) First Quarter Consolidated Statements of Shareholders' Equity (Briefing)**

Previous Year First Quarter (From April 1, 2006 to June 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 1st quarter of fiscal 2006)					
Cash dividends			(887)		(887)
Bonuses to directors			(85)		(85)
Net income			2,552		2,552
Purchase of treasury stock				(19)	(19)
Disposal of treasury stock		0		1	1
Changes (net) in accounts other than shareholders' equity					-
Total changes during the 1st quarter of fiscal 2006	-	0	1,580	(18)	1,562
Balance at June 30, 2006	10,000	17,711	31,966	(340)	59,337

(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 1st quarter of fiscal 2006)						
Cash dividends						(887)
Bonuses to directors						(85)
Net income						2,552
Purchase of treasury stock						(19)
Disposal of treasury stock						1
Changes (net) in accounts other than shareholders' equity	(740)	(2)	42	(700)	88	(612)
Total changes during the 1st quarter of fiscal 2006	(740)	(2)	42	(700)	88	948
Balance at June 30, 2006	6,254	(2)	(540)	5,712	3,852	68,902

**Current Year First Quarter (From April 1, 2007 to June 30, 2007)**

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	10,000	17,583	38,304	(209)	65,679
(Changes during the 1st quarter of fiscal 2007)					
Cash dividends			(889)		(889)
Net income			2,508		2,508
Purchase of treasury stock				(58)	(58)
Disposal of treasury stock		(8)		19	10
Changes (net) in accounts other than shareholders' equity					-
Total changes during the 1st quarter of fiscal 2007	-	(8)	1,619	(38)	1,572
Balance at June 30, 2007	10,000	17,575	39,924	(248)	67,251

(Million yen)

	Valuation / translation adjustments, etc.			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	7,498	(124)	7,374	4,056	77,109
(Changes during the 1st quarter of fiscal 2007)					
Cash dividends					(889)
Net income					2,508
Purchase of treasury stock					(58)
Disposal of treasury stock					10
Changes (net) in accounts other than shareholders' equity	(265)	(6)	(272)	195	(76)
Total changes during the 1st quarter of fiscal 2007	(265)	(6)	(272)	195	1,495
Balance at June 30, 2007	7,232	(130)	7,102	4,251	78,605

**FY2006 (Reference) (From April 1, 2006 to March 31, 2007)**

(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 year)					
Cash dividends			(1,776)		(1,776)
Bonuses to directors			(85)		(85)
Net income			9,783		9,783
Purchase of treasury stock				(155)	(155)
Disposal of treasury stock		(71)		267	196
Transfer to statutory capital of overseas subsidiary			(3)		(3)
Change in scope of consolidation		(55)			(55)
Changes (net) in accounts other than shareholders' equity					-
Total changes during the year	-	(127)	7,917	112	7,902
Balance at March 31, 2007	10,000	17,583	38,304	(209)	65,679

(Million yen)

	Valuation / translation adjustments, etc.			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	6,995	(582)	6,412	3,763	67,953
(Changes during the year)					
Cash dividends					(1,776)
Bonuses to directors					(85)
Net income					9,783
Purchase of treasury stock					(155)
Disposal of treasury stock					196
Transfer to statutory capital of overseas subsidiary					(3)
Change in scope of consolidation					(55)
Changes (net) in accounts other than shareholders' equity	503	458	961	292	1,253
Total changes during the year	503	458	961	292	9,156
Balance at March 31, 2007	7,498	(124)	7,374	4,056	77,109



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

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

	Previous Year 1st Quarter (From April 1, 2006 to June 30, 2006)	Current Year 1st Quarter (From April 1, 2007 to June 30, 2007)	FY2006 (Reference) (Apr. 2006-Mar. 2007)
<b>I Cash flows from operating activities</b>			
Net income before income taxes and adjustments	4,440	4,543	16,691
Depreciation and amortization	1,063	1,168	4,896
Other	(1,942)	(2,288)	(4,535)
Subtotal	3,561	3,423	17,052
Income taxes paid	(5,640)	(2,511)	(8,793)
Other	39	123	33
<b>Net cash and cash equivalents provided by operating activities</b>	<b>(2,039)</b>	<b>1,035</b>	<b>8,293</b>
<b>II Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(2,220)	(900)	(6,261)
Purchases of investment securities	(393)	(1,724)	(1,023)
Other	91	(254)	343
<b>Net cash and cash equivalents used in investing activities</b>	<b>(2,523)</b>	<b>(2,879)</b>	<b>(6,941)</b>
<b>III Cash flows from financing activities</b>			
Increase or decrease in short-term bank loans	(159)	(1,319)	3,925
Repayment of long-term loans	(433)	(427)	(6,905)
Proceeds from corporate bond issue	-	-	11,000
Cash dividends paid	(940)	(914)	(1,925)
Other	(18)	(47)	40
<b>Net cash and cash equivalents provided by financing activities</b>	<b>(1,552)</b>	<b>(2,708)</b>	<b>6,134</b>
<b>IV Effect exchange rate changes on cash and cash equivalents</b>	<b>30</b>	<b>(15)</b>	<b>205</b>
<b>V Increase or decrease in cash and cash equivalents</b>	<b>(6,083)</b>	<b>(4,568)</b>	<b>7,692</b>
<b>VI Cash and cash equivalents at beginning of year</b>	<b>18,496</b>	<b>26,188</b>	<b>18,496</b>
<b>VII Cash and cash equivalents at end of year</b>	<b>12,412</b>	<b>21,619</b>	<b>26,188</b>

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

**Previous 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

**Current Quarter Year (First Quarter of Fiscal Year 2007)**

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

	Precision Equipment	Transport Equipment	Aircraft and Oil Hydraulic Equipment	Industrial Equipment	Total	Eliminations and general corporate assets	Consolidated
Net sales							
(1) External sales	7,850	11,533	13,455	6,540	39,379	-	39,379
(2) Intersegment net sales or transfer	10	85	193	66	355	(355)	-
Total	7,860	11,618	13,648	6,607	39,735	(355)	39,379
Operating expenses	6,518	10,245	12,271	6,063	35,099	(355)	34,743
Operating income	1,341	1,373	1,377	543	4,635	-	4,635

**(Reference) Fiscal Year 2006 (From April 1, 2006 to March 31, 2007)**

(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	29,532	45,725	50,003	36,183	161,444	-	161,444
(2) Intersegment net sales or transfer	27	435	749	298	1,511	(1,511)	-
Total	29,559	46,161	50,753	36,482	162,956	(1,511)	161,444
Operating expenses	26,016	40,667	47,298	32,545	146,528	(1,511)	145,017
Operating income	3,542	5,493	3,454	3,936	16,427	-	16,427

**(6) Current Quarter Year Results**  
**Segment information by Business Category**

**Current Quarter Year (First Quarter of FY2007) Results and Forecast for FY 2007**

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

	FY2007 First Quarter From April 1, 2007 to June 30, 2007	FY2007 Interim From April 1, 2007 to September 30, 2007	FY2007 Third Quarter From April 1, 2007 to December 31, 2007	FY2007 Full Year From April 1, 2007 to March 31, 2008
<b>Net sales</b>				
Precision Equipment	7,850	15,000	22,800	31,000
Transport Equipment	11,533	24,000	35,000	46,000
Aircraft and Oil Hydraulic Equipment	13,455	27,000	40,400	53,000
Industrial Equipment	6,540	17,000	25,800	35,000
<b>Total</b>	<b>39,379</b>	<b>83,000</b>	<b>124,000</b>	<b>165,000</b>
<b>Operating income</b>				
Precision Equipment	1,341	2,400	3,600	4,800
Transport Equipment	1,373	3,000	4,200	5,600
Aircraft and Oil Hydraulic Equipment	1,377	2,100	3,100	4,000
Industrial Equipment	543	1,700	2,500	3,900
<b>Total</b>	<b>4,635</b>	<b>9,200</b>	<b>13,400</b>	<b>18,300</b>

**Previous Year (FY2006) Results**

(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
<b>Net sales</b>				
Precision Equipment	6,950	14,514	21,753	29,532
Transport Equipment	10,871	21,831	33,458	45,725
Aircraft and Oil Hydraulic Equipment	11,371	24,500	36,792	50,003
Industrial Equipment	7,312	17,088	25,618	36,183
<b>Total</b>	<b>36,506</b>	<b>77,934</b>	<b>117,622</b>	<b>161,444</b>
<b>Operating income</b>				
Precision Equipment	776	1,647	2,624	3,542
Transport Equipment	1,795	2,655	4,400	5,493
Aircraft and Oil Hydraulic Equipment	928	2,051	2,814	3,454
Industrial Equipment	632	1,807	2,561	3,936
<b>Total</b>	<b>4,133</b>	<b>8,161</b>	<b>12,401</b>	<b>16,427</b>