



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

January 31, 2011

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: February 14, 2011  
 Scheduled Dividend Payment Date: –  
 Quarterly material to supplement the financial results: Yes  
 Quarterly financial results conference: None

Stock listed on: the First Section of the Tokyo Stock Exchange  
 URL: <http://www.nabtesco.com>  
 Name: Kazuyuki Matsumoto  
 Name: Kenichi Nakamura  
 TEL +81-3-3578-7070

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

### 1. Consolidated Results for the Nine-month Period of FY 2010 (April 1, 2010 to December 31, 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	%
Nine-month Period, FY 2010	122,690	35.8	15,511	209.3	17,055	199.9	10,220	429.4
Nine-month Period, FY 2009	90,352	(28.3)	5,015	(54.7)	5,687	(52.5)	1,930	(35.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine -month Period, FY 2010	80.85	80.84
Nine -month Period, FY 2009	15.23	15.23

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2010	169,387	93,124	51.4	688.82
As of March 31, 2010	149,480	85,167	53.1	628.29

(Reference) Shareholders' Equity: As of Dec. 31, 2010: ¥87,088 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 third 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	167,000	32.3	19,300	142.3	21,200	127.0	12,700	216.1	100.47

(Note) Revision to consolidated results forecast in the third quarter: Yes

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

(1) Changes in significant subsidiaries during the third 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 Dec. 31, 2010)

As of end of 3Q FY 2010	127,212,607 shares	As of end of FY 2009	127,212,607 shares
As of end of 3Q FY 2010	781,421 shares	As of end of FY 2009	832,184 shares
April 1, 2010 to December 31, 2010	126,405,805 shares	April 1, 2009 to December 31, 2009	126,743,530 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.

Table of Contents of Attached Documents

1. Qualitative Information on Consolidated Operating Results, etc. for the First Nine Months of FY 2010 .....	2
(1) Qualitative Information on Consolidated Operating Results .....	2
(2) Qualitative Information on Consolidated Financial Position .....	3
(3) Qualitative Information on Forecasts of Consolidated Operating Results .....	3
2. Other Information .....	4
(1) Outline of Changes in Significant Subsidiaries .....	4
(2) Outline of Simplified Accounting Procedures and Distinctive Accounting Procedures .....	4
(3) Outline of Changes to Accounting Principles and Procedures, and Presentation Method, etc. ....	4
3. Third Quarter Consolidated Financial Statements .....	5
(1) Third Quarter Consolidated Balance Sheets .....	5
(2) Nine-month Period Consolidated Statements of Income .....	7
(3) Nine-month Period Consolidated Statements of Cash Flows .....	9
(4) Notes Relating to the Going Concern Assumption .....	11
(5) Segment Information .....	11
(6) Notes in Case of Any Significant Change in the Amount of Shareholders' Equity .....	15
4. Supplementary Information .....	16
(1) Production, Orders Received, and Sales .....	16
(2) Overseas sales .....	17

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

### (1) Qualitative Information on Consolidated Operating Results

Amid concerns such as the prolonged fiscal problems of some European countries, the world economy during the nine-month period of the fiscal year ending March 31, 2011 continued to grow moderately, driven by additional monetary and fiscal stimulus in the U.S. and remarkable economic growth in emerging countries including China. Some positive signs were also seen in the Japanese economy, including increased exports to emerging countries, in spite of the generally severe environment due to the prolonged appreciation of the Japanese yen and continued deflationary pressure among other factors.

Under these circumstances, the Group's sales for the nine-month period of consolidated FY 2010 saw growth on a year-on-year basis. This was primarily due to the recovery in domestic and overseas demand for industrial robots which carried over from the latter half of the previous period, and an increase in demand for construction machinery in tandem with the expansion of infrastructure in China. Operating income, ordinary income, and net income also increased.

#### 1) Net sales and operating income

Net sales for the nine-month period of consolidated FY 2010 increased by ¥32,338 million (up 35.8%) over the same period last year, to ¥122,690 million, and operating income surged by ¥10,496 million (up 209.3%) to ¥15,511 million. Operating margin rose 7.0 percentage points year-on-year, to 12.6%.

Operating results by business segment were as follows:

##### [Precision Equipment]

Net sales in the precision equipment business grew by 135.4% year-on-year, to ¥23,161 million, with operating income improving significantly from a deficit of ¥228 million in the same period last year, to ¥5,156 million.

Sales of precision reduction gears expanded as demand for industrial robots increased mainly due to active capital investment by automobile makers in light of an expected increase in automobile sales in emerging countries.

##### [Transport Equipment]

Net sales in the transport equipment business increased by 15.8% year-on-year, to ¥35,694 million, while operating income showed a 86.3% rise year-on-year, to ¥4,545 million.

Sales of railroad vehicle equipment expanded due to an increase in orders received from China. Also, sales of automobile equipment grew due to increased production by truck manufacturers for the domestic and emerging markets. On the other hand, sales of marine equipment decreased due to the influence of exchange rates although the number of new shipbuilding continued to grow globally.

##### [Aircraft and Hydraulic Equipment]

Net sales in the aircraft and hydraulic equipment business increased by 44.5% year-on-year, to ¥43,436 million, and operating income surged 203.1%, to ¥4,445 million.

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

##### [Industrial Equipment]

Net sales in the industrial equipment business improved 4.0% year-on-year, to ¥20,398 million, and operating income increased by 2.0%, to ¥1,364 million.

Sales in the automatic door business remained almost unchanged from the level of a year earlier as construction-related demand in the domestic market remained stagnant. Automatic packaging machinery posted lower sales due to continuing weakness in demand. 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 nine months of consolidated FY 2010 surged by ¥11,368 million (199.9%) year-on-year, to 17,055 million.

The principal reason for this increase was, as mentioned above, the year-on-year growth in operating income. Non-operating income expanded by ¥1,347 million from a year earlier to ¥2,293 million due to factors including an improvement in the business performance of equity method-applied affiliates, while non-operating expenses rose ¥474 million year-on-year, to ¥748 million, reflecting the fluctuations in foreign exchange rates.

#### 3) Net income

Net income for the first nine months of consolidated FY 2010 soared ¥8,289 million (429.4%) compared with the same period last year, to ¥10,220 million.

Extraordinary income decreased by ¥125 million year-on-year, to ¥95 million, while extraordinary losses decreased by ¥779 million from a year earlier, to ¥468 million. Consequently, income before taxes increased by ¥12,022 million year-on-year, to ¥16,682 million.

Income taxes increased by ¥3,476 million year-on-year, to ¥5,663 million, while minority interests in income rose ¥257 million to ¥798 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 2010 were ¥109,348 million and ¥60,038 million, respectively, resulting in total assets of ¥169,387 million, an increase of ¥19,906 million over the end of the previous consolidated fiscal year. The main positive factors included increases of ¥2,037 million in cash and time deposits, ¥5,566 million in notes and accounts receivable, ¥9,498 million in marketable securities and ¥2,409 million in inventories.

**(Liabilities)**

Current liabilities and long-term liabilities as of the end of the third quarter of consolidated FY 2010 were ¥66,923 million and ¥9,339 million, respectively, representing total liabilities of ¥76,263 million, an increase of ¥11,949 million from the end of the previous consolidated fiscal year. The increase was mainly attributable to a rise of ¥6,827 million in trade notes and accounts payable and ¥3,725 million in income taxes payable.

**(Net assets)**

Total net assets at the end of the third quarter of consolidated FY 2010 stood at ¥93,124 million with shareholders' equity of ¥87,088 million, an increase of ¥7,684 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 ¥10,220 million. On the other hand, the principal negative factors included a ¥1,779 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 third quarter of consolidated FY 2010 were ¥46,967 million, attributable to ¥16,420 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 nine months of consolidated FY 2010 generated net cash of ¥16,420 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 nine months of consolidated FY 2010 amounted to ¥2,377 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 ¥2,001 million in the first nine months of consolidated FY 2010, mainly reflecting the payment of dividends.

**(3) Qualitative Information on Forecasts of Consolidated Operating Results**

Taking into consideration the consolidated operating results for the nine-month period ended December 31, 2010 as well as trends for the future, etc., we have revised our forecast for the full fiscal year ending March 31, 2011 (which had been announced on July 30, 2010).

Please refer to the "Notification of Revisions to the Forecast" announced on January 31, 2011 for details.

The following chart summarizes the differences between the revised forecast and the consolidated forecast for the fiscal year ending March 31, 2011 announced on July 30, 2010.

Revisions to the consolidated forecast for the fiscal year ending March 31, 2011

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	160,000	17,700	19,600	11,600	91.78
Current forecast (B)	167,000	19,300	21,200	12,700	100.47
Change (B – A)	7,000	1,600	1,600	1,100	–
Change (%)	4.4	9.0	8.2	9.5	–
Actual results for the previous fiscal year ended March 31, 2010	126,249	7,964	9,337	4,017	31.70

## 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 third 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 nine-month period of the consolidated FY 2010 each decreased by ¥3 million, and income before income taxes fell by ¥29 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 the accounting item of "Income before minority interests" in the nine-month period of consolidated FY 2010.

**3. Third Quarter Consolidated Financial Statements**

(1) Third Quarter Consolidated Balance Sheets

(Million yen)

	End of the third quarter of consolidated FY 2010 (as of December 31, 2010)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of March 31, 2010)
<b>Assets</b>		
Current assets		
Cash and time deposits	13,078	11,040
Notes and accounts receivable	41,684	36,117
Marketable securities	33,998	24,499
Goods and products	3,744	3,160
Products in progress	6,706	5,473
Raw materials and stored goods	7,225	6,632
Deferred tax assets	2,168	2,115
Other current assets	821	926
Allowance for doubtful accounts	(78)	(73)
Total current assets	109,348	89,893
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	16,637	17,322
Machinery and transport equipment (net)	10,269	10,101
Tools, apparatus and furniture (net)	1,729	1,808
Land	14,350	14,393
Construction in progress	408	475
Total tangible assets	43,395	44,102
Intangible fixed assets	1,069	1,192
Investments and other assets		
Investments in securities	13,805	12,302
Deferred tax assets	491	490
Other investments and other assets	1,457	1,687
Allowance for doubtful receivables	(180)	(187)
Total investments in securities and other assets	15,573	14,292
Total fixed assets	60,038	59,587
Total assets	169,387	149,480

(Million yen)

	End of the third quarter of consolidated FY 2010 (as of December 31, 2010)	Condensed consolidated balance sheet at the end of previous consolidated accounting fiscal year (as of March 31, 2010)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	31,274	24,447
Short-term loans payable	9,016	8,920
Current portion of bonds	11,000	–
Income taxes payable	4,576	851
Allowance for product warranty	1,203	822
Other current liabilities	9,852	8,569
<b>Total current liabilities</b>	<b>66,923</b>	<b>43,610</b>
Long-term liabilities		
Bonds	–	11,000
Retirement allowance	7,716	8,000
Allowance for retirement bonus for directors	121	143
Allowance for environmental measures	484	572
Deferred tax liabilities	346	232
Negative goodwill	90	144
Other long-term liabilities	579	608
<b>Total long-term liabilities</b>	<b>9,339</b>	<b>20,702</b>
<b>Total liabilities</b>	<b>76,263</b>	<b>64,313</b>
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,448	17,467
Earned surplus	61,095	52,662
Treasury stock	(641)	(695)
<b>Total shareholders' equity</b>	<b>87,902</b>	<b>79,434</b>
Valuation and translation adjustments		
Net unrealized gains on other securities	1,291	1,290
Deferred gains or losses on hedges	2	(1)
Translation adjustments	(2,108)	(1,319)
<b>Total valuation and translation adjustments</b>	<b>(813)</b>	<b>(30)</b>
Subscription rights to shares	135	73
Minority interests	5,900	5,689
<b>Total net assets</b>	<b>93,124</b>	<b>85,167</b>
<b>Total liabilities and net assets</b>	<b>169,387</b>	<b>149,480</b>



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

(Million yen)

	Nine-month period of consolidated FY 2009 (April 1, 2009 to December 31, 2009)	Nine-month period of consolidated FY 2010 (April 1, 2010 to December 31, 2010)
Net sales	90,352	122,690
Cost of sales	70,297	91,492
Gross profit	20,054	31,197
Selling, general and administrative expenses	15,039	15,686
Operating income	5,015	15,511
Non-operating income		
Interest income	71	61
Dividends income	95	81
Rent income	219	186
Equity in earnings of an affiliates	344	1,713
Other non-operating income	215	250
Total	945	2,293
Non-operating expenses		
Interest expenses	82	69
Foreign exchange losses	93	574
Other non-operating expenses	98	104
Total	273	748
Ordinary income	5,687	17,055
Extraordinary gains		
Gain on sales of fixed assets	5	76
Gain on sales of investment securities	189	0
Reversal of allowance for doubtful accounts	25	18
Total	221	95
Extraordinary losses		
Loss on disposal of fixed assets	94	152
Impairment loss	401	–
Loss on sales of investment securities	3	–
Loss on valuation of investment securities	5	0
Loss on sale of golf club membership	–	0
Write-down of golf club membership	0	2
Provision of allowance for environmental measures	–	64
Business structure improvement expenses	742	–
Loss on adjustment for changes in accounting standards for asset retirement obligations	–	26
Cancellation compensation	–	221
Total	1,248	468
Income before income taxes and adjustments	4,660	16,682
Corporate, resident and business taxes	2,187	5,663
Income before minority interests	–	11,018
Minority interests in income	541	798
Net income	1,930	10,220

(Third Quarter of Consolidated FY 2010)

(Million yen)

	Nine-month period of consolidated FY 2009 (October 1, 2009 to December 31, 2009)	Nine-month period of consolidated FY 2010 (October 1, 2010 to December 31, 2010)
Net sales	31,627	43,594
Cost of sales	24,289	32,172
Gross profit	7,338	11,422
Selling, general and administrative expenses	4,806	5,368
Operating income	2,532	6,053
Non-operating income		
Interest income	19	22
Dividends income	15	34
Rent income	83	60
Equity in earnings of an affiliates	268	660
Other non-operating income	19	82
Total	407	860
Non-operating expenses		
Interest expenses	27	26
Foreign exchange losses	2	118
Other non-operating expenses	41	33
Total	72	178
Ordinary income	2,867	6,735
Extraordinary gains		
Gain on sales of fixed assets	0	1
Gain on sales of investment securities	188	0
Reversal of allowance for doubtful accounts	–	2
Total	188	3
Extraordinary losses		
Loss on disposal of fixed assets	32	79
Loss on sales of investment securities	3	–
Loss on valuation of investment securities	1	–
Loss on sale of golf club membership	–	0
Write-down of golf club membership	0	0
Business structure improvement expenses	742	–
Total	781	79
Income before income taxes and adjustments	2,274	6,659
Corporate, resident and business taxes	801	2,142
Income before minority interests	–	4,516
Minority interests in income	155	211
Net income	1,318	4,305

## (3) Nine-month Period Consolidated Statements of Cash Flows

(Million yen)

	Nine-month period of consolidated FY 2009 (April 1, 2009 to December 31, 2009)	Nine-month period of consolidated FY 2010 (April 1, 2010 to December 31, 2010)
<b>Cash flows from operating activities</b>		
Income before income taxes and adjustments	4,660	16,682
Depreciation and amortization	3,986	3,951
Amortization of goodwill	(54)	(54)
Share-based compensation expenses	46	68
Increase (decrease) in allowance for doubtful receivables	(12)	1
Increase (decrease) in retirement benefits of employees	(619)	(282)
Interest and dividend income	(166)	(142)
Interest expenses	82	69
Equity in (earnings) losses of an affiliates	(344)	(1,713)
Loss (gain) on sales of fixed assets	(5)	(76)
Loss (gain) on disposal of fixed assets	94	152
Impairment loss	401	—
Loss (gain) on sales of investment in securities	(185)	(0)
Loss (gain) on valuation of investment securities	5	0
Loss (gain) on sale of golf club membership	—	0
Write-down of golf club membership	0	2
Business structure improvement expenses	742	—
Loss on adjustment for changes in accounting standards for asset retirement obligations	—	26
Cancellation compensation	—	221
Decrease (increase) in notes and accounts receivable	8	(4,901)
Decrease (increase) in inventories	605	(2,697)
Increase (decrease) in notes and accounts payable	(1,447)	7,228
Others	(497)	(506)
<b>Subtotal</b>	<b>7,300</b>	<b>18,031</b>
Interest and dividend received	243	442
Interest paid	(85)	(77)
Payment of cancellation compensation	—	(135)
Refund (payment) of income taxes	190	(1,839)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>7,649</b>	<b>16,420</b>
<b>Cash flows from investing activities</b>		
Increase in time deposits	(25)	(10)
Proceeds from withdrawal of time deposits	—	15
Purchases of property, plant and equipment	(5,162)	(2,439)
Proceeds from sales of property, plant and equipment	12	190
Purchases of intangible fixed assets	(131)	(165)
Purchases of investments in securities	(537)	(9)
Proceeds from sale of investment in securities	465	0
Purchase of stocks of subsidiaries and affiliates	—	(150)
Others	(257)	190
<b>Net cash and cash equivalents used in investing activities</b>	<b>(5,636)</b>	<b>(2,377)</b>

(Million yen)

	Nine-month period of consolidated FY 2009 (April 1, 2009 to December 31, 2009)	Nine-month period of consolidated FY 2010 (April 1, 2010 to December 31, 2010)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	2,638	107
Payments for purchases of treasury stock	(57)	(27)
Proceeds from sales of treasury stock	12	54
Cash dividends paid	(1,016)	(1,779)
Cash dividends paid to minority shareholders	(354)	(356)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>1,222</b>	<b>(2,001)</b>
Effect of exchange rate change on cash and cash equivalents	(32)	(499)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,203</b>	<b>11,542</b>
Cash and cash equivalents at beginning of period	27,299	35,425
<b>Cash and cash equivalents at end of period</b>	<b>30,502</b>	<b>46,967</b>

**(4) Notes Relating to the Going Concern Assumption**

None.

**(5) Segment Information**

[Segment Information by Business Category]

Third quarter of consolidated FY 2009 (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 2009 (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:

- (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 ¥11 million in the "Precision equipment business," ¥175 million in the "Transport equipment business," ¥23 million in the "Aircraft and hydraulic equipment business" and ¥16 million in the "Industrial equipment business" compared with the amounts calculated by the previous method.

## [Segment Information by Region]

Third quarter of consolidated FY 2009 (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 2009 (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)

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 ¥226 million in "Japan" compared with the amounts calculated by the previous method.

## [Overseas sales]

Third quarter of consolidated FY 2009 (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 2009 (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 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, automatic food fillers, and special-purpose machine tools.

## 2. Information regarding sales and income by reportable segment

Nine-month period of consolidated FY 2010 (April 1, 2010 to December 31, 2010)

	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	23,161	35,694	43,436	20,398	122,690	-	122,690
(2) Inter-segment net sales or transfer	21	176	324	383	906	[906]	-
Total	23,183	35,870	43,761	20,781	123,596	[906]	122,690
Segment income	5,156	4,545	4,445	1,364	15,511	-	15,511

(Million yen)

Notes: 1 The amount of adjustments to segment income is minus ¥906 million through elimination of inter-segment transactions.

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

Third quarter of consolidated FY 2010 (October 1, 2010 to December 31, 2010)

	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	8,654	13,087	14,826	7,025	43,594	-	43,594
(2) Inter-segment net sales or transfer	10	58	112	147	328	[328]	-
Total	8,665	13,145	14,939	7,173	43,923	[328]	43,594
Segment income	1,961	1,863	1,622	606	6,053	-	6,053

(Million yen)

Notes: 1 The amount of adjustments to segment income is minus ¥328 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 nine months of consolidated FY 2010 is shown below.

Segment by business category	Output (Million yen)	Year-on-year comparison (%)
Precision Equipment	23,594	130.8
Transport Equipment	36,127	15.2
Aircraft and Hydraulic Equipment	44,240	45.9
Industrial Equipment	21,511	5.4
Total	125,473	35.9

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.

#### 2) Orders received

Amounts of orders received per business category in the first nine 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	26,352	136.3	8,485	106.5
Transport Equipment	37,159	24.0	24,069	16.7
Aircraft and Hydraulic Equipment	45,006	52.8	24,109	1.6
Industrial Equipment	23,083	16.3	10,356	28.8
Total	131,601	45.6	67,021	18.6

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 nine months of consolidated FY 2010 are shown below.

Segment by business category	Sales (Million yen)	Year-on-year comparison (%)
Precision Equipment	23,161	135.4
Transport Equipment	35,694	15.8
Aircraft and Hydraulic Equipment	43,436	44.5
Industrial Equipment	20,398	4.0
Total	122,690	35.8

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.

3 No single client accounts for 10% or more of the total sales.

**(2) Overseas sales**

Third quarter of consolidated FY 2010 (October 1, 2010 to December 31, 2010)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	13,127	1,849	2,584	132	17,693
II Consolidated net sales (Million yen)					43,594
III Composition to consolidated net sales (%)	30.1	4.3	5.9	0.3	40.6

Nine-month period of consolidated FY 2010 (April 1, 2010 to December 31, 2010)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	34,018	6,066	6,798	361	47,244
II Consolidated net sales (Million yen)					122,690
III Composition to consolidated net sales (%)	27.7	5.0	5.5	0.3	38.5

- 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.