



## Summary of Financial Statements for the Third Quarter of Fiscal Year Ending March 31, 2010

January 29, 2010

Name of Listed Company: Nabtesco Corporation

Stock listed on: the 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.

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Scheduled Filing Date: February 12, 2010

Scheduled Dividend Payment Date: —

(Amounts less than one million yen have been discarded)

### 1. Consolidated Results for the Nine-month Period of FY 2009 (From April 1, 2009 to December 31, 2009)

#### (1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine-month Period, FY 2009	90,352	(28.3)	5,015	(54.7)	5,687	(52.5)	1,930	(35.3)
Nine-month Period, FY 2008	125,954	—	11,080	—	11,974	—	2,982	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine-month Period, FY 2009	15.23		15.23	
Nine-month Period, FY 2008	23.47		23.46	

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2009	145,284	82,203	52.8	607.09
As of March 31, 2009	144,685	81,716	52.9	601.75

(Reference) Shareholders' Equity: As of December 31, 2009: ¥76,733 million

As of March 31, 2009: ¥76,476 million

#### 2. Dividends

(Base date)	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FY 2008	—	9.00	—	4.00	13.00
FY 2009	—	4.00	—		
FY 2009 (Forecast)				4.00	8.00

(Note) Revision of dividends forecast in the third quarter of consolidated FY 2009: None

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2009	123,000	(22.2)	5,700	(52.5)	6,400	(50.8)	2,300	(48.0)	18.14

(Note) Revision of consolidated results forecast in the third quarter: None

4. Other

- (1) Changes in significant subsidiaries during the third quarter of consolidated FY 2009 (changes in specified subsidiaries associated with changes in the scope of consolidation): None  
Newly added: — (Company name: ) Excluded: — (Company name: )
- (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 5 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 preparation of quarterly consolidated financial statements”):  
1) Changes involving amendments and revisions to accounting standards: Yes  
2) Changes other than those included in the above 1): Yes  
(Note) Please see [Qualitative Information, Financial Statements, etc.] “4. Other” on page 5 for details.
- (4) Shares outstanding (Common shares)
- |  |                    |  |
|--|--------------------|--|
| 1) Number of shares outstanding (including treasury stock) |                    |  |
| As of December 31, 2009:                                   | 127,212,607 shares | As of March 31, 2009: 127,212,607 shares |
| 2) Number of treasury stock                                |                    |  |
| As of December 31, 2009:                                   | 816,432 shares     | As of March 31, 2009: 121,722 shares     |
| 3) Average number of shares                                |                    |  |
| Nine-month period of consolidated FY 2009:                 | 126,743,530 shares |  |
| Nine-month period of consolidated FY 2008:                 | 127,102,665 shares |  |

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

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

With the global recession since the fall of 2008, the future of the world economy remained uncertain during the nine-month period to December 31, 2009, even though the economy showed signs of recovery and financial uncertainty began to ease gradually as governments and financial authorities around the world took steps to stabilize the financial system and stimulate their economies.

The Japanese economy continued to suffer, with companies cutting capital expenditure further despite signs of a recovery in exports.

Under these circumstances, the operating results of the Group for the nine-month period of consolidated FY 2009 saw a sharp decline in net sales on a year-on-year basis, on the back of shrinking capital expenditure mainly in the automotive industry, in contrast to some emerging markets that showed signs of a recovery in demand. Operating income, ordinary income and net income for the nine-month period of consolidated FY 2009 ended drastically lower than the same period last year, affected by the decrease in net sales which could not be offset by our efforts to boost productivity while reducing costs and expenses, including fixed costs, sales expenses and general administrative expenses, in addition to the influence of measures taken to counter some quality problems with railroad vehicle equipment.

#### (1) Net sales and operating income

Net sales for the nine-month period of consolidated FY 2009 decreased by ¥35,602 million (down 28.3%) compared with the same period last year, to ¥90,352 million, and operating income fell by ¥6,065 million (down 54.7%), to ¥5,015 million. The operating income to net sales ratio dropped by 3.2 points from a year earlier, to 5.6%.

Operating results by business segment were as follows:

##### [Precision Equipment]

Net sales in the precision equipment business declined by 59.1% year on year, to ¥9,839 million, with operating income ending with a deficit of ¥228 million.

Sales of our precision reduction gears shrank significantly due to a sharp decrease in sales for industrial robots and machine tools, which are our core products in this segment, as a result of end-users, primarily automakers, reducing and postponing capital expenditure.

##### [Transport Equipment]

Net sales in the transport equipment business dropped by 12.3% year on year, to ¥30,828 million, while operating income fell by 27.6%, to ¥2,439 million.

Sales of railroad vehicle equipment remained steady, almost unchanged from the same period last year. On the other hand, sales of automobile equipment were heavily hit by the slump in demand for our flagship commercial vehicles. Marine engine remote-control systems suffered a decrease in sales reflecting the shrinking demand for new shipbuilding.

##### [Aircraft and Hydraulic Equipment]

Net sales in the aircraft and hydraulic equipment business fell 30.6% year on year, to ¥30,060 million, and operating income decreased 55.2%, to ¥1,466 million.

Our hydraulic equipment business recorded a significant drop in sales due to the drastic slump in global demand, despite an upturn in China thanks to the strong demand for construction machinery buoyed by economic stimulus measures by the government. Sales of aircraft equipment remained almost unchanged from a year earlier reflecting robust demand in the defense sector in contrast to a slight decrease in demand from the private sector.

##### [Industrial Equipment]

Net sales in the industrial equipment business slipped 16.2% year on year, to ¥19,622 million, and operating income fell 12.7%, to ¥1,337 million.

Sales in the automatic door business fell due to continued declines in domestic construction demand. Automatic packaging machines for both domestic and overseas market posted lower sales. Sales of special-purpose machine tools fell significantly compared with the same period last year as capital expenditure by automakers remained weak.

#### (2) Ordinary income

Ordinary income for the nine-month period of consolidated FY 2009 was down ¥6,287 million (52.5%) year on year, to ¥5,687 million.

The principal reason for this downturn was, as mentioned above, the year-on-year decline in operating income of ¥6,065 million (54.7%). Non-operating income decreased by ¥452 million from a year earlier to ¥945 million due to factors including a decrease in equity method investment gain as a result of the weak performance of an affiliated company which produces synthetic textile machinery, while non-operating expenses were down ¥231 million year on year, to ¥273 million.

#### (3) Net income

Net income for the nine-month period of consolidated FY 2009 fell ¥1,051 million (down 35.3% year on year), to ¥1,930 million.

Extraordinary income increased by ¥109 million year on year, to ¥221 million, due to the gain on sale of investment securities, etc. Extraordinary loss decreased by ¥3,852 million from a year earlier, to ¥1,248 million, as a result of recognizing an impairment loss of ¥401 million on land, etc. classified as idle facilities, and expenses of ¥742 million on the improvement of business structure of automobile equipment, in addition to an extra loss of ¥322 million on the liquidation of affiliated companies and a ¥4,589 million loss on the valuation of investment securities recorded in the same period last year. Consequently, income before income taxes plunged ¥2,325 million from a year earlier, to ¥4,660 million.

Income taxes were down ¥985 million year on year, to ¥2,187 million, while minority interest in income fell ¥287 million to ¥541 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 third quarter of consolidated FY 2009 were ¥85,687 million and ¥59,597 million, respectively, representing total assets of ¥145,284 million, an increase of ¥599 million from the end of the previous consolidated fiscal year. The main positive factors included an increase of ¥1,206 million in cash and time deposits and ¥1,999 million in marketable securities. Meanwhile, the main negative factors were a decrease of ¥564 million in inventories, a decrease of ¥1,526 million in current assets due to income taxes receivable, and a drop of ¥654 million in tangible fixed assets principally attributable to disposal of facilities.

#### (Liabilities)

Current liabilities and long-term liabilities as of the end of the third quarter of consolidated FY 2009 were ¥41,990 million and ¥21,090 million, respectively, representing total liabilities of ¥63,080 million, an increase of ¥112 million from the end of the previous consolidated fiscal year. The increase was mainly attributable to a rise of ¥2,626 million in short-term loans payable and ¥727 million in income taxes payable. On the other hand, main negative factors included a decrease of ¥1,448 million in trade notes and accounts payable and ¥619 million in retirement allowance due to the payment of retirement benefits, etc.

#### (Net assets)

Total net assets at the end of the third quarter of consolidated FY 2009 stood at ¥82,203 million with shareholders' equity of ¥76,733 million, an increase of ¥256 million from the end of the previous consolidated fiscal year. The increase was mainly attributable to a growth in earned surplus, reflecting net income of ¥1,930 million. On the other hand, the principal negative factors were a ¥1,016 million decrease in earned surplus due to the payment of dividends and a drop of ¥530 million in treasury stock, etc.

### (2) Cash Flows

Cash and cash equivalents (hereinafter, "funds") as of the end of the third quarter of consolidated FY 2009 were ¥30,502 million, attributable to ¥7,649 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 nine-month period of consolidated FY 2009 generated net cash of ¥7,649 million. The main positive factors were decreases in income before income taxes and inventories, while the principal negative factors included decreases in accounts payable and allowance for retirement benefits, etc.

#### (Cash flows from investing activities)

Net cash used in investing activities in the nine-month period of consolidated FY 2009 amounted to ¥5,636 million. This was mainly due to the acquisition of tangible fixed assets and investment in securities, etc.

#### (Cash flows from financing activities)

Financing activities recorded a net cash inflow of ¥1,222 million in the nine-month period of consolidated FY 2009, reflecting principally an increase in short-term loans payable, while the decrease included mainly the payment of dividends.

### 3. Qualitative information on forecasts of consolidated operating results

No revision was made to the forecasts of consolidated operating results announced on October 30, 2009.

### 4. Other

(1) Changes to significant subsidiaries during the term (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 reasonable 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 income before income taxes for the consolidated fiscal year, inclusive of the third quarter of consolidated FY 2009, has been estimated in a rational manner; and tax expenses have been calculated by multiplying the quarterly income before income taxes and adjustments 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) Changes in accounting standards for recognition of construction revenues and cost of completed work

With regard to accounting standards employed for the recognition of revenues resulting from construction work undertaken for clients, we had previously recognized the total lump-sum amount of the completed contract values at completion, using the completed-contract method. However, with effect from the first quarter of consolidated FY 2009, the "Accounting Standards for Construction Contracts" (ASBJ Statement No. 15, issued on December 27, 2007) and the "Guidance on Application of Accounting Standards for Construction Contracts" (ASBJ Guidance No. 18, issued on December 27, 2007) have been applied to construction contracts. The percentage-of-completion method is applied to construction contracts that meet the following criteria: construction had started within the reporting period; and the percentage of construction already completed by the end of the reporting period can be estimated fairly reliably. (The estimation is based on the proportion of direct costs incurred for each work phase as compared with the estimated total cost for the entire contract.) Other than the above-mentioned construction contracts, the completed-contract method has been applied.

This change had no effect on the profit and loss, as we had no construction works to which the percentage-of-completion method applied in the nine-month period of consolidated FY 2009.

2) Changes in accounting standards for recognition of loss on disposal of inventories

Although loss on disposal of inventories was formerly stated separately under non-operating expenses, we have recognized the amount under cost of sales since the first quarter of consolidated FY 2009. As a result of reinforced monitoring of lower profitability of inventories throughout the previous consolidated fiscal year, we have improved the system to promptly determine the necessity of disposal of inventories since the first quarter of consolidated FY 2009, and also enhanced the system to recognize valuation loss on a timely basis. Therefore, we have ensured consistency in line with the existing accounting practice by which loss on revaluation of inventory due to downward revision of the book value as a result of lower profitability is recognized as cost of sales. Consequently, operating income for the nine-month period of consolidated FY 2009 decreased by ¥226 million compared with the amount calculated by the previous method.

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

3) Changes in presentation method

In the third quarter of consolidated FY 2008, "Tangible fixed assets" included in fixed assets were stated all together. However, as "Buildings and structures" under Tangible fixed assets exceeded one-tenth of total assets, such items have been stated separately, as well as "Machinery and transport equipment," "Tools, apparatus and furniture" and "Construction in progress." For information, "Buildings and structures," "Machinery and transport equipment," "Tools, apparatus and furniture," "Land" and "Construction in progress" under "Tangible fixed assets" as of the end of the third quarter of consolidated FY 2008 were ¥15,555 million, ¥10,978 million, ¥2,246 million, ¥14,796 million and ¥1,404 million, respectively.

4) Additional information

(Abolition of the retirement benefits system for directors)

As we abolished the retirement benefits system for directors upon the conclusion of our Ordinary General Meeting of Shareholders held on June 24, 2009, an allowance of ¥153 million for retirement benefits for directors which is applicable to the period through the date of the General Meeting of Shareholders is stated under "Others" of long-term liabilities as long-term accounts payable.

**5. Third Quarter Consolidated Financial Statements**

## (1) Third Quarter Consolidated Balance Sheets

(Million yen)

	End of the third quarter of consolidated FY 2009 (as of December 31, 2009)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of March 31, 2009)
<b>Assets</b>		
Current assets		
Cash and time deposits	10,629	9,422
Notes and accounts receivable	35,403	35,159
Marketable securities	19,999	18,000
Goods and products	3,441	2,923
Products in progress	5,943	5,781
Raw materials and stored goods	6,543	7,788
Other current assets	3,797	5,323
Allowance for doubtful receivables	(71)	(92)
<b>Total current assets</b>	<b>85,687</b>	<b>84,306</b>
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	16,990	15,608
Machinery and transport equipment (net)	10,433	11,077
Tools, apparatus and furniture (net)	1,903	2,062
Land	14,389	14,709
Construction in progress	834	1,749
<b>Total tangible assets</b>	<b>44,552</b>	<b>45,206</b>
Intangible fixed assets	1,244	1,447
Investments and other assets		
Investments in securities	11,271	11,543
Other investments and other assets	2,773	2,416
Allowance for doubtful receivables	(243)	(235)
<b>Total investments in securities and other assets</b>	<b>13,801</b>	<b>13,724</b>
<b>Total fixed assets</b>	<b>59,597</b>	<b>60,379</b>
<b>Total assets</b>	<b>145,284</b>	<b>144,685</b>

(Million yen)

	End of the third quarter of consolidated FY 2009 (as of December 31, 2009)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of March 31, 2009)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	20,880	22,329
Short-term loans payable	10,786	8,160
Income taxes payable	1,132	404
Allowance for product warranty	1,083	1,280
Other current liabilities	8,107	9,035
Total current liabilities	41,990	41,209
Long-term liabilities		
Bonds	11,000	11,000
Retirement allowance	8,637	9,256
Allowance for retirement bonus for directors	134	261
Allowance for environmental measures	512	519
Negative goodwill	162	216
Other long-term liabilities	642	505
Total long-term liabilities	21,090	21,759
Total liabilities	63,080	62,968
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,471	17,477
Earned surplus	50,575	49,668
Treasury stock	(677)	(146)
Total shareholders' equity	77,368	76,999
Valuation and translation adjustments		
Net unrealized gains on other securities	887	1,047
Deferred gains or losses on hedges	(4)	(14)
Translation adjustments	(1,518)	(1,554)
Total valuation and translation adjustments	(635)	(522)
Subscription rights to shares	46	—
Minority interests	5,423	5,239
Total net assets	82,203	81,716
Total liabilities and net assets	145,284	144,685

(2) Nine-month Period Consolidated Statements of Income  
(Nine-month Period of Consolidated FY 2009)

(Million yen)

	Nine-month period of consolidated FY 2008 (April 1, 2008 to December 31, 2008)	Nine-month period of consolidated FY 2009 (April 1, 2009 to December 31, 2009)
Net sales	125,954	90,352
Cost of sales	98,159	70,297
Gross profit	27,795	20,054
Selling, general and administrative expenses	16,714	15,039
Operating income	11,080	5,015
Non-operating income		
Interest income	50	71
Dividends income	282	95
Rent income	200	219
Equity in earnings of an affiliate	549	344
Other non-operating income	315	215
Total	1,398	945
Non-operating expenses		
Interest expenses	123	82
Loss on disposal of inventories	77	—
Foreign exchange losses	181	93
Other non-operating expenses	122	98
Total	505	273
Ordinary income	11,974	5,687
Extraordinary gains		
Gain on sales of fixed assets	63	5
Gain on sales of investment securities	3	189
Reversal of allowance for doubtful accounts	44	25
Total	111	221
Extraordinary losses		
Loss on disposal of fixed assets	186	94
Impairment loss	—	401
Loss on sales of investment securities	—	3
Loss on valuation of investment securities	4,589	5
Write-down of golf membership rights	2	0
Loss on liquidation of affiliates	322	—
Business structure improvement expenses	—	742
Total	5,100	1,248
Income before income taxes and adjustments	6,985	4,660
Corporate, resident and business taxes	3,173	2,187
Minority interest income	829	541
Net income	2,982	1,930



(Third Quarter of Consolidated FY 2009)

(Million yen)

	Third quarter of consolidated FY 2008 (October 1, 2008 to December 31, 2008)	Third quarter of consolidated FY 2009 (October 1, 2009 to December 31, 2009)
Net sales	39,141	31,627
Cost of sales	30,719	24,289
Gross profit	8,421	7,338
Selling, general and administrative expenses	5,543	4,806
Operating income	2,878	2,532
Non-operating income		
Interest income	16	19
Dividends income	106	15
Rent income	67	83
Equity in earnings of an affiliate	127	268
Other non-operating income	89	19
Total	406	407
Non-operating expenses		
Interest expenses	37	27
Loss on disposal of inventories	28	—
Foreign exchange losses	138	2
Other non-operating expenses	33	41
Total	237	72
Ordinary income	3,048	2,867
Extraordinary gains		
Gain on sales of fixed assets	23	0
Gain on sales of investment securities	3	188
Reversal of allowance for doubtful accounts	10	—
Total	37	188
Extraordinary losses		
Loss on disposal of fixed assets	65	32
Impairment loss	—	3
Loss on valuation of investment securities	4,388	1
Loss on valuation of golf club membership	—	0
Business structure improvement expenses	—	742
Total	4,454	781
Income before income taxes and adjustments	(1,368)	2,274
Corporate, resident and business taxes	319	801
Minority interest income	182	155
Net income	(1,871)	1,318

## (3) Third Quarter Consolidated Statements of Cash Flows

(Million yen)

	Nine-month period of consolidated FY 2008 (April 1, 2008 to December 31, 2008)	Nine-month period of consolidated FY 2009 (April 1, 2009 to December 31, 2009)
<b>Cash flows from operating activities</b>		
Income before income taxes and adjustments	6,985	4,660
Depreciation and amortization	4,183	3,986
Amortization of goodwill	(54)	(54)
Share-based compensation expenses	—	46
Increase (decrease) in allowance for doubtful receivables	(40)	(12)
Increase (decrease) in retirement benefits of employees	(1,101)	(619)
Interest and dividend income	(436)	(166)
Interest expenses	123	82
Equity in (earnings) losses of an affiliate	(549)	(344)
Loss (gain) on sales of fixed assets	(63)	(5)
Loss (gain) on disposal of fixed assets	186	94
Impairment loss	—	401
Loss (gain) on sales of investment in securities	(3)	(185)
Loss on valuation of investment securities	4,589	5
Write-down of golf membership rights	2	0
Loss on liquidation of affiliates	322	—
Business structure improvement expenses	—	742
Decrease (increase) in notes and accounts receivable	3,397	8
Increase (decrease) in inventories	(693)	605
Increase (decrease) in notes and accounts payable	(1,775)	(1,447)
Others	(638)	(497)
Subtotal	14,435	7,300
Interest and dividend received	510	243
Interest paid	(140)	(85)
Income taxes (paid) refund	(5,712)	190
Net cash and cash equivalents provided by operating activities	9,092	7,649
<b>Cash flows from investing activities</b>		
Increase in time deposits	(32)	(25)
Purchases of property, plant and equipment	(5,397)	(5,162)
Proceeds from sales of property, plant and equipment	110	12
Purchases of intangible fixed assets	(405)	(131)
Purchases of investments in securities	(732)	(537)
Proceeds from sale of investment in securities	7	465
Others	18	(257)
Net cash and cash equivalents used in investing activities	(6,430)	(5,636)

(Million yen)

	Nine-month period of consolidated FY 2008 (April 1, 2008 to December 31, 2008)	Nine-month period of consolidated FY 2009 (April 1, 2009 to December 31, 2009)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term bank loans	(847)	2,638
Repayments of long-term loans	(3,004)	—
Proceeds from stock issuance to minority shareholders	398	—
Payments for purchases of treasury stock	(69)	(57)
Proceeds from sales of treasury stock	37	12
Cash dividends paid	(2,160)	(1,016)
Cash dividends paid to minority shareholders	(441)	(354)
Net cash and cash equivalents provided by financing activities	(6,087)	1,222
Effect of exchange rate change on cash and cash equivalents	(426)	(32)
Increase (decrease) in cash and cash equivalents	(3,851)	3,203
Cash and cash equivalents at beginning of period	29,722	27,299
Cash and cash equivalents at end of period	25,870	30,502

(4) Notes Relating to the Going Concern Assumption  
None

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

Third Quarter of Consolidated FY 2008 (From October 1, 2008 to December 31, 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	7,670	10,823	13,079	7,568	39,141	—	39,141
(2) Inter-segment net sales or transfer	12	74	132	60	279	(279)	—
Total	7,682	10,897	13,212	7,628	39,420	(279)	39,141
Operating income	826	1,018	474	559	2,878	—	2,878

Third Quarter of Consolidated FY 2009 (From October 1, 2009 to December 31, 2009)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	4,216	10,188	10,467	6,755	31,627	—	31,627
(2) Inter-segment net sales or transfer	5	65	74	40	186	(186)	—
Total	4,221	10,254	10,542	6,795	31,814	(186)	31,627
Operating income	591	668	655	617	2,532	—	2,532

Nine-month Period of Consolidated FY 2008 (From April 1, 2008 to December 31, 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	24,060	35,149	43,337	23,407	125,954	—	125,954
(2) Inter-segment net sales or transfer	35	195	510	222	964	(964)	—
Total	24,096	35,345	43,848	23,630	126,919	(964)	125,954
Operating income	2,907	3,368	3,272	1,532	11,080	—	11,080

Nine-month Period of Consolidated FY 2009 (From April 1, 2009 to December 31, 2009)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	9,839	30,828	30,060	19,622	90,352	—	90,352
(2) Inter-segment net sales or transfer	7	167	189	116	481	(481)	—
Total	9,847	30,996	30,250	19,739	90,833	(481)	90,352
Operating income (loss)	(228)	2,439	1,466	1,337	5,015	—	5,015

- Notes: 1 Business segments above are based on the grouping used internally.
- 2 Each segment includes the following products:  
 Nine-month Period of Consolidated FY 2008
- |   |   |
|---|---|
| (1) Precision equipment business .....              | Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum pumps, vacuum equipment and high-performance heat transfer devices. |
| (2) 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 doors for buildings, automatic fillers/sealers, forming machines, machine tools, automotive parts, molds and jigs.  |
- Nine-month Period of Consolidated FY 2009
- |   |   |
|---|---|
| (1) Precision equipment business .....              | Precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum equipment and high-performance heat transfer devices. |
| (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 doors for buildings, automatic fillers/sealers, forming machines, machine tools, automotive parts, molds and jigs.                                |
- 3 All common expenses of operating expenses are allocated to each segment.
- 4 (Changes in accounting policies)  
 Nine-month Period of Consolidated FY 2008  
 The "Accounting Standards for Valuation of Inventory" (ASBJ Statement No. 9) applies from the first quarter of consolidated FY 2008. As a result, operating income for the nine-month period of consolidated FY 2008 decreased by ¥16 million in the "Precision equipment business," ¥89 million in the "Transport equipment business," ¥17 million in the "Aircraft and hydraulic equipment business" and ¥32 million in the "Industrial equipment business" compared with the amounts calculated by the previous method.  
 Nine-month Period of Consolidated FY 2009  
 Loss on disposal of inventories was formerly stated separately under non-operating expenses. However, in line with the accounting practice by which a loss on revaluation of inventories due to downward revisions of the book values as a result of lower profitability is recognized as cost of sales, we have recognized the loss on disposal of inventories under cost of sales since the first quarter of consolidated FY 2009, if such loss on disposal of inventories is attributable to lower profitability. Consequently, operating income for the nine-month period of consolidated FY 2009 decreased by ¥11 million in "Precision equipment business," ¥175 million in "Transport equipment business," ¥23 million in "Aircraft and hydraulic equipment business" and ¥16 million in "Industrial equipment business" compared with the amounts calculated by the previous method.
- 4 (Additional information)  
 Nine-month Period of Consolidated FY 2008  
 The Company and its domestic consolidated subsidiaries changed, from the first quarter of consolidated FY 2008, the useful life of machinery and equipment following the revision of the Corporation Tax Act. As a result, operating income for the nine-month period of consolidated FY 2008 increased by ¥69 million in the "Precision equipment business," decreased by ¥49 million in the "Transport equipment business," increased by ¥58 million in the "Aircraft and hydraulic equipment business," and decreased by ¥6 million in the "Industrial equipment business," compared with the amounts calculated by the previous method.

[Segment Information by Region]  
Third Quarter of Consolidated FY 2008 (From October 1, 2008 to December 31, 2008)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	30,303	4,238	2,573	2,025	39,141	—	39,141
(2) Inter-segment net sales or transfer	2,863	427	447	12	3,751	(3,751)	—
Total	33,167	4,666	3,021	2,038	42,893	(3,751)	39,141
Operating income	1,991	555	277	53	2,878	—	2,878

## Third Quarter of Consolidated FY 2009 (From October 1, 2009 to December 31, 2009)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	25,645	3,764	1,741	477	31,627	—	31,627
(2) Inter-segment net sales or transfer	3,013	317	304	16	3,651	(3,651)	—
Total	28,658	4,081	2,045	493	35,279	(3,651)	31,627
Operating income	1,966	444	70	50	2,532	—	2,532

## Nine-month Period of Consolidated FY 2008 (From April 1, 2008 to December 31, 2008)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	97,781	14,605	7,456	6,111	125,954	—	125,954
(2) Inter-segment net sales or transfer	12,148	1,582	1,388	49	15,168	(15,168)	—
Total	109,929	16,188	8,845	6,160	141,123	(15,168)	125,954
Operating income	7,886	2,261	675	256	11,080	—	11,080

## Nine-month Period of Consolidated FY 2009 (From April 1, 2009 to December 31, 2009)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	71,209	11,490	5,376	2,276	90,352	—	90,352
(2) Inter-segment net sales or transfer	7,393	871	878	42	9,185	(9,185)	—
Total	78,603	12,361	6,254	2,318	99,537	(9,185)	90,352
Operating income	3,144	1,576	280	13	5,015	—	5,015

- Notes: 1 Grouping of countries and regions is based on geographic adjacency.  
2 Each geographic segment except Japan covers the following countries or regions:

- (1) Asia ..... China, Thailand, South Korea and Singapore
- (2) North America ..... U.S.A.
- (3) Europe ..... Germany and the Netherlands

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

4 (Changes in accounting policies)

Nine-month Period of Consolidated FY 2008

The "Accounting Standards for Valuation of Inventory" (ASBJ Statement No. 9) applies from the first quarter of consolidated FY 2008. As a result, operating income for the nine-month period of consolidated FY 2008 decreased by ¥157 million in Japan compared with the amount calculated by the previous method.

Nine-month Period of Consolidated FY 2009

Loss on disposal of inventories was formerly stated separately under non-operating expenses. However, in line with the accounting practice by which a loss on revaluation of inventories due to downward revision of the book values as a result of lower profitability is recognized as cost of sales, we recognize the loss on disposal of inventories under cost of sales from the first quarter of consolidated FY 2009, if such loss on disposal of inventories is attributable to lower profitability. Consequently, operating income for the nine-month period of consolidated FY 2009 decreased by ¥226 million in Japan, compared with the amount calculated by the previous method.

5 (Additional information)

Nine-month Period of Consolidated FY 2008

The Company and its domestic consolidated subsidiaries changed, from the first quarter of consolidated fiscal FY 2008, the useful life of machinery and equipment following the revision of the Corporation Tax Act. As a result, operating income for the nine-month period of consolidated FY 2008 increased by ¥72 million in Japan compared with the amount calculated by the previous method.



## [Overseas sales]

## Third Quarter of Consolidated FY 2008 (From October 1, 2008 to December 31, 2008)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	6,351	2,995	2,705	206	12,259
II Consolidated net sales (Million yen)					39,141
III Composition to consolidated net sales (%)	16.2	7.7	6.9	0.5	31.3

## Third Quarter of Consolidated FY 2009 (From October 1, 2009 to December 31, 2009)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	6,124	2,158	694	124	9,102
II Consolidated net sales (Million yen)					31,627
III Composition to consolidated net sales (%)	19.4	6.8	2.2	0.4	28.8

## Nine-month Period of Consolidated FY 2008 (From April 1, 2008 to December 31, 2008)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	21,541	8,950	7,728	491	38,711
II Consolidated net sales (Million yen)					125,954
III Composition to consolidated net sales (%)	17.1	7.1	6.1	0.4	30.7

## Nine-month Period of Consolidated FY 2009 (From April 1, 2009 to December 31, 2009)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	17,207	6,701	3,058	301	27,269
II Consolidated net sales (Million yen)					90,352
III Composition to consolidated net sales (%)	19.1	7.4	3.4	0.3	30.2

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.

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

## 6. Other Information

[Production, Orders and Sales]

### (1) Production

Production per business category in the nine-month period of consolidated FY 2009 is shown below.

Segment by business category	Output (Million yen)	Year-on-year comparison (%)
Precision Equipment	10,224	(56.7)
Transport Equipment	31,361	(9.4)
Aircraft and Hydraulic Equipment	30,326	(29.6)
Industrial Equipment	20,406	(11.3)
Total	92,319	(25.8)

Notes: 1 Amounts shown above are stated based on selling price, and do not include consumption or other taxes.  
2. Inter-segment transactions have been eliminated from the amounts shown above.

### (2) Orders

Amounts of orders received per business category in the nine-month period of consolidated FY 2009 are shown below.

Segment by business category	Amount of Orders Received (Million yen)	Year-on-year comparison (%)	Order Backlog (Million yen)	Year-on-year comparison (%)
Precision Equipment	11,150	(48.2)	4,108	9.8
Transport Equipment	29,963	(19.6)	20,622	(1.9)
Aircraft and Hydraulic Equipment	29,448	(30.9)	23,731	(2.6)
Industrial Equipment	19,841	(16.1)	8,039	(16.4)
Total	90,404	(27.7)	56,502	(3.9)

Notes: 1 Amounts shown above are stated based on selling price, and do not include consumption or other taxes.  
2. Inter-segment transactions have been eliminated from the amounts shown above.

### (3) Sales

Sales by business category in the nine-month period of consolidated FY 2009 are shown below.

Segment by business category	Sales (Million yen)	Year-on-year comparison (%)
Precision Equipment	9,839	(59.1)
Transport Equipment	30,828	(12.3)
Aircraft and Hydraulic Equipment	30,060	(30.6)
Industrial Equipment	19,622	(16.2)
Total	90,352	(28.3)

Notes: 1 Amounts shown above are stated based on selling price, and do not include consumption or other taxes.  
2. Inter-segment transactions have been eliminated from the amounts shown above.  
3. No single client accounts for 10% or more of the total sales.