



## Summary of Financial Statements for the Year ended March 31, 2012 (Japanese GAAP) (Consolidated)

May 10, 2012

Name of Listed Company: Nabtesco Corporation Stock listed on: First Section of the Tokyo Stock Exchange  
 Code Number: 6268 URL: <http://www.nabtesco.com>  
 Representative: Title: Representative Director, President & CEO Name: Kazuaki Kotani  
 Inquiries: Title: General Manager, General Administration Dep. Name: Kenichi Nakamura TEL (03) 5213 - 1133  
 Scheduled Date of Annual Shareholders Meeting: June 26, 2012 Scheduled Date of Dividend Payment: June 27, 2012  
 Scheduled Date of Issue of Financial Report: June 27, 2012  
 Availability of supplementary information: Yes  
 Organization of financial result briefing meeting: Yes

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

### 1. Consolidated Operating Results for FY 2011 (From April 1, 2011 to March 31, 2012)

#### (1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2011	198,527	17.3	22,858	13.1	24,656	10.2	14,756	10.2
FY 2010	169,303	34.1	20,212	153.8	22,365	139.5	13,387	233.2

(Note) Comprehensive income:

FY 2011: ¥14,354 million (7.1%) FY 2010: ¥13,398 million (151.9%)

	Net income per share	Diluted net income per share	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2011	116.74	116.61	15.6	12.7	11.5
FY 2010	105.91	105.80	15.8	13.5	11.9

(Reference) Investment profit/loss on equity method:

FY 2011: ¥1,787 million FY 2010: ¥2,218 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 2011 (as of March 31, 2012)	208,092	107,466	47.6	784.12
FY 2010 (as of March 31, 2011)	180,729	96,531	49.9	713.77

(Reference) Shareholders' equity:

As of March 31, 2012: ¥99,092 million As of March 31, 2011: ¥90,241 million

#### (3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at fiscal year-end
	Million yen	Million yen	Million yen	Million yen
FY 2011	15,104	(27,464)	6,035	50,023
FY 2010	27,997	(4,419)	(1,849)	56,570

### 2. Dividends

(Base date: as of end of the period)	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2010	—	9.00	—	16.00	25.00	3,177	23.6	3.7
FY 2011	—	17.00	—	17.00	34.00	4,320	29.1	4.5
FY 2012 (year ending March 31, 2013 (Forecast))	—	18.00	—	21.00	39.00		29.3	

### 3. Forecast of Consolidated Operating Results for FY 2012 (From April 1, 2012 to March 31, 2013)

(Percentages represent 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
Six-month period ending September 2012	98,000	0.3	9,600	(21.5)	10,200	(22.7)	6,300	(24.6)	49.84
FY 2012	210,000	5.8	24,200	5.9	26,100	5.9	16,800	13.8	132.91

\*Notes:

- (1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries associated with change in scope of consolidation): Yes  
 Newly added: One company (Name of company: Jiangsu Nabtesco Hydraulic Co., Ltd.);  
 Excluded: None (Name of company: — )
- (2) Changes in accounting policies, accounting estimates, and restatement of corrections  
 1) Changes in accounting policies resulting from the revision of accounting standards: Yes  
 2) Changes in accounting policies arising from factors other than 1) above: None  
 3) Changes in accounting estimates: None  
 4) Restatement of corrections: None
- (3) Shares outstanding (Common shares)  
 1) Shares outstanding at fiscal year end (including treasury stocks)  
     As of March 31, 2012: 127,212,607 shares                      As of March 31, 2011: 127,212,607 shares  
 2) Treasury stocks at fiscal year end  
     As of March 31, 2012: 837,579 shares                      As of March 31, 2011: 783,586 shares  
 3) Average number of outstanding shares  
     FY 2011: 126,402,025 shares                      FY 2010: 124,604,722 shares

[Reference] Overview of Non-Consolidated Operating Results

1. Non-Consolidated Operating Results for FY 2011 (From April 1, 2011 to March 31, 2012)

(1) Non-Consolidated Operating Results (Percentages indicate the year-over-year increase (decrease).)								
	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2011	133,709	13.9	15,112	12.7	18,112	20.9	12,204	29.5
FY 2010	117,383	29.0	13,406	194.7	14,985	142.6	9,426	232.4

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY 2011	96.05		95.94	
FY 2010	74.19		74.11	

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 2011 (as of March 31, 2012)	162,210	78,422	48.2	615.69
FY 2010 (as of March 31, 2011)	143,671	70,955	49.3	557.05

(Reference) Shareholders' equity:

As of March 31, 2012: ¥ 78,213 million

As of March 31, 2011: ¥70,795 million

2. Forecast of Non-Consolidated Operating Results for FY 2012 (From April 1, 2012 to March 31, 2013)

(Percentages indicate the year-over-year increase (decrease).)							
	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending September 2012	65,000	0.1	7,900	(15.6)	5,400	(14.9)	42.50
Fiscal year ending March 2013	142,000	6.2	19,000	4.9	12,900	5.7	101.53

\* Current Status of Audit Procedures

- This "Summary of Financial Statements" is not subject to audit procedures as stipulated under the Financial Instruments and Exchange Act, and the audit procedures based on the said Act have not been completed as of the date of publication of this summary.

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

- Description concerning projections of performance and other future matters contained in this material is based on information currently available and certain assumptions judged to be reasonable. Therefore, actual performance, etc. may differ significantly from those projections due to various factors. Please see "Analysis of Consolidated Operating Results" on page 3 of the attached documents for more information on the conditions of the assumption for the projections and points to be remembered in connection with the use of projections.
- The Company will hold a financial results presentation meeting on May 17, 2012 for institutional investors and financial analysts. Images and details of the meeting (audio) together with the financial materials distributed at the meeting will be posted on the website immediately after the meeting.

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# 1. Operating Results

## (1) Analysis of Consolidated Operating Results

(Consolidated Operating Results for FY 2011)

The business environment in the consolidated fiscal year under review faced an alarming development, particularly from the third quarter (October 1, 2011 to December 31, 2011), in which fiscal and financial uncertainty in European countries, and economic deceleration in China, including notable sluggish demand in the construction machinery market and other events, became apparent. At the same time, despite a gradual recovery from the impact of the Great East Japan Earthquake, the Japanese economy remained in a difficult situation on the back of continued strength in the yen, even though the currency slightly weakened in the fourth quarter (January 1, 2012 to March 31, 2012).

Under these circumstances, the Group's consolidated net sales for FY 2011 grew on a year-on-year basis. This was primarily attributable to a greater demand in Japan and overseas for industrial robots and an increase in demand for construction machinery in China in the six-month period (April 1, 2011 to September 30, 2011), in tandem with the acquisition of Gilgen Door Systems AG of Switzerland in April 2011. Operating income, ordinary income and net income also increased.

### 1) Net sales and operating income

Net sales and operating income for consolidated FY 2011 were ¥198,527 million (an increase of ¥29,223 million, (17.3% year on year) and ¥22,858 million (an increase of ¥2,646 million, 13.1% year on year), respectively.

Operating results by business segment were as follows:

#### [Precision Equipment]

Net sales and operating income in the precision equipment business increased by 36.3% and 23.9% year on year, to ¥44,199 million and ¥8,013 million, respectively.

Sales of precision reduction gears grew, reflecting stronger domestic and overseas demand for industrial robots.

#### [Transport Equipment]

Net sales in the transport equipment business remained at ¥48,289 million, almost unchanged on a year-on-year basis, and operating income also stood at the same level as the previous fiscal year, increasing 2.6%, to ¥6,068 million.

Sales of railroad vehicle equipment saw a decline in China, reflecting the impact of scandals in China's Ministry of Railways, the postponement of investments due to the high-speed train accident, and a lack of new vehicle launches due to it being the off-season. Marine equipment sales rose on the back of spot demands for China. Sales of commercial vehicle equipment rose, reflecting growing demand for trucks from emerging countries.

#### [Aircraft and Hydraulic Equipment]

Net sales and operating income in the aircraft and hydraulic equipment business stood at ¥64,240 million (up 8.7%, year on year) and ¥6,130 million (up 9.3%, year on year), respectively.

Our hydraulic equipment business recorded higher sales, reflecting increased demand for construction machinery in China during the six-month period (April 1, 2011 to September 30, 2011). Sales of aircraft equipment rose due to robust sales to the defense sector as well as growth in demand in the private sector.

#### [Industrial Equipment]

Net sales and operating income in the industrial equipment business grew to ¥41,798 million (up 41.3% year on year) and ¥2,646 million (up 19.2% year on year), respectively.

Sales of our automatic-doors increased, reflecting domestic demand that turned upward and the impact of the acquisition of Gilgen Door Systems AG of Switzerland. Automatic packaging machinery also posted higher sales on the back of the growth of capital expenditure by domestic food producers and expanded sales for Chinese and other overseas markets.

### 2) Ordinary income

Ordinary income for the current consolidated fiscal year was ¥24,656 million, an increase of ¥2,291 million (10.2%) from a year earlier.

This was mainly attributable to an increase in operating income, as described above. At the same time, non-operating income shrank ¥455 million on a year-on-year basis to ¥2,474 million due partly to deterioration in the business performance of an equity-method affiliate. Non-operating expenses decreased by ¥100 million year on year to ¥675 million due to a decrease in foreign exchange loss.

### 3) Net income

Net income for the current consolidated fiscal year increased ¥1,368 million (up 10.2% year on year), to ¥14,756 million.

Extraordinary gains grew ¥310 million on a year-on-year basis to ¥414 million due mainly to ¥131 million in compensation income recorded by a Group company, whereas extraordinary losses shrank ¥291 million year on year to ¥223 million, reflecting the impact of ¥221 million in cancellation compensation posted in the previous year. In summary, income before income taxes and adjustments increased by ¥2,893 million year on year, to ¥24,847 million.

Income taxes were up ¥1,387 million year on year, to ¥8,873 million, while minority interests grew ¥136 million from a year earlier, to ¥1,217 million.

#### (Projection for the consolidated fiscal year ending March 31, 2013)

The prospects for the world economy in the months ahead are affected by a number of uncertainties. These include factors such as worsening of the fiscal and financial crises in Europe and the economic slump triggered by electricity rate hikes in Japan. However, despite such concerns, it is expected that the macroeconomic environment for the next full fiscal year will be relatively favorable, with the return of strong growth in China in the second half. The Group expects further growth in the sales of precision reduction gears for industrial robots that began in the current fiscal year, and a recovery of demand for hydraulic equipment as well as railroad vehicle equipment in China from the second half of the next fiscal year. Our projection for net sales and operating income for the consolidated fiscal year ending March 31, 2013 is ¥210,000 million (up 5.8% year on year) and ¥24,200 million (up 5.9% year on year), respectively.

Forecasts for operating results by business segment are as follows:

#### [Precision Equipment]

The Company anticipates net sales of ¥50,800 million (up 14.9% year on year), and an operating income of ¥9,300 million for the precision equipment business. Regarding precision reduction gears for industrial robots, which is our core business, we expect increased sales due to continued strong capital expenditure, particularly by automakers, along with solar tracking azimuth drive equipment as our new revenue source.

#### [Transport Equipment]

Net sales and operating income in the transport equipment business are expected to decrease from the previous fiscal year to ¥46,600 million (down 3.5%) and ¥5,000 million, respectively. Regarding railroad vehicle equipment, sales are forecast to remain unchanged from the previous fiscal year, as the off-season, which will continue from the current fiscal year, precludes the launch of new vehicles on the domestic market, although a recovery in demand in China is expected. We anticipate that sales of marine equipment will decline year on year, reflecting the impact of decreased demand for new ships at home and abroad. Sales of commercial vehicle equipment are likely to level off due to a bounce back in the second half despite stronger demand in Japan up to the six-month period (April 1, 2012 to September 30, 2012) favored by high post-quake reconstruction demand and the revival of the government subsidy program for the purchase of new cars.

#### [Aircraft and Hydraulic Equipment]

Net sales and operating income in the aircraft and hydraulic equipment business are anticipated to reach ¥62,400 million (down 2.9% year on year) and ¥5,900 million, respectively.

Sales of hydraulic equipment will decrease, reflecting a lower forecasted demand for construction machinery in China in the six-month period (April 1, 2012 to September 30, 2012) compared with the same period in the previous fiscal year. Sales of aircraft equipment are expected to grow, as demand in the defense sector will continue to be robust, while sales of aircraft equipment for the private sector are likely to increase with expanded production in the Boeing aircraft programs.

#### [Industrial Equipment]

The Company anticipates that net sales and operating income in the industrial equipment business will increase to ¥50,200 million (up 20.1% year on year) and ¥4,000 million, respectively.

In the automatic door business, sales are expected to increase as a result of the recovery of domestic demand for automatic doors for buildings and the impact of the acquisition of Gilgen Door Systems AG of Switzerland. Sales of automatic packaging machines is projected to grow, reflecting the recovery of demand for capital expenditure by domestic food producers as well as the expected growth in sales in the overseas market, particularly in China and the United States.

**(2) Analysis of Financial Position****1) Status of assets, liabilities and net assets****(Assets)**

Total assets as of March 31, 2012 were ¥208,092 million, representing an increase of ¥27,363 million from the previous year before, and consisted of ¥123,929 million in current assets and ¥84,163 million in fixed assets. Primary positive factors included increases of ¥6,644 million in notes and accounts receivable, ¥19,998 million in marketable securities, ¥3,093 million in inventories, ¥7,067 million in tangible fixed assets, and ¥14,570 million in goodwill. On the other hand, negative factors consisted mainly of a decrease of ¥26,200 million in cash and time deposits.

**(Liabilities)**

Total liabilities as of March 31, 2012 were ¥100,625 million, an increase of ¥16,428 million from the previous year, and consisted of ¥70,897 million in current liabilities and ¥29,728 million in long-term liabilities. The increase was mainly attributable to a rise of ¥1,010 million in trade notes and accounts payable, ¥2,255 million in short-term loans payable, ¥10,000 million in corporate bonds, and ¥10,281 million in long-term loans payable. Primary negative factors included a decrease of ¥11,000 million in the Current portion of bonds payable and ¥2,623 million in income taxes payable.

**(Net Assets)**

Net assets as of March 31, 2012 stood at ¥107,466 million, of which shareholders' equity totaled ¥99,092 million, an increase of ¥8,851 million from the previous year. Primary positive factors included an increase in earned surplus reflecting net income of ¥14,756 million. Principal negative factors consisted of a decrease of ¥4,194 million in earned surplus due to dividend payments.

**2) Status of cash flows**

Cash and cash equivalents (hereinafter, "funds") as of March 31, 2012 were ¥50,023 million, a decrease of ¥6,547 million from the previous year, as a result of having applied ¥15,104 million generated from operating activities, mainly to capital expenditures and dividend payments.

**(Cash flow from operating activities)**

Net cash generated from operating activities for the current consolidated fiscal year totaled ¥15,104 million. Principal positive factors included an increase in income before taxes, and an increase in notes and accounts payable. At the same time, negative factors consisted mainly of an increase in income tax payments, an increase in trade notes and accounts receivable, and an increase in inventories.

**(Cash flow from investing activities)**

Net cash used in investing activities for the current consolidated fiscal year amounted to ¥27,464 million, mainly due to the acquisition of shares in subsidiaries and tangible fixed assets.

**(Cash flow from financing activities)**

Net cash generated from financing activities for the current consolidated fiscal year was ¥6,035 million, reflecting the positive factors of proceeds from long-term loans payable and the issuance of corporate bonds. Negative factors primarily included the redemption of corporate bonds and dividend payments.

Cash flow indicators on a consolidated basis were as follows.

## Reference: Cash flow indicators

	FY 2007 (From April 1, 2007 to March 31, 2008)	FY 2008 (From April 1, 2008 to March 31, 2009)	FY 2009 (From April 1, 2009 to March 31, 2010)	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Shareholders' equity ratio	47.4	52.9	53.1	49.9	47.6
Shareholders' equity ratio on a market value basis	105.1	59.7	105.3	146.3	103.1
Ratio of interest-bearing debt to cash flow	1.3	1.4	1.3	0.7	2.1
Interest coverage ratio	104.7	82.4	145.9	372.3	81.1

Notes: Shareholders' equity ratio: capital/total assets

Shareholders' equity ratio on market value basis: total market value of shares/total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debt/cash flow

Interest coverage ratio: cash flow/interest payments

\* All indicators are calculated using consolidated financial figures.

\* Total market value of shares is calculated using multiplying the closing market prices at term-end by the number of outstanding shares (excluding treasury stock) at term-end.

\* Cash flow utilizes the cash flow from operating activities posted in the consolidated cash flow statement.

Interest-bearing debt covers all debts in the consolidated balance sheet on which interest is being paid.

The amount of interest paid listed in the consolidated cash flow statement is used for interest payments.

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

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

As for cash dividends for the current fiscal year, the total annual amount will be ¥34 per share, bringing the pay-out ratio on a consolidated basis to 29.1%. As the interim dividend of ¥17 per share was already paid, the term-end cash dividend will be ¥17 per share.

The annual cash dividend for the next fiscal year will be ¥39 per share (interim dividend of ¥18 plus term-end dividend of ¥21 per share).

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

### (4) Operational Risk

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

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

#### 1) Risks relevant to the economy and markets

The Group's businesses are directly or indirectly related to a number of industries, including automobile, construction machinery, railroad, construction and industrial machinery, in Japan and overseas. Market fluctuations and trends in capital expenditure in these industries may affect the operating results and financial position of the Group.

#### 2) Risks relevant to overseas operations

In pursuit of further growth and profitability, the Group actively conducts business mainly in Asia, North America and Europe. Therefore, the Group is subject not only to economic and market risks but also to political turmoil and unforeseeable amendments to laws and regulations in various countries, which may affect the markets for particular products. Such events are likely to impact operating results of the Group.

#### 3) Risks relevant to large-scale disasters

With the aim of minimizing damage and loss arising from disasters such as typhoons, earthquakes, floods and pandemics, the Group has implemented the formulation of a business continuity plan along with the establishment of an emergency contact system, and has also conducted drills. However, business activities of the Group that center on production may be affected by the occurrence of disasters causing human casualties and physical damage, stagnation in procurement of materials, and disruption of distribution networks. Furthermore, there is no guarantee that any loss from disasters will be fully covered by property and/or other insurance.

#### 4) Risks relevant to electric power supply and demand

Due to the impact of the Great East Japan Earthquake, an electricity rate hike is underway in Japan, and there are concerns over power supply shortages this summer. Business performance of the Group may therefore be affected by issues related to electric power, including rate hikes and supply-demand gaps.



5) Exchange rate fluctuations risk

Overseas sales accounted for 43.7% of the Group's sales during the consolidated fiscal year under review. The Group also relies on imports of raw materials from overseas and, though it hedges its risks in foreign currency-denominated transactions through forward-exchange contracts, the Group's performance is nonetheless affected by exchange rate fluctuations. The performance of overseas subsidiaries is also impacted by exchange rate fluctuations when converting to Japanese yen.

6) Risks relevant to procurement

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

7) Risks relevant to product quality

The Group manufactures a full lineup of products in line with carefully designed quality control standards to prevent defects. However, in case of significant product defects leading to a recall or product liability issues occurring, the potentially massive costs arising from such a situation could adversely impact the Group's performance and financial standing.

8) Risks relevant to competition

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

## 2. Status of the Nabtesco Group

The Nabtesco Group consists of the Company, 41 subsidiaries and eight affiliates. Each company under the respective segment by business category is listed below.

### (1) Relationship of the Company, subsidiaries and affiliates with the respective segments by business category

Segment by business category	Japan	Overseas
Precision Equipment Business	Nabtesco Corporation	Nabtesco Precision Europe GmbH *1
	Diavac Limited *1	Nabtesco Motion Control Inc. *1
	TS Heatronics Co., Ltd. *1	Shanghai Nabtesco Motion-equipment Trading Co., Ltd. *1
	CMET, Inc. *1	Harmonic Drive L.L.C. *2
	Harmonic Drive Systems Inc. *2, 4	
Transport Equipment Business	Nabtesco Corporation	NABMIC B.V. *1
	Nabtesco Automotive Corporation *1	Nabtesco Marine Service Singapore Pte Ltd *1
	Nabtesco Service Co., Ltd. *1	Nabtesco Marinotec Co., Ltd. *1
	Nabtesco Marine Service Co., Ltd. *1	Nabtesco Automotive Products (Thailand) Co., Ltd. *1
	Shikoku Marine Customer Service Co., Ltd. *1	Nabtesco Railroad Products (Beijing) Co., Ltd. *1
	NABTEC Co., Ltd. *1	Nabtesco Marine Control Systems (Shanghai) Co., Ltd. *1
	Dairiki Tekko Co., Ltd. *2	Taiwan Nabtesco Service Co., Ltd. *1
	Takato Electronics Co., Ltd. *2	NS Autotech Co., Ltd. *2
Aircraft and Hydraulic Equipment Business	Nabtesco Corporation	Jiangsu Nabtesco KTK Railroad Products Co., Ltd. *1
		Nabtesco Aerospace Inc. *1
		Nabtesco USA Inc. *1
		Shanghai Nabtesco Hydraulic Co., Ltd. *1
		Jiangsu Nabtesco Hydraulic Co., Ltd. *1
Industrial Equipment Business		Nabtesco Power Control (Thailand) Co., Ltd. *1
		Shanghai Nabtesco Business Management Co., Ltd. *1
	Nabtesco Corporation	NABCO ENTRANCES, INC. *1
	Toyo Jidoki Co., Ltd. *1	NABCO Auto Door (Beijing) Co., Ltd. *1
	TS Precision Co., Ltd. *1	Nabtesco Gilgen (Hong Kong) Limited *1
	T.S. Mechatech Co., Ltd. *1	Gilgen Door Systems AG *1
	Aishin Kikoo Co., Ltd. *1	Gilgen Door Systems UK Limited *1
	NABCO DOOR Ltd. *1, 3	Gilgen Door Systems Germany GmbH *1
	TMT Machinery Co., Ltd. *2	Gilgen Door Systems Austria GmbH *1
	Nabco System Co., Ltd. *2	Gilgen Door Systems France S.A.S. *1
	Kyokko Denki Co., Ltd. *2	Gilgen Door Systems Italy srl *1
		Gilgen Door Systems (Suzhou) Co., Ltd. *1
Total of subsidiaries and affiliates: 49		Dalian Toyo Jidoki Co., Ltd. *1
Japan: 19 companies		Overseas: 30 companies

\*1 Consolidated subsidiary

\*2 Equity method-applied affiliate

\*3 Shares of NABCO DOOR Ltd. are listed on the Second Section of the Osaka Securities Exchange.

\*4 Shares of Harmonic Drive Systems Inc. are listed on the JASDAQ Section of the Osaka Securities Exchange.

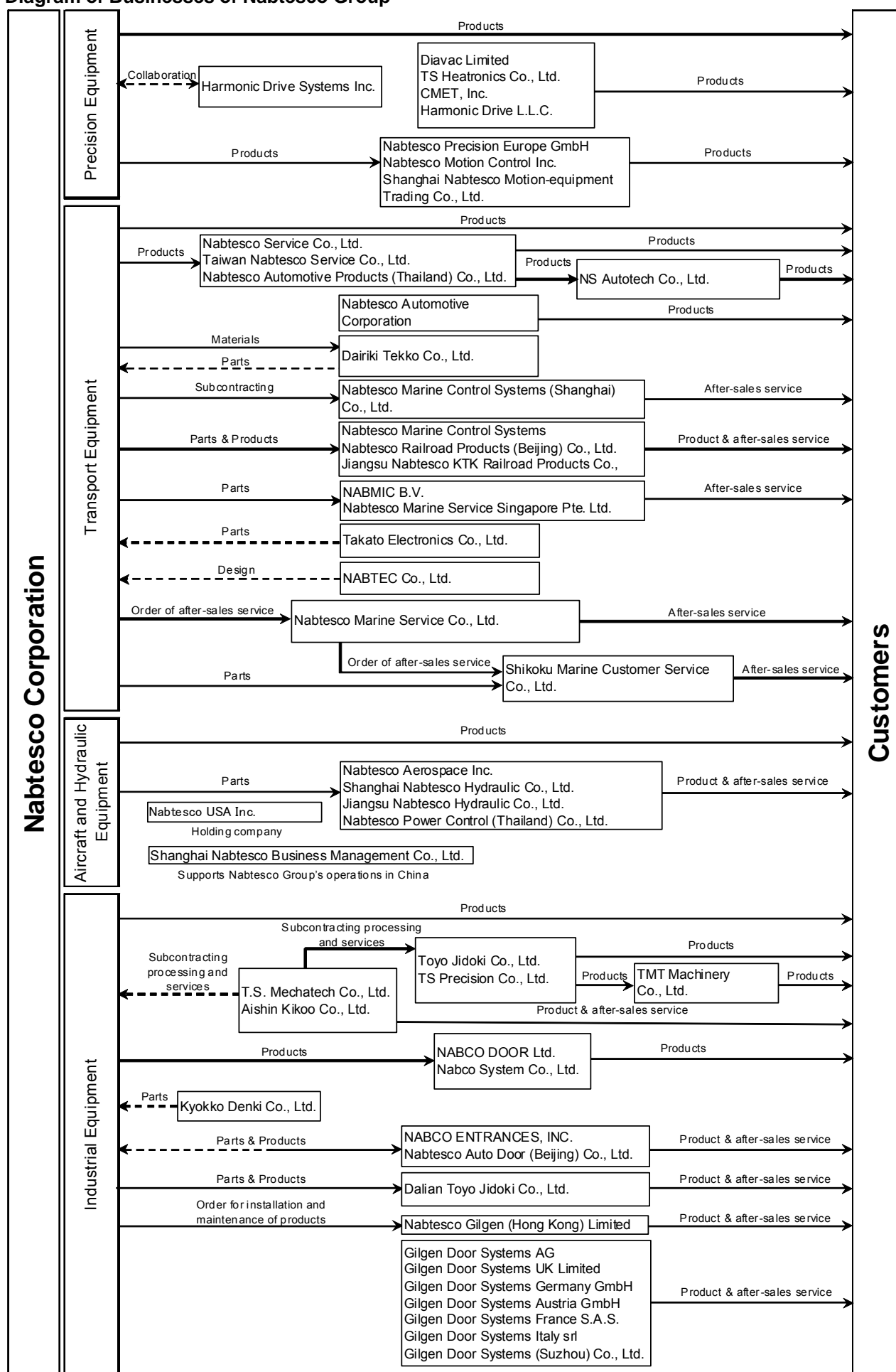
Notes: 1. TSTM Co., Ltd. was liquidated on March 16, 2012.

2. Nabtesco Marine Service Co., Ltd. was taken over on April 1, 2012 by the Company, which is a surviving company.

3. NABCO Auto Door (Beijing) Co., Ltd. was renamed GILGEN NABCO Auto Door (Beijing) Co., Ltd. on April 1, 2012.

4. Nabtesco Gilgen (Hong Kong) Limited was renamed Gilgen Nabtesco (Hong Kong) Limited on April 2, 2012.

## (2) Diagram of Businesses of Nabtesco Group



### 3. Management Policy

#### (1) Basic Policy of the Management of the Company

Under the corporate philosophy indicated below and in order to meet the expectations of our stakeholders, in May 2011 the Group formulated the “Mid-term Management Plan” for the period from FY 2011 through FY 2013. Furthermore, in May 2012, we established a “Long-term Vision” toward FY 2020, aiming at realization of the improvement of corporate values.

[Corporate Philosophy]

The Nabtesco Group, with our unique motion control technology, will provide safety, comfort and a sense of security in daily lives as well as any form of transportation.

Commitments of Nabtesco:

1. We value close communications with our customers worldwide.
2. We hold in great esteem the challenging spirit and awareness-raising efforts of individuals.
3. We will continue to grow with profitability.
4. We will maintain high transparency and a sense of ethics.
5. We will consider the global environment, and keep harmony with cultures and communities.

[Long-term Vision]

In 2005, the Company established a Long-term Vision with the aim of clarifying management targets and ideal goals for FY 2014. However, to attain further development by responding flexibly to the changes in the management environment after the Lehman shock, we have formulated a new Long-term Vision that integrates the ideal image of our goals for FY 2020.

New Long-term Vision: Status on FY 2020

“Global Partner with Best Solutions”  
Targeted Financial Figures for FY 2020  
Sales: 400 billion yen  
Operating profit: 60 billion yen

- Continue to provide society with new innovative solutions (products, services and business models)
- Pursue excellence through continuous technological innovation, thereby enhancing rapport and trust with customers
- Value open communication and creative thinking regardless of language and cultural differences
- Encourage each employee to proactively take on challenges from the slogan, “Enjoy the Challenge”

[Mid-term Management Plan]

“Global Challenge: Advance to the Next Stage”  
—In pursuit of further development in overseas growth markets—  
Commitment to increase lasting corporate value by strengthening and expanding overseas operations, promoting global management, and solidifying our domestic business base to survive the era of global mega-competition.

1. Develop and reinforce global human resources
2. Develop emerging markets (Further enhance and expand overseas businesses)
3. Reinforce the stable domestic business bases
4. Promote new businesses in response to structural change (in industries and society)
5. Establish the global consolidated management system

## (2) Target Management Indices

The Group has set mid-term management targets spanning FY 2011 through 2013 as follows:

### 1) Further expand business scale and pursue profitability

- Targets for FY 2013: ¥240.0 billion in net sales; ¥31.3 billion in operating income (13.0% in operating margin); and ¥20.3 billion in net income.
- 3-year accumulated numerical targets: ¥38.0 billion in capital expenditure; ¥15.0 billion in R&D; and ¥30.0 billion in investments in business expansion.

(Investments in establishment of Group companies, M&A, business alliances, etc.)

### 2) Promote management focusing on ROA and ROE

- Achieve 9.5% in ROA and 17.0% in ROE for FY 2013.

### 3) Implement well-balanced and appropriate allocation of corporate profits

Based on the appropriate allocation of corporate profits, taking into consideration the balance among strategic growth investments, maintaining financial soundness, and shareholder return, we aim to continue stable dividend payments during the mid-term management plan period, with a target payout ratio of 30% on a consolidated basis.

## (3) Mid- to Long-Term Management Strategies

Amid the serious impact of the credit crunch and sluggish actual demand caused by the European financial crisis from many countries and regions worldwide, prospects for the world economy have become increasingly uncertain. At the same time, emerging countries such as China, India and Brazil dramatically shifted policy from inflation control towards economic growth, supported by robust domestic demand. In these countries, market needs have been changing with an increase in middle class consumers (volume zone), who require increasingly quick responses to satisfy their demands. It is likely that competition in emerging markets will become even more fierce, leading to shakeouts and selection of the fittest companies in the future.

In addition, industries have been experiencing mid- to long-term transformation on a significant scale, including a shift from the internal-combustion engine to the electric motor, as well as the development and permeation of green energy against the backdrop of international efforts geared towards establishing low-carbon societies with the aim of reducing dependency on finite resources such as fossil fuels and cutting greenhouse gas emissions.

In light of these developments, the Group has defined "Achieving growth potential and profitability through business portfolio management," "Strengthening comprehensive technological capabilities," and "Optimally utilizing human resources and strengthening personnel capabilities" as its top priorities from the mid- to long-term perspectives. Toward this end, the Company will implement the following measures:

### 1) Achieving growth potential and profitability through business portfolio management

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

- Further reinforcement and expansion of overseas operations in infrastructure improvement-related businesses (railroad business-related equipment and hydraulic equipment for construction machinery) mainly in China and other emerging Asian countries
- Further reinforcement and expansion of the environment-related business (wind power generator-related equipment, solar power generator-related equipment, etc.)
- Reinforcement and expansion of the door business for construction and railroad vehicles both in the domestic and overseas markets
- Further reinforcement and expansion of the precision equipment business and the commercial vehicle equipment business in China and other Asian emerging countries

### 2) Strengthening comprehensive technological capabilities

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

- Promoting new product development while securing competitive advantages from prior art development and comprehensive technological capabilities combined
- Maintaining and improving cost competitiveness by reinforcing production technology capabilities
- Strengthening quality improvement systems

### 3) Optimally utilizing human resources and strengthening personnel capabilities

Recognizing that human resources constitute the foundation of business, the Group will seek to optimally utilize human resources, and develop and strengthen global personnel amid the progress of globalization.

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

#### **(4) Challenges Facing the Company**

##### **“Business Development”**

We position the achievement of the mid-term management plan as our top priority issue, and will focus on addressing the following challenges facing the Company in the foreseeable future:

- Secure, cultivate and strengthen global human resources to serve as the base of our global business.
- Establish business models to match the needs of emerging markets; Enhance the profitability of overseas businesses.
- Develop products that respond to market needs stemming from changes in industrial and social structures; Develop products that differentiate themselves by taking advantage of superior general technologies.
- Establish a swift decision-making system that responds to globalization; Strengthen risk management capabilities.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Million yen)	
	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
<b>Assets</b>		
Current assets		
Cash and time deposits	41,705	15,505
Notes and accounts receivable	40,894	*3 47,539
Marketable securities	14,999	34,998
Goods and products	3,572	3,263
Products in progress	6,279	7,776
Raw materials and stored goods	7,165	9,070
Deferred income taxes	3,288	2,910
Other current assets	1,167	3,038
Allowance for doubtful accounts	(70)	(173)
Total current assets	119,003	123,929
Fixed assets		
Tangible fixed assets		
Buildings and structures	41,359	43,069
Accumulated depreciation	(24,915)	(26,662)
Buildings and structures (net)	16,444	16,407
Machinery and equipment	48,091	55,434
Accumulated depreciation	(36,549)	(38,260)
Machinery and equipment (net)	11,541	17,174
Tools, furniture and fixtures	17,224	20,127
Accumulated depreciation	(15,605)	(17,706)
Tools, furniture and fixtures (net)	1,618	2,420
Land	14,341	14,411
Construction in progress	496	*4 1,095
Total tangible fixed assets	44,442	51,509
Intangible fixed assets		
Goodwill	—	14,570
Others	1,073	1,267
Total intangible fixed assets	1,073	15,838
Investments and other assets		
Investments in securities	*1 14,549	*1 14,930
Deferred tax assets	404	388
Other investments and other assets	1,426	1,639
Allowance for doubtful accounts	(169)	(142)
Total investments and other assets	16,210	16,816
Total fixed assets	61,726	84,163
Total assets	180,729	208,092

(Million yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	33,591	*3 34,601
Short-term loans payable	9,157	11,412
Current portion of bonds	11,000	—
Income taxes payable	7,094	4,471
Reserve for product guarantee	1,847	1,541
Provision for loss on order received	—	80
Other current liabilities	12,200	18,789
Total current liabilities	74,891	70,897
Long-term liabilities		
Corporate bonds	—	10,000
Long-term loans payable	—	10,281
Retirement allowance	7,550	7,335
Reserve for directors' retirement accounts	133	171
Reserve for environmental measures	320	—
Deferred tax liabilities	655	915
Negative goodwill	72	—
Other long-term liabilities	572	1,024
Total long-term liabilities	9,306	29,728
Total liabilities	84,197	100,625
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,448	17,445
Earned surplus	64,263	74,815
Treasury stock	(645)	(753)
Total shareholders' equity	91,066	101,507
Accumulated other comprehensive income		
Net unrealized gains on securities	1,512	1,022
Deferred gains or losses on hedges	(0)	(0)
Translation adjustments	(2,336)	(3,436)
Total accumulated other comprehensive income	(824)	(2,414)
Subscription rights to shares	159	208
Minority interests	6,130	8,165
Total net assets	96,531	107,466
Total liabilities and net assets	180,729	208,092



**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

## Consolidated Statements of Income

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Net sales	169,303	198,527
Cost of sales	*1,*2 127,712	*1,*2 148,184
Gross profit	41,591	50,342
Selling, general and administrative expenses	*3,*4 21,379	*3,*4 27,484
Operating income	20,212	22,858
Non-operating income		
Interest income	83	91
Dividends income	83	85
Rent income	245	253
Equity in earnings of an affiliate	2,218	1,787
Other non-operating income	299	255
Total non-operating income	2,929	2,474
Non-operating expenses		
Interest expenses	93	201
Foreign exchange losses	490	39
Contributions	37	183
Other non-operating expenses	154	251
Total non-operating expenses	776	675
Ordinary income	22,365	24,656
Extraordinary gains		
Gain on sales of fixed assets	*5 80	*5 169
Gain on sale of investment in securities	0	2
Reversal of allowance for doubtful accounts	23	—
Gain on transfer of business	—	60
Gain on revision of retirement benefit plan	—	49
Compensation income	—	131
Total extraordinary gains	103	414
Extraordinary losses		
Loss on disposal of fixed assets	*6 196	*6 200
Loss on sales of investment securities	—	10
Revaluation loss on investment securities	0	—
Loss on sales of golf club memberships	1	—
Write-down of golf membership rights	2	4
Provision for reserve for environmental measures	64	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	26	—
Cancellation compensation	*7 221	—
Loss on cancellation of leasehold contracts	—	7
Total extraordinary losses	514	223
Income before income taxes	21,954	24,847
Income taxes	8,312	7,807
Adjustment for corporate and other taxes	(826)	1,065
Total corporate and other taxes	7,485	8,873
Income before minority interests	14,468	15,974
Minority interest	1,080	1,217
Net income	13,387	14,756

## Consolidated Statements of Comprehensive Income

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Income before minority interests	14,468	15,974
Other comprehensive income		
Valuation difference on available-for-sale securities	215	(494)
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	(1,208)	(1,087)
Share of other comprehensive income of equity-method companies	(79)	(38)
Total other comprehensive income	(1,070)	*1 (1,619)
Comprehensive income	13,398	14,354
Comprehensive income attributable to:		
Comprehensive income attributable to shareholders of the parent company	12,593	13,166
Comprehensive income attributable to minority interests	804	1,188

**(3) Consolidated Statements of Change in Net Assets**

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
<b>Shareholders' equity</b>		
Capital stock		
Balance at beginning of the term	10,000	10,000
Change during the term		
Total change during the term	—	—
Balance at end of the term	10,000	10,000
Capital surplus		
Balance at beginning of the term	17,467	17,448
Change during the term		
Disposal of treasury stock	(19)	(2)
Total change during the term	(19)	(2)
Balance at end of the term	17,448	17,445
Earned surplus		
Balance at beginning of the term	52,662	64,263
Change during the term		
Cash dividends	(1,779)	(4,194)
Net income	13,387	14,756
Employees' welfare fund for overseas subsidiaries	(7)	(9)
Total change during the term	11,601	10,552
Balance at end of the term	64,263	74,815
Treasury stock		
Balance at beginning of the term	(695)	(645)
Change during the term		
Acquisition of treasury stock	(31)	(164)
Disposal of treasury stock	81	56
Total change during the term	49	(108)
Balance at end of the term	(645)	(753)
<b>Total shareholders' equity</b>		
Balance at beginning of the term	79,434	91,066
Change during the term		
Cash dividends	(1,779)	(4,194)
Net income	13,387	14,756
Acquisition of treasury stock	(31)	(164)
Disposal of treasury stock	61	53
Employees' welfare fund for overseas subsidiaries	(7)	(9)
Total change during the term	11,631	10,441
Balance at end of the term	91,066	101,507

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Accumulated other comprehensive income		
Net unrealized gains on securities		
Balance at beginning of the term	1,290	1,512
Change during the term		
Changes in items other than shareholders' equity during the term (net)	222	(490)
Total change during the term	222	(490)
Balance at end of the term	1,512	1,022
Unrealized deferred gain or loss on hedges		
Balance at beginning of the term	(1)	(0)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	1	0
Total change during the term	1	0
Balance at end of the term	(0)	(0)
Translation adjustments		
Balance at beginning of the term	(1,319)	(2,336)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(1,017)	(1,100)
Total change during the term	(1,017)	(1,100)
Balance at end of the term	(2,336)	(3,436)
Total accumulated other comprehensive income		
Balance at beginning of the term	(30)	(824)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(794)	(1,589)
Total change during the term	(794)	(1,589)
Balance at end of the term	(824)	(2,414)
Subscription rights to shares		
Balance at beginning of the term	73	159
Change during the term		
Changes in items other than shareholders' equity during the term (net)	85	48
Total change during the term	85	48
Balance at end of the term	159	208
Minority interests		
Balance at beginning of the term	5,689	6,130
Change during the term		
Changes in items other than shareholders' equity during the term (net)	441	2,034
Total change during the term	441	2,034
Balance at end of the term	6,130	8,165

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Total net assets		
Balance at beginning of the term	85,167	96,531
Change during the term		
Cash dividends	(1,779)	(4,194)
Net income	13,387	14,756
Acquisition of treasury stock	(31)	(164)
Disposal of treasury stock	61	53
Employees' welfare fund for overseas subsidiaries	(7)	(9)
Changes in items other than shareholders' equity during the term (net)	(267)	493
Total change during the term	11,364	10,935
Balance at end of the term	96,531	107,466

**(4) Consolidated Statements of Cash Flows**

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Cash flows from operating activities		
Income before income taxes	21,954	24,847
Depreciation and amortization	5,391	6,673
Amortization of goodwill	(72)	594
Share-based compensation expenses	93	102
Increase (decrease) in allowance for doubtful accounts	(16)	(3)
Increase (decrease) in retirement allowance	(449)	(164)
Increase (decrease) in reserve for directors' retirement accounts	(9)	38
Interest and dividend income	(166)	(177)
Interest expenses	93	201
Foreign exchange loss (gain)	0	0
Equity loss (gain) in earnings of an affiliate	(2,218)	(1,787)
Loss (gain) on sales of fixed assets	(80)	(169)
Loss (gain) on disposal of fixed assets	196	200
Loss (gain) on sales of marketable securities and investments in securities	(0)	7
Loss (gain) on revaluation of marketable securities and investments in securities	0	—
Loss (gain) on sales of golf club memberships	1	—
Write-down of golf membership rights	2	4
Loss on adjustment for changes of accounting standard for asset retirement obligations	26	—
Cancellation compensation	221	—
Gain on revision of retirement benefit plan	—	(49)
Loss on cancellation of leasehold contracts	—	7
Decrease (increase) in notes and accounts receivable	(4,666)	(2,414)
Decrease (increase) in inventories	(2,096)	(226)
Decrease (increase) in other assets	(326)	(1,302)
Increase (decrease) in notes and accounts payable	9,772	260
Increase (decrease) in consumption taxes payable	(483)	(85)
Increase (decrease) in other liabilities	2,587	(1,485)
Subtotal	29,756	25,072
Interest and dividend received	571	702
Interest paid	(75)	(186)
Cancellation compensation	(184)	—
Income taxes refunded (paid)	(2,070)	(10,484)
Net cash and cash equivalents provided by operating activities	27,997	15,104

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Cash flows from investing activities		
Increase in time deposits	(30)	(391)
Proceeds from withdrawal from time deposits	7	11
Purchases of tangible fixed assets	(4,386)	(9,023)
Proceeds from sales of tangible fixed assets	197	355
Purchases of intangible fixed assets	(263)	(607)
Proceeds from sales of intangible assets	–	2
Purchases of investments in securities	(12)	(12)
Proceeds from sale of investment in securities	0	18
Purchase of stocks of subsidiaries and affiliates	(150)	(11)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(17,619)
Proceeds from repayment of short-term loans	3	3
Proceeds from transfer of business	–	110
Other payments	(279)	(693)
Other proceeds	492	393
Net cash and cash equivalents used in investing activities	(4,419)	(27,464)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans	263	226
Proceeds from long-term loans payable	–	10,299
Proceeds from issuance of bonds	–	10,000
Redemption of bonds	–	(11,000)
Proceeds from stock issuance to minority shareholders	–	1,311
Payments for purchases of treasury stock	(31)	(164)
Proceeds from sales of treasury stock	54	0
Cash dividends paid	(1,779)	(4,186)
Cash dividends paid to minority shareholders	(356)	(450)
Net cash and cash equivalents used in financing activities	(1,849)	6,035
Effect exchange rate changes on cash and cash equivalents	(582)	(223)
Increase (decrease) in cash and cash equivalents	21,145	(6,547)
Cash and cash equivalents at beginning of term	35,425	56,570
Cash and cash equivalents at end of term	*1 56,570	*1 50,023

**(Segment Information)**

(Segment Information)

**(1) Summary of Reportable Segments**

The Company's reportable segments are components of the Company about which separate financial statement is available that is evaluated regularly at the Board of Directors' meetings in deciding how to allocate the management resources and in assessing performance.

The Group is engaged in manufacturing and sale of products based mainly on motion-control technology, consisting of four reportable segments: Precision equipment, transport equipment, aircraft and hydraulic equipment and industrial equipment.

In the precision equipment business, precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment, vacuum equipment, high-performance heat transfer device, etc. are manufactured. Products in the transport equipment business include railway brake systems, door operating system for railway vehicles, air-braking systems for commercial vehicles, marine main propulsion control systems, etc. In the aircraft and hydraulic equipment business, aircraft equipment, traveling motors for construction machinery, yaw drives for wind turbines, etc. are manufactured. Our products in the industrial equipment business include automatic doors for buildings, automatic food sealers, special-purpose machine tools, etc.

**(2) Calculation method of sales, income or loss, assets, liabilities and other accounting items by reportable segment**

Accounting method of business segments reported is almost the same as that described in the "Significant matters providing the basis for preparing consolidated financial statements."

Intersegment sales or transfer are indicated based on market price.

**(3) Information on the amounts of sales, income or loss, assets, liabilities and other accounting items by reportable segment**

FY 2010 (April 1, 2010 to March 31, 2011)

	Reportable segment					Adjustments (Note 1)	Amount stated in consolidated financial statements
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
Sales to external customers	32,438	48,182	59,106	29,575	169,303	—	169,303
Intersegment sales or transfer	29	230	438	670	1,369	(1,369)	—
Total	32,467	48,413	59,545	30,246	170,673	(1,369)	169,303
Segment income	6,466	5,915	5,609	2,220	20,212	—	20,212
Segment assets	22,037	30,761	42,260	26,904	121,964	58,765	180,729
Segment liabilities	11,735	15,301	19,699	9,824	56,560	27,637	84,197
Other items							
Depreciation and amortization	1,097	1,452	1,859	450	4,860	530	5,391
Increases in tangible fixed assets and intangible fixed assets	1,379	1,192	3,279	247	6,098	239	6,337

(Note 1) Details of adjustments are as follows:

- (1) Adjustment to intersegment sales or transfer is a negative ¥1,369 million as a result of eliminations.
- (2) Total assets of the Company included in adjustment to segment assets, and not allocated to the respective reportable segments are ¥60,289 million, consisting mainly of surplus operating fund in the Company (cash and deposits, etc.) and long-term investments (investment securities, etc.).
- (3) Part of the total liabilities of the Company included in adjustment to segment liabilities does not belong to the respective reportable segments, out of which the principal items are loans payable and bonds payable of the Company.
- (4) Adjustments of ¥239 million in increases in tangible fixed assets and intangible fixed assets represent capital expenditures of the total assets of the Company not allocated to the respective reportable segments.



FY 2011 (April 1, 2011 to March 31, 2012)

(Million yen)

	Reportable segment					Adjustments (Note 1)	Amount stated in consolidated financial statements
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
Sales to external customers	44,199	48,289	64,240	41,798	198,527	–	198,527
Intersegment sales or transfer	25	218	709	1,507	2,460	(2,460)	–
Total	44,224	48,508	64,949	43,305	200,988	(2,460)	198,527
Segment income	8,013	6,068	6,130	2,646	22,858	–	22,858
Segment assets	29,480	32,218	45,646	52,150	159,495	48,596	208,092
Segment liabilities	15,766	14,014	20,211	17,145	67,138	33,486	100,625
Other items							
Depreciation and amortization	1,829	1,402	2,225	667	6,126	546	6,673
Increases in tangible fixed assets and intangible fixed assets	6,638	1,478	4,033	679	12,829	694	13,524

(Note 1) Details of adjustments are as follows:

- (1) Adjustment to intersegment sales or transfer is a negative ¥2,460 million as a result of eliminations.
- (2) Total assets of the Company included in adjustment to segment assets, and not allocated to the respective reportable segments are ¥51,210 million, consisting mainly of surplus operating fund in the Company (cash and deposits, etc.) and long-term investments (investment securities, etc.).
- (3) Part of the total liabilities of the Company included in adjustment to segment liabilities does not belong to the respective reportable segments, out of which the principal items are loans payable and bonds payable of the Company.
- (4) Adjustments of ¥694 million in increases in tangible fixed assets and intangible fixed assets represent capital expenditures of the total assets of the Company not allocated to the respective reportable segments.

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(Million yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
<b>Assets</b>		
Current assets		
Cash and time deposits	32,836	3,335
Notes receivable	1,644	<sup>*3</sup> 1,632
Accounts receivable	<sup>*1</sup> 29,596	<sup>*1</sup> 32,733
Marketable securities	14,999	34,998
Goods and products	1,500	1,454
Work in progress	4,401	4,032
Raw materials and stored goods	4,021	4,168
Deferred income taxes	2,478	2,022
Short-term loans receivable	<sup>*1</sup> 1,219	<sup>*1</sup> 1,355
Other receivables	618	1,062
Other current assets	231	285
Allowance for doubtful accounts	(1,175)	(1,070)
<b>Total current assets</b>	<b>92,373</b>	<b>86,011</b>
Fixed assets		
Tangible fixed assets		
Buildings	30,124	30,047
Accumulated depreciation	(17,743)	(17,947)
Buildings (net)	12,381	12,099
Structures	2,446	2,474
Accumulated depreciation	(1,939)	(1,978)
Structures (net)	507	496
Machinery and equipment	37,421	42,118
Accumulated depreciation	(30,098)	(30,132)
Machinery and equipment (net)	7,322	11,986
Vehicles and transportation equipment	190	199
Accumulated depreciation	(161)	(165)
Vehicles and transportation equipment (net)	28	34
Tools, furniture and fixtures	12,998	13,757
Accumulated depreciation	(11,929)	(12,308)
Tools, furniture and fixtures (net)	1,068	1,449
Land	10,333	10,251
Construction in progress	177	<sup>*4</sup> 426
<b>Total tangible fixed assets</b>	<b>31,818</b>	<b>36,743</b>
Intangible fixed assets		
Software	760	700
Other intangible fixed assets	42	197
<b>Total intangible fixed assets</b>	<b>803</b>	<b>898</b>

(Million yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
Investments and other assets		
Investments in securities	5,556	4,733
Investments in stock of affiliated companies	10,822	28,833
Capital contribution for affiliated companies	1,602	4,028
Long-term prepaid expenses	43	321
Deferred income taxes	—	40
Other investments and other assets	720	666
Allowance for doubtful accounts	(69)	(65)
Total investments and other assets	18,676	38,557
Total fixed assets	51,298	76,199
Total assets	143,671	162,210
Liabilities		
Current liabilities		
Trade notes payable	227	142
Accounts payable	*1 24,959	*1 27,050
Short-term loans payable	7,800	7,800
Current portion of bonds	11,000	—
Accounts payable-other	4,082	7,677
Income taxes payable	5,748	2,660
Accrued expenses	3,229	3,261
Advance received	205	204
Deposits received	*1 6,246	*1 6,796
Reserve for product guarantee	1,786	1,407
Provision for loss on order received	—	79
Other current liabilities	13	12
Total current liabilities	65,299	57,091
Long-term liabilities		
Corporate bonds	—	10,000
Long-term loans payable	—	10,000
Retirement allowance	6,447	6,159
Reserve for environmental measures	320	—
Deferred tax liabilities	28	—
Negative goodwill	72	—
Other long-term liabilities	547	536
Total long-term liabilities	7,416	26,696
Total liabilities	72,716	83,787

(Million yen)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus		
Capital reserve	24,690	24,690
Other capital surplus	4,794	4,791
Total capital surplus	29,484	29,482
Earned surplus		
Profit reserve	1,076	1,076
Other earned surplus		
Reserve for compression of assets	15	89
Earned surplus brought forward	29,919	37,854
Total earned surplus	31,011	39,020
Treasury stock	(147)	(255)
Total shareholders' equity	70,348	78,247
Valuation and translation adjustments		
Net unrealized gains on securities	447	(33)
Deferred gains or losses on hedges	(0)	(0)
Total valuation and translation adjustments	447	(33)
Subscription rights to shares	159	208
Total net assets	70,955	78,422
Total liabilities and net assets	143,671	162,210

**(2) Non-consolidated Statements of Income**

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Net sales	*1 117,383	*1 133,709
Cost of sales		
Inventories of products at beginning of the term	1,295	1,500
Production cost during the term	*2, *3 91,664	*2, *3 104,759
Subtotal	92,960	106,260
Inventories of products at end of the term	1,500	1,454
Patent royalties paid	475	392
Total cost of sales	91,935	105,198
Gross profit	25,447	28,510
Selling, general and administrative expenses	*4, *5 12,041	*4, *5 13,397
Operating income	13,406	15,112
Non-operating income		
Interest income	51	29
Dividend income	*1 1,563	*1 2,833
Rent income	*1 271	*1 268
Foreign exchange gains	—	129
Other non-operating income	161	231
Total non-operating income	2,048	3,492
Non-operating expenses		
Interest expenses	78	127
Foreign exchange losses	268	—
Contributions	33	176
Other non-operating expenses	88	188
Total non-operating expenses	469	492
Ordinary income	14,985	18,112
Extraordinary gains		
Gain on sales of fixed assets	*6 74	*6 162
Gain on sales of investment securities	0	—
Gain on liquidation of subsidiaries and affiliates	—	89
Reversal of allowance for doubtful accounts	189	—
Total extraordinary gains	264	252

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Extraordinary losses		
Loss on disposal of fixed assets	<sup>*7</sup> 149	<sup>*7</sup> 180
Loss on sale of investment securities	0	9
Revaluation loss on investment securities	105	—
Loss on sales of golf club memberships	1	—
Write-down of golf membership rights	2	4
Loss on valuation of investments in capital of subsidiaries and affiliates	201	—
Provision for reserve for environmental measures	64	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	22	—
Cancellation compensation	<sup>*8</sup> 221	—
Total extraordinary losses	768	194
Income before income taxes	14,481	18,171
Income taxes	5,929	5,254
Adjustment for corporate and other taxes	(874)	712
Total corporate and other taxes	5,055	5,966
Net income	9,426	12,204

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

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
<b>Shareholders' equity</b>		
Capital stock		
Balance at beginning of the term	10,000	10,000
Change during the term		
Total change during the term	—	—
Balance at end of the term	10,000	10,000
Capital surplus		
Capital reserve		
Balance at beginning of the term	24,690	24,690
Change during the term		
Total change during the term	—	—
Balance at end of the term	24,690	24,690
Other capital surplus		
Balance at beginning of the term	4,813	4,794
Change during the term		
Disposal of treasury stock	(19)	(2)
Total change during the term	(19)	(2)
Balance at end of the term	4,794	4,791
Total capital surplus		
Balance at beginning of the term	29,504	29,484
Change during the term		
Disposal of treasury stock	(19)	(2)
Total change during the term	(19)	(2)
Balance at end of the term	29,484	29,482
Earned surplus		
Profit reserve		
Balance at beginning of the term	1,076	1,076
Change during the term		
Total change during the term	—	—
Balance at end of the term	1,076	1,076
Other earned surplus		
Reserve for compression of assets		
Balance at beginning of the term	16	15
Change during the term		
Provision of reserve for compression of assets	—	75
Transfer from reserve for compression of assets	(0)	(0)
Total change during the term	(0)	74
Balance at end of the term	15	89

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Earned surplus brought forward		
Balance at beginning of the term	22,271	29,919
Change during the term		
Cash dividends	(1,779)	(4,194)
Provision of reserve for compression of assets	–	(75)
Transfer from reserve for compression of assets	0	0
Net income	9,426	12,204
Total change during the term	7,647	7,935
Balance at end of the term	29,919	37,854
Total earned surplus		
Balance at beginning of the term	23,363	31,011
Change during the term		
Cash dividends	(1,779)	(4,194)
Net income	9,426	12,204
Total change during the term	7,647	8,009
Balance at end of the term	31,011	39,020
Treasury stock		
Balance at beginning of the term	(197)	(147)
Change during the term		
Purchase of treasury stock	(30)	(164)
Disposal of treasury stock	81	56
Total change during the term	50	(108)
Balance at end of the term	(147)	(255)
Total shareholders' equity		
Balance at beginning of the term	62,670	70,348
Change during the term		
Cash dividends	(1,779)	(4,194)
Net income	9,426	12,204
Purchase of treasury stock	(30)	(164)
Disposal of treasury stock	61	53
Total change during the term	7,677	7,898
Balance at end of the term	70,348	78,247



(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)	FY 2011 (From April 1, 2011 to March 31, 2012)
Valuation and translation adjustments		
Net unrealized gains on securities		
Balance at beginning of the term	128	447
Change during the term		
Changes in items other than shareholders' equity during the term (net)	318	(481)
Total change during the term	318	(481)
Balance at end of the term	447	(33)
Unrealized deferred gain or loss on hedges		
Balance at beginning of the term	(1)	(0)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	1	0
Total change during the term	1	0
Balance at end of the term	(0)	(0)
Total valuation and translation adjustments		
Balance at beginning of the term	126	447
Change during the term		
Changes in items other than shareholders' equity during the term (net)	320	(480)
Total change during the term	320	(480)
Balance at end of the term	447	(33)
Subscription rights to shares		
Balance at beginning of the term	73	159
Change during the term		
Changes in items other than shareholders' equity during the term (net)	85	48
Total change during the term	85	48
Balance at end of the term	159	208
Total net assets		
Balance at beginning of the term	62,871	70,955
Change during the term		
Cash dividends	(1,779)	(4,194)
Net income	9,426	12,204
Purchase of treasury stock	(30)	(164)
Disposal of treasury stock	61	53
Changes in items other than shareholders' equity during the term (net)	405	(431)
Total change during the term	8,083	7,466
Balance at end of the term	70,955	78,422

## 6. Other information

### (1) Summary Material of Business Results for FY 2011

#### 1) Operating Results

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales	169,303	117,383	198,527	133,709
Operating income	20,212	13,406	22,858	15,112
Ordinary income	22,365	14,985	24,656	18,112
Net income	13,387	9,426	14,756	12,204

#### 2) Consolidated Segment Information

##### a. Net Sales

Reportable Segments	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	32,438	19.2	44,199	22.3
Transport Equipment	48,182	28.4	48,289	24.3
Aircraft and Hydraulic Equipment	59,106	34.9	64,240	32.4
Industrial Equipment	29,575	17.5	41,798	21.0
Total	169,303	100.0	198,527	100.0

(Note 1) Amounts shown above are stated based on selling price, and do not include consumption or other taxes.

##### b. Operating Income

Reportable Segments	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)	
	Amount (million yen)	Margin (%)	Amount (million yen)	Margin (%)
Precision Equipment	6,466	19.9	8,013	18.1
Transport Equipment	5,915	12.3	6,068	12.6
Aircraft and Hydraulic Equipment	5,609	9.5	6,130	9.5
Industrial Equipment	2,220	7.5	2,646	6.3
Total	20,212	11.9	22,858	11.5

##### c. Output

Reportable Segments	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	33,254	19.3	44,972	22.5
Transport Equipment	48,876	28.4	48,627	24.4
Aircraft and Hydraulic Equipment	59,910	34.8	64,137	32.2
Industrial Equipment	30,149	17.5	41,663	20.9
Total	172,192	100.0	199,400	100.0

(Note 1) Amounts shown above are stated based on selling price, and do not include consumption or other taxes.

## d. Orders Received

Reportable Segments	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	36,702	20.3	47,268	23.6
Transport Equipment	48,261	26.7	45,044	22.5
Aircraft and Hydraulic Equipment	65,238	36.2	59,824	29.9
Industrial Equipment	30,223	16.8	48,129	24.0
Total	180,426	100.0	200,267	100.0

(Note 1) Amounts shown above are stated based on selling price, and do not include consumption or other taxes.

## e. Order Backlog

Reportable Segments	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	9,558	13.8	12,627	17.8
Transport Equipment	22,684	32.8	19,439	27.4
Aircraft and Hydraulic Equipment	28,671	41.4	24,256	34.2
Industrial Equipment	8,318	12.0	14,650	20.6
Total	69,232	100.0	70,973	100.0

(Note 1) Amounts shown above are stated based on selling price, and do not include consumption or other taxes.

## 3) Investments, Finance and Personnel

(Million yen)

	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
1. Capital expenditure [Tangible fixed assets included in the above amount]	6,337 [6,073]	4,391 [4,226]	13,524 [12,916]	10,292 [9,860]
2. Depreciation and amortization [Tangible fixed assets included in the above amount]	5,391 [5,017]	4,005 [3,683]	6,673 [6,248]	4,993 [4,657]
3. R&D expense	3,911	3,282	5,200	3,503
4. Corporate bonds and loans payable	20,157	18,800	31,694	27,800
5. Financial account balance [Dividend income included in the above amount]	73 [83]	1,536 [1,563]	(24) [85]	2,735 [2,833]
6. Number of employees at end of the period	4,057 persons	1,989 persons	4,995 persons	2,020 persons

**(2) Forecast of Operating Results for FY 2012****1) Operating Results (Forecast)**

(Million yen)

	Forecast for the 1st half of FY 2012 (From April 1, 2012 to September 30, 2012)		Forecast for FY 2012 (From April 1, 2012 to March 31, 2013)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales	98,000	65,000	210,000	142,000
Operating income	9,600	7,000	24,200	17,600
Ordinary income	10,200	7,900	26,100	19,000
Net income	6,300	5,400	16,800	12,900

**2) Consolidated Segment Information (Forecast)****a. Net Sales**

Reportable Segments	Forecast for the 1st half of FY 2012 (From April 1, 2012 to September 30, 2012)		Forecast for FY 2012 (From April 1, 2012 to March 31, 2013)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	23,400	23.9	50,800	24.2
Transport Equipment	23,200	23.7	46,600	22.2
Aircraft and Hydraulic Equipment	28,500	29.1	62,400	29.7
Industrial Equipment	22,900	23.3	50,200	23.9
Total	98,000	100.0	210,000	100.0

**b. Operating Income**

Reportable Segments	Forecast for the 1st half of FY 2012 (From April 1, 2012 to September 30, 2012)		Forecast for FY 2012 (From April 1, 2012 to March 31, 2013)	
	Amount (million yen)	Margin (%)	Amount (million yen)	Margin (%)
Precision Equipment	3,900	16.7	9,300	18.3
Transport Equipment	2,700	11.6	5,000	10.7
Aircraft and Hydraulic Equipment	1,900	6.7	5,900	9.5
Industrial Equipment	1,100	4.8	4,000	8.0
Total	9,600	9.8	24,200	11.5