



Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending March 31, 2011 (Japanese GAAP)

October 29, 2010

Name of Listed Company: Nabtesco Corporation

Code Number: 6268

Representative: Title: President and CEO

Inquiries: Title: General Manager, General Administration Div.

Scheduled Date for Filing of Quarterly Report: November 12, 2010

Quarterly material to supplement the financial results: Yes

Quarterly financial results conference: Yes (for institutional investors and analysts)

Stock listed on: the First Section of the Tokyo Stock Exchange

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Scheduled Dividend Payment Date: December 8, 2010

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

1. Consolidated Results for the Six-month Period of FY 2010 (April 1, 2010 to September 30, 2010)

(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	%
Six-month Period, FY 2010	79,096	34.7	9,457	280.9	10,320	266.4	5,914	866.1
Six-month Period, FY 2009	58,724	(32.4)	2,482	(69.7)	2,816	(68.5)	612	(87.4)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six-month Period, FY 2010	46.79		46.79	
Six-month Period, FY 2009	4.83		4.83	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2010	161,058	89,836	52.1	663.61
As of March 31, 2010	149,480	85,167	53.1	628.29

(Reference) Shareholders' Equity: As of Sept. 30, 2010: ¥83,904 million

As of March 31, 2010: ¥79,404 million

2. Dividends

	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 2009	—	4.00	—	5.00	9.00
FY 2010	—	9.00	—	—	—
FY 2010 (Forecast)	—	—	—	9.00	18.00

(Note) Revision of dividends forecast in the second quarter of consolidated FY 2010: None

3. Forecast of Consolidated Operating Results for FY 2010 (April 1, 2010 to March 31, 2011)

(Percentages indicate the 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
Full year	160,000	26.7	17,700	122.3	19,600	109.9	11,600	188.8	91.78

(Note) Revision to consolidated results forecast in the second quarter: None

4. Other (For details, please see "Other Information" on page 4 of the attached document.)

(1) Changes in significant subsidiaries during the second quarter of consolidated FY 2010: None

Newly added: — (Company name:) Excluded: — (Company name:)

Note: Changes in specified subsidiaries associated with changes in the scope of consolidation.

(2) Application of simplified accounting procedures and distinctive accounting procedures: Yes

Note: Application of simplified accounting procedures and distinctive accounting procedures for the preparation of quarterly consolidated financial statements.

(3) Changes in accounting principles and procedures, and presentation methods:

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

2) Changes other than those included in the 1) above: None

Note: Changes in accounting principles and procedures, and presentation methods concerning the preparation of quarterly consolidated financial statements as provided for in the "Changes in significant matters, etc. as basis for the preparation of quarterly consolidated financial statements."

(4) Shares outstanding (Common shares)

1) Number of shares outstanding (including treasury stock)

2) Number of treasury stock

3) Average number of shares (April 1, 2010 to Sept. 30, 2010)

As of end of 2Q FY 2010	127,212,607 shares	As of end of FY 2009	127,212,607 shares
As of end of 2Q FY 2010	776,257 shares	As of end of FY 2009	832,184 shares
April 1, 2010 to September 30, 2010	126,408,387 shares	April 1, 2009 to September 30, 2009	126,763,674 shares

* Presentation of status of implementation of the quarterly review process

This summary of the quarterly financial results is not in conformity with the quarterly review procedures as provided for under the Financial Instruments and Exchange Act. As of the date on which this summary of quarterly financial results has been released as a summary report, the above-mentioned procedures concerning the quarterly review have not been completed.

* Explanation of proper use of forecasts for operating results and other matters of special note

The forecast figures posted above have been determined based on currently available information and assumptions that we consider as reasonable. Therefore, actual performance may differ significantly from the above forecast figures due to several factors. Please refer to "(3) Qualitative Information on the Forecast for Consolidated Operating Results" on page 3 of the attached document for conditions used as the basis of forecasts, and notes for using the forecasts.

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1. Qualitative Information on Consolidated Operating Results, etc. for the First Six Months of FY 2010

(1) Qualitative information on consolidated operating results

Amid adverse factors, such as increased concerns over the fiscal problems of some European countries and a slowdown in the recovery of the U.S. economy, the world economy in the first half of the consolidated fiscal year ending March 31, 2011 continued to grow moderately, driven by the robust capital and infrastructure investment by the automotive industry, etc., mainly in emerging countries. On the other hand, the Japanese economy was in a severe condition due to the freezing of capital investment by companies, the rapid appreciation of the Japanese yen and low stock prices. However, the Japanese economy witnessed an improvement in corporate profits and a growth in exports mainly due to the economic growth of Asia, including China. In addition, personal consumption, etc., increased, supported by the government's economic stimulus measures.

Under these circumstances, the Group's sales for the first half of FY 2010 saw growth on a year-on-year basis due to the sharp recovery in the domestic and overseas demand for industrial robots, and an increase in the demand for construction machinery in tandem with the expansion of infrastructure. Operating income, ordinary income, and net income also increased.

1) Net sales and operating income

Net sales for the first six months of consolidated FY 2010 increased by ¥20,371 million (up 34.7%) over the same period last year, to ¥79,096 million, and operating income surged by ¥6,974 million (up 280.9%) to ¥9,457 million. Operating margin rose 7.8 points year-on-year, to 12.0%.

Operating results by business segment were as follows:

[Precision Equipment]

Net sales in the precision equipment business grew by 158.0% year-on-year, to ¥14,507 million, with operating income improving significantly from a deficit of ¥819 million in the same period last year, to ¥3,195 million.

Sales of precision reduction gears expanded as the domestic and overseas demand for industrial robots in general recovered, driven by the expansion of the automobile markets of emerging countries and an increase in demand for environmentally friendly cars and compact cars.

[Transport Equipment]

Net sales in the transport equipment business increased by 9.5% year-on-year, to ¥22,606 million, while operating income showed a 51.4% rise year-on-year, to ¥2,681 million.

Sales of railroad vehicle equipment expanded due to a constant flow of orders received from China. Also, sales of automobile equipment increased due to enhanced production by truck manufacturers for the domestic and overseas markets. On the other hand, sales of marine equipment decreased because orders for new shipbuilding didn't recover strongly although there was a sign of recovery of such orders.

[Aircraft and Hydraulic Equipment]

Net sales in the aircraft and hydraulic equipment business increased by 46.0% year-on-year, to ¥28,610 million, and operating income surged 247.9%, to ¥2,822 million.

Our hydraulic equipment business recorded a growth in sales reflecting a strong recovery in demand for construction machinery in China. Sales of aircraft equipment rose slightly from a year earlier, supported by growth in demand in the defense sector.

[Industrial Equipment]

Net sales in the industrial equipment business improved 3.9% year-on-year, to ¥13,372 million, and operating income increased by 5.3%, to ¥757 million.

Sales in the automatic door business remained almost unchanged from the level of a year earlier due to slow construction demand in the domestic market. Automatic packaging machinery posted lower sales as domestic and overseas demand remained weak. Sales of special-purpose machine tools rose compared with the same period last year as demand from the Chinese and Korean markets increased.

2) Ordinary income

Ordinary income for the first six months of consolidated FY 2010 surged by ¥7,504 million (266.4%) year-on-year, to ¥10,320 million.

The principal reason for this increase was, as mentioned above, the year-on-year growth in operating income. Non-operating income expanded by ¥894 million from a year earlier to ¥1,433 million due to factors including an improvement in the business performance of equity method-applied affiliates, while non-operating expenses rose ¥364 million year-on-year, to ¥569 million, reflecting the fluctuations in foreign exchange rates.

3) Net income

Net income for the first six months of consolidated FY 2010 soared ¥5,302 million (866.1%) compared with the same period last year, to ¥5,914 million.

Extraordinary income increased by ¥55 million year-on-year, to ¥91 million, while extraordinary losses decreased by ¥77 million from a year earlier, to ¥388 million. Consequently, income before taxes increased by ¥7,638 million year-on-year, to ¥10,023 million.

Income taxes increased by ¥2,134 million year-on-year, to ¥3,521 million, while minority interests in income rose ¥201 million to ¥587 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 second quarter of consolidated FY 2010 were ¥102,271 million and ¥58,786 million, respectively, resulting in total assets of ¥161,058 million, an increase of ¥11,577 million over the end of the previous consolidated fiscal year. The main positive factors included increases of ¥1,278 million in cash and time deposits, ¥2,660 million in notes and accounts receivable, ¥7,500 million in marketable securities and ¥1,153 million in inventories.

(Liabilities)

Current liabilities and long-term liabilities as of the end of the second quarter of consolidated FY 2010 were ¥50,974 million and ¥20,246 million, respectively, representing total liabilities of ¥71,221 million, an increase of ¥6,908 million from the end of the previous consolidated fiscal year. The increase was mainly attributable to a rise of ¥4,787 million in trade notes and accounts payable and ¥2,112 million in income taxes payable.

(Net assets)

Total net assets at the end of the second quarter of consolidated FY 2010 stood at ¥89,836 million with shareholders' equity of ¥83,904 million, an increase of ¥4,500 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 ¥5,914 million. On the other hand, the principal negative factors included a ¥635 million decrease in earned surplus due to the payment of dividends.

2) Cash Flows

Cash and cash equivalents (hereinafter, "funds") as of the end of the second quarter of consolidated FY 2010 were ¥44,219 million, attributable to ¥11,260 million in funds generated from operating activities and application of the funds mainly due to capital expenditure, dividend payments, etc.

(Cash flows from operating activities)

Our operations in the first six months of consolidated FY 2010 generated net cash of ¥11,260 million. The main positive factors were increases in income before income taxes and accounts payable, while the principal negative factors included increases in accounts receivable and inventories.

(Cash flows from investing activities)

Net cash outflow in investing activities in the first six months of consolidated FY 2010 amounted to ¥1,332 million. This was mainly due to the acquisition of tangible fixed assets.

(Cash flows from financing activities)

Financing activities recorded a net cash outflow of ¥777 million in the first six months of consolidated FY 2010, mainly reflecting the payment of dividends.

(3) Qualitative information on forecasts of consolidated operating results

The forecast for the full year of the consolidated FY 2010 remains unchanged from that mentioned in "Notice on the Revision of Forecasts of Operating Results" announced on July 30, 2010.

2. Other Information

(1) Outline of Changes in Significant Subsidiaries

None.

(2) Outline of Simplified Accounting Procedures and Distinctive Accounting Procedures

- 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 income before income taxes for the consolidated fiscal year, inclusive of the second quarter of consolidated FY 2010, 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) Outline of Changes to Accounting Principles and Procedures, and Presentation Method, etc.

1. Changes to matters concerning accounting treatment standards
 - 1) Application of "Accounting Standards for Equity Method" and "Practical Solution on Accounting Treatment Applied to Affiliates Accounted for Using the Equity Method"
Starting from the first quarter of consolidated FY 2010, the Company has applied the "Accounting Standards for Equity Method" (Accounting Standards Board of Japan [ASBJ] Statement No. 16, issued on March 10, 2008) and the "Practical Solution on Accounting Treatment Applied to Affiliates Accounted for Using the Equity Method" (ASBJ PITF No. 24, issued on March 10, 2008).
There is no impact on the Company's consolidated financial statements for the quarter as a result of this change.
 - 2) Application of Accounting Standards for Asset Retirement Obligations
Starting from the first quarter of consolidated FY 2010, the Company has applied the "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and the "Application Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Application Guidance No. 21, issued on March 31, 2008).
As a result, operating income and ordinary income in the first and second quarters of consolidated FY 2010 each decreased by ¥2 million, and income before income taxes fell by ¥28 million. The change in asset retirement obligations due to this application was ¥10 million.
2. Changes in presentation method
Following the application of the "Cabinet Office Ordinance Regarding Partial Amendment to the Regulations Concerning the Terminology, Forms, and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 5, issued on March 24, 2009) based on the "Accounting Standards Concerning Consolidated Financial Statements" (ASBJ Statement No. 22 issued on December 26, 2008), the Company presents an accounting item of "Income before minority interests" in the first half of the consolidated FY 2010.

3. Second Quarter Consolidated Financial Statements

(1) Second Quarter Consolidated Balance Sheets

(Million yen)

	End of the second quarter of consolidated FY 2010 (as of September 30, 2010)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of March 31, 2010)
Assets		
Current assets		
Cash and time deposits	12,319	11,040
Notes and accounts receivable	38,778	36,117
Marketable securities	32,000	24,499
Goods and products	4,118	3,160
Products in progress	5,831	5,473
Raw materials and stored goods	6,470	6,632
Deferred tax assets	2,096	2,115
Other current assets	733	926
Allowance for doubtful accounts	(75)	(73)
Total current assets	102,271	89,893
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	16,823	17,322
Machinery and transport equipment (net)	9,778	10,101
Tools, apparatus and furniture (net)	1,847	1,808
Land	14,352	14,393
Construction in progress	269	475
Total tangible assets	43,070	44,102
Intangible fixed assets	1,086	1,192
Investments and other assets		
Investments in securities	12,762	12,302
Deferred tax assets	491	490
Other investments and other assets	1,557	1,687
Allowance for doubtful receivables	(182)	(187)
Total investments in securities and other assets	14,630	14,292
Total fixed assets	58,786	59,587
Total assets	161,058	149,480

(Million yen)

	End of the second quarter of consolidated FY 2010 (as of September 30, 2010)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of March 31, 2010)
Liabilities		
Current liabilities		
Trade notes and accounts payable	29,234	24,447
Short-term loans payable	9,057	8,920
Income taxes payable	2,964	851
Allowance for product warranty	996	822
Other current liabilities	8,721	8,569
Total current liabilities	50,974	43,610
Long-term liabilities		
Bonds	11,000	11,000
Retirement allowance	7,860	8,000
Allowance for retirement bonus for directors	108	143
Allowance for environmental measures	487	572
Deferred tax liabilities	95	232
Negative goodwill	108	144
Other long-term liabilities	586	608
Total long-term liabilities	20,246	20,702
Total liabilities	71,221	64,313
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,448	17,467
Earned surplus	57,934	52,662
Treasury stock	(632)	(695)
Total shareholders' equity	84,749	79,434
Valuation and translation adjustments		
Net unrealized gains on other securities	989	1,290
Deferred gains or losses on hedges	-	(1)
Translation adjustments	(1,834)	(1,319)
Total valuation and translation adjustments	(845)	(30)
Subscription rights to shares	110	73
Minority interests	5,821	5,689
Total net assets	89,836	85,167
Total liabilities and net assets	161,058	149,480

(2) Six-month Period Consolidated Statements of Income
(Six-month Period of Consolidated FY 2010)

(Million yen)

	Six-month period of consolidated FY 2009 (April 1, 2009 to September 30, 2009)	Six-month period of consolidated FY 2010 (April 1, 2010 to September 30, 2010)
Net sales	58,724	79,096
Cost of sales	46,008	59,320
Gross profit	12,716	19,775
Selling, general and administrative expenses	10,233	10,317
Operating income	2,482	9,457
Non-operating income		
Interest income	52	39
Dividends income	79	46
Rent income	135	125
Equity in earnings of an affiliates	75	1,053
Other non-operating income	195	168
Total	538	1,433
Non-operating expenses		
Interest expenses	55	42
Foreign exchange losses	90	456
Other non-operating expenses	59	70
Total	205	569
Ordinary income	2,816	10,320
Extraordinary gains		
Gain on sales of fixed assets	4	75
Gain on sales of investment securities	1	-
Reversal of allowance for doubtful accounts	29	16
Total	35	91
Extraordinary losses		
Loss on disposal of fixed assets	62	73
Impairment loss	401	-
Loss on valuation of investment securities	3	0
Write-down of golf club membership	-	2
Provision of allowance for environmental measures	-	64
Loss on adjustment for changes in accounting standards for asset retirement obligations	-	26
Cancellation compensation	-	221
Total	466	388
Income before income taxes and adjustments	2,385	10,023
Corporate, resident and business taxes	1,386	3,521
Income before minority interests	-	6,502
Minority interests in income	386	587
Net income	612	5,914

(Second Quarter of Consolidated FY 2010)

(Million yen)

	Three-month period of consolidated FY 2009 (July 1, 2009 to September 30, 2009)	Three-month period of consolidated FY 2010 (July 1, 2010 to September 30, 2010)
Net sales	31,321	42,016
Cost of sales	24,611	31,597
Gross profit	6,710	10,418
Selling, general and administrative expenses	5,112	5,273
Operating income	1,597	5,145
Non-operating income		
Interest income	23	21
Dividends income	0	0
Rent income	69	61
Equity in earnings of an affiliates	28	442
Other non-operating income	140	58
Total	262	583
Non-operating expenses		
Interest expenses	26	20
Foreign exchange losses	75	307
Other non-operating expenses	23	45
Total	125	374
Ordinary income	1,735	5,354
Extraordinary gains		
Gain on sales of fixed assets	2	51
Reversal of allowance for doubtful accounts	-	9
Total	2	61
Extraordinary losses		
Loss on disposal of fixed assets	46	27
Impairment loss	401	-
Loss on valuation of investment securities	3	0
Write-down of golf club membership	-	1
Provision of allowance for environmental measures	-	64
Cancellation compensation	-	221
Total	450	315
Income before income taxes and adjustments	1,287	5,100
Corporate, resident and business taxes	805	1,723
Income before minority interests	-	3,376
Minority interests in income	170	321
Net income	310	3,055

(3) Six-month Period Consolidated Statements of Cash Flows

(Million yen)

	Six-month period of consolidated FY 2009 (April 1, 2009 to September 30, 2009)	Six-month period of consolidated FY 2010 (April 1, 2010 to September 30, 2010)
Cash flows from operating activities		
Income before income taxes and adjustments	2,385	10,023
Depreciation and amortization	2,604	2,563
Amortization of goodwill	(36)	(36)
Share-based compensation expenses	18	44
Increase (decrease) in allowance for doubtful receivables	(21)	0
Increase (decrease) in retirement benefits of employees	(453)	(139)
Interest and dividend income	(131)	(85)
Interest expenses	55	42
Equity in (earnings) losses of an affiliates	(75)	(1,053)
Loss (gain) on sales of fixed assets	(4)	(75)
Loss (gain) on disposal of fixed assets	62	73
Impairment loss	401	-
Loss (gain) on sales of investment in securities	(1)	-
Loss (gain) on valuation of investment securities	3	0
Write-down of golf club membership	-	2
Loss on adjustment for changes in accounting standards for asset retirement obligations	-	26
Cancellation compensation	-	221
Decrease (increase) in notes and accounts receivable	3,623	(2,681)
Decrease (increase) in inventories	605	(1,317)
Increase (decrease) in notes and accounts payable	(4,369)	5,193
Others	329	(441)
Subtotal	4,993	12,362
Interest and dividend received	208	310
Interest paid	(58)	(54)
Payment of cancellation compensation	-	(64)
Refund (payment) of income taxes	721	(1,293)
Net cash and cash equivalents provided by operating activities	5,865	11,260
Cash flows from investing activities		
Increase in time deposits	(25)	(0)
Proceeds from withdrawal of time deposits	-	13
Purchases of property, plant and equipment	(4,210)	(1,351)
Proceeds from sales of property, plant and equipment	8	153
Purchases of intangible fixed assets	(107)	(86)
Purchases of investments in securities	(533)	(6)
Proceeds from sale of investment in securities	3	-
Purchase of stocks of subsidiaries and affiliates	-	(150)
Others	(51)	94
Net cash and cash equivalents used in investing activities	(4,916)	(1,332)

(Million yen)

	Six-month period of consolidated FY 2009 (April 1, 2009 to September 30, 2009)	Six-month period of consolidated FY 2010 (April 1, 2010 to September 30, 2010)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	423	152
Payments for purchases of treasury stock	(14)	(19)
Proceeds from sales of treasury stock	11	54
Cash dividends paid	(508)	(635)
Cash dividends paid to minority shareholders	(328)	(330)
Net cash and cash equivalents provided by financing activities	(415)	(777)
Effect of exchange rate change on cash and cash equivalents	159	(357)
Increase (decrease) in cash and cash equivalents	692	8,794
Cash and cash equivalents at beginning of period	27,299	35,425
Cash and cash equivalents at end of period	27,991	44,219

(4) Notes Relating to the Going Concern Assumption

None

(5) Segment Information

[Segment Information by Business Category]

Second quarter of consolidated FY 2009 (July 1, 2009 to September 30, 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	2,750	11,126	10,128	7,317	31,321	—	31,321
(2) Inter-segment net sales or transfer	1	57	59	30	148	[148]	—
Total	2,751	11,183	10,188	7,347	31,470	[148]	31,321
Operating income (loss)	(382)	1,117	312	551	1,597	—	1,597

Six-month period of consolidated FY 2009 (April 1, 2009 to September 30, 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	5,623	20,639	19,592	12,867	58,724	—	58,724
(2) Inter-segment net sales or transfer	1	102	114	76	294	[294]	—
Total	5,625	20,741	19,707	12,944	59,019	[294]	58,724
Operating income (loss)	(819)	1,771	811	719	2,482	—	2,482

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 equipment and high-performance heat transfer devices.
- (2) Transport equipment business Railway brake systems, door operating system for railway vehicles, air brake 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 and machine tools.

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

4 (Changes in accounting policies)

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. As a result, operating income for the three-month period of consolidated FY 2009 decreased by ¥5 million in the "Precision equipment business," ¥135 million in the "Transport equipment business," ¥11 million in the "Aircraft and hydraulic equipment business" and ¥12 million in the "Industrial equipment business" compared with the amounts calculated by the previous method.

[Segment Information by Region]

Second quarter of consolidated FY 2009 (July 1, 2009 to September 30, 2009)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	25,199	3,793	1,675	653	31,321	—	31,321
(2) Inter-segment net sales or transfer	1,999	343	317	15	2,675	[2,675]	—
Total	27,198	4,137	1,992	668	33,996	[2,675]	31,321
Operating income (loss)	1,072	486	72	(33)	1,597	—	1,597

Six-month period of consolidated FY 2009 (April 1, 2009 to September 30, 2009)

(Million yen)

	Japan	Asia	North America	Europe	Total	Eliminations and General Corporate Assets	Consolidated
Net sales							
(1) External sales	45,565	7,725	3,634	1,799	58,724	—	58,724
(2) Inter-segment net sales or transfer	4,380	554	574	25	5,534	[5,534]	—
Total	49,944	8,280	4,208	1,824	64,258	[5,534]	58,724
Operating income (loss)	1,178	1,132	209	(37)	2,482	—	2,482

- 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)

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 three-month period of consolidated FY 2009 decreased by ¥164 million in "Japan" compared with the amounts calculated by the previous method.

[Overseas sales]

Second quarter of consolidated FY 2009 (July 1, 2009 to September 30, 2009)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	6,049	2,313	930	88	9,381
II Consolidated net sales (Million yen)					31,321
III Composition to consolidated net sales (%)	19.3	7.4	3.0	0.3	30.0

Six-month period of consolidated FY 2009 (April 1, 2009 to September 30, 2009)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	11,082	4,542	2,364	176	18,167
II Consolidated net sales (Million yen)					58,724
III Composition to consolidated net sales (%)	18.9	7.7	4.0	0.3	30.9

- Notes: 1 Grouping of countries and regions is based on geographic adjacency.
- 2 Each geographic segment except Japan covers the following countries or regions:
- (1) Asia China, 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 sales by the Company and its consolidated subsidiaries in countries or regions other than Japan.

[Segment Information]

(Additional information)

Starting with the first quarter of FY 2010, the Company has applied the "Accounting Standards Concerning the Disclosure of Segment Information, etc." (ASBJ Statement No. 17, issued on March 27, 2009) and the "Application Guidelines for the Accounting Standard Concerning the Disclosure of Segment Information, etc." (Application Guidelines for ASBJ Statement No. 20, issued on March 31, 2008).

1. Outline of Reportable Segment Information

The Company's reportable segments are constituents of the Group for which separate financial information are available, and which the Board of Directors review on a regular basis in order to determine distribution of management resources and evaluate business results.

The Group is engaged in manufacturing and sale of products using its core motion control technology, and the business consists of four reportable segments of "Precision business," "Transport equipment business," "Aircraft and hydraulic equipment business" and "Industrial equipment business."

In the "Precision equipment business," the Group manufactures precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum equipment, high-performance heat transfer devices, etc. "Transport equipment business" focuses on the manufacturing of railway vehicle brake and door systems, air brake systems for commercial vehicles, marine engine control systems, etc. In the "Aircraft and hydraulic equipment business," the Group manufactures aircraft equipment, traveling motors for construction machinery, yaw drives for wind turbines, etc. Main products of the "Industrial equipment business" include automatic doors for buildings, platform door system for railway stations, automatic food fillers, and special-purpose machine tools.

2. Information regarding sales and income by reportable segment

Six-month period of consolidated FY 2010 (April 1, 2010 to September 30, 2010)

(Million yen)

	Reportable segments					Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
(1) External sales	14,507	22,606	28,610	13,372	79,096		79,096
(2) Inter-segment net sales or transfer	11	118	212	235	577	[577]	
Total	14,518	22,724	28,822	13,608	79,673	[577]	79,096
Segment income	3,195	2,681	2,822	757	9,457		9,457

Notes: 1 The amount of adjustments to segment income is minus ¥577 million through elimination of inter-segment transactions.

2 Segment income is adjusted with operating income stated in the quarterly consolidated income statement.

Second quarter of consolidated FY 2010 (July 1, 2010 to September 30, 2010)

(Million yen)

	Reportable segments					Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
(1) External sales	8,100	11,377	15,142	7,396	42,016		42,016
(2) Inter-segment net sales or transfer	6	58	104	80	248	[248]	
Total	8,106	11,435	15,246	7,476	42,265	[248]	42,016
Segment income	1,711	1,399	1,564	470	5,145		5,145

Notes: 1 The amount of adjustments to segment income is minus ¥248 million through elimination of inter-segment transactions.

2 Segment income is adjusted with operating income stated in the quarterly consolidated income statement.

(6) Notes in Case of Any Significant Change in the Amount of Shareholders' Equity

None.

4. Supplementary Information

(1) Production, Orders Received and Sales

1) Production

Production per business category in the first six months of consolidated FY 2010 is shown below.

Segment by business category	Output (Million yen)	Year-on-year comparison (%)
Precision Equipment	14,815	151.4
Transport Equipment	23,730	13.5
Aircraft and Hydraulic Equipment	29,171	47.2
Industrial Equipment	13,879	4.7
Total	81,597	36.3

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.

2) Orders received

Amounts of orders received per business category in the first six months of consolidated FY 2010 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	18,475	226.6	9,263	227.2
Transport Equipment	25,177	38.8	25,175	32.6
Aircraft and Hydraulic Equipment	30,972	56.4	24,902	1.4
Industrial Equipment	14,208	8.0	8,507	4.8
Total	88,834	56.5	67,848	24.5

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 first six months of consolidated FY 2010 are shown below.

Segment by business category	Sales (Million yen)	Year-on-year comparison (%)
Precision Equipment	14,507	158.0
Transport Equipment	22,606	9.5
Aircraft and Hydraulic Equipment	28,610	46.0
Industrial Equipment	13,372	3.9
Total	79,096	34.7

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.

(2) Overseas sales

Second quarter of consolidated FY 2010 (July 1, 2010 to September 30, 2010)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	11,948	2,164	2,620	128	16,862
II Consolidated net sales (Million yen)					42,016
III Composition to consolidated net sales (%)	28.4	5.2	6.2	0.3	40.1

Six-month period of consolidated FY 2010 (April 1, 2010 to September 30, 2010)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	20,890	4,217	4,213	229	29,550
II Consolidated net sales (Million yen)					79,096
III Composition to consolidated net sales (%)	26.4	5.4	5.3	0.3	37.4

- 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 sales by the Company and its consolidated subsidiaries in countries or regions other than Japan.