

Nabtesco Corporation

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

Nov 6, 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  
 Scheduled Date of Issue of Interim Financial Report: Dec 26, 2007  
 Scheduled Date of Dividend Paid: Dec 7, 2007

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

1. Consolidated Operating Results for the Interim of FY2007 (From April 1, 2007 to September 30, 2007)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Interim (net) income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim of Fiscal Year 2007	84,057	7.9	9,648	18.2	10,252	21.6	5,890	22.8
Interim of Fiscal Year 2006	77,934	8.6	8,161	11.2	8,433	21.5	4,796	22.1
Fiscal year ended March 31, 2007	161,444	-	16,427	-	16,869	-	9,783	-

	Interim (net) income per share		Diluted interim (net) income per share	
	Yen	Yen	Yen	Yen
Interim of Fiscal Year 2007	46.37		46.35	
Interim of Fiscal Year 2006	37.80		37.77	
Fiscal year ended March 31, 2007	77.10		77.02	

(Note) Investment profit/loss on equity method:

Interim of FY2007 502 million yen Interim of FY2006 196 million yen FY2006 404 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Interim of Fiscal Year 2007	164,603	80,838	46.5	601.64
Interim of Fiscal Year 2006	150,206	71,897	45.2	534.84
Fiscal year ended March 31, 2007	163,223	77,109	44.8	575.19

(Note) Shareholders' equity:

Interim of FY2007 76,462 million yen Interim of FY2006 67,932 million yen FY2006 73,053 million yen

(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 2007	7,130	(5,090)	(3,950)	24,487
Interim of Fiscal Year 2006	1,469	(3,229)	(1,930)	14,825
Fiscal year ended March 31, 2007	8,293	(6,941)	6,134	26,188

2. Dividends

	Dividends per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
Fiscal year ended March 31, 2007	7.00	7.00	14.00
Fiscal year ending March 31, 2008	8.00		16.00
Fiscal year ending March 31, 2008 (Forecast)		8.00	

3. 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	168,000	4.1	18,800	14.4	19,500	15.6	11,000	12.4	86.58

## 4. Others

- (1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries associated with change in scope of consolidation): None
- (2) Changes in accounting principles, accounting procedures and presentation methods related to preparation of interim consolidated financial statements (Changes to be stated in the section "Changes in significant matters providing the basis for preparing interim consolidated financial statements")
- a. Changes involving amendments and revisions to accounting standards: Yes
- b. Changes other than those included in the above a.: None
- (3) Shares outstanding (Common shares)
- a. Shares outstanding at fiscal year end (including treasury stocks)
- |                   |                    |                   |                    |        |                    |
|-------------------|--------------------|-------------------|--------------------|--------|--------------------|
| Interim of FY2007 | 127,212,607 shares | Interim of FY2006 | 127,212,607 shares | FY2006 | 127,212,607 shares |
|-------------------|--------------------|-------------------|--------------------|--------|--------------------|
- b. Treasury stocks at fiscal year end
- |                   |                |                   |                |        |                |
|-------------------|----------------|-------------------|----------------|--------|----------------|
| Interim of FY2007 | 115,930 shares | Interim of FY2006 | 198,205 shares | FY2006 | 203,914 shares |
|-------------------|----------------|-------------------|----------------|--------|----------------|

## [Reference] Overview of Non-Consolidated Operating Results

## 1. Non-Consolidated Operating Results for the Interim of FY2007 (From April 1, 2007 to September 30, 2007)

## (1) Non-Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Interim (net) income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim of Fiscal Year 2007	64,034	10.5	6,653	16.2	6,961	14.7	4,690	48.7
Interim of Fiscal Year 2006	57,923	8.5	5,728	(2.9)	6,070	(1.3)	3,154	(15.6)
Fiscal Year ended March 31, 2007	121,607	-	11,532	-	12,215	-	7,078	-

	Interim (net) Income per share
	Yen
Interim of Fiscal Year 2007	36.92
Interim of Fiscal Year 2006	24.86
Fiscal Year ended March 31, 2007	55.78

## (2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Interim of Fiscal Year 2007	138,115	62,477	45.2	491.58
Interim of Fiscal Year 2006	126,943	56,960	44.9	448.43
Fiscal Year ended March 31, 2007	139,615	60,591	43.4	477.04

(Note) Shareholders' equity:

Interim of FY2007 62,477 million yen Interim of FY2006 56,960 million yen FY2006 60,591 million yen

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

	Net sale		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year	128,000	5.3	13,400	16.2	14,000	14.6	9,000	27.2	70.83

(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.

## 1. Consolidated Operating Results

### 1. Breakdown of Consolidated Operating Results

#### (1) Summary of operating results for the interim accounting period ended September 2007

Despite sharp fluctuations in oil prices and foreign exchange rates as well as concerns such as sub-prime loan issue in the US, the Japanese economy during the interim accounting period ended September 2007 continued to recover gradually, due to increased private capital investment reflecting good business results and the improving employment situation, assisted by growth in overseas emerging markets including Asian markets.

In such an environment, to achieve the targets set for the final fiscal year under the Mid-Term Business Plan of the Group, we have been aggressively cultivating new markets both at home and abroad and marketing new products.

Furthermore, we increased capacity through capital investment in hydraulic equipment production facilities in the aircraft and oil hydraulic equipment business as well as expansion of the Tsu plant in the precision equipment business, and upgraded the production lines of individual factories and improved productivity.

As a result, consolidated sales for the interim accounting period ended September 2007 increased by 7.9% from the corresponding previous period to ¥84 billion, consolidated operating profit increased by 18.2% from the previous period to ¥9.6 billion, consolidated ordinary profit increased by 21.6% from the previous period to 10.2 billion, and consolidated net income increased by 22.8% from the corresponding previous period to ¥5.8 billion.

#### (2) Operating results by business segment

##### <Precision equipment business>

In the precision equipment business, sales increased by 6.5% from the previous period to ¥15.4 billion and operating profit by 47.5% to ¥2.4 billion.

Sales of precision reduction gears for industrial robots, one of our main products increased, as automobile manufacturers got out of capital spending adjustments, while those of precision reduction gears for machine tools remained robust, therefore, sales from this segment increased.

##### <Transport equipment business>

In the transport equipment business, sales increased by 9.7% from the previous period to ¥23.9 billion and operating profit by 4.3% to ¥2.7 billion.

With respect to railroad vehicle products, while in the overseas market, the delivery related to high-speed trains for China was settled, in the domestic market, production of trains for the N700 Series new Shinkansen (bullet train) went into full swing, and renewals of conventional railway lines at both JR and private railway companies remained brisk, all of which resulted in increased sales from this segment.

In the automobile-related business, domestic demand declined as the special demand for new truck to respond to emission controls on trucks came to an end, while demand related to overseas production of commercial vehicles and automobile exports increased. As a result, sales remained at the level of the previous period.

With respect to marine vessel engine remote control systems, earnings increased as the total number of newly built ships around the world remained strong.

<Aircraft and hydraulic equipment business>

In the aircraft and oil hydraulic equipment business, sales increased by 13.9% from the previous period to ¥27.9 billion and operating profit by 22.5% to ¥2.5 billion.

In the civil aviation sector, sales increased due to strong performance of the civil aircraft demand in Asia as well as an increase in aircraft production at Boeing to meet replacement demand to the fuel-efficient type.

In the hydraulic equipment sector, sales of traveling units and valves remained brisk and were higher, thanks to demand for hydraulic excavators and mini excavators around the globe which remained high. In addition, sales of wind turbine generator drive units, our new products for which expectations are high, also increased, reflecting the expanding market for wind-power generation.

<Industrial equipment business>

In the industrial equipment business, sales decreased by 2.1% from the previous period to ¥16.7 billion, but operating profit increased by 7.1% to ¥1.9 billion.

In the automatic doors-related business, sales of platform screen doors for railways in the overseas market increased. In the industrial machine business, sales of automatic packaging machines for retort food, our main products, were strong and increased, however, shares in a subsidiary were transferred, and on balance, sales from this sector slightly declined.

(3) Forecast for FY2007

The Japanese economy is expected to expand relatively strongly with good economic conditions in emerging markets including Asian markets. However, there are concerns that factors such as the turmoil in financial markets triggered by the sub-prime loans in the US and escalating prices of raw materials including oil might adversely affect the economy.

The business environment surrounding the Group is expected to remain in a relatively sound condition for the rest of fiscal 2007, as strong performance is projected for the precision equipment business and the aircraft and oil hydraulic equipment business, and other business segments are also expected to perform at the same level as the first six months of fiscal 2007.

Under such circumstances, among the goals for the final year (FY2007) as defined in the Mid-Term Business Plan, sales and net profit targets were achieved in fiscal 2006, and the Group forecasts sales of ¥168 billion, operating profit of ¥18.8 billion and net profit of ¥11 billion for the full year of fiscal 2007.

## 2. Breakdown of Financial Position

[Consolidated Financial Position at end of interim FY2007]

Total assets increased by ¥14.3 billion to ¥164.6 billion, due to a ¥9.4 billion increase in funds on hand, ¥2.8 billion increase in inventory, and purchase of investment securities, etc. Bonds payable and debts increased by ¥5.9 billion to ¥24.1 billion.

[Consolidated Cash flows for interim FY2007]

Cash flows from operating activities, investment activities and financing activities were plus ¥7.1 billion, minus ¥5.0 billion, and minus ¥3.9 billion, respectively.

[Forecast for Consolidated Financial Position at end of FY2007]

Total assets are expected to be ¥167.4 billion, due to repayment for debts with cash on hand, etc., and bonds payable and debts are expected to decrease by ¥1.2 billion to ¥22.9 billion. Shareholders' equity is projected to increase by ¥4.1 billion to ¥80.5 billion and this will make the equity ratio 48.1%.

[Forecast for Consolidated Cash Flows for FY2007]

Cash flows from operating activities, investment activities and financing activities are expected to be plus ¥17.1 billion, minus ¥10.0 billion, and minus ¥6.8 billion, respectively. The cash flow from financing activities reflects the effects of repaying debts.

### **3. Basic Policy on Return of Profit to Shareholders and Dividend Payments for the Current Accounting Period**

The Company intends to maintain its basic policy of a stable and sustainable dividend payout to shareholders according to the level of the Group's overall income, balancing with growth investment for increasing future corporate value and the accumulation of internal reserves for securing creditworthiness.

The interim dividend payment is planned to be ¥8 per share, an increase of ¥1 from the previous period. Accordingly, the annual dividend is increased by ¥2 from the previous year to ¥16 per share (year end dividend payment of ¥8 per share).

We will maintain the schedule for dividends as before with the record dated at the end of the interim period and at the end of the period.

### **4. Risk Factors relating to Nabtesco Group and its Business**

#### **(1) Fluctuations in exchange rates**

The Group's overseas sales accounted for 27.6% in this interim accounting period, and raw materials are imported from overseas. Though the exchange risk of overseas sales in domestic business is hedged through forward markets, performance of the Group is affected by the exchange rate. Performances of overseas subsidiaries are also influenced by the exchange rate when their figures are translated into Japanese yen.

#### **(2) Risks associated with product quality**

The 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 all defects, possible recall, or are free from issues of product liability in the future. Product defects leading to a recall or product liability may cause a large amount of cost and negatively affect the Group's financial position and performance.

#### **(3) Risks associated with prices and procurement of raw materials**

A steep escalation of the prices of raw materials or failure to secure replacement suppliers in case of an interruption of the supply of any parts may worsen the profitability of products or cause opportunity loss, and negatively affect the business results and financial position of the Group.

## 2. Management Policy

### 1. Management Principles

The Nabtesco Group established its Corporate Philosophy in May 2005, and under this corporate philosophy, has set up the Long-Term Vision and developed its introductory implementation program, the “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 at the end of FY2014>

Net sales:	¥220,000 million
Operating income to sales:	15%
Return on equity (ROE):	15% or more

[Medium-term Management Principles]

1) Creation of new products and new businesses

We will address as an important issue the creation of new products and new businesses 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 profit as targeted in the Long-Term Vision.

2) Strengthening of profitability of existing businesses

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

4) CSR-conscious management

We will carry out stakeholder (i.e., 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 the organizational climate

We will establish a system to promote a “group-wide optimum” through efficient and effective personnel allocation. We will also prioritize the development of technology-related human resources, as well as overseas staff, from a long-term perspective.

## 2. Targeted Management Indices

The Company has established financial targets under the Mid-Term Business Plan for the period from fiscal 2005 to fiscal 2007 as follows:

1) Growth with profits

Net sales for FY2007: ¥155,000 million  
Net income for FY2007: ¥9,500 million

2) Improvement of efficiency

Return on asset (ROA) as of March 31, 2008: 8%  
Return on equity (ROE) as of March 31, 2008: 15%

3) Strengthening of financial position

Accumulated free cash flow in three years: ¥25,000 million

The targeted figures for sales and net profit among the management indices listed above were achieved in fiscal 2006. As earnings forecast for fiscal 2007, sales of ¥168 billion and net profit of ¥11.0 billion are anticipated. In addition, an ROA of 6.7%, an ROE of 14.3%, and a three-year accumulated free cash flow of ¥20.0 billion are anticipated.

## 3. Mid/Long-term Management Strategy

In order to realize its 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 the 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 mature, we will promote development and expansion of overseas markets with growth potential. Specifically, Asian markets including China are considered to be strategically important areas and the Company will conduct aggressive business activities in those regions, including penetrating and expanding 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 our core technologies 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 responding to the needs for achieving management strategies and motivation for improvement of their careers, promote overall improvement of employees' capabilities, and strive to develop globally competent employees.

#### 4. 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 the Group's resources for the fosterage of new business and the development of new products, in order to shift our business portfolio to areas with high growth potential.

At the same time, we will actively focus on strengthening price competitiveness and developing new markets, because maintaining and enhancing the competitive edge of existing businesses is essential for stable profitability.

[Improvement in financial position]

We will strive to improve the profitability of each business, and at the same time, endeavor to pursue the contraction of capital use by promoting the reduction of inventories and enhancing efficiency of funds operation through a centralized control system (cash-pool system) of the Group's funds.



## Interim Consolidated Financial Statements

### (1) Interim Consolidated Balance Sheets

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

	End of Previous Interim Term (As of Sept. 30 2006)	End of Current Interim Term (As of Sept. 30 2007)	Increase (Decrease)	End of Previous Term (As of Mar. 31 2007)
<b>&lt;Assets&gt;</b>				
<b>Current assets</b>				
Cash and time deposits	15,170	24,573	9,402	26,534
Notes and accounts receivable	46,948	48,805	1,857	47,249
Inventories	17,683	20,534	2,850	18,087
Deferred income taxes	3,198	2,562	(636)	2,919
Other current assets	938	984	46	1,052
Allowance for doubtful receivables	(216)	(217)	(0)	(218)
<b>Total</b>	<b>83,722</b>	<b>97,242</b>	<b>13,519</b>	<b>95,625</b>
<b>Fixed assets</b>				
<b>(1) Property, plant and equipment</b>				
Buildings and structures	16,679	16,082	(597)	16,383
Machinery and equipment	9,791	9,585	(205)	9,475
Land	14,473	14,481	8	14,477
Other property, plant and equipment	2,965	3,141	175	3,273
<b>Total</b>	<b>43,910</b>	<b>43,291</b>	<b>(618)</b>	<b>43,610</b>
<b>(2) Intangible assets</b>				
<b>Total</b>	<b>1,186</b>	<b>1,102</b>	<b>(84)</b>	<b>1,074</b>
<b>(3) Investments and other assets</b>				
Investments in securities	19,212	20,798	1,586	21,086
Deferred income taxes	482	394	(87)	393
Other investments and other assets	1,982	1,999	16	1,668
Allowance for doubtful receivables	(291)	(224)	66	(235)
<b>Total</b>	<b>21,386</b>	<b>22,967</b>	<b>1,581</b>	<b>22,912</b>
<b>Total assets</b>	<b>150,206</b>	<b>164,603</b>	<b>14,397</b>	<b>163,223</b>

**(1) Interim Consolidated Balance Sheets**

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

	End of Previous Interim Term (As of Sept. 30 2006)	End of Current Interim Term (As of Sept. 30 2007)	Increase (Decrease)	End of Previous Term (As of Mar. 31 2007)
<b>&lt;Liabilities&gt;</b>				
<b>Current liabilities</b>				
Trade notes and accounts payable	28,861	31,579	2,717	29,452
Short-term loans payable	15,129	10,135	(4,993)	12,922
Income taxes payable	2,867	2,459	(407)	2,461
Reserve for product guarantee	1,128	358	(769)	791
Reserve for losses on land improvements	1,158	492	(666)	914
Other current liabilities	10,907	11,387	479	10,556
<b>Total</b>	<b>60,052</b>	<b>56,412</b>	<b>(3,640)</b>	<b>57,098</b>
<b>Long-term liabilities</b>				
Bonds	-	11,000	11,000	11,000
Long-term loans	3,039	3,000	(39)	3,004
Retirement allowance	12,829	11,052	(1,776)	11,489
Reserve for directors' retirement accounts	226	245	18	281
Deferred tax liabilities	1,588	1,209	(379)	2,337
Negative goodwill	-	325	325	361
Other long-term liabilities	571	519	(52)	541
<b>Total</b>	<b>18,255</b>	<b>27,352</b>	<b>9,096</b>	<b>29,015</b>
<b>Total liabilities</b>	<b>78,308</b>	<b>83,765</b>	<b>5,456</b>	<b>86,113</b>
<b>&lt;Net assets&gt;</b>				
Shareholders' equity	61,703	70,677	8,973	65,679
Capital stock	10,000	10,000	-	10,000
Capital surplus	17,654	17,528	(125)	17,583
Earned surplus	34,207	43,295	9,087	38,304
Treasury stock	(159)	(146)	12	(209)
Valuation and translation adjustments	6,229	5,785	(443)	7,374
Valuation difference on available-for-sale securities	6,850	5,569	(1,281)	7,498
Deferred gains or losses on hedges	(7)	(0)	6	-
Translation adjustments	(614)	216	831	(124)
Minority interests	3,964	4,375	410	4,056
<b>Total net assets</b>	<b>71,897</b>	<b>80,838</b>	<b>8,940</b>	<b>77,109</b>
<b>Total liabilities and net assets</b>	<b>150,206</b>	<b>164,603</b>	<b>14,397</b>	<b>163,223</b>

**(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, 2007	Increase (Decrease)	Term ended Mar. 31, 2007
<b>Net sales</b>	<b>77,934</b>	<b>84,057</b>	<b>6,123</b>	<b>161,444</b>
Cost of sales	59,299	63,291	3,991	123,639
<b>Gross profit</b>	<b>18,634</b>	<b>20,766</b>	<b>2,131</b>	<b>37,804</b>
Selling, general and administrative expenses	10,473	11,118	645	21,377
<b>Operating income</b>	<b>8,161</b>	<b>9,648</b>	<b>1,486</b>	<b>16,427</b>
Non-operating income				
Interest income	31	95	63	87
Dividend income	120	126	6	196
Rents income	115	122	6	234
Equity in earnings of an affiliate	196	502	306	404
Other non-operating income	124	100	(23)	214
<b>Total</b>	<b>587</b>	<b>946</b>	<b>359</b>	<b>1,138</b>
Non-operating expenses				
Interest expenses	134	99	(34)	260
Loss on disposal of inventories	32	139	107	99
Foreign exchange loss	92	15	(77)	129
Other non-operating expenses	55	87	32	207
<b>Total</b>	<b>315</b>	<b>342</b>	<b>27</b>	<b>696</b>
<b>Ordinary income</b>	<b>8,433</b>	<b>10,252</b>	<b>1,819</b>	<b>16,869</b>
Extraordinary gains				
Gain on sales of fixed assets	2	5	2	24
Gain on sales of investment securities	3	-	(3)	34
Gain on sales of golf membership rights	-	22	22	-
Gain on transfer of an affiliate	-	-	-	150
Reversal of allowance for doubtful accounts	28	10	(17)	45
<b>Total</b>	<b>34</b>	<b>38</b>	<b>3</b>	<b>254</b>
Extraordinary losses				
Loss on disposal of fixed assets	290	136	(154)	337
Loss on sales of securities of an affiliate	-	-	-	85
Loss on sales of golf membership rights	-	-	-	7
Write-down of golf membership rights	-	3	3	1
Loss on transfer of retirement benefit plan	-	473	473	-
<b>Total</b>	<b>290</b>	<b>612</b>	<b>321</b>	<b>432</b>
<b>Net income before income taxes</b>	<b>8,176</b>	<b>9,678</b>	<b>1,501</b>	<b>16,691</b>
Corporate, resident and business taxes	3,007	2,709	(297)	5,433
Adjustment for corporate and other taxes	25	558	532	782
Minority interest income	347	519	172	691
<b>Net income</b>	<b>4,796</b>	<b>5,890</b>	<b>1,094</b>	<b>9,783</b>

**(3) Consolidated Statements of Change in Net Assets**

Previous Interim Period ended September 30, 2006 (From April 1, 2006 to September 30, 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 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)
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: amounts less than one million yen are omitted)

	Valuation/translation adjustments, etc.				Minority interests	Total 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 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

Interim of Fiscal Year ended March 31, 2008 (From April 1, 2007 to September 30, 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 interim of fiscal 2007					
Cash dividends			(889)		(889)
Interim net income			5,890		5,890
Acquisition of treasury stock				(116)	(116)
Disposal of treasury stock		(54)		179	124
Transfer to statutory capital of overseas subsidiary			(11)		(11)
Total changes during the interim of fiscal 2007	-	(54)	4,990	62	4,997
Balance at September 30, 2007	10,000	17,528	43,295	(146)	70,677

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

	Valuation/translation adjustments, etc.				Minority interests	Total 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 interim of fiscal 2007						
Cash dividends						(889)
Interim net income						5,890
Acquisition of treasury stock						(116)
Disposal of treasury stock						124
Transfer to statutory capital of overseas subsidiary						(11)
Changes (net) in accounts other than shareholders' equity	(1,929)	(0)	340	(1,588)	319	(1,269)
Total changes during the interim of fiscal 2007	(1,929)	(0)	340	(1,588)	319	3,728
Balance at September 30, 2007	5,569	(0)	216	5,785	4,375	80,838

Fiscal Year ended March 31, 2007 (From April 1, 2006 to March 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, 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)
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/translation adjustments, etc.			Minority interests	Total 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) 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, 2007	Increase (Decrease)	Term ended Mar. 31, 2007
<b>I Cash follows from operating activities</b>				
Net income before income taxes and adjustments	8,176	9,678	1,501	16,691
Depreciation and amortization	2,214	2,422	208	4,896
Amortization of goodwill	0	8	7	0
Increase (decrease) in allowance for doubtful receivables	(71)	6	78	(131)
Increase (decrease) in retirement benefits of employees	233	(437)	(670)	(1,025)
Increase (decrease) in directors' retirement allowance	0	(36)	(37)	55
Interest and dividend income	(151)	(221)	(70)	(284)
Interest expense	134	99	(34)	260
Foreign exchange loss (gain)	0	(13)	(13)	(3)
Equity in earnings of an affiliate	(196)	(502)	(306)	(404)
Gain on sales of fixed assets	(2)	(5)	(2)	(24)
Loss on disposal of fixed assets	290	136	(154)	337
Loss on sales of securities of an affiliate	-	-	-	85
Gain on sales of investment securities	(3)	-	3	(34)
Gain on sales of golf membership rights	-	(22)	(22)	-
Loss on sales of golf membership rights	-	-	-	7
Write-down of golf membership rights	-	3	3	1
Gain on transfer of an affiliate	-	-	-	(150)
Increase in notes and accounts receivable	(3,209)	(954)	2,255	(3,036)
Increase in inventories	(1,321)	(2,337)	(1,016)	(1,459)
Decrease (increase) in other assets	(176)	175	351	(320)
Increase in notes and accounts payable	750	1,811	1,060	1,166
Increase (decrease) in consumption taxes payable	127	(158)	(285)	170
Increase in other liabilities	607	44	(562)	344
Bonuses to director	(89)	-	89	(89)
Subtotal	7,314	9,697	2,382	17,052
Interest and dividends received	165	231	65	325
Interest paid	(142)	(98)	43	(291)
Income taxes paid	(5,868)	(2,699)	3,169	(8,793)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>1,469</b>	<b>7,130</b>	<b>5,661</b>	<b>8,293</b>
<b>II Cash flows from investing activities</b>				
Increase in time deposit	(1)	(38)	(37)	(1)
Purchases of property, plant and equipment	(3,029)	(2,347)	681	(6,261)
Proceeds from sale of property, plant and equipment	79	21	(58)	130
Purchases of intangible fixed assets	(101)	(207)	(105)	(250)
Purchases of investments in securities	(395)	(2,433)	(2,038)	(1,023)
Proceeds from sales of marketable securities	3	-	(3)	43
Purchase of subsidiary and affiliate stocks	(9)	(66)	(57)	(389)
Proceeds from sale of stocks and investments of affiliates	-	-	-	127
Proceeds from transfer of an affiliate	-	-	-	150
Proceeds from repayment of short-term loans	4	10	6	18
Expenses from other investing activities	(54)	(197)	(142)	(179)
Income from other investing activities	274	168	(106)	694
<b>Net cash and cash equivalents used in investing activities</b>	<b>(3,229)</b>	<b>(5,090)</b>	<b>(1,861)</b>	<b>(6,941)</b>
<b>III Cash flows from financing activities</b>				
Increase (decrease) in short-term bank loans	(570)	(2,346)	(1,776)	3,925
Repayment of long-term loans	(455)	(448)	6	(6,905)
Proceeds from corporate bond issue	-	-	-	11,000
Payments for purchases of treasury stock	(40)	(116)	(76)	(155)
Proceeds from sales of treasury stock	146	124	(22)	196
Cash dividends paid	(887)	(889)	(1)	(1,776)
Cash dividends paid subsidiaries for minority	(123)	(273)	(150)	(149)
<b>Net cash and cash equivalents provided by (used in) financing activities</b>	<b>(1,930)</b>	<b>(3,950)</b>	<b>(2,020)</b>	<b>6,134</b>
<b>IV Effect exchange rate changes on cash and cash equivalents</b>	<b>18</b>	<b>209</b>	<b>190</b>	<b>205</b>
<b>V Increase (decrease) in cash and cash equivalents</b>	<b>(3,671)</b>	<b>(1,701)</b>	<b>1,970</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>7,692</b>	<b>18,496</b>
<b>VII Cash and cash equivalents at end of period (year)</b>	<b>14,825</b>	<b>24,487</b>	<b>9,662</b>	<b>26,188</b>

## (1) Segment Information by Business Category

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

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

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
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)	-
<b>Total</b>	<b>14,528</b>	<b>22,049</b>	<b>24,902</b>	<b>17,265</b>	<b>78,745</b>	<b>(811)</b>	<b>77,934</b>
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 devices
- (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 and 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

Interim of Fiscal Year ended March 31, 2008 (From April 1, 2007 to September 30, 2007)

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

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	15,460	23,957	27,912	16,726	84,057	-	84,057
(2) Intersegment net sales or transfer	20	178	408	116	724	(724)	-
<b>Total</b>	<b>15,481</b>	<b>24,136</b>	<b>28,320</b>	<b>16,842</b>	<b>84,781</b>	<b>(724)</b>	<b>84,057</b>
Operating expenses	13,052	21,366	25,808	14,906	75,133	(724)	74,409
Operating Income	2,429	2,770	2,512	1,936	9,648	-	9,648

Notes: 1. Business segments above are based on the grouping used internally.

2. Main products by business sector

- (1) Precision equipment business: Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum pumps, vacuum equipment and high-performance heat transfer devices
- (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 and yaw drives for wind turbines
- (4) Industrial equipment business: Automatic door for buildings, automatic fillers/sealers, forming machines and machine tools

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

4. (Change in Accounting Policy)

As presented in Section 4. (2) a. "Changes in significant matters providing the basis for preparing interim consolidated financial statements," in association with the reform of the corporation tax law, Nabtesco Corporation and its domestic consolidated subsidiaries have applied the depreciation method based on the revised corporation tax law to the tangible fixed assets acquired on and after April 1, 2007, since the interim consolidated accounting period of fiscal 2007. Due to this change, operating profits of the precision equipment business, transportation equipment business, aircraft and oil hydraulic equipment business, and industrial equipment business decreased respectively by ¥11 million, ¥11 million, ¥10 million, and ¥4 million, compared with operating profits based on the conventional method.

5. (Additional information)

As presented in Section 4. (2) a. "Changes in significant matters providing the basis for preparing interim consolidated financial statements," in association with the reform of the corporation tax law, Nabtesco Corporation and its domestic consolidated subsidiaries have applied the depreciation method based on the corporation tax law before amendment to the tangible fixed assets acquired up to March 31, 2007, since the interim consolidated accounting period of fiscal 2007. As a result, the difference between the amount equivalent to 5% of the purchase price and the remainder price is amortized and recorded in the depreciation and amortization in equal installments over the five-year period from the consolidated fiscal year following the consolidated fiscal year when depreciation reached 5% of the purchase price. Due to this change, operating profits of the precision equipment business, transportation equipment business, aircraft and oil hydraulic equipment business, and industrial equipment business decreased respectively by ¥29 million, ¥52 million, ¥75 million, and ¥5 million, compared with operating profits based on the conventional method.

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 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)	-
<b>Total</b>	<b>29,559</b>	<b>46,161</b>	<b>50,753</b>	<b>36,482</b>	<b>162,956</b>	<b>(1,511)</b>	<b>161,444</b>
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

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 devices
- (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 and 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**

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

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

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(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)	-
<b>Total</b>	<b>70,431</b>	<b>6,345</b>	<b>5,092</b>	<b>3,342</b>	<b>85,211</b>	<b>(7,277)</b>	<b>77,934</b>
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

Interim of Fiscal Year ended March 31, 2008 (From April 1, 2007 to September 30, 2007)

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

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	67,950	7,285	5,163	3,659	84,057	-	84,057
(2) Intersegment net sales or transfer	8,605	769	1,098	54	10,526	(10,526)	-
<b>Total</b>	<b>76,555</b>	<b>8,054</b>	<b>6,261</b>	<b>3,713</b>	<b>94,584</b>	<b>(10,526)</b>	<b>84,057</b>
Operating expenses	68,596	6,938	5,848	3,553	84,936	(10,526)	74,409
Operating Income	7,959	1,115	412	160	9,648	-	9,648

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, 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

4. (Change in Accounting Policy)

As presented in Section 4. (2) a. "Changes in significant matters providing the basis for preparing interim consolidated financial statements," in association with the reform of the corporation tax law, Nabtesco Corporation and its domestic consolidated subsidiaries have applied the depreciation method based on the revised corporation tax law to the tangible fixed assets acquired on and after April 1, 2007, since the interim consolidated accounting period of fiscal 2007. Due to this change, operating profit from "Japan" decreased by ¥38 million, compared with operating profit based on the conventional method.

5. (Additional information)

As presented in Section 4. (2) a. "Changes in significant matters providing the basis for preparing interim consolidated financial statements," in association with the reform of the corporation tax law, Nabtesco Corporation and its domestic consolidated subsidiaries have applied the depreciation method based on the corporation tax law before amendment to the tangible fixed assets acquired up to March 31, 2007, since the interim consolidated accounting period of fiscal 2007. As a result, the difference between the amount equivalent to 5% of the purchase price and remainder price is amortized and recorded in the depreciation and amortization in equal installments over the five-year period from the consolidated fiscal year following the consolidated fiscal year when depreciation reached 5% of the purchase price. Due to this change, operating profit from "Japan" decreased by ¥163 million, compared with operating profit based on the conventional method.

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

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

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	134,645	12,038	8,500	6,260	161,444	-	161,444
(2) Intersegment net sales or transfer	12,538	1,273	1,839	80	15,731	(15,731)	-
<b>Total</b>	<b>147,184</b>	<b>13,311</b>	<b>10,339</b>	<b>6,341</b>	<b>177,176</b>	<b>(15,731)</b>	<b>161,444</b>
Operating expenses	133,085	11,930	9,611	6,121	160,748	(15,731)	145,017
Operating Income	14,099	1,380	728	219	16,427	-	16,427

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**

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

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

	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.

Interim of Fiscal Year ended March 31, 2008 (From April 1, 2007 to September 30, 2007)

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

	Asia	North America	Europe	Other regions	Total
Overseas sales	11,560	6,141	5,263	271	23,236
Consolidated net sales					84,057
Composition to consolidated net sale	13.7	7.3	6.3	0.3	27.6

- 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 and Singapore
    - (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.

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

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

	Asia	North America	Europe	Other regions	Total
Overseas sales	18,114	10,707	8,468	406	37,697
Consolidated net sales					161,444
Composition to consolidated net sale	11.2	6.6	5.2	0.3	23.3

- 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.

# Interim Non-consolidated Financial Statements

## (1) Interim Non-consolidated Balance Sheets

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

	End of Previous Interim Term (As of Sept. 30 2006)	End of Current Interim Term (As of Sept. 30 2007)	Increase (Decrease)	End of Previous Term (As of Mar. 31 2007)
<b>&lt;Assets&gt;</b>				
<b>Current assets</b>				
Cash and time deposits	11,029	19,315	8,285	21,812
Trade notes receivable	4,481	5,071	590	4,578
Accounts receivable	33,869	35,666	1,796	34,199
Inventories	12,866	14,615	1,749	12,694
Deferred income taxes	2,462	1,810	(652)	2,130
Other current assets	3,038	2,743	(294)	3,940
Allowance for doubtful receivables	(1,885)	(1,891)	(6)	(1,887)
<b>Total</b>	<b>65,862</b>	<b>77,330</b>	<b>11,468</b>	<b>77,469</b>
<b>Fixed assets</b>				
<b>(1) Property, plant and equipment</b>	<b>61,081</b>	<b>60,784</b>	<b>(297)</b>	<b>62,145</b>
Buildings and structures	13,471	13,100	(371)	13,175
Machinery and equipment	7,860	7,484	(376)	7,756
Land	11,078	11,078	0	11,078
Other property, plant and equipment	3,258	3,280	21	3,405
<b>Total</b>	<b>35,668</b>	<b>34,943</b>	<b>(725)</b>	<b>35,415</b>
<b>(2) Intangible assets</b>	<b>912</b>	<b>880</b>	<b>(32)</b>	<b>883</b>
<b>(3) Investments and other assets</b>				
Investments in securities	16,599	17,500	901	18,307
Investments in stock of affiliated company	5,148	5,213	65	5,276
Other investments and other assets	2,851	2,324	(527)	2,361
Allowance for doubtful receivables	(100)	(78)	22	(100)
<b>Total</b>	<b>24,499</b>	<b>24,960</b>	<b>461</b>	<b>25,846</b>
<b>Total assets</b>	<b>126,943</b>	<b>138,115</b>	<b>11,171</b>	<b>139,615</b>

**(1) Interim Non-consolidated Balance Sheets**

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

	End of Previous Interim Term (As of Sept. 30 2006)	End of Current Interim Term (As of Sept. 30 2007)	Increase (Decrease)	End of Previous Term (As of Mar. 31 2007)
<b>&lt;Liabilities&gt;</b>				
<b>Current liabilities</b>				
Trade notes payable	562	697	135	574
Accounts payable	23,426	25,951	2,524	24,437
Short-term bank loans	13,900	9,300	(4,600)	12,030
Accounts payable-other	3,845	3,135	(709)	3,388
Income taxes payable	2,232	1,715	(516)	1,702
Reserve for product guarantee	1,128	358	(769)	791
Reserve for losses on land improvements	1,158	492	(666)	914
Other current liabilities	7,371	8,264	892	8,115
<b>Total</b>	<b>53,625</b>	<b>49,915</b>	<b>(3,709)</b>	<b>51,953</b>
<b>Long-term liabilities</b>				
Bonds	-	11,000	11,000	11,000
Long-term loans	3,000	3,000	-	3,000
Retirement allowance	11,480	10,005	(1,474)	10,409
Reserve for directors' retirement accounts	124	125	1	155
Deferred tax liabilities	1,202	753	(449)	1,974
Negative goodwill	-	325	325	-
Long-term deposits payable	550	510	(39)	530
<b>Total</b>	<b>16,358</b>	<b>25,721</b>	<b>9,363</b>	<b>27,070</b>
<b>Total liabilities</b>	<b>69,983</b>	<b>75,637</b>	<b>5,653</b>	<b>79,024</b>
<b>&lt;Net assets&gt;</b>				
Shareholders' equity	52,424	59,203	6,778	55,394
Capital stock	10,000	10,000	-	10,000
Capital surplus	29,635	29,565	(70)	29,620
Capital reserve	24,690	24,690	-	24,690
Other capital surplus	4,944	4,874	(70)	4,929
Earned surplus	12,942	19,779	6,837	15,977
Profit reserve	1,076	1,076	-	1,076
Other earned surplus	11,866	18,702	6,836	14,900
Reserve for special depreciation	14	10	(3)	10
Reserve for compression of assets	19	18	(1)	18
Earned surplus brought forward	11,833	18,674	6,841	14,872
Treasury stock	(153)	(141)	12	(203)
Valuation and translation adjustments	4,535	3,274	(1,261)	5,197
Valuation difference on available-for-sale securities	4,543	3,275	(1,267)	5,197
Deferred gains or losses on hedges	(7)	(0)	6	-
<b>Total net assets</b>	<b>56,960</b>	<b>62,477</b>	<b>5,517</b>	<b>60,591</b>
<b>Total liabilities and net assets</b>	<b>126,943</b>	<b>138,115</b>	<b>11,171</b>	<b>139,615</b>

**(2) Interim Non-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, 2007	Increase (Decrease)	Term ended Mar.31, 2007
<b>Net sales</b>	<b>57,923</b>	<b>64,034</b>	<b>6,110</b>	<b>121,607</b>
Cost of sales	46,209	50,810	4,601	97,832
<b>Gross profit</b>	<b>11,713</b>	<b>13,223</b>	<b>1,509</b>	<b>23,774</b>
Selling, general and administrative expenses	5,985	6,569	583	12,242
<b>Operating income</b>	<b>5,728</b>	<b>6,653</b>	<b>925</b>	<b>11,532</b>
Non-operating income				
Interest income	8	53	44	38
Dividend income	364	393	28	772
Rents income	141	143	1	287
Other non-operating income	43	55	11	79
<b>Total</b>	<b>558</b>	<b>645</b>	<b>86</b>	<b>1,177</b>
Non-operating expenses				
Interest expenses	101	94	(7)	195
Loss on disposal of inventories	21	128	107	75
Other non-operating expenses	93	113	20	223
<b>Total</b>	<b>216</b>	<b>337</b>	<b>120</b>	<b>494</b>
<b>Ordinary income</b>	<b>6,070</b>	<b>6,961</b>	<b>891</b>	<b>12,215</b>
Extraordinary gains				
Gain on sales of fixed assets	2	0	(1)	24
Gain on sales of investment securities	-	-	-	16
Gain on sales of securities of an affiliate	-	-	-	41
Gain on sales of golf membership rights	-	14	14	-
Gain from elimination of shares of merged company	-	531	531	-
Reversal of allowance of doubtful accounts	22	8	(14)	22
<b>Total</b>	<b>25</b>	<b>554</b>	<b>529</b>	<b>104</b>
Extraordinary losses				
Loss on disposal of fixed assets	260	121	(138)	290
Loss on transfer of retirement benefit plan	-	485	485	-
Loss on sales of golf membership rights	-	-	-	7
Write-down of golf membership rights	-	3	3	1
<b>Total</b>	<b>260</b>	<b>610</b>	<b>350</b>	<b>299</b>
<b>Net income before income taxes</b>	<b>5,835</b>	<b>6,906</b>	<b>1,070</b>	<b>12,020</b>
Corporate, resident and business taxes	2,203	1,732	(471)	3,814
Adjustment for corporate and other taxes	478	483	5	1,128
<b>Net income</b>	<b>3,154</b>	<b>4,690</b>	<b>1,535</b>	<b>7,078</b>

**(3) Non-consolidated Statements of Change in Net Assets**

Previous Interim Period ended September 30, 2006 (From April 1, 2006 to September 30, 2006)

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

	Shareholders' equity			
	Capital stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital reserve
Balance at March 31, 2006	10,000	24,690	5,000	29,691
Changes during the interim of fiscal 2006				
Depreciation of treasury stock			(56)	(56)
Total changes during the interim of fiscal 2006	-	-	(56)	(56)
Balance at September 30, 2006	10,000	24,690	4,944	29,635

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

	Shareholders' equity						
	Earned surplus					Treasury stock	Total shareholders' equity
	Profit reserve	Other earned surplus			Total earned surplus		
		Reserve for special depreciation	Reserve for compression of assets	Earned surplus brought forward			
Balance at March 31, 2006	1,076	-	19	9,633	10,728	(316)	50,104
Changes during the interim of fiscal 2006							
Cash dividends				(887)	(887)		(887)
Bonuses to directors				(53)	(53)		(53)
Interim net income				3,154	3,154		3,154
Purchase of treasury stock						(40)	(40)
Depreciation of treasury stock						202	146
Reversal of voluntary reserves					-		-
Addition to voluntary reserves		14		(14)	-		-
Total changes during the interim of fiscal 2006	-	14	-	2,200	2,214	162	2,320
Balance at September 30, 2006	1,076	14	19	11,833	12,942	(153)	52,424

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

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustment	
Balance at March 31, 2006	4,678	-	4,678	54,782
Changes during the interim of fiscal 2006				
Cash dividends				(887)
Bonuses to directors				(53)
Interim net income				3,154
Purchase of treasury stock				(40)
Depreciation of treasury stock				146
Reversal of voluntary reserves				-
Addition to voluntary reserves				-
Changes (net) in accounts other than shareholders' equity	(135)	(7)	(143)	(143)
Total changes during the interim of fiscal 2006	(135)	(7)	(143)	2,177
Balance at September 30, 2006	4,543	(7)	4,535	56,960

Interim of Fiscal Year ended March 31, 2008 (From April 1, 2007 to September 30, 2007)

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

	Shareholders' equity			
	Capital stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital reserve
Balance at March 31, 2007	10,000	24,690	4,929	29,620
Changes during the interim of fiscal 2007				
Depreciation of treasury stock			(54)	(54)
Total changes during the interim of fiscal 2007	-	-	(54)	(54)
Balance at September 30, 2007	10,000	24,690	4,874	29,565

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

	Shareholders' equity						
	Earned surplus					Treasury stock	Total shareholders' equity
	Profit reserve	Other earned surplus			Total earned surplus		
		Reserve for special depreciation	Reserve for compression of assets	Earned surplus brought forward			
Balance at March 31, 2007	1,076	10	18	14,872	15,977	(203)	55,394
Changes during the interim of fiscal 2007							
Cash dividends				(889)	(889)		(889)
Interim net income				4,690	4,690		4,690
Purchase of treasury stock						(116)	(116)
Depreciation of treasury stock						179	124
Reversal of voluntary reserves					-		-
Addition to voluntary reserves					-		-
Total changes during the interim of fiscal 2007	-	-	-	3,801	3,801	62	3,809
Balance at September 30, 2007	1,076	10	18	18,674	19,779	(141)	59,203

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

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustment	
Balance at March 31, 2007	5,197	-	5,197	60,591
Changes during the interim of fiscal 2007				
Cash dividends				(889)
Interim net income				4,690
Purchase of treasury stock				(116)
Depreciation of treasury stock				124
Reversal of voluntary reserves				-
Addition to voluntary reserves				-
Changes (net) in accounts other than shareholders' equity	(1,921)	(0)	(1,922)	(1,922)
Total changes during the interim of fiscal 2007	(1,921)	(0)	(1,922)	1,887
Balance at September 30, 2007	3,275	(0)	3,274	62,477



Nabtesco Corporation

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

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

	Shareholders' equity			
	Capital stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital reserve
Balance at March 31, 2006	10,000	24,690	5,000	29,691
Changes during the year				
Depreciation of treasury stock			(71)	(71)
Total changes during the year	-	-	(71)	(71)
Balance at March 31, 2007	10,000	24,690	4,929	29,620

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

	Shareholders' equity						
	Earned surplus					Treasury stock	Total shareholders' equity
	Profit reserve	Other earned surplus			Total earned surplus		
		Reserve for special depreciation	Reserve for compression of assets	Earned surplus brought forward			
Balance at March 31, 2006	1,076	-	19	9,633	10,728	(316)	50,104
Changes during the year							
Cash dividends				(1,776)	(1,776)		(1,776)
Bonuses to directors				(53)	(53)		(53)
Interim net income				7,078	7,078		7,078
Purchase of treasury stock						(155)	(155)
Depreciation of treasury stock						267	196
Reversal of voluntary reserves		(3)	(1)	4	-		-
Addition to voluntary reserves		14		(14)	-		-
Changes (net) in accounts other than shareholders' equity							-
Total changes during the year	-	10	(1)	5,239	5,248	112	5,289
Balance at March 31, 2007	1,076	10	18	14,872	15,977	(203)	55,394

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

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities	Deferred gains or losses on hedges	
Balance at March 31, 2006	4,678	4,678	54,782
Changes during the year			
Cash dividends			(1,776)
Bonuses to directors			(53)
Interim net income			7,078
Purchase of treasury stock			(155)
Depreciation of treasury stock			196
Reversal of voluntary reserves			-
Addition to voluntary reserves			-
Changes (net) in accounts other than shareholders' equity	518	518	518
Total changes during the year	518	518	5,808
Balance at March 31, 2007	5,197	5,197	60,591