This document is a translation of the Japanese financial statements and is not in conformity with accounting principles of the United States.

Summary of Financial Statements for the Second Quarter of the Year Ending March 31, 2009

October 31, 2008

Name of Listed Company: Nabtesco Corporation
Code Number: 6268
Representative: Title: President and CEO
Inquiries: Title: General Manager, General Administration Div.
Scheduled Filing Date: 13 November, 2008

Stock listed on: the First Section of the Tokyo Stock Exchange
URL: http://www.nabtesco.com
Name: Kazuyuki Matsumoto
Name: Osamu Matsuo TEL (03) 3578 - 7070
Payment date of cash dividends: December 8, 2008

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

1. Consolidated Results for the First Half of FY2008 (From April 1, 2008 to September 30, 2008)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income for the quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Half, FY2008	86,813	—	8,201	—	8,932	—	4,853	—
First Half, FY2007	84,057	7.9	9,648	18.2	10,252	21.6	5,890	22.8

	Net income per share	Diluted net income per share for the quarter
	Yen	Yen
First Half, FY2008	38 19	38 18
First Half, FY2007	46 37	46 35

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2008	167,815	85,878	47.8	631 05
FY2007	163,317	82,492	47.4	609 08

(Note) Shareholders' Equity: As of September 30, 2008: 80,204 Million yen FY 2007: 77,420 Million yen

2. Dividends

	Dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FY2007	—	8 00	—	8 00	16 00
FY2008	—	9 00	———	———	———
FY2008 (Forecast)	———	———	———	9 00	18 00

(Note) Revision of dividends forecast in the second quarter: None

3. Forecast of Consolidated Operating Results for FY2008 (From April 1, 2008 to March 31, 2009)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%				%	Million yen	%	Yen
FY 2008	174,000	(0.1)	15,800	(18.7)	16,600	(17.3)	9,500	(13.8)	74 74

(Note) Revision of consolidated results forecast in the second quarter: Yes

4. Other

(1) Changes in significant subsidiaries during the second quarter, 2008 (changes in specified subsidiaries associated with change in scope of consolidation): None

(2) Application of simplified accounting procedures or of distinctive accounting procedures for the preparation of quarterly consolidated financial statements: Yes
(Note) Please see [Qualitative Information, Financial Statements, etc.] "4. Other" on page 4 for details.

(3) Changes in accounting principles, accounting procedures and presentation methods related to preparation of quarterly consolidated financial statements (Changes to be stated in the section "Changes in significant matters providing the basis for quarterly preparation of consolidated financial statements")
1) Changes involving amendments and revisions to accounting standards: Yes
2) Changes other than those included in the above 1).: None
(Note) Please see [Qualitative Information, Financial Statements, etc.] "4. Other" on page 4 for details.

(4) Shares outstanding (Common shares)
1) Number of shares outstanding (including treasury stock)
As of September 30, 2008: 127,212,607 shares FY 2007: 127,212,607 shares
2) Number of treasury stock
As of September 30, 2008: 117,198 shares FY 2007: 102,471 shares
3) Average number of shares
First half of FY 2008: 127,102,773 shares First half of FY 2007: 127,049,084 shares

* Explanation of the proper use of forecasts of operating results, other items of special note

1. "Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standards No. 12) and "Guidelines for the Application of Accounting Standards to Quarterly Financial Statements" (Application Guidance for Accounting Standards No.14) will apply from FY2008. Quarterly consolidated financial statements will also be prepared in accordance with the "Quarterly Consolidated Financial Statement Rules."
2. The forecast figures posted above represent an outlook determined on the basis of information available at present, and include several elements of uncertainty. Actual performance may differ from the above forecast figures due to changes in operating results and other factors.

[Qualitative Information, Financial Statements, etc.]

1. Qualitative information on consolidated operating results

The first half of consolidated fiscal 2008 saw a slowdown of the world economy due to the turmoil in not only the United States but also the international financial markets triggered by the sub-prime crisis that started last year.

Meanwhile, the Japanese economy also faced economic uncertainty reflecting the fluctuations of the stock and foreign exchange markets and the soaring prices of crude oil and raw materials, in addition to the deceleration of the world economy.

Despite these circumstances, net sales of the Group for the first half of consolidated FY 2008 increased year on year led by growth of hydraulic equipment, but operating income, ordinary income and net income for the same period decreased due to the impact of higher material prices and measures taken to counter some quality problems.

(1) Net sales, operating income

Net sales for the first half of consolidated FY 2008 increased by ¥2,755 million (up 3.3%) compared with the same period last year to ¥86,813 million, operating income decreased by ¥1,446 million (down 15.0%) to ¥8,201 million, and the ratio of operating income to net sales dropped by 2.1 points to 9.4%.

Operating results by business segment were as follows.

[Precision Equipment]

Net sales in the precision equipment business grew by 6.0% year on year to ¥16,390 million while operating income fell 14.3% to ¥2,081 million.

Growth of sales of our precision reduction gears for industrial robots and machine tools boosted revenues despite the slump in capital expenditure by automakers. Operating income decreased compared with the same period last year due to higher raw material costs and measures taken to counter some quality problems.

[Transport Equipment]

Net sales in the transport equipment business rose by 1.5% year on year to ¥24,326 million while operating income fell by 15.2% to ¥2,350 million.

Sales of railroad vehicle-related equipment decreased as deliveries reached a low this fiscal year, while automobile-related equipment remained almost unchanged from the same period last year, and marine engine remote-control systems posted higher year-on-year sales as a result of steady growth. Operating income declined from a year earlier due to countermeasures taken for some quality problems and a revaluation loss on inventories due to changes in the accounting standard.

[Aircraft and Hydraulic Equipment]

Net sales and operating income in the aircraft and hydraulic equipment business rose to ¥30,258 million (up 8.4% year on year) and ¥2,797 million (up 11.4%), respectively.

Growth of sales of hydraulic equipment was supported by booming demand for construction equipment in China and other emerging markets and the global expansion of wind power generation. Sales of aircraft equipment decreased due to a decline of military-sector demand despite private-sector demand remaining at the same level as the same period of last year. This sector was affected by foreign exchange fluctuations, but year-on-year profits increased due to the growth of hydraulic equipment and improved productivity of our factories.

[Industrial Equipment]

Net sales in the industrial equipment business slipped 5.3% year on year to ¥15,839 million, while operating income fell 49.8% to ¥972 million.

The automatic doors-related business suffered a decrease in demand due to the sluggish domestic market. Automatic filler/sealer machines posted higher sales in contrast to sales of special-purpose machine tools which slipped compared with the same period last year due to partial postponement of capital expenditure by automakers. Operating income shrank reflecting the deterioration of profit due to stiffer competition in automatic door products.

(2) Ordinary income

Ordinary income for the first half of consolidated FY 2008 was down ¥1,320 million (12.9%) year on year to ¥8,932 million.

The principal reason for this downturn was, as mentioned above, the year-on-year decline in operating income of ¥1,446 million (15.1%). Non-operating income mainly from equity in earnings of affiliates came to ¥991 million, while non-operating expenses mainly from interest expenses totaled ¥261 million, both nearly unchanged from the previous 1st quarter.

(3) Net income for the quarter

Net income for the first half of consolidated FY 2008 fell ¥1,037 million (down 17.6% year on year) to ¥4,853 million.

Extraordinary gains increased by ¥35 million year on year to ¥73 million, thanks to the sale of land, etc. while extraordinary losses were ¥652 million, consisting mainly of a ¥322 million loss on the liquidation of affiliated companies and ¥201 million revaluation loss on investment securities, etc., resulting in an increase of ¥40 million compared with the same period last year, as a loss of ¥473 million due to a change in the retirement benefit program had been reported in the same period. Consequently, income before income taxes plunged ¥1,324 million year on year to ¥8,354 million.

Income taxes were down ¥414 million year on year to ¥2,853 million, while minority interest income rose ¥127 million to ¥646 million.

2. Qualitative information on consolidated financial position

(1) Assets, Liabilities and Net Assets

(Assets)
Current assets and fixed assets as of the end of the first half of consolidated FY 2008 were ¥102,734 million and ¥65,081 million, respectively, representing total assets of ¥167,815 million, an increase of ¥4,498 million from the end of the previous consolidated fiscal year. The growth is attributable mainly to an increase of ¥3,837 million in cash and cash equivalents (cash and deposits, and securities) and an increase of ¥933 million in tangible fixed assets as a result of capital expenditure. Meanwhile, the decrease stemmed mainly from a drop of ¥344 million due to the revaluation of investment securities.

(Liabilities)
Current liabilities and long-term liabilities as of the end of the first half of FY 2008 were ¥60,179 million and ¥21,757 million, respectively, representing total liabilities of ¥81,937 million, an increase of ¥1,112 million from the end of the previous consolidated fiscal year. The growth is mainly attributable to an increase of ¥1,153 million in trade notes and accounts payable and an increase of ¥1,757 million in other current liabilities due to a rise in accounts payable relating to facilities. Meanwhile, the principal negative factors include a ¥1,134 million drop in income taxes payable due to the payment of income taxes and a ¥749 million decline in retirement allowance due to the payment of retirement benefits to mandatory retirees.

(Net assets)
Total net assets at the end of the first half of consolidated FY 2008 reached ¥85,878 million and shareholders' equity ¥80,204 million, an increase of ¥2,783 million from the end of the previous consolidated fiscal year. On the other hand, the principal negative factors include a ¥1,016 million decrease in earned surplus due to payment of dividend and a ¥700 million drop in net unrealized gains on other securities due to the revaluation of investment securities, etc.

(2) Cash Flows
Cash and cash equivalents (hereinafter, "funds") as of the end of the first half of consolidated FY 2008 were ¥33,559 million, attributable to ¥9,320 million in funds generated from operating activities, and application of the funds mainly to capital expenditure, dividend payments, etc.

(Cash flows from operating activities)
Our operations in the first half of consolidated FY 2008 generated net cash of ¥9,320 million. The main positive factors were the increases in income before income taxes and notes and accounts payable, while the principal negative factors were the decrease in allowance for retirement benefits and the payment of income taxes.

(Cash flows from investing activities)
Net cash used in investing activities in the first half of consolidated FY 2008 amounted to ¥3,950 million. This was mainly for the acquisition of tangible fixed assets and investment securities.

(Cash flows from financing activities)
Financing activities recorded a net cash outflow of ¥1,394 million in the first half of consolidated FY 2008 due principally to the payment of dividends, etc.

3. Qualitative information on forecasts of consolidated operating results

Consolidated net sales for the full fiscal year ending March 31, 2009 are forecasted to fall below the initial projection to ¥174,000 million due to the weak demand for construction machines, a decline in orders for machine tools and restrained capital expenditure in the auto industry, reflecting the recessionary European and U.S. economies and slower growth in emerging countries.

In addition, operating income, ordinary income and net income are anticipated to fall short of the initial projections to ¥15,800 million, ¥16,600 million and ¥9,500 million, respectively, due to a decline in investments for future business and sales, as well as the delay of improvement of costs for measures taken against quality problems and higher raw material costs.

The differences from the consolidated forecasts for the full fiscal year which were announced in the financial summary of May 8, 2008 are as listed below.

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	178,000	18,400	18,400	11,300	88 94
Current forecast (B)	174,000	15,800	16,600	9,500	74 74
Change (B-A)	(4,000)	(2,600)	(1,800)	(1,800)	—
Change (%)	(2.2)	(14.1)	(9.8)	(15.9)	—
Results for FY2007	174,254	19,429	20,061	11,025	86 77

4. Other

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

(2) Application of simplified accounting procedures or of distinctive accounting procedures for the preparation of quarterly consolidated financial statements

1) Simplified accounting procedures

Inventory at the end of the consolidated fiscal quarter has been calculated in a rational manner on the basis of physical inventory at the end of the previous consolidated fiscal year.

2) Distinctive accounting procedures for the preparation of quarterly consolidated financial statements

In determining tax expenses, the effective tax rate after application of tax effect accounting for the net income before income taxes for the consolidated fiscal year, inclusive of the second quarter of consolidated FY 2008, has been estimated in a rational manner; tax expenses have been calculated by multiplying the quarterly net income before income taxes by this estimated effective tax rate. Adjustments for income taxes have been included and presented in income and other taxes.

(3) Changes to accounting principles, accounting procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Accounting standards for quarterly financial statements

"Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standards No. 12) and "Guidelines for the Application of Accounting Standards to Quarterly Financial Statements" (Application Guidance for Accounting Standards No. 14) will apply from FY2008. Quarterly consolidated financial statements will also be prepared in accordance with the "Quarterly Consolidated Financial Statement Rules."

2) Accounting Standards for the Valuation of Inventory

"Accounting Standards for the Valuation of Inventory" (Corporate Accounting Standards No. 9, July 5, 2006) will apply from the first quarter of consolidated FY 2008. Accordingly, operating income, ordinary income and quarterly net income before adjustment for income taxes will each be reduced by ¥151 million in comparison with figures calculated using the previous method.

The impact of this on segment data has been noted in the corresponding sections.

3) Near-term Approaches to Accounting at Overseas Subsidiaries

"Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied since the first quarter ending June 30, 2008. There is no impact of this change on profits and losses.

4) Accounting standards on lease transactions

From the first quarter of consolidated FY 2008, the Company adopted the "Accounting Standards for Lease Transactions" (Corporate Accounting Standards No. 13, Latest revision on March 30, 2007) and "Application Guidance for Accounting Standards for Lease Transactions" (Application Guidance for Accounting Standards No. 16, Latest revision on March 30, 2007), changing the accounting of finance lease transactions without title transfer from operating leases to capitalizing of all finance lease transactions. In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods counted as their useful lives and no residual value. There is no impact of this change on profits and losses.

Provided, however, that finance lease transactions without title transfer, of which the starting dates of lease transaction are prior to the beginning of the consolidated fiscal year to apply the aforementioned accounting standards and application guidance, continue to be accounted for as operating leases.

(4) Additional information

1) Change in useful lives of fixed assets

Since the first quarter of consolidated FY 2008, the Company and its domestic consolidated subsidiaries have changed the useful life of machinery and equipment following the revision of the Corporation Tax Act. As a result, operating income, ordinary income and income before income taxes for the second quarter increased by ¥42 million, respectively.

The impacts of this change on the segment information are described in the relevant paragraphs.

2) Allowance for loss on debt guarantee

The estimated amount of loss is provided from the second quarter of consolidated FY 2008 since the loss on debt guarantee for the money borrowed by our affiliated companies became likely to occur. As a result, income before income taxes for the second quarter decreased by ¥6 million compared to the amount calculated by the previous method.

An allowance for loss on debt guarantee is included in reserves under long-term liabilities.

5. [Second Quarter Consolidated Financial Statements]

(1) [Second Quarter Consolidated Balance Sheets]

(Million yen)

	End of the first half of consolidated FY 2008 (as of September 30, 2008)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of Mar. 31, 2008)
Assets		
Current assets		
Cash and time deposits	11,467	11,131
Notes and accounts receivable	46,511	46,641
Marketable securities	22,500	19,000
Goods and products	3,536	4,907
Products in progress	6,805	5,580
Raw materials and stored goods	8,069	7,934
Other current assets	3,953	4,179
Allowance for doubtful receivables	(110)	(137)
Total current assets	102,734	99,237
Fixed assets		
Property, plant and equipment	44,279	43,346
Intangible assets	1,546	1,382
Investments and other assets		
Investments in securities	16,329	16,674
Other investments and other assets	3,127	2,894
Allowance for doubtful receivables	(201)	(217)
Total investments and other assets	19,255	19,350
Total fixed assets	65,081	64,079
Total assets	167,815	163,317
Liabilities		
Current liabilities		
Trade notes and accounts payable	32,615	31,462
Short-term loans payable	8,783	9,110
Current potion of long-term loans	3,000	3,004
Income taxes payable	2,081	3,215
Reserves	1,893	1,341
Other current liabilities	11,806	10,048
Total current assets	60,179	58,182
Long-term liabilities		
Bonds	11,000	11,000
Retirement allowance	9,755	10,504
Reserves	211	286
Negative goodwill	253	289
Other long-term liabilities	537	561
Total long-term liabilities	21,757	22,642
Total liabilities	81,937	80,824

(Million yen)

	End of the first half of consolidated FY 2008 (as of September 30, 2008)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of Mar. 31, 2008)
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,489	17,500
Earned surplus	51,240	47,412
Treasury stock	(156)	(135)
Total shareholders' equity	78,573	74,777
Valuation and translation adjustments		
Net unrealized gains on securities	1,488	2,189
Deferred gains or losses on hedges	6	6
Translation adjustments	134	446
Total valuation and translation adjustments	1,630	2,642
Minority interests	5,674	5,071
Total net assets	85,878	82,492
Total liabilities and net assets	167,815	163,317

(2) [Second Quarter Consolidated Statements of Income]
(First Half of Consolidated FY 2008)

(Million yen)

	First half of consolidated FY 2008 (From April 1, 2008 to September 30, 2008)
Net sales	86,813
Cost of sales	67,440
Gross profit	19,373
Selling, general and administrative expenses	11,171
Operating income	8,201
Non-operating income	
Interest income	34
Dividends income	176
Rents income	132
Equity in earnings of an affiliate	422
Other non-operating income	226
Total	991
Non-operating expenses	
Interest expenses	86
Loss on disposal of inventories	49
Foreign exchange losses	42
Other non-operating expenses	82
Total	261
Ordinary income	8,932
Extraordinary gains	
Gain on sales of fixed assets	39
Reversal of allowance for doubtful accounts	34
Total	73
Extraordinary losses	
Loss on disposal of fixed assets	121
Revaluation loss on investment securities	201
Write-down of golf membership rights	2
Loss on liquidation of an affiliates	322
Provision for loss on debt guarantee	6
Total	652
Net income before income taxes and adjustments	8,354
Corporate, resident and business taxes	2,853
Minority interest income	646
Net income for the quarter	4,853

(Second Quarter of Consolidated FY 2008)

(Million yen)

	Second quarter of consolidated FY 2008 (From July 1, 2008 to September 30, 2008)
Net sales	45,434
Cost of sales	35,909
Gross profit	9,525
Selling, general and administrative expenses	5,689
Operating income	3,836
Non-operating income	
Interest income	19
Dividends income	75
Rents income	64
Equity in earnings of an affiliate	204
Other non-operating income	102
Total	466
Non-operating expenses	
Interest expenses	42
Loss on disposal of inventories	24
Foreign exchange losses	17
Other non-operating expenses	44
Total	128
Ordinary income	4,174
Extraordinary gains	
Gain on sales of fixed assets	6
Reversal of allowance for doubtful accounts	16
Total	23
Extraordinary losses	
Loss on disposal of fixed assets	84
Revaluation loss on investment securities	201
Provision for loss on debt guarantee	6
Total	291
Net income before income taxes and adjustments	3,906
Corporate, resident and business taxes	1,207
Minority interest income	385
Net income for the quarter	2,313

(3) [Consolidated Statements of Cash Flows]

(Million yen)

	First half of consolidated FY 2008 (From April 1, 2008 to September 30, 2008)
Net cash and cash equivalents provided by operating activities	
Net income before income taxes and adjustments	8,354
Depreciation and amortization	2,647
Amortization of goodwill	(36)
Increase (decrease) in allowance for doubtful receivables	(41)
Increase (decrease) in retirement benefits of employees	(746)
Interest and dividend income	(275)
Interest expenses	86
Equity in earnings of an affiliate	(422)
Loss (gain) on sales of fixed assets	(39)
Loss (gain) on disposal of fixed assets	121
Revaluation loss (gain) on investment securities	201
Write-down of golf membership rights	2
Loss on liquidation of an affiliates	322
Decrease (increase) in notes and accounts receivable	29
Increase (increase) in inventories	(134)
Increase (decrease) in notes and accounts payable	1,185
Others	1,557
Subtotal	12,810
Interest and dividend received	349
Interest paid	(89)
Income taxes paid	(3,749)
Net cash and cash equivalents provided by operating activities	9,320
Net cash and cash equivalents used in investing activities	
Purchases of property, plant and equipment	(3,013)
Proceeds from sales of property, plant and equipment	71
Purchases of intangible fixed assets	(357)
Purchases of investments in securities	(706)
Others	54
Net cash and cash equivalents used in investing activities	(3,950)
Net cash and cash equivalents provided by financing activities	
Increase (decrease) in short-term bank loans	(324)
Repayment of long-term loans	(4)
Proceeds from minority shareholders	398
Payments for purchases of treasury stock	(60)
Proceeds from sales of treasury stock	28
Cash dividends paid	(1,016)
Cash dividends paid subsidiaries for minority	(415)
Net cash and cash equivalents provided by financing activities	(1,394)
Effect exchange rate changes on cash and cash equivalents	(137)
Increase (decrease) in cash and cash equivalents	3,837
Cash and cash equivalents at beginning of period	29,722
Cash and cash equivalents at end of period	33,559

"Accounting Standards for Quarterly Financial Statements" (Corporate Accounting Standards No. 12) and "Guidelines for the Application of Accounting Standards to Quarterly Financial Statements" (Application Guidance for Accounting Standards No. 14) will apply from FY2008. Quarterly consolidated financial statements will also be prepared in accordance with the "Quarterly Consolidated Financial Statement Rules."

(4) Notes Relating to the Going Concern Assumption
None

(5) Segment Information
[Segment Information by Business Category]
Second Quarter of Consolidated FY 2008 (From July 1, 2008 to September 30, 2008)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	8,771	12,258	15,001	9,403	45,434	–	45,434
(2) Intersegment net sales or transfer	12	61	183	82	339	(339)	–
Total	8,783	12,320	15,185	9,485	45,774	(339)	45,434
Operating income	622	1,153	1,326	734	3,836	–	3,836

First Half of Consolidated FY 2008 (From April 1, 2008 to September 30, 2008)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	16,390	24,326	30,258	15,839	86,813	–	86,813
(2) Intersegment net sales or transfer	23	121	378	162	685	(685)	–
Total	16,413	24,447	30,636	16,001	87,499	(685)	86,813
Operating income	2,081	2,350	2,797	972	8,201	–	8,201

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

2 Each segment includes the following products:

(1) Precision equipment ········· Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum pumps, vacuum equipment and high-performance heat transfer device.

(2) Transport equipment business ········· Railway brake systems, door operating system for railway vehicles, braking systems for commercial vehicles and marine main propulsion control systems.

(3) Aircraft and hydraulic equipment business ········· Aircraft equipment, hydraulic motors with reduction gears, yaw drives for wind turbines.

(4) Industrial equipment ········· Automatic door for buildings, automatic fillers/sealers, forming machines, machine tools, automotive parts, mould and jigs.

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

4 (Changes in accounting guidelines)

As described in "Qualitative Information, Financial Statements, etc." 4. (3) 2), "Accounting Standards for the Valuation of Inventory" (Corporate Accounting Standards No. 9) will apply from the first quarter of consolidated FY 2008. As a result, operating income for the first half of consolidated FY 2008 decreased by ¥15 million in the "Precision equipment business," ¥100 million in the "Transport equipment business," ¥15 million in the "Aircraft and hydraulic equipment business" and ¥20 million in the "Industrial equipment business" compared to the amounts calculated by the previous method.

5 (Additional information)

As described in "Qualitative Information, Financial Statements, etc."4. (4) 1), from the first quarter of consolidated FY 2008, the Company and its domestic consolidated subsidiaries changed the useful life of machinery and equipment following the revision of the Corporation Tax Act. As a result, operating income for the first half of consolidated FY 2008 increased by ¥41million in the "Precision equipment business," decreased by ¥29 million in the "Transport equipment business," increased by ¥34 million in the "Aircraft and hydraulic equipment business," and decreased by ¥3 million in the "Industrial equipment business," compared with amounts calculated by the previous method.

[Segment Information by Region]
Second Quarter of Consolidated FY 2008 (From July 1, 2008 to September 30, 2008)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	35,468	5,215	2,339	2,412	45,434	–	45,434
(2) Intersegment net sales or transfer	4,539	648	504	16	5,708	(5,708)	–
Total	40,007	5,863	2,843	2,428	51,143	(5,708)	45,434
Operating income	2,694	805	226	110	3,836	–	3,836

First Half of Consolidated FY 2008 (From April 1, 2008 to September 30, 2008)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	67,477	10,367	4,883	4,085	86,813	–	86,813
(2) Intersegment net sales or transfer	9,284	1,154	940	37	11,416	(11,416)	–
Total	76,762	11,522	5,823	4,122	98,230	(11,416)	86,813
Operating income	5,894	1,706	398	202	8,201	–	8,201

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

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 segment.

4 (Changes in accounting guidelines)
As described in “Qualitative Information, Financial Statements, etc.” 4. (3) 2), “Accounting Standards for the Valuation of Inventory” (Corporate Accounting Standards No. 9) will apply from the first quarter of consolidated FY 2008. As a result, operating income for the first half of consolidated FY 2008 declined by ¥151 million in the segment of “Japan,” compared with the amounts calculated by the previous method.

5 (Additional information)
As described in "Qualitative Information, Financial Statements, etc." 4. (4) 1), from the first quarter of consolidated FY 2008, the Company and its domestic consolidated subsidiaries changed the useful life of machinery and equipment following the revision of the Corporation Tax Act. As a result, operating income for the first half of consolidated FY 2008 increased by ¥42 million in the segment of "Japan," compared with the amounts calculated by the previous method.

[Overseas Sales]
Second Quarter of Consolidated FY 2008 (From July 1, 2008 to September 30, 2008)

(Million yen)

		Asia	North America	Europe	Other regions	Total
I	Overseas Sales	7,767	3,031	2,859	165	13,825
II	Consolidated net sales					45,434
III	Composition to consolidated net sale (%)	17.1	6.7	6.3	0.3	30.4

First Half of Consolidated FY 2008 (From April 1, 2008 to September 30, 2008)

(Million yen)

		Asia	North America	Europe	Other regions	Total
I	Overseas Sales	15,189	5,954	5,023	285	26,452
II	Consolidated net sales					86,813
III	Composition to consolidated net sale (%)	17.5	6.9	5.8	0.3	30.5

(Notes) 1 Business segments above are based on the grouping used internally.
2 Each geographic segment except Japan covers the following countries or regions:
(1) Asia ················ China, Thailand, South Korea, India and Singapore
(2) North America ················ U.S.A.
(3) Europe ················ Germany, Great Britain, France, Italy and Holland
(4) Other regions ················ Australia and New Zealand
3 Overseas sales refer to the Company and its Group's sales in countries or regions other than Japan.

(6) Explanatory note on significant fluctuations in shareholders' equity
None

<Reference>

Financial Statements for the First Half of FY 2007

(1) Consolidated Statements of Income for the First Half of FY 2007

	First half of FY 2007 (From April 1, 2007 to September 30, 2007)
	Million yen
Net sales	84,057
Cost of sales	63,291
Gross profit	20,766
Selling, general and administrative expenses	11,118
Operating income	9,648
Non-operating income	
Interest income	50
Dividends income	126
Rent revenue	122
Equity in earnings of an affiliate	502
Others	145
Total	946
Non-operating expenses	
Interest expenses	99
Loss on disposal of inventories	139
Foreign exchange losses	15
Others	87
Total	342
Ordinary income	10,252
Extraordinary gains	
Gain on sales of fixed assets	5
Gain on sale of golf club memberships	22
Gain on reversal of allowance for bad debts	10
Total	38
Extraordinary losses	
Loss on disposal of fixed assets	136
Write-down of golf membership rights	3
Loss on change of retirement benefit program	473
Total	612
Income before income taxes	9,678
Income taxes—current	2,709
Income taxes—deferred	558
Minority interest income	519
Net income	5,890

(2) Consolidated Statements of Cash Flows for the First Half of FY 2007

	First Half of FY 2007 (From April 1, 2007 to September 30, 2007)
	Million yen
Net cash and cash equivalents provided by operating activities	
Income before income taxes and adjustments	9,678
Depreciation and amortization	2,422
Amortization of goodwill	8
Increase (decrease) in allowance for doubtful receivables	6
Retirement allowance	(437)
Increase (decrease) in allowance for directors' retirement benefit	(36)
Interest and dividend income	(176)
Interest expenses	99
Foreign exchange losses (gain)	(13)
Equity in earnings of an affiliate	(502)
Gain on sales of fixed assets	(5)
Loss on disposal of fixed assets	136
Gain on sale of golf club memberships	(22)
Write-down of golf membership rights	3
Increase in accounts receivable	(954)
Increase in inventories	(2,337)
Decrease (increase) in other assets	175
Increase (decrease) in notes and accounts payable	1,811
Increase (decrease) in consumption tax payable	(158)
Increase in other liabilities	44
Subtotal	9,742
Interest and dividend received	186
Interest paid	(98)
Income taxes paid	(2,699)
Net cash and cash equivalents provided by operating activities	7,130
Net cash and cash equivalents used in investing activities	
Payment for time deposits	(38)
Purchases of property, plant and equipment	(2,347)
Proceeds from sales of property, plant and equipment	21
Purchases of intangible fixed assets	(207)
Purchases of investments in securities	(2,433)
Purchase of shares in affiliated companies	(66)
Proceeds from collection of loans	10
Payments for other investments	(197)
Proceeds from other investments	168
Net cash and cash equivalents used in investing activities	(5,090)
Net cash and cash equivalents provided by financing activities	
Increase (decrease) in short-term loans payable	(2,346)
Repayment of long-term loans	(448)
Payments for purchases of treasury stock	(116)
Proceeds from sales of treasury stock	124
Cash dividends paid	(889)
Cash dividends paid subsidiaries for minority	(273)
Net cash and cash equivalents provided by financing activities	(3,950)
Effect exchange rate changes on cash and cash equivalents	209
Increase (decrease) in net cash and cash equivalents provided by financing activities	(1,701)
Cash and cash equivalents at beginning of period	26,188
Cash and cash equivalents at end of the first half	24,487

(3) Segment Information

[Segment Information by Business Category]
First Half of Consolidated FY 2007 (From April 1, 2007 to September 30, 2007)

(Million yen)

	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)	—
Total	15,481	24,136	28,320	16,842	84,781	(724)	84,057
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 Each segment includes the following products:

(1) Precision equipment business ······················ Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum pumps, vacuum equipment and high-performance heat transfer device.

(2) Transport equipment business: ···················· Railway brake systems, door operating system for railway vehicles, braking systems for commercial vehicles and marine main propulsion control systems.

(3) Aircraft and hydraulic equipment business ··· Aircraft equipment, hydraulic motors with reduction gears, yaw drives for wind turbines.

(4) Industrial equipment ···································· Automatic door for buildings, automatic fillers/sealers, forming machines, machine tools, automotive parts, mould and jigs.

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

4 (Changes in accounting guidelines)

As described in “The Basic Principles for Preparation of the First Half of Consolidated Financial Statements” 4. (2) 1), pursuant to a revision of the Corporation Tax Act, from the first half of consolidated FY 2007, the Company and its consolidated domestic subsidiaries adopted a new depreciation method for tangible fixed assets acquired on or after April 1, 2007. As a result, operating income decreased by ¥11 million in the “Precision equipment business,” ¥11 million in the “Transport equipment business,” ¥10 million in the “Aircraft and hydraulic equipment business,” and ¥4 million in the “Industrial equipment business,” compared with amounts calculated by the previous method.

5 (Additional information)

As described in “The Basic Principles for Preparation of the First Half of Consolidated Financial Statements” 4. (2) 1), pursuant to a revision of the Corporation Tax Act, regarding tangible fixed assets acquired on or before March 31, 2007, the Company and its consolidated domestic subsidiaries depreciated, from the first half of consolidated FY 2007, the amount obtained by subtracting the amount equivalent to 5% of the acquisition price from the memorandum price as depreciation expenses equally over five years from the next consolidated fiscal year of the consolidated fiscal year in which the value of each such asset reached 5% of the acquisition price by application of the depreciation method pursuant to the Corporation Tax Act before the revision. As a result, operating income decreased by ¥29 million in the “Precision equipment business,” ¥52 million in the “Transport equipment business,” ¥75 million in the “Aircraft and hydraulic equipment business,” and ¥5 million in the “Industrial equipment business,” compared with amounts calculated by the previous method.

[Segment Information by Region]
First Half of Consolidated FY 2007 (From April 1, 2007 to September 30, 2007)

(Million yen)

	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)	−
Total	76,555	8,054	6,261	3,713	94,584	(10,526)	84,057
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 Business segments above are based on the grouping used internally.
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 segment.
4 (Changes in accounting guidelines)
As described in “The Basic Principles for Preparation of the First Half of Consolidated Financial Statements” 4. (2) 1), pursuant to a revision of the Corporation Tax Act, from the first half of consolidated FY 2007, the Company and its consolidated domestic subsidiaries adopted a new depreciation method for tangible fixed assets acquired on or after April 1, 2007. As a result, operating income decreased by ¥38 million in the segment of “Japan” compared with the amount calculated by the previous method.
5 (Additional information)
As described in “The Basic Principles for Preparation of First Half of Consolidated Financial Statements” 4. (2) 1), pursuant to the revision of the Corporation Tax Act, regarding tangible fixed assets acquired on or before March 31, 2007, the Company and its consolidated domestic subsidiaries depreciated, from the first half of consolidated FY 2007, the amount obtained by subtracting the amount equivalent to 5% of the acquisition price from the memorandum price as depreciation expenses equally over five years from the next consolidated fiscal year of the consolidated fiscal year in which the value of each such asset reached 5% of the acquisition price by application of the depreciation method pursuant to the Corporation Tax Act before the revision. This change resulted in a decrease in operating income of ¥163 million in the segment of “Japan” compared with the amount calculated by the previous method.

[Overseas Sales]
First Half of Consolidated FY 2007 (From April 1, 2007 to September 30, 2007)

(Million yen)

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

(Notes) 1 Business segments above are based on the grouping used internally.
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 regions ·············· Australia and New Zealand
3 Overseas sales refer to the Company and its Group’s sales in countries or regions other than Japan.

6. Other Information

[Production, Orders and Sales]

(1) Production (Million yen)

	First Half of Consolidated FY 2007 (April 1, 2007 to September 30, 2007)		First Half of Consolidated FY 2008 (April 1, 2008 to September 30, 2008)		Consolidated FY 2007 (April 1, 2007 to March 31, 2008)	
	Amount	% to total	Amount	% to total	Amount	% to total
Precision Equipment	15,875	18.4	16,059	18.8	33,108	18.9
Transport Equipment	24,027	27.9	23,806	27.8	48,803	27.8
Aircraft and Hydraulic Equipment	28,475	33.1	29,732	34.7	57,423	32.7
Industrial Equipment	17,774	20.6	16,038	18.7	36,207	20.6
Total	86,152	100.0	85,637	100.0	175,542	100.0

(Note) Amounts shown above do not include consumption or other taxes.

(2) Orders (Million yen)

	First Half of Consolidated FY 2007 (April 1, 2007 to September 30, 2007)		First Half of Consolidated FY 2008 (April 1, 2008 to September 30, 2008)		Consolidated FY 2007 (April 1, 2007 to March 31, 2008)	
	Amount	% to total	Amount	% to total	Amount	% to total
Precision Equipment	16,612	18.5	16,096	18.6	34,011	19.3
Transport Equipment	25,843	28.8	25,769	29.7	49,439	28.1
Aircraft and Hydraulic Equipment	29,338	32.7	28,694	33.1	57,567	32.8
Industrial Equipment	17,900	20.0	16,176	18.6	34,730	19.8
Total	89,695	100.0	86,737	100.0	175,748	100.0

(Note) Amounts shown above do not include consumption or other taxes.

(3) Order backlog (Million yen)

	First Half of Consolidated FY 2007 (April 1, 2007 to September 30, 2007)		First Half of Consolidated FY 2008 (April 1, 2008 to September 30, 2008)		Consolidated FY 2007 (April 1, 2007 to March 31, 2008)	
	Amount	% to total	Amount	% to total	Amount	% to total
Precision Equipment	6,318	9.9	5,973	10.0	6,266	10.5
Transport Equipment	20,354	31.8	20,370	34.2	18,927	31.7
Aircraft and Hydraulic Equipment	25,569	40.2	23,513	39.5	25,076	42.1
Industrial Equipment	11,551	18.1	9,718	16.3	9,381	15.7
Total	63,794	100.0	59,575	100.0	59,651	100.0

(Note) Amounts shown above do not include consumption or other taxes.

(4) Sales (Million yen)

	First Half of Consolidated FY 2007 (April 1, 2007 to September 30, 2007)		First Half of Consolidated FY 2008 (April 1, 2008 to September 30, 2008)		Consolidated FY 2007 (April 1, 2007 to March 31, 2008)	
	Amount	% to total	Amount	% to total	Amount	% to total
Precision Equipment	15,460	18.4	16,390	18.9	32,912	18.9
Transport Equipment	23,957	28.5	24,326	28.0	48,981	28.1
Aircraft and Hydraulic Equipment	27,912	33.2	30,258	34.9	56,634	32.5
Industrial Equipment	16,726	19.9	15,839	18.2	35,725	20.5
Total (out of which, overseas sales)	84,057 (23,236)	100.0 (27.6)	86,813 (26,452)	100.0 (30.5)	174,254 (47,132)	100.0 (27.0)

(Note) Amounts shown above do not include consumption or other taxes.

[Reference]

1. Forecasts (Million yen)

	First Half of Consolidated FY 2008 (Actual) (April 1, 2008 to September 30, 2008)	Consolidated FY 2008 (Forecast) (April 1, 2008 to March 31, 2009)	Consolidated FY 2007 (Actual) (April 1, 2007 to March 31, 2008)
	Consolidated	Consolidated	Consolidated
Net sales	86,813	174,000	174,254
Operating income	8,201	15,800	19,429
Ordinary income	8,932	16,600	20,061
Net income	4,853	9,500	11,025

(By business segment on a consolidated basis) (Million yen)

		First Half of Consolidated FY 2008 (Actual) (April 1, 2008 to September 30, 2008)		Consolidated FY 2008 (Forecast) (April 1, 2008 to March 31, 2009)		Consolidated FY 2007 (Actual) (April 1, 2007 to March 31, 2008)	
		Amount	% to total	Amount	% to total	Amount	% to total
Net sales	Precision Equipment	16,390	18.9	31,800	18.3	32,912	18.9
	Transport Equipment	24,326	28.0	50,000	28.7	48,981	28.1
	Aircraft and Hydraulic Equipment	30,258	34.9	57,700	33.2	56,634	32.5
	Industrial Equipment	15,839	18.2	34,500	19.8	35,725	20.5
	Total	86,813	100.0	174,000	100.0	174,254	100.0
Operating income	Precision Equipment	2,081	25.4	3,600	22.8	4,682	24.1
	Transport Equipment	2,350	28.7	5,500	34.8	6,060	31.2
	Aircraft and Hydraulic Equipment	2,797	34.1	4,100	25.9	4,554	23.4
	Industrial Equipment	972	11.8	2,600	16.5	4,133	21.3
	Total	8,201	100.0	15,800	100.0	19,429	100.0

2. Investment, Finance, Personnel (Million yen)

	First Half of Consolidated FY 2008 (Actual) (April 1, 2008 to September 30, 2008)	First Half of Consolidated FY 2007 (Actual) (April 1, 2007 to September 30, 2007)	Consolidated FY 2007 (Actual) (April 1, 2007 to March 31, 2008)
	Consolidated	Consolidated	Consolidated
1. Capital expenditure	3,948	2,125	5,601
(Out of which, tangible fixed assets)	(3,591)	(1,918)	(4,933)
2. Actual depreciation and amortization	2,647	2,422	5,215
(Out of which, tangible fixed assets)	(2,454)	(2,235)	(4,844)
3. Research and development expenses	2,081	1,990	4,080
4. Corporate debts and borrowings	22,783	24,135	23,114
5. Financial balance (loss)	124	77	129
(Out of which, dividend income)	(176)	(126)	(226)
6. Number of employees at end of the term	3,995	3,848	3,884