

Nabtesco Corporation

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

Jan 31, 2008

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

1. Consolidated Operating Results for the Third Quarter of FY2007 (From April 1, 2007 to December 31, 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	%
Third Quarter of Fiscal Year 2007	128,845	9.5	14,902	20.2	15,620	20.5	8,610	17.1
Third Quarter of Fiscal Year 2006	117,622	10.2	12,401	11.5	12,966	17.9	7,352	15.1
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
Third Quarter of Fiscal Year 2007	67.78		67.75	
Third Quarter of Fiscal Year 2006	57.93		57.89	
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
Third Quarter of Fiscal Year 2007	162,679	81,471	47.4	606.23
Third Quarter of Fiscal Year 2006	159,951	73,918	43.6	549.38
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
Third Quarter of Fiscal Year 2007	7,826	(6,969)	(5,011)	22,032
Third Quarter of Fiscal Year 2006	2,367	(4,755)	6,296	22,505
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
Fiscal year	170,000	5.3	19,200	16.9	19,500	15.6	11,000	12.4	86.58

(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

During the third quarter ended December 2007, conservative views on the future Japanese economy were spreading, reflecting concerns over the sub-prime mortgage turmoil in the U.S. and elevated crude oil prices. In these conditions, the Nabtesco Group worked on raising capacity and improving productivity. As a result, both sales and profit increased over the corresponding period a year earlier.

<Precision equipment business>

In the precision equipment business, both sales and profits increased over the corresponding period of the previous year. This is because the sales of precision reduction gears for industrial robot production continued to increase in line with the recovery of capital investment in the automobile industry in addition to demands for machine tools remaining robust.

<Transport equipment business>

In the transport equipment business, sales increased because railroad vehicle products and marine vessel engine remote control systems met steady demand. However, profit for the period under review remained slightly above the level for the corresponding period a year earlier, mainly due to the lack of such a high volume of relatively profitable products in that period.

<Aircraft and hydraulic equipment business>

In the aircraft and oil hydraulic equipment business, both sales and profits increased over the corresponding period a year earlier. While oil hydraulic equipment sales enjoyed strong growth in the demand for construction machinery in overseas emerging markets, typically in China, aircraft equipment sales saw continuing steady demand in the civil aircraft industry.

<Industrial equipment business>

In the industrial equipment business, overall earnings stayed roughly on the level of the previous year, because increased sales of platform doors for railways and automatic packaging machines were offset by the effect of a subsidiary transfer.

2. Qualitative information concerning consolidated financial positions

Total assets increased to ¥162.6 billion at the end of the third quarter in the current fiscal year, ¥2.7 billion higher than in the corresponding period a year earlier. Domestic transferable certificates of deposit, which were previously classified under the "cash and time deposits" account, are now to be included under "marketable securities," effective from the period under review. Total liabilities decreased by ¥4.8 billion to ¥81.2 billion over the corresponding period a year earlier. Bonds payable and debts declined from the previous year by ¥3.1 billion to ¥24.1 billion. Net assets rose from the previous year by ¥7.5 billion to ¥81.4 billion, and as a result, the equity ratio marked 47.4 percent.

3. Qualitative information concerning consolidated forecasts

The Company has revised the forecasts of full-year sales and operating income upwards because higher sales are projected for precision reduction gears and oil hydraulic equipment. However, ordinary income and net income remain unchanged mainly due to losses expected from disposal of some inventories.

4. Third Quarter Consolidated Financial Statements (Summary)

(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, 2008	Increase (Decrease)	Rate of Change (%)	March 31, 2007 (Reference)
<Assets>					
Current assets					
Cash and time deposits	22,851	9,115	(13,735)	(60.1)	26,534
Notes and accounts receivable	46,604	50,424	3,819	8.2	47,249
Marketable securities	-	13,000	13,000	-	-
Inventories	19,832	20,824	992	5.0	18,087
Other current assets	4,089	3,571	(518)	(12.7)	3,753
Total	93,377	96,935	3,557	3.8	95,625
Fixed assets					
Property, plant and equipment	43,814	42,805	(1,008)	(2.3)	43,610
Intangible assets	1,151	1,274	122	10.7	1,074
Investments and other assets	21,607	21,663	56	0.3	22,912
Total	66,573	65,743	(829)	(1.2)	67,597
Total assets	159,951	162,679	2,728	1.7	163,223
<Liabilities>					
Current liabilities					
Trade notes and accounts payable	30,551	32,304	1,753	5.7	29,452
Short-term bank loans	13,312	10,151	(3,161)	(23.7)	12,922
Income taxes payable	2,045	2,348	302	14.8	2,461
Other current liabilities	10,861	10,269	(592)	(5.5)	12,262
Total	56,770	55,073	(1,696)	(3.0)	57,098
Long-term liabilities					
Bonds	11,000	11,000	-	-	11,000
Long-term loans	3,026	3,000	(26)	(0.9)	3,004
Retirement allowance	12,758	10,698	(2,060)	(16.1)	11,489
Other long-term liabilities	2,476	1,435	(1,041)	(42.0)	3,521
Total	29,261	26,133	(3,128)	(10.7)	29,015
Total liabilities	86,032	81,207	(4,824)	(5.6)	86,113
<Net assets>					
Shareholders' equity	63,358	72,344	8,985	14.2	65,679
Capital stock	10,000	10,000	-	-	10,000
Capital surplus	17,642	17,518	(123)	(0.7)	17,583
Earned surplus	35,874	44,998	9,123	25.4	38,304
Treasury stock	(158)	(172)	(14)	(9.1)	(209)
Valuation and translation adjustments	6,434	4,696	(1,737)	(27.0)	7,374
Net unrealized gains on securities	6,898	4,273	(2,625)	(38.1)	7,498
Deferred gains or losses on hedges	(7)	(0)	6	(92.5)	-
Translation adjustments	(456)	424	880	-	(124)
Minority interests	4,125	4,430	305	7.4	4,056
Total net assets	73,918	81,471	7,553	10.2	77,109
Total liabilities and net assets	159,951	162,679	2,728	1.7	163,223

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

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

	Previous Year 3rd Quarter (From April 1, 2006 to December 31, 2006)	Current Year 3rd Quarter (From April 1, 2007 to December 31, 2007)	Increase (Decrease)	Rate of Change (%)	FY2006(Reference) (Apr. 2006-Mar.2007)
Net sales	117,622	128,845	11,222	9.5	161,444
Cost of sales	89,369	97,411	8,042	9.0	123,639
Gross profit	28,253	31,433	3,180	11.3	37,804
Selling, general and administrative expenses	15,851	16,530	679	4.3	21,377
Operating income	12,401	14,902	2,501	20.2	16,427
Non-operating income	989	1,478	488	49.4	1,138
Non-operating expenses	423	759	335	79.2	696
Ordinary income	12,966	15,620	2,654	20.5	16,869
Extraordinary gains	34	43	8	24.0	254
Extraordinary losses	303	960	656	216.1	432
Pretax net income for the quarter or term	12,697	14,703	2,006	15.8	16,691
Corporate, resident and business taxes	4,859	5,391	532	10.9	6,216
Minority interest income	486	701	215	44.4	691
Net income for the quarter or term	7,352	8,610	1,258	17.1	9,783

(3) Third Quarter Consolidated Statements of Change in Net Assets**Previous Year Third Quarter (From April 1, 2006 to December 31, 2006)**

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

	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
Acquisition 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: amounts less than one million yen are omitted)

	Valuation and translation adjustments				Minority interests	Total net assets
	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 3rd quarter of fiscal 2006						
Cash dividends						(1,776)
Bonuses to directors						(85)
Net income						7,352
Acquisition 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

Current Year Third Quarter (From April 1, 2007 to December 31, 2007)

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

	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 3rd quarter of fiscal 2007					
Cash dividends			(1,905)		(1,905)
Net income			8,610		8,610
Acquisition of treasury stock				(178)	(178)
Disposal of treasury stock		(65)		214	149
Transfer to statutory capital of overseas subsidiary			(11)		(11)
Changes (net) in accounts other than shareholders' equity					-
Total changes during the 3rd quarter of fiscal 2007	-	(65)	6,693	36	6,665
Balance at December 31, 2007	10,000	17,518	44,998	(172)	72,344

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

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	7,498	-	(124)	7,374	4,056	77,109
Changes during the 3rd quarter of fiscal 2007						
Cash dividends						(1,905)
Net income						8,610
Acquisition of treasury stock						(178)
Disposal of treasury stock						149
Transfer to statutory capital of overseas subsidiary						(11)
Changes (net) in accounts other than shareholders' equity	(3,225)	(0)	548	(2,677)	374	(2,303)
Total changes during the 3rd quarter of fiscal 2007	(3,225)	(0)	548	(2,677)	374	4,361
Balance at December 31, 2007	4,273	(0)	424	4,696	4,430	81,471

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

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

	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
Acquisition 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: amounts less than one million yen are omitted)

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gains on 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
Acquisition 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) Third Quarter Consolidated Statements of Cash Flows (Summary)

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

	Previous Year 3rd Quarter (From April 1 2006 to December 31, 2006)	Current Year 3rd Quarter (From April 1, 2007 to December 31, 2007)	FY2006 (Reference) (Apr. 2006-Mar.2007)
I Cash flows from operating activities			
Net income before income taxes and adjustments	12,697	14,703	16,691
Depreciation and amortization	3,454	3,775	4,896
Other	(5,227)	(5,996)	(4,535)
Subtotal	10,924	12,482	17,052
Income taxes paid	(8,574)	(4,868)	(8,793)
Other	17	212	33
Net cash and cash equivalents provided by operating activities	2,367	7,826	8,293
II Cash flows from investing activities			
Purchases of property, plant and equipment	(4,533)	(3,337)	(6,261)
Purchases of investments in securities	(395)	(3,320)	(1,023)
Other	173	(311)	343
Net cash and cash equivalents used in investing activities	(4,755)	(6,969)	(6,941)
III Cash flows from financing activities			
Increase (Decrease) in short-term bank loans	4,009	(2,315)	3,925
Repayment of long-term loans	(6,883)	(461)	(6,905)
Repayments of debentures	11,000	-	11,000
Cash dividends paid	(1,924)	(2,205)	(1,925)
Other	94	(28)	40
Net cash and cash equivalents provided by financing activities	6,296	(5,011)	6,134
IV Effect exchange rate changes on cash and cash equivalents	101	(1)	205
V Increase or decrease in cash and cash equivalents	4,009	(4,156)	7,692
VI Cash and cash equivalents at beginning of year	18,496	26,188	18,496
VII Cash and cash equivalents at end of year	22,505	22,032	26,188

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

Previous 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 expense	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

Current Quarter Year (Third 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	24,136	36,429	42,822	25,457	128,845	-	128,845
(2) Intersegment net sales or transfer	30	276	652	177	1,137	(1,137)	-
Total	24,166	36,706	43,475	25,634	129,982	(1,137)	128,845
Operating expense	20,248	32,370	39,585	22,875	115,080	(1,137)	113,942
Operating income	3,917	4,335	3,890	2,759	14,902	-	14,902

(Reference) Fiscal Year ended March 31, 2007 (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 expense	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 (Third 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
Net sales				
Precision Equipment	7,850	15,460	24,136	31,800
Transport Equipment	11,533	23,957	36,429	47,700
Aircraft and Oil Hydraulic Equipment	13,455	27,912	42,822	55,800
Industrial Equipment	6,540	16,726	25,457	34,700
Total	39,379	84,057	128,845	170,000
Operating Income				
Precision Equipment	1,341	2,429	3,917	4,500
Transport Equipment	1,373	2,770	4,335	5,900
Aircraft and Oil Hydraulic Equipment	1,377	2,512	3,890	4,700
Industrial Equipment	543	1,936	2,759	4,100
Total	4,635	9,648	14,902	19,200

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
Net sales				
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
Total	36,506	77,934	117,622	161,444
Operating Income				
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
Total	4,133	8,161	12,401	16,427