Summary of Financial Statements for the Year ended March 31, 2009

May 8, 2009

Name of Listed Company: Nabtesco Corporation Stock listed on: First Section of the Tokyo Stock Exchange
Code Number: 6268 URL: http://www.nabtesco.com
Representative: Title: President and CEO Name: Kazuyuki Matsumoto
Inquiries: Title: General Manager, General Administration Div. Name: Osamu Matsuo TEL (03) 3578 - 7070
Scheduled Date of Annual Shareholders Meeting: June 24, 2009 Scheduled Date of Dividend Paid: June 25, 2009
Scheduled Date of Issue of Financial Report: June 25, 2009

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

1. Consolidated Operating Results for FY 2008 (From April 1, 2008 to March 31, 2009)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2008	158,170	(9.2)	12,012	(38.2)	12,998	(35.2)	4,425	(59.9)
FY 2007	174,254	7.9	19,429	18.3	20,061	18.9	11,025	12.7

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2008	34.82	34.82	5.8	8.4	7.6
FY 2007	86.77	86.74	14.7	12.3	11.2

(Reference) Investment profit/loss on equity method:
FY 2008: ¥629 million FY 2007: ¥973 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 2008 (as of March 31, 2009)	144,685	81,716	52.9	601.75
FY 2007 (as of March 31, 2008)	163,317	82,492	47.4	609.08

(Reference) Shareholders' equity:
As of March 31, 2009: ¥76,476 million As of March 31, 2008: ¥77,420 million

(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
FY 2008	14,055	(9,329)	(6,189)	27,299
FY 2007	18,249	(8,969)	(5,748)	29,722

2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
(Base date: as of end of the period)	First Quarter	Second Quarter	Third Quarter	Year End	Full Year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2007	–	8.00	–	8.00	16.00	2,033	18.4	2.7
FY 2008	–	9.00	–	4.00	13.00	1,652	37.3	2.1
FY 2009 (year ending March 31, 2010 (Forecast))	–	4.00	–	4.00	8.00		33.9	

3. Forecast of Consolidated Operating Results for FY 2009 (From April 1, 2009 to March 31, 2010)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending September 2009	59,000	(32.0)	1,000	(87.8)	1,200	(86.6)	600	(87.6)	4.72
FY 2009	124,000	(21.6)	5,000	(58.4)	5,500	(57.7)	3,000	(32.2)	23.60

4. Others

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

Newly added: None (Name of company: —); Excluded: None (Name of company: —)

(2) Changes in accounting principles, accounting procedures and presentation methods related to preparation of consolidated financial statements (Changes to be stated in the section "Changes in significant matters providing the basis for preparing consolidated financial statements")

1) Changes due to amendments and revisions to accounting standards: Yes

2) Changes other than those included in 1) above: Yes

(Note) For details, please refer to "Significant matters providing the basis for preparing consolidated financial statements" on pages 18 through 22, and "Changes in significant matters providing the basis for preparing consolidated financial statements" on page 23.

(3) Shares outstanding (Common shares)

1) Shares outstanding at fiscal year end (including treasury stocks)

As of March 31, 2009: 127,212,607 shares   As of March 31, 2008: 127,212,607 shares

2) Treasury stocks at fiscal year end

As of March 31, 2009: 121,722 shares   As of March 31, 2008: 102,471 shares

(Note) Please refer to "Per Share Information" on page 43 for the number of shares, based upon which net income per share (consolidated) was calculated.

[Reference] Overview of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY 2008 (From April 1, 2008 to March 31, 2009)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2008	115,547	(13.0)	6,410	(51.6)	7,912	(41.9)	865	(90.1)
FY 2007	132,796	9.2	13,235	14.8	13,628	11.6	8,768	23.9

	Net income per share	Diluted net income per share
	Yen	Yen
FY 2008	6.81	6.81
FY 2007	69.01	68.98

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 2008 (as of March 31, 2009)	119,668	60,586	50.6	476.69
FY 2007 (as of March 31, 2008)	136,685	62,165	45.5	489.04

(Note) Shareholders' equity:

As of March 31, 2009: ¥60,586 million   As of March 31, 2008: ¥62,165 million

2. Forecast of Non-Consolidated Operating Results for FY 2009 (From April 1, 2009 to March 31, 2010)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending September 2009	42,000	(34.8)	200	(95.7)	1,000	(81.7)	600	(82.1)	4.72
Fiscal year ending March 2010	89,500	(22.5)	3,000	(53.2)	4,000	(49.4)	2,500	189.0	19.67

* Description concerning proper use of the forecast of operating results and other remarks:

(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. Operating Results

(1) Analysis of Consolidated Operating Results

(Consolidated Operating Results for FY 2008)

The world economy during the consolidated fiscal year ended March 31, 2009 witnessed accelerating economic recession due to the worsening financial crisis triggered principally by the failure of U.S. financial institutions, and the threat of worldwide economic turmoil emerged.

The Japanese economy also faced a drastic decline in corporate earnings, affected by plunging stock markets, appreciation of the yen and a reduction of production due to a sharp decrease in exports, which led to an unprecedented economic recession.

Under these circumstances, while operating results of the Group saw steady growth up to the six-month period ended September 30, 2008, net sales decreased in October and thereafter in each business segment owing to the reduced capital expenditure in the respective markets. Both operating income and ordinary income dropped reflecting the fall in sales, sharp appreciation of the yen and measures taken to counter some quality problems. Net income also declined significantly as a result of recording the revaluation loss on investment securities under extraordinary losses.

1) Net sales and operating income

Net sales and operating income for the consolidated FY 2008 decreased by ¥16,083 million (down 9.2%) and ¥7,417 million (down 38.2%) on a year-on-year basis, to ¥158,170 million and ¥12,012 million, respectively. Operating margins fell 3.6 points to 7.6% over the same period.

Operating results by business segment were as follows:

[Precision Equipment]

Both net sales and operating income in the precision equipment business declined by 14.8% and 46.5% year on year, to ¥28,026 million and ¥2,506 million, respectively.

Sales and profits of precision reduction gears, particularly industrial robots which are core products, shrank significantly due to the impact of a reduction of capital expenditure by automakers, which are the main users of robots.

[Transport Equipment]

Net sales in the transport equipment business dropped by 4.5% year on year to ¥46,765 million, while operating income fell by 22.7% to ¥4,682 million.

Sales of railroad vehicle-related equipment remained steady, but were less than during the same period last year when deliveries had concentrated. Operating income declined from a year earlier due to expenditure on quality improvement measures.

Automobile-related equipment suffered a decline in both sales and profit due to the impact of reduced production by truck manufacturers.

Marine engine remote-control systems posted an increase in both sales and profit, marking a historic high in the global number of newly built vessels.

[Aircraft and Hydraulic Equipment]

Net sales and operating income in the aircraft and hydraulic equipment business stood at ¥51,390 million (down 9.3% year on year) and ¥2,614 million (down 42.6% year on year), respectively.

Sales of hydraulic equipment decreased on a full-year basis despite the continued growth of global demand for hydraulic excavators and mini excavators up to the first half of FY 2008, due to a sharp decline in demand in October 2008 and thereafter, resulting in a decrease in sales of hydraulic traveling motors. Operating income also fell reflecting the impact of the decrease in sales and soaring raw material prices. On the other hand, drive units for wind power generator posted a steady growth favored by the heightened worldwide interest in clean energy despite the negative impact of the economic slump.

Sales of aircraft equipment slipped in line with decreased demand in both the private and defense sectors. Operating income remained at almost the same level as in the previous fiscal year due to cost reduction, etc. despite the impact of decreased sales and fluctuations in foreign exchange rates.

[Industrial Equipment]

Net sales and operating income decreased to ¥31,987 million (down 10.5% year on year) and ¥2,209 million (down 46.5% year on year), respectively.

Sales in the automatic door-related business fell due to the continuing decrease in domestic construction demand.

Automatic filler/sealer machines posted approximately flat sales in contrast to special-purpose machine tools, sales of which slipped compared with the same period last year as automakers curtailed capital expenditure.

Operating income in this business segment fell, reflecting the impacts of decreased sales as well as deteriorating profitability due to stiffer competition.

2) Ordinary income

Ordinary income for the current consolidated fiscal year was ¥12,998 million, a decrease of ¥7,062 million (35.2%) from a year earlier.

The principal reason for this downturn was, as mentioned above, the year-on-year decline in operating income of ¥7,417 million (38.2%). Non-operating income mainly from dividends received and equity in earnings of affiliates stood at ¥1,892 million, while non-operating expenses mainly from interest expenses and foreign exchange loss totaled ¥906 million.

3) Net income

Net income for the current consolidated fiscal year fell ¥6,599 million (down 59.9% year on year) to ¥4,425 million.

Extraordinary gains decreased by ¥5 million compared with the previous year to ¥124 million despite the sale of land, etc., while extraordinary losses posted a year-on-year increase of ¥3,432 million to ¥5,191 million, consisting mainly of a ¥4,589 million loss on investment in securities, ¥149 million loss on the liquidation of affiliated companies, and ¥172 million on provision for environmental measures, etc. As a result, income before income taxes dropped by ¥10,500 million to ¥7,931 million.

Income taxes were down ¥3,592 million year on year to ¥2,777 million, while minority interest fell ¥308 million to ¥728 million due to the deteriorating profit among consolidated subsidiaries.

(Projection for consolidated fiscal year ending March 31, 2010)

Prospects for the world economy in the months to come are extremely uncertain with no bright signs. While inventory adjustments in the automotive industry, which has a huge impact on the global economy, have improved somewhat, the situation is likely to remain fluid and the market is unlikely to recover, and so production cutbacks and the suspension or freezing of capital expenditure plans have been unavoidable.

The business environment surrounding the Group continues to be harsh. The Company intends to develop new products with which to penetrate the environment and infrastructure improvement-related business which is expected to grow, and to aggressively develop new markets for its existing products. In addition, the Company will strengthen the corporate structure by cutting costs to secure a certain level of profit, and by streamlining operations through improving productivity and quality. As a consequence, we anticipate net sales of ¥124,000 million (down 21.6% year on year), and operating income of ¥5,000 million (down 58.4% year on year) for the consolidated fiscal year ending March 31, 2010.

Forecasts for operating results by business segment are as follows:

[Precision Equipment]
The Company anticipates net sales of ¥12,000 million (down 57.2% year on year), and an operating loss of ¥1,200 million for the precision equipment business.

Sales of precision reduction gears, particularly for industrial robots and machine tools, which are our core products, are expected to continue to shrink due to the tough business environment without any sign of recovery in demand on the back of cutbacks in production and suspension or freezing of capital expenditure plans by automakers, which are the main users.

[Transport Equipment]
Net sales and operating income in the transport equipment business are expected to be ¥44,000 million (down 5.9% year on year) and ¥4,500 million (down 3.9% year on year), respectively.

As for railroad vehicle-related equipment, sales will remain at the same level as in the previous consolidated fiscal year as the production of railroad vehicles is expected to steadily grow both in domestic and overseas markets.

We anticipate that sales of automobile-related equipment will decline significantly while those of marine engine remote-control systems will fall slightly despite the growth in the global number of newly built vessels.

[Aircraft and Hydraulic Equipment]
Net sales and operating income in the aircraft and hydraulic equipment business are anticipated to be ¥40,000 million (down 22.2% year on year) and ¥300 million (down 88.5% year on year), respectively.

Sales of hydraulic equipment will decrease under the harsh business environment of poor demand for construction machinery despite signs of recovery in China.

Sales of aircraft equipment will remain almost unchanged from the previous consolidated fiscal year, as the demand in both the private and defense sectors is expected to remain at the same level as in the previous fiscal year.

[Industrial Equipment]
The Company anticipates that net sales and operating income in the industrial equipment business will decrease to ¥28,000 million (down 12.5% year on year) and ¥1,400 million (down 36.6% year on year), respectively.

Sales in the automatic door-related business will fall with no sign of recovery in domestic construction demand. Also, sales of automatic filler/sealer machines are expected to decrease reflecting reduced overseas demand.

(2) Analysis of Financial Position

1) Status of assets, liabilities and net assets

(Assets)

Total assets as of March 31, 2009 were ¥144,685 million, a decrease of ¥18,631 million compared with March 31, 2008, as a result of ¥84,306 million in current assets and ¥60,379 million in fixed assets. Primary positive factors include an increase of ¥1,860 million in tangible fixed assets due to capital expenditure. On the other hand, negative factors consist mainly of a decrease of ¥2,708 million in cash and cash equivalents (cash and time deposits, marketable securities), a decrease of ¥11,482 million in notes and accounts receivable, and a decrease of ¥5,130 million in investments in securities reflecting the revaluation losses, etc. based on the Accounting Standard Concerning Financial Instruments.

(Liabilities)

Total liabilities as of March 31, 2009 were ¥62,968 million, a decrease of ¥17,856 million from the same time last year, as a result of ¥41,209 million in current liabilities and ¥21, 759 million in long-term liabilities. Primary negative factors include a decrease of ¥9,132 million in trade notes and accounts payable, a decrease of ¥3,954 million in short-term loans payable and current portion of long-term loans due to repayment, a decrease of ¥2,810 million in income taxes payable as a result of payment of income taxes, and a decrease of ¥1,247 million in retirement allowance due to payment of retirement benefits to retired workers.

(Net Assets)

Net assets as of March 31, 2009 stood at ¥81,716 million, in which shareholders' equity was ¥76,476 million, a decrease of ¥943 million from a year earlier. Primary positive factors include an increase in earned surplus reflecting net income of ¥4,425 million. On the other hand, principal negative factors consist of a decrease of ¥2,160 million in earned surplus due to dividend payment, a decrease of ¥1,141 million in net unrealized gains on securities as a result of mark-to-market valuation of investments in securities, etc., and a decrease of ¥2,000 million in translation adjustments due to fluctuation of foreign exchange rates at overseas subsidiaries.

2) Status of cash flows

Cash and cash equivalents (hereinafter, "fund") as of March 31, 2009 amounted to ¥27,299 million as a result of having applied the fund worth ¥14,055 million generated from operating activities, principally to capital expenditure, repayment of loans and dividend payments, etc.

(Cash flow from operating activities)

Net cash generated from operating activities for the current consolidated fiscal year was ¥14,055 million. Principal positive factors include a decrease in income before income taxes and notes and accounts receivable, etc. Meanwhile, negative factors consist mainly of a decrease in retirement allowance and trade notes and accounts payable and payment of income taxes.

(Cash flow from investing activities)

Net cash used in investing activities for the current consolidated fiscal year amounted to ¥9,329 million, mainly due to the acquisition of tangible fixed assets and purchase of investments in securities.

(Cash flow from financing activities)

Net cash used in financing activities for the current consolidated fiscal year was ¥6,189 million, mainly as a result of repayment of loans and dividend payments.

Cash flow indicators on a consolidated basis were as follows.

	FY 2006 (From April 1, 2006 to March 31, 2007)	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Shareholders' equity ratio (%)	44.8	47.4	52.9
Shareholders' equity ratio on a market value basis (%)	120.6	105.1	59.7
Ratio of interest-bearing debt to cash flow	3.2	1.3	1.4
Interest coverage ratio	28.5	104.7	82.4

(Notes) Shareholders' equity ratio: capital/total assets
Shareholders' equity ratio on market value basis: total market value of shares/total assets
Ratio of interest-bearing debt to cash flow: interest-bearing debt/cash flow
Interest coverage ratio: cash flow/interest payments

* All indicators are calculated using consolidated financial figures.
* Total market value of shares is calculated using multiplying the closing market prices at term-end by the number of outstanding shares (excluding treasury stock) at term-end.
* Cash flow utilizes the cash flow from operating activities posted in the consolidated cash flow statement.
  Interest-bearing debt covers all debts in the consolidated balance sheet on which interest is being paid.
  The amount of interest paid listed in the consolidated cash flow statement is used for interest payments.

(3) Basic Policy Concerning Profit Sharing and Dividends for the Current and Next Fiscal Year

The Company intends to appropriately distribute its corporate earnings based on the operating performance of the Group as a whole, and taking into consideration strategic growth investments, financial soundness, appropriate balance of return to shareholders and stable dividend payment.

As for cash dividends for the current fiscal year, the total annual amount will be ¥13 per share, bringing the pay-out ratio on a consolidated basis to 37%. As the interim dividend of ¥9 per share was already paid, the term-end cash dividend will be ¥4 per share.

The annual cash dividend for the next fiscal year will be ¥8 per share (interim dividend of ¥4 plus term-end dividend of ¥4 per share).

The Company will continue to pay cash dividends twice a year, of which the base dates will be September 30 and March 31 of each year.

(4) Operational Risk

Principal risks relevant to the business activities of the Group and deemed significant are as follows.

Note that the risks regarding future contents included in the matters described below were based on the judgment of the Company as of the end of the current consolidated fiscal year.

1) Risks relevant to the economy and markets

The businesses of the Group are related directly and indirectly to industries such as automobiles, construction machinery, railroads, construction and industrial machinery. Market fluctuations and trends in capital expenditure in these industries may affect the operating results and financial position of the Group.

2) Risks relevant to overseas operations

In pursuit of further growth and profitability, the Group actively conducts business in Asia, North America and Europe. However, political turmoil and unforeseeable amendments to laws and regulations, etc. may occur in countries, which may affect the markets for particular products. Such events are likely to have an impact on the operating results of the overseas business of the Group.

3) Exchange rate fluctuations risk

Overseas sales accounted for 30.3% of the Group’s sales during the consolidated fiscal year under review. The Group also relies on imports of raw materials from overseas and, though it hedges its risks in foreign currency-denominated transactions through forward-exchange contracts, the Group’s performance is nonetheless affected by exchange rate fluctuations. The performance of overseas subsidiaries is also impacted by exchange rate fluctuations when converting to Japanese yen.

4) Risks relevant to procurement

The Group purchases raw materials and components, etc. from a wide range of trading partners. However, if the supply of certain parts were to become insufficient and alternative suppliers could not be found, the Group’s performance and financial standing could be adversely impacted by lower sales margins on products and loss of business opportunities.

5) Risks relevant to product quality

The Group manufactures its full lineup of products in line with carefully designed quality control standards to prevent defects, but there is no guarantee that all products are free from defects, possible recall, or issues of product liability in the future. Product defects leading to a recall or product liability issues could adversely impact the Group’s performance and financial standing.

6) Risks relevant to competition

The Group has a wide lineup of products with high market shares in the domestic and overseas markets. If the market shares of its products were to fall, the Group’s performance and financial standing could be adversely impacted.

2. Status of the Nabtesco Group

The Nabtesco Group consists of the Company, 30 subsidiaries and eight affiliates. Each company under the respective segment by business category is listed below.

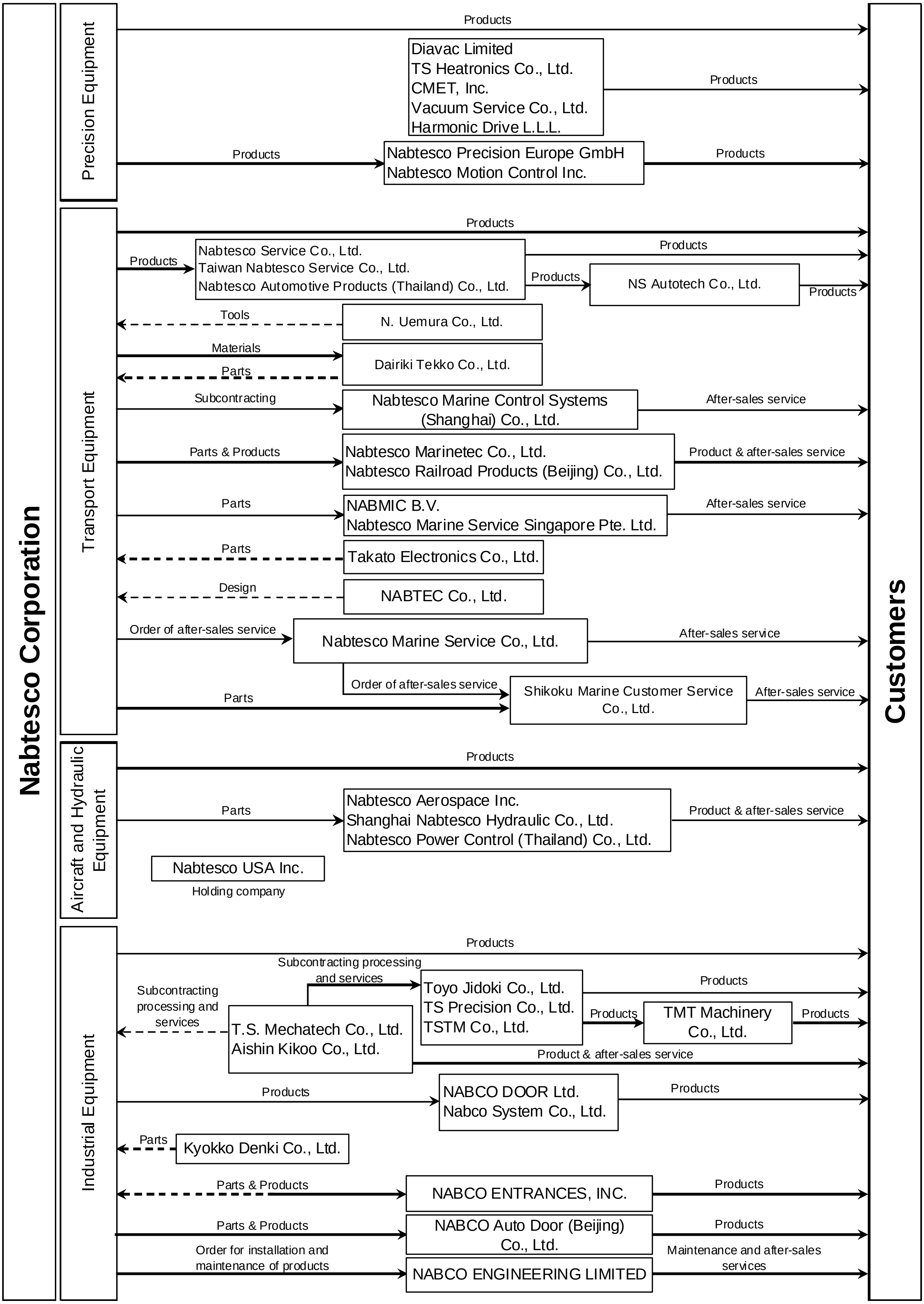
1. Relationship of the Company, subsidiaries and affiliates with the respective segments by business category

As of March 31, 2009

Business category	Japan		Overseas	
Precision Equipment	Nabtesco Corporation		Nabtesco Precision Europe GmbH	*1
	Diavac Limited	*1	Nabtesco Motion Control Inc.	*1
	TS Heatronics Co., Ltd.	*1	Harmonic Drive L.L.C.	*2
	CMET, Inc.	*1		
	Vacuum Service Co., Ltd.	*1		
Transport Equipment	Nabtesco Corporation		NABMIC B.V.	*1
	Nabtesco Service Co., Ltd.	*1	Nabtesco Marine Service Singapore Pte Ltd	*1
	Nabtesco Marine Service Co., Ltd.	*1	Nabtesco Marinetec Co., Ltd.	*1
	Shikoku Marine Customer Service Co., Ltd.	*1	Nabtesco Automotive Products (Thailand) Co., Ltd.	*1
	NABTEC Co., Ltd.	*1	Nabtesco Railroad Products (Beijing) Co., Ltd.	*1
	Dairiki Tekko Co., Ltd.	*2	Nabtesco Marine Control Systems (Shanghai) Co., Ltd.	*1
	N. Uemura Co., Ltd.	*2	Taiwan Nabtesco Service Co., Ltd.	*1
	Takato Electronics Co., Ltd.	*2	NS Autotech Co., Ltd.	*2
Aircraft and Hydraulic Equipment	Nabtesco Corporation		Nabtesco Aerospace Inc.	*1
			Nabtesco USA Inc.	*1
			Shanghai Nabtesco Hydraulic Co., Ltd.	*1
			Nabtesco Power Control (Thailand) Co., Ltd.	*1
Industrial Equipment	Nabtesco Corporation		NABCO ENTRANCES, INC.	*1
	Toyo Jidoki Co., Ltd.	*1	NABCO ENGINEERING LIMITED	*1
	TS Precision Co., Ltd.	*1	NABCO Auto Door (Beijing) Co., Ltd.	*1
	TSTM Co., Ltd.	*1		
	T.S. Mechatech Co., Ltd.	*1		
	Aishin Kikoo Co., Ltd.	*1		
	NABCO DOOR Ltd.	*1 *3		
	TMT Machinery Co., Ltd.	*2		
	Nabco System Co., Ltd.	*2		
	Kyokko Denki Co., Ltd.	*2		
Total of subsidiaries and affiliates: 38	Japan: 20 companies		Overseas: 18 companies	

*1 Consolidated subsidiary
*2 Equity method-applied affiliate
*3 Shares of NABCO DOOR Ltd. are listed on the Second Section of the Osaka Securities Exchange.
(Note 1) Nabtesco Power Control Europe b.v. ceased to exist upon completion of the liquidation process.
(Note 2) NABCO TOTO Ltd. ceased to exist upon completion of the liquidation process.

2. Diagram of Businesses of Nabtesco Group



3. Management Policy

(1) Basic Policy of the Management of the Company

The Group established its "Corporate Philosophy" in May 2005, under which the "Long-term Vision" was formulated. "Global Challenge 2010," a three-year mid-term management plan starting from the consolidated fiscal year ended March 31, 2009 was set up and announced as a plan for implementing the second step for achieving the long-term vision.

[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]

> A global company group growing with society
> —Challenge, creation and progress to higher stages—
> [Management targets for fiscal 2014]
> Net Sales: ¥260.0 billion
> Operating income: ¥36.0 billion

[Mid-Term Management Plan]

> "Global Challenge 2010"
> —In pursuit of further growth in the global market—
> Commitment to continuing increase in our corporate value through well-prepared business expansion in the growing global market, and stakeholder-oriented management.

1) Pursuing further opportunities for growth and profit
- Increase in overseas sales and reinforcement of overseas business expansion, particularly in Asia
- Reinforcement and establishment of technological edge and pursuit of innovative next generation technologies
- Promotion of business partnering and M&A to realize business expansion and synergy effects
- Enhancement of domestic productivity and promotion of overseas production, reflecting the emergence of an aging society with a decreasing number of children
- Enrichment of human resources both in quality and quantity

2) Promotion of management responsive to ROA and ROE
- Promotion of business strategy managing both efficient use of resources and profitable growth (higher ROA)
- Appropriate distribution of corporate profit, taking account of well-balanced schemes of profit-oriented investments, retaining sound financing, and profit sharing for stockholders (higher ROE)

3) Invigoration of corporate culture
- Nourishment of corporate environment and culture that encourages having true pride, dreams, and high standards of ethics, developing motivation and CSR, achieving top productivity and quality, and pursuing further growth
- Promotion of product development and business management that helps contribute to energy saving and environmental preservation

(2) Target Management Indices

(Billion yen)

	Plan for FY 2008	Actual results for FY 2008	Plan for FY 2009
Net sales	178.0	158.1	124.0
Operating income	18.4	12.0	5.0
Operating margin	10.3%	7.6%	4.0%
Net income	11.3	4.4	3.0
ROA	6.7%	2.9%	2.1%
ROE	13.9%	5.8%	3.9%

(3) Mid- to Long-Term Management Strategies

The current changes in economic environment are likely to take a significant time to recover and could greatly transform the conventional industrial structure. To improve corporate value and achieve the mid-term management plan from the mid- to long-term perspectives, the Group has defined “Achieving growth potential and profitability through business portfolio management,” “Strengthening comprehensive technological capabilities,” and “Optimally utilizing human resources and strengthening personnel capabilities” as its top priorities. Toward this end, the Company will implement the following measures:

1) Achieving growth potential and profitability through business portfolio management

The Group will proactively invest resources toward further business expansion in growth areas and will utilize core technology to enhance new product development.

- Further expansion of infrastructure improvement-related businesses (railroad vehicle-related equipment and hydraulic equipment for construction machinery)
- Further expansion of environment-related business (wind power generator-related equipment, solar power generator-related equipment, etc.)
- Developing and launching new products centered on precision reduction gear technology

2) Strengthening comprehensive technological capabilities

Together with strengthening comprehensive technological capabilities across all areas of development, manufacture, and quality assurance to provide outstanding products to customers, the Group will endeavor to maintain and improve its superiority in performance, quality, and cost vis-à-vis competitor companies.

- Fostering an organizational climate that will generate ceaseless innovation
- Maintaining and improving cost advantages by reinforcing production technology capabilities
- Strengthening quality improvement systems

3) Optimally utilizing human resources and strengthening personnel capabilities

Recognizing that human resources constitute the foundation of business, the Group will seek to optimally utilize human resources and strengthen personnel capabilities.

- Intensively dedicating human resources to priority strategic businesses
- Strengthening human resources programs

(4) Challenges Facing the Company

Given the current economic situation, deteriorating financial environment and growing uncertainty about the future, the Company will focus on securing profitability and free cash flows in the short term by quickly reducing infused resources in view of the foreseeable decline in sales.

Meanwhile, from the mid-term perspective, the Company will carefully select investments to build a strategic base for the future.

4 [Consolidated Financial Statements]

(1) [Consolidated Balance Sheets]

(Million yen)

	FY 2007 (As of March 31, 2008)	FY 2008 (As of March 31, 2009)
Assets		
Current assets		
Cash and time deposits	11,131	9,422
Notes and accounts receivable	46,641	35,159
Marketable securities	19,000	18,000
Inventories	18,421	–
Goods and products	–	2,923
Products in progress	–	5,781
Raw materials and stored goods	–	7,788
Deferred income taxes	2,826	3,037
Other current assets	1,353	2,286
Allowance for doubtful accounts	(137)	(92)
Total current assets	99,237	84,306
Fixed assets		
Tangible fixed assets		
Buildings and structures	39,204	39,603
Accumulated depreciation	(23,491)	(23,995)
Buildings and structures (net)	15,712	15,608
Machinery and equipment	46,036	48,341
Accumulated depreciation	(36,412)	(37,264)
Machinery and equipment (net)	9,624	11,077
Tools, furniture and fixtures	17,286	17,853
Accumulated depreciation	(15,058)	(15,791)
Tools, furniture and fixtures (net)	2,227	2,062
Land	14,472	14,709
Construction in progress	1,308	1,749
Total tangible fixed assets	*2 43,346	45,206
Intangible fixed assets	1,382	1,447
Investments and other assets		
Investments in securities	*1 16,674	*1 11,543
Deferred tax assets	1,334	887
Other investments and other assets	1,559	1,529
Allowance for doubtful accounts	(217)	(235)
Total investments and other assets	19,350	13,724
Total fixed assets	64,079	60,379
Total assets	163,317	144,685

(Million yen)

	FY 2007 (As of March 31, 2008)	FY 2008 (As of March 31, 2009)
Liabilities		
Current liabilities		
Trade notes and accounts payable	31,462	22,329
Short-term loans payable	9,110	8,160
Current portion of long-term loans	*2 3,004	–
Income taxes payable	3,215	404
Reserve for product guarantee	870	1,280
Reserve for environmental measures	470	–
Other current liabilities	10,048	9,035
Total current liabilities	58,182	41,209
Long-term liabilities		
Corporate bonds	11,000	11,000
Retirement allowance	10,504	9,256
Reserve for directors' retirement accounts	286	261
Reserve for environmental measures	–	519
Deferred tax liabilities	40	27
Negative goodwill	289	216
Other long-term liabilities	520	478
Total long-term liabilities	22,642	21,759
Total liabilities	80,824	62,968
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,500	17,477
Earned surplus	47,412	49,668
Treasury stock	(135)	(146)
Total shareholders' equity	74,777	76,999
Valuation and translation adjustments		
Net unrealized gains on securities	2,189	1,047
Deferred gains or losses on hedges	6	(14)
Translation adjustments	446	(1,554)
Total valuation and translation adjustments	2,642	(522)
Minority interests	5,071	5,239
Total net assets	82,492	81,716
Total liabilities and net assets	163,317	144,685

(2) [Consolidated Statements of Income]

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Net sales	174,254	158,170
Cost of sales	*2 132,641	*2 124,040
Gross profit	41,612	34,129
Selling, general and administrative expenses	*1, *2 22,182	*1, *2 22,117
Operating income	19,429	12,012
Non-operating income		
Interest income	79	65
Dividends income	226	287
Rent income	244	263
Equity in earnings of an affiliate	973	629
Other non-operating income	303	647
Total non-operating income	1,827	1,892
Non-operating expenses		
Interest expenses	176	154
Loss on disposal of inventories	590	129
Foreign exchange losses	287	451
Other non-operating expenses	141	171
Total non-operating expenses	1,196	906
Ordinary income	20,061	12,998
Extraordinary gains		
Gain on sales of fixed assets	*3 6	*3 67
Gain on sale of investment in securities	–	3
Gain on sales of golf membership rights	22	–
Reversal of allowance for doubtful accounts	101	53
Total extraordinary gains	130	124
Extraordinary losses		
Loss on disposal of fixed assets	*4 230	*4 232
Loss on sales of securities of an affiliate	329	–
Revaluation loss on investment securities	5	4,589
Write-down of golf membership rights	3	9
Loss on withdrawal from business	*5 499	–
Loss on cancellation of leases	–	38
Loss on liquidation of an affiliated company	217	149
Provision for reserve for environmental measures	–	172
Loss on revision of retirement benefit program	473	–
Total extraordinary losses	1,758	5,191
Income before income taxes	18,432	7,931
Income taxes	5,871	1,767
Adjustment for corporate and other taxes	498	1,010
Total corporate and other taxes	6,369	2,777
Minority interest	1,037	728
Net income	11,025	4,425

(3) [Consolidated Statements of Change in Net Assets]

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at end of the previous term	10,000	10,000
Change during the term		
Total change during the term	–	–
Balance at end of the term	10,000	10,000
Capital surplus		
Balance at end of the previous term	17,583	17,500
Change during the term		
Disposal of treasury stock	(82)	(23)
Total change during the term	(82)	(23)
Balance at end of the term	17,500	17,477
Earned surplus		
Balance at end of the previous term	38,304	47,412
Change during the term		
Cash dividends	(1,905)	(2,160)
Net income	11,025	4,425
Employees' welfare fund for overseas subsidiaries	(11)	(8)
Total change during the term	9,107	2,255
Balance at end of the term	47,412	49,668
Treasury stock		
Balance at end of the previous term	(209)	(135)
Change during the term		
Acquisition of treasury stock	(196)	(73)
Disposal of treasury stock	269	62
Total change during the term	73	(11)
Balance at end of the term	(135)	(146)
Total shareholders' equity		
Balance at end of the previous term	65,679	74,777
Change during the term		
Cash dividend	(1,905)	(2,160)
Net income	11,025	4,425
Acquisition of treasury stock	(196)	(73)
Disposal of treasury stock	187	38
Employees' welfare fund for overseas subsidiaries	(11)	(8)
Total change during the term	9,098	2,221
Balance at end of the term	74,777	76,999

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Valuation/translation adjustments, etc.		
Net unrealized gains on securities		
Balance at end of the previous term	7,498	2,189
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(5,308)	(1,141)
Total change during the term	(5,308)	(1,141)
Balance at end of the term	2,189	1,047
Unrealized deferred gain or loss on hedges		
Balance at end of the previous term	–	6
Change during the term		
Changes in items other than shareholders' equity during the term (net)	6	(21)
Total change during the term	6	(21)
Balance at end of the term	6	(14)
Translation adjustments		
Balance at end of the previous term	(124)	446
Change during the term		
Changes in items other than shareholders' equity during the term (net)	570	(2,000)
Total change during the term	570	(2,000)
Balance at end of the term	446	(1,554)
Total valuation and translation adjustments		
Balance at end of the previous term	7,374	2,642
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(4,731)	(3,164)
Total change during the term	(4,731)	(3,164)
Balance at end of the term	2,642	(522)
Minority interests		
Balance at end of the previous term	4,056	5,071
Change during the term		
Changes in items other than shareholders' equity during the term (net)	1,015	168
Total change during the term	1,015	168
Balance at end of the term	5,071	5,239
Total net assets		
Balance at end of the previous term	77,109	82,492
Change during the term		
Cash dividend	(1,905)	(2,160)
Net income	11,025	4,425
Acquisition of treasury stock	(196)	(73)
Disposal of treasury stock	187	38
Employees' welfare fund for overseas subsidiaries	(11)	(8)
Changes in items other than shareholders' equity during the term (net)	(3,716)	(2,996)
Total change during the term	5,382	(775)
Balance at end of the term	82,492	81,716

(4) [Consolidated Statements of Cash Flows]

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Cash flows from operating activities		
Income before income taxes	18,432	7,931
Depreciation and amortization	5,215	5,867
Amortization of goodwill	(26)	(72)
Increase (decrease) in allowance for doubtful accounts	(75)	(17)
Increase (decrease) in retirement allowance	(983)	(1,241)
Increase (decrease) in reserve for directors' retirement accounts	4	(24)
Interest and dividend income	(305)	(455)
Interest expenses	176	154
Foreign exchange loss (gain)	0	0
Equity loss (gain) in earnings of an affiliate	(973)	(629)
Loss (gain) on sales of fixed assets	(6)	(67)
Loss (gain) on disposal of fixed assets	230	232
Loss (gain) on sales of shares of affiliated companies	329	–
Loss (gain) on sales of marketable securities and investments in securities	–	(3)
Loss (gain) on revaluation of marketable securities and investments in securities	5	4,589
Loss (gain) on sales of golf membership rights	(22)	–
Write-down of golf membership rights	3	9
Loss on withdrawal from business	499	–
Loss on cancellation of leases	–	38
Loss on liquidation of an affiliates	217	149
Decrease (increase) in notes and accounts receivable	711	10,408
Decrease (increase) in inventories	(472)	1,135
Decrease (increase) in other assets	(228)	469
Increase (decrease) in notes and accounts payable	1,862	(8,083)
Increase (decrease) in consumption taxes payable	(159)	(229)
Increase (decrease) in other liabilities	(1,318)	(547)
Subtotal	23,116	19,613
Interest and dividend received	416	584
Interest paid	(174)	(170)
Income taxes paid	(5,109)	(5,972)
Net cash and cash equivalents provided by operating activities	18,249	14,055

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Cash flows from investing activities		
Increase in time deposits	(53)	(29)
Proceeds from withdrawal from time deposits	–	300
Purchases of tangible fixed assets	(4,625)	(8,225)
Proceeds from sales of tangible fixed assets	32	121
Purchases of intangible fixed assets	(676)	(539)
Purchases of investments in securities	(3,756)	(996)
Proceeds from sale of investment in securities	–	7
Acquisition of shares in affiliated companies	(248)	–
Proceeds from sale of shares in affiliated companies	271	–
Loans to affiliated companies	–	(12)
Proceeds from repayment of short-term loans	12	3
Other payments	(200)	(130)
Other proceeds	273	171
Net cash and cash equivalents used in investing activities	(8,969)	(9,329)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans	(3,330)	(946)
Repayments of long-term loans	(484)	(3,004)
Proceeds from minority shareholders	281	398
Payments for purchases of treasury stock	(196)	(73)
Proceeds from sales of treasury stock	187	38
Cash dividends paid	(1,905)	(2,160)
Cash dividends paid to minority shareholders	(299)	(441)
Net cash and cash equivalents used in financing activities	(5,748)	(6,189)
Effect exchange rate changes on cash and cash equivalents	1	(959)
Increase (decrease) in cash and cash equivalents	3,533	(2,423)
Cash and cash equivalents at beginning of term	26,188	29,722
Cash and cash equivalents at end of term	*1 29,722	*1 27,299

(Segment Information)

1 Segment Information by Business Category

FY 2007 (From April 1, 2007 to March 31, 2008)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	32,912	48,981	56,634	35,725	174,254	–	174,254
(2) Intersegment net sales or transfer	40	328	868	251	1,489	[1,489]	–
Total	32,953	49,309	57,502	35,977	175,743	[1,489]	174,254
Operating expenses	28,270	43,249	52,948	31,844	156,313	[1,489]	154,824
Operating income	4,682	6,060	4,554	4,133	19,429	–	19,429
II Assets, Depreciation and amortization and capital expenditure							
Assets	25,983	34,659	37,999	28,788	127,431	35,885	163,317
Depreciation and amortization	1,396	1,100	1,792	561	4,850	365	5,215
Capital expenditure	769	971	2,501	723	4,966	635	5,601

(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 business ······················ 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. Total assets in “Eliminations and General Corporate Assets” are ¥36,686 million. These include surplus operating fund in the Company (cash and deposits) and long-term investments (investment securities, etc.).

5. (Change in accounting guidelines)
As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (2) [1], the Company and its domestic consolidated subsidiaries, in line with revisions made to the Corporate Tax Law, will switch from this consolidated fiscal year to a depreciation method based on the revised Corporate Tax Law for tangible fixed assets acquired on or after April 1, 2007. This change will result in reductions in operating incomes of ¥41 million in the precision equipment business, ¥44 million in the transport equipment business, ¥63 million in the aircraft and hydraulic equipment business, and ¥26 million in the industrial equipment business in comparison with figures calculated using the previous method.

6. (Additional information)
As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (2) [1], the Company and its domestic consolidated subsidiaries, by applying the depreciation method based on the pre-revision Corporate Tax Law to tangible fixed assets acquired on or prior to March 31, 2007, will uniformly depreciate the difference between 5% of the acquisition price and the memorandum price over a five-year period from the consolidated fiscal year following the consolidated fiscal year in which depreciation reaches 5% of the acquisition price; this will be recorded as depreciation costs. This change will result in reductions in operating incomes of ¥57 million in the precision equipment business, ¥102 million in the transport equipment business, ¥155 million in the aircraft and hydraulic equipment business, and ¥10 million in the industrial equipment business in comparison with figures calculated using the previous method.

7. (Additional information)
As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (3) [4], the Company, having abolished its approved retirement annuity system as of April 1, 2007 and transitioned part of its retirement benefits system to a defined contribution pension system, shall from this consolidated fiscal year consolidate the retirement benefits systems inherited from the merged companies TS Corporation and Nabco Ltd., and will use a period of 10 years for the period of disposition of accounting disparities, previously 14 years and 10 years respectively. This change will result in reductions in operating incomes of ¥6 million in the precision equipment business, ¥19 million in the transport equipment business, ¥24 million in the aircraft and hydraulic equipment business, and ¥4 million in the industrial equipment business in comparison with figures calculated using the previous method.

FY 2008 (From April 1, 2008 to March 31, 2009)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	28,026	46,765	51,390	31,987	158,170	–	158,170
(2) Intersegment net sales or transfer	51	250	573	332	1,207	[1,207]	–
Total	28,077	47,016	51,964	32,319	159,378	[1,207]	158,170
Operating expenses	25,571	42,334	49,350	30,109	147,365	[1,207]	146,158
Operating income	2,506	4,682	2,614	2,209	12,012	–	12,012
II Assets, Depreciation and amortization and capital expenditure							
Assets	18,150	31,243	33,813	25,814	109,021	35,664	144,685
Depreciation and amortization	1,308	1,315	2,047	583	5,255	612	5,867
Capital expenditure	1,307	1,531	5,147	639	8,626	557	9,184

(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 business ························ 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. Total assets in “Eliminations and General Corporate Assets” are ¥36,221 million. These include surplus operating fund in the Company (cash and deposits) and long-term investments (investment securities, etc.).

5. (Change in accounting standard)
As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (1) [4], the Company and its consolidated subsidiaries have applied from this consolidated fiscal year the “Accounting Standard Concerning Valuation of Inventories” (Accounting Standard No. 9). This change resulted in reductions in operating income of ¥20 million in the precision equipment business, ¥85 million in the transport equipment business, ¥21 million in the aircraft and hydraulic equipment business, and ¥47 million in the industrial equipment business in comparison with figures calculated using the previous method.

6. (Additional information)
As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (2) [1], the Company and its domestic consolidated subsidiaries have, from this consolidated fiscal year, changed the useful life of machinery and equipment based on the revised Corporation Tax Act. This change resulted in an increase in operating income of ¥96 million in the precision equipment business, a decrease of ¥71 million in the transport equipment business, an increase of ¥82 million in the aircraft and hydraulic equipment business, and a decrease of ¥9 million in the industrial equipment business in comparison with figures calculated using the previous method.

2 Segment Information by Region

FY 2007 (From April 1, 2007 to March 31, 2008)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	141,908	14,035	10,321	7,988	174,254	–	174,254
(2) Intersegment net sales or transfer	17,043	1,706	2,239	112	21,103	[21,103]	–
Total	158,951	15,742	12,561	8,101	195,357	[21,103]	174,254
Operating expenses	142,900	13,483	11,768	7,775	175,927	[21,103]	154,824
Operating income	16,051	2,258	793	325	19,429	–	19,429
II Assets	117,817	9,295	4,559	2,842	134,515	28,801	163,317

(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, the Netherlands

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

4. Total assets in “Eliminations and General Corporate Assets” are ¥36,686 million. These include surplus operating fund in the Company (cash and deposits) and long-term investments (investment securities, etc.).

5. (Change in accounting guidelines)
   As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (2) [1], the Company and its domestic consolidated subsidiaries, in line with revisions made to Corporate Tax Law, will switch from this consolidated fiscal year to a depreciation method based on the revised Corporate Tax Law for tangible fixed assets acquired on or after April 1, 2007. This change will result in a reduction in operating income of ¥176 million for “Japan” in comparison with figures calculated using the previous method.

6. (Additional information)
   As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (2) [1], the Company and its domestic consolidated subsidiaries, by applying the depreciation method based on the pre-revision Corporate Tax Law to tangible fixed assets acquired on or prior to March 31, 2007, will uniformly depreciate the difference between 5% of the acquisition price and the memorandum price over a five-year period from the consolidated fiscal year following the consolidated fiscal year in which depreciation reaches 5% of the acquisition price; this will be recorded as depreciation costs. This change will result in a reduction in operating income of ¥326 million for “Japan” in comparison with figures calculated using the previous method.

7. (Additional information)
   As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (3) [4], the Company, having abolished its approved retirement annuity system as of April 1, 2007 and transitioned part of its retirement benefits system to a defined contribution pension system, shall from this consolidated fiscal year consolidate the retirement benefits systems inherited from the merged companies TS Corporation and Nabco Ltd., and will use a period of 10 years for the period of disposition of accounting disparities, previously 14 years and 10 years respectively. This change will result in a reduction in operating income of ¥54 million for “Japan” in comparison with figures calculated using the previous method.

FY 2008 (From April 1, 2008 to March 31, 2009)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
I Net sales and operating income							
Net sales							
(1) External sales	124,927	16,682	9,190	7,369	158,170	–	158,170
(2) Intersegment net sales or transfer	15,107	1,944	1,812	76	18,939	[18,939]	–
Total	140,034	18,626	11,003	7,446	177,110	[18,939]	158,170
Operating expenses	131,396	16,284	10,234	7,182	165,098	[18,939]	146,158
Operating income	8,638	2,342	768	263	12,012	–	12,012
II Assets	100,051	9,669	3,983	2,174	115,879	28,806	144,685

(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, the Netherlands

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

4. Total assets in “Eliminations and General Corporate Assets” are ¥36,221 million. These include surplus operating fund in the Company (cash and deposits) and long-term investments (investment securities, etc.).

5. (Change in accounting standard)
   As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (1) [4], the Company and its consolidated subsidiaries have applied from this consolidated fiscal year the “Accounting Standard Concerning Valuation of Inventories” (Accounting Standard No. 9). This change resulted in a reduction in operating income of ¥173 million in the geographic segment of “Japan,” in comparison with figures calculated using the previous method.

6. (Additional information)
   As described in “Fundamental Points in Preparing Consolidated Financial Statements” 4. (2) [1], the Company and its domestic consolidated subsidiaries have, from this consolidated fiscal year, changed the useful life of machinery and equipment based on the revised Corporation Tax Act. This change resulted in an increase in operating incomes of ¥98 million in the geographic segment of “Japan,” in comparison with figures calculated using the previous method.

3 Overseas Sales

FY 2007 (From April 1, 2007 to March 31, 2008)

(Million yen)

	Asia	North America	Europe	Other regions	Total
I Overseas Sales	23,264	12,564	10,711	592	47,132
II Consolidated net sales					174,254
III Composition to consolidated net sale (%)	13.4	7.2	6.1	0.3	27.0

(Notes) 1. Grouping of countries and regions is based on geographic adjacency.
2. Each geographic segment except Japan covers the following countries or regions:
(1) Asia ······ China, Thailand, South Korea, India and Singapore
(2) North America ······ U.S.A.
(3) Europe ······ Germany, Great Britain, France, Italy and the Netherlands
(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.

FY 2008 (From April 1, 2008 to March 31, 2009)

(Million yen)

	Asia	North America	Europe	Other regions	Total
I Overseas Sales	26,346	11,434	9,464	612	47,856
II Consolidated net sales					158,170
III Composition to consolidated net sale (%)	16.7	7.2	6.0	0.4	30.3

(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, Thailand, South Korea, India and Singapore
(2) North America ······ U.S.A.
(3) Europe ······ Germany, Great Britain, France, Italy and the Netherlands
(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.

5 [Non-consolidated Financial Statements]

(1) [Non-consolidated Balance Sheets]

(Million yen)

	FY 2007 (As of March 31, 2008)	FY 2008 (As of March 31, 2009)
Assets		
Current assets		
Cash and time deposits	4,319	3,919
Notes receivable	*1 4,353	2,339
Accounts receivable	*1 34,355	*1 26,142
Marketable securities	19,000	18,000
Products	2,538	–
Goods and products	–	1,193
Raw material	5,628	–
Work in progress	3,973	4,374
Supplies	208	–
Raw materials and stored goods	–	4,981
Advance payment	183	61
Deferred income taxes	2,112	2,432
Short-term loans receivable	*1 2,087	*1 1,502
Other receivables	1,009	1,870
Other current assets	210	255
Allowance for doubtful accounts	(1,809)	(1,351)
Total current assets	78,172	65,723
Fixed assets		
Tangible fixed assets		
Buildings	30,950	31,300
Accumulated depreciation	(18,123)	(18,630)
Buildings (net)	12,826	12,669
Structures	3,068	3,129
Accumulated depreciation	(2,477)	(2,546)
Structures (net)	591	583
Machinery and equipment	41,394	42,826
Accumulated depreciation	(33,941)	(34,692)
Machinery and equipment (net)	7,453	8,133
Vehicles and transportation equipment	225	199
Accumulated depreciation	(195)	(175)
Vehicles and transportation equipment (net)	30	23
Tools, furniture and fixtures	15,757	16,248
Accumulated depreciation	(13,945)	(14,610)
Tools, furniture and fixtures (net)	1,811	1,638
Land	11,078	11,147
Construction in progress	1,032	1,144
Total tangible fixed assets	34,823	35,339

(Million yen)

	FY 2007 (As of March 31, 2008)	FY 2008 (As of March 31, 2009)
Intangible fixed assets		
Patents	23	13
Software	604	1,169
Software suspense account	483	4
Other intangible fixed assets	42	44
Total intangible fixed assets	1,154	1,232
Investments and other assets		
Investments in securities	13,149	7,644
Investments in stock of affiliated companies	5,822	6,731
Capital contribution for affiliated companies	1,483	1,483
Long-term prepaid expenses	77	40
Deferred income taxes	1,348	826
Other investments and other assets	737	729
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	22,535	17,372
Total fixed assets	58,512	53,945
Total assets	136,685	119,668
Liabilities		
Current liabilities		
Trade notes payable	668	175
Accounts payable	*1 26,190	*1 18,013
Short-term loans payable	8,300	7,800
Current portion of long-term loans	3,000	–
Accounts payable-other	2,703	2,533
Income taxes payable	2,311	115
Accrued expenses	3,501	2,932
Advance received	414	491
Deposits received	*1 4,500	*1 5,201
Reserve for product guarantee	870	1,276
Reserve for environmental measures	470	–
Other current liabilities	232	38
Total current liabilities	53,163	38,579
Long-term liabilities		
Corporate bonds	11,000	11,000
Retirement allowance	9,403	8,145
Reserve for directors' retirement accounts	156	154
Reserve for environmental measures	–	519
Negative goodwill	289	216
Other long-term liabilities	508	465
Total long-term liabilities	21,356	20,501
Total liabilities	74,520	59,081

(Million yen)

	FY 2007 (As of March 31, 2008)	FY 2008 (As of March 31, 2009)
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus		
Capital reserve	24,690	24,690
Other capital surplus	4,846	4,823
Total capital surplus	29,537	29,513
Earned surplus		
Profit reserve	1,076	1,076
Other earned surplus		
Reserve for special depreciation	7	3
Reserve for compression of assets	17	16
Earned surplus brought forward	21,739	20,448
Total earned surplus	22,840	21,544
Treasury stock	(130)	(141)
Total shareholders' equity	62,247	60,917
Valuation and translation adjustments		
Net unrealized gains on securities	(89)	(315)
Deferred gains or losses on hedges	6	(14)
Total valuation and translation adjustments	(82)	(330)
Total net assets	62,165	60,586
Total liabilities and net assets	136,685	119,668

(2) [Non-consolidated Statements of Income]

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Net sales	*1 132,796	*1 115,547
Cost of sales		
Inventories of products at beginning of the term	1,741	2,538
Production cost during the term	*3 107,043	*3 94,855
Subtotal	108,784	97,393
Inventories of products at end of the term	2,538	1,193
Patent royalties paid	293	267
Total cost of sales	106,539	96,467
Gross profit	26,256	19,079
Selling, general and administrative expenses	*2, *3 13,021	*2, *3 12,669
Operating income	13,235	6,410
Non-operating income		
Interest income	19	5
Dividends income	*1 961	*1 1,139
Rent income	*1 290	*1 305
Foreign exchange gains	–	14
Other non-operating income	203	427
Total non-operating income	1,474	1,892
Non-operating expenses		
Interest expenses	194	173
Loss on disposal of inventories	542	117
Foreign exchange losses	245	–
Other non-operating expenses	97	97
Total non-operating expenses	1,080	389
Ordinary income	13,628	7,912
Extraordinary gains		
Gain on sales of fixed assets	*4 2	*4 66
Gain on sales of investment securities	–	2
Gain on sales of securities of an affiliate	55	–
Gain on sales of golf membership rights	22	–
Gain on extinguishment of tie-in shares	531	–
Reversal of allowance for doubtful accounts	80	103
Total extraordinary gains	692	172

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Extraordinary losses		
Loss on disposal of fixed assets	*5 183	*5 212
Revaluation loss on investment securities	–	5,486
Write-down of securities of an affiliate	15	–
Write-down of golf membership rights	3	6
Loss on liquidation of affiliated companies	–	199
Loss on withdrawal from business	*6 499	–
Loss on cancellation of leases	–	38
Provision for reserve for environmental measures	–	172
Loss on revision of retirement benefit program	485	–
Total extraordinary losses	1,187	6,117
Income before income taxes	13,133	1,968
Income taxes	3,982	113
Adjustment for corporate and other taxes	382	990
Total corporate and other taxes	4,364	1,103
Net income	8,768	865

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

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at end of the previous term	10,000	10,000
Change during the term		
Total change during the term	–	–
Balance at end of the term	10,000	10,000
Capital surplus		
Capital reserve		
Balance at end of the previous term	24,690	24,690
Change during the term		
Total change during the term	–	–
Balance at end of the term	24,690	24,690
Other capital surplus		
Balance at end of the previous term	4,929	4,846
Change during the term		
Disposal of treasury stock	(82)	(23)
Total change during the term	(82)	(23)
Balance at end of the term	4,846	4,823
Total capital surplus		
Balance at end of the previous term	29,620	29,537
Change during the term		
Disposal of treasury stock	(82)	(23)
Total change during the term	(82)	(23)
Balance at end of the term	29,537	29,513
Earned surplus		
Profit reserve		
Balance at end of the previous term	1,076	1,076
Change during the term		
Total change during the term	–	–
Balance at end of the term	1,076	1,076
Other earned surplus		
Reserve for special depreciation		
Balance at end of the previous term	10	7
Change during the term		
Transfer from reserve for special depreciation	(3)	(3)
Total change during the term	(3)	(3)
Balance at end of the term	7	3
Reserve for compression of assets		
Balance at end of the previous term	18	17
Change during the term		
Transfer from reserve for compression of assets	(0)	(0)
Total change during the term	(0)	(0)
Balance at end of the term	17	16

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Earned surplus brought forward		
Balance at end of the previous term	14,872	21,739
Change during the term		
Cash dividends	(1,905)	(2,160)
Transfer from reserve for special depreciation	3	3
Transfer from reserve for compression of assets	0	0
Net income	8,768	865
Total change during the term	6,867	(1,291)
Balance at end of the term	21,739	20,448
Total earned surplus		
Balance at end of the previous term	15,977	22,840
Change during the term		
Cash dividends	(1,905)	(2,160)
Transfer from reserve for special depreciation	–	–
Transfer from reserve for compression of assets	–	–
Net income	8,768	865
Total change during the term	6,862	(1,295)
Balance at end of the term	22,840	21,544
Treasury stock		
Balance at end of the previous term	(203)	(130)
Change during the term		
Purchase of treasury stock	(196)	(73)
Disposal of treasury stock	269	62
Total change during the term	73	(11)
Balance at end of the term	(130)	(141)
Total shareholders' equity		
Balance at end of the previous term	55,394	62,247
Change during the term		
Cash dividends	(1,905)	(2,160)
Net income	8,768	865
Purchase of treasury stock	(196)	(73)
Disposal of treasury stock	187	38
Total change during the term	6,853	(1,330)
Balance at end of the term	62,247	60,917

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)
Valuation and translation adjustments		
Net unrealized gains on securities		
Balance at end of the previous term	5,197	(89)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(5,286)	(226)
Total change during the term	(5,286)	(226)
Balance at end of the term	(89)	(315)
Unrealized deferred gain or loss on hedges		
Balance at end of the previous term	–	6
Change during the term		
Changes in items other than shareholders' equity during the term (net)	6	(21)
Total change during the term	6	(21)
Balance at end of the term	6	(14)
Total valuation and translation adjustments		
Balance at end of the previous term	5,197	(82)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(5,279)	(247)
Total change during the term	(5,279)	(247)
Balance at end of the term	(82)	(330)
Total net assets		
Balance at end of the previous term	60,591	62,165
Change during the term		
Cash dividends	(1,905)	(2,160)
Net income	8,768	865
Purchase of treasury stock	(196)	(73)
Disposal of treasury stock	187	38
Changes in items other than shareholders' equity during the term (net)	(5,279)	(247)
Total change during the term	1,574	(1,578)
Balance at end of the term	62,165	60,586

(Reference)

Consolidated Status of Output, Orders Received and Sales

1. Output

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	33,108	18.9	27,388	17.8
Transport Equipment	48,803	27.8	45,555	29.5
Aircraft and Hydraulic Equipment	57,423	32.7	50,375	32.7
Industrial Equipment	36,207	20.6	30,864	20.0
Total	175,542	100.0	154,183	100.0

Note: Amounts indicated above do not include consumption taxes.

2. Orders Received

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	34,011	19.3	24,558	15.9
Transport Equipment	49,439	28.1	49,326	31.8
Aircraft and Hydraulic Equipment	57,567	32.8	50,658	32.7
Industrial Equipment	34,730	19.8	30,426	19.6
Total	175,748	100.0	154,969	100.0

Note: Amounts indicated above do not include consumption taxes.

3. Order Backlog

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	6,266	10.5	2,797	5.0
Transport Equipment	18,927	31.7	21,487	38.1
Aircraft and Hydraulic Equipment	25,076	42.1	24,343	43.1
Industrial Equipment	9,381	15.7	7,821	13.8
Total	59,651	100.0	56,450	100.0

Note: Amounts indicated above do not include consumption taxes.

4. Net Sales

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	32,912	18.9	28,026	17.7
Transport Equipment	48,981	28.1	46,765	29.6
Aircraft and Hydraulic Equipment	56,634	32.5	51,390	32.5
Industrial Equipment	35,725	20.5	31,987	20.2
Total	174,254	100.0	158,170	100.0
(Overseas sales included in the above amount)	(47,132)	(27.0)	(47,856)	(30.3)

Note: Amounts indicated above do not include consumption taxes.

(Reference)

Summary Material of Business Results for FY 2008

1. Operating Results

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales	174,254	132,796	158,170	115,547
Operating income	19,429	13,235	12,012	6,410
Ordinary income	20,061	13,628	12,998	7,912
Net income	11,025	8,768	4,425	865

(Million yen)

	Forecast for the 1st half of FY 2009 (From April 1, 2009 to September 30, 2009)		Forecast for FY 2009 (From April 1, 2009 to March 31, 2010)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales	59,000	42,000	124,000	89,500
Operating income	1,000	200	5,000	3,000
Ordinary income	1,200	1,000	5,500	4,000
Net income	600	600	3,000	2,500

2. Investments, Finance and Personnel

(Million yen)

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
1. Capital expenditure	5,601	4,256	9,184	5,739
[Tangible fixed assets included in the above amount]	[4,933]	[3,645]	[8,644]	[5,241]
2. Depreciation and amortization	5,215	4,494	5,867	4,958
[Tangible fixed assets included in the above amount]	[4,844]	[4,152]	[5,411]	[4,540]
3. R&D expense	4,080	3,686	4,107	3,627
4. Corporate bonds and loans payable	23,114	22,300	19,160	18,800
5. Financial account balance	129	786	198	970
[Dividend income included in the above amount]	[226]	[961]	[287]	[1,139]
3. Number of employees at end of the period	3,884 persons	2,176 persons	3,989 persons	2,249 persons

(Reference)

Segment Information for FY 2008 (Consolidated)

1. Net Sales

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	32,912	18.9	28,026	17.7
Transport Equipment	48,981	28.1	46,765	29.6
Aircraft and Hydraulic Equipment	56,634	32.5	51,390	32.5
Industrial Equipment	35,725	20.5	31,987	20.2
Total	174,254	100.0	158,170	100.0

2. Operating Income

	FY 2007 (From April 1, 2007 to March 31, 2008)		FY 2008 (From April 1, 2008 to March 31, 2009)	
	Amount (million yen)	Margin (%)	Amount (million yen)	Margin (%)
Precision Equipment	4,682	14.2	2,506	8.9
Transport Equipment	6,060	12.4	4,682	10.0
Aircraft and Hydraulic Equipment	4,554	8.0	2,614	5.1
Industrial Equipment	4,133	11.6	2,209	6.9
Total	19,429	11.2	12,012	7.6

Segment Information for FY 2009 (Consolidated)

1. Net Sales

	Forecast for 1st half of FY 2009 (From April 1, 2009 to September 30, 2009)		Forecast for FY 2009 (From April 1, 2009 to March 31, 2010)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	5,500	9.3	12,000	9.7
Transport Equipment	21,000	35.6	44,000	35.5
Aircraft and Hydraulic Equipment	19,000	32.2	40,000	32.2
Industrial Equipment	13,500	22.9	28,000	22.6
Total	59,000	100.0	124,000	100.0

2. Operating Income

	Forecast for 1st half of FY 2009 (From April 1, 2009 to September 30, 2009)		Forecast for FY 2009 (From April 1, 2009 to March 31, 2010)	
	Amount (million yen)	Margin (%)	Amount (million yen)	Margin (%)
Precision Equipment	(1,100)	(20.0)	(1,200)	(10.0)
Transport Equipment	1,800	8.6	4,500	10.2
Aircraft and Hydraulic Equipment	(200)	(1.1)	300	0.8
Industrial Equipment	500	3.7	1,400	5.0
Total	1,000	1.7	5,000	4.0