



Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending March 31, 2013 (Japanese GAAP)

October 31, 2012

Name of Listed Company: Nabtesco Corporation

Code Number: 6268

Representative: Title: Representative Director, President & CEO

Inquiries: Title: General Manager, General Administration Div.

Scheduled Date for Filing of Quarterly Report: November 14, 2012

Scheduled Dividend Payment Date: December 7, 2012

Quarterly material to supplement the financial results: Available

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

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

URL: <http://www.nabtesco.com>

Name: Kazuaki Kotani

Name: Kenichi Nakamura

TEL: +81-3-5213-1133

(Amounts less than 1 million yen have been rounded down)

1. Consolidated Results for the Six-month Period of FY 2012 (April 1, 2012 to September 30, 2012)

(1) Consolidated Operating Results

(Percentages indicate the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month Period, FY 2012	90,666	(7.2)	7,595	(37.9)	8,470	(35.8)	6,513	(22.0)
Six-month Period, FY 2011	97,671	23.5	12,234	29.4	13,201	27.9	8,351	41.2

(Note) Comprehensive income: Six-month period of FY 2012: ¥6,305 million (-40.8%)

Six-month period of FY 2011: ¥10,646 million (91.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six-month Period, FY 2012	51.33	51.29
Six-month Period, FY 2011	66.06	66.03

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2012	197,575	110,446	52.9	819.49
As of March 31, 2012	208,092	107,466	47.6	784.12

(Reference) Shareholders' Equity: As of September 30, 2012: ¥104,434 million

As of March 31, 2012: ¥99,092 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 2011	—	17.00	—	17.00	34.00
FY 2012	—	18.00	—	—	—
FY 2012 (Forecast)	—	—	—	18.00	36.00

(Note) Revisions to the latest dividend forecasts: Yes

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

(Percentages indicate the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	185,000	(6.8)	17,000	(25.6)	19,200	(22.1)	14,300	(3.1)	112.68

(Note) Revisions to the latest forecast of operating results: Yes

* Matters of note:

- (1) Changes in significant subsidiaries during the second quarter of consolidated FY 2012 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None

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

- (2) Application of distinctive accounting procedures for preparation of quarterly consolidated financial statements: Yes

- (3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

2) Other changes in accounting policies: None

3) Changes in accounting estimates: Yes

4) Restatement of corrections: None

(Note) Changes in the depreciation method during this period correspond to changes in accounting policies which are difficult to distinguish from changes in accounting estimates. For more information, please refer to "2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections" on page 4 of the attachment.

- (4) Shares outstanding (Common shares)

1) Number of shares outstanding (including treasury stock) as of the end of the term

2) Amount of treasury stock

3) Average number of shares during the term

As of September 30, 2012	128,265,799	As of March 31, 2012	127,212,607
As of September 30, 2012	828,085	As of March 31, 2012	837,579
April 1, 2012 to September 30, 2012	126,906,371	April 1, 2011 to September 30, 2011	126,428,666

Notes:

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 is released as a summary report, the abovementioned procedures concerning the quarterly review are being conducted.

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

The forecast figures included above have been determined based on currently available information and assumptions that we consider to be reasonable; however, the Company does not guarantee their achievement. Actual performance may differ significantly from the above forecast figures due to several factors. Please refer to "(3) Qualitative Information on Forecasts of Consolidated Operating Results" on page 3 of the attached document for conditions upon which forecasts were based and notes on their use.

Table of Contents of Attached Documents

1. Qualitative Information on Consolidated Operating Results for the Six Months Ended September 30, 2012	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. Matters Related to Summary Information (Notes)	4
(1) Changes in Significant Subsidiaries during the Second Quarter of Consolidated FY 2012	4
(2) Application of Distinctive Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements	4
(3) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections	4
3. Quarterly Consolidated Financial Statements	5
(1) Second Quarter Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
(3) Quarterly 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	12
4. Supplementary Information	13
(1) Production, Orders Received, and Sales	13
(2) Overseas Sales	14
(3) Forecasts for Consolidated Operating Results for FY 2012 (Segment Information)	14

1. Qualitative Information on Consolidated Operating Results for the Six Months Ended September 30, 2012

(1) Qualitative Information on Consolidated Operating Results

In the first six-month period of consolidated FY 2012, the global business environment surrounding the Company was affected by the debt crisis in Europe and economic deceleration in China along with other factors, specifically resulting in a significant decline in demand for construction machinery in China.

At the same time, the Japanese economy remained in a difficult situation due to prolonged appreciation of the yen and other factors, although restoration from the impact of the Great East Japan Earthquake progressed gradually.

Under these circumstances, regarding business results for the first six months of consolidated FY 2012, net sales decreased on a year-on-year basis due to the impact of weaker demand for construction machinery in China despite an increase in sales generated by Gilgen Door Systems AG of Switzerland, acquired by the Company in April 2011, that was accounted for in the first quarter of consolidated FY 2012. Operating income, ordinary income and net income also declined.

1) Net sales and operating income

Consolidated net sales for the first six-month period of consolidated FY 2012 fell ¥7,005 million (7.2%) year on year to ¥90,666 million, and operating income shrank substantially by ¥4,639 million (37.9%) year on year to ¥7,595 million. Operating margin slipped 4.1 percentage points year on year to 8.4%.

Operating results by business segment were as follows:

[Precision Equipment]

In the precision equipment business, net sales decreased 4.6% year on year to ¥20,314 million, while operating income dropped sharply by 45.6% year on year to ¥2,146 million.

Sales of precision reduction gears shrank, reflecting the impact of inventory adjustments by manufacturers of industrial robots at home and abroad.

[Transport Equipment]

In the transport equipment business, net sales fell 3.9% year on year to ¥22,565 million, while operating income shrank 21.8% year on year to ¥2,452 million.

Sales of railroad vehicle equipment saw a decline due to diminished sales in China. Sales of commercial vehicle equipment rose, reflecting growing demand from emerging countries for trucks. Marine equipment sales fell on the back of a stagnant vessel market.

[Aircraft and Hydraulic Equipment]

Net sales in the aircraft and hydraulic equipment business decreased by 26.2% year on year to ¥25,713 million, while operating income also shrank 56.7% to ¥1,689 million.

Our hydraulic equipment business witnessed lower sales reflecting weaker demand for construction machinery in China. Sales of aircraft equipment grew due to robust demand for aircraft in the private sector.

[Industrial Equipment]

In the industrial equipment business, net sales rose 22.3% year on year to ¥22,073 million, and operating income grew 4.7% to ¥1,306 million.

Domestic demand for automatic-doors remained on a recovery trend, with increased sales helped by sales of Gilgen Door Systems AG of Switzerland in the first three-month period of the current fiscal year. Automatic packaging machinery posted higher sales on the back of expanded sales mainly in overseas markets.

2) Ordinary income

Consolidated ordinary income for the first six months of FY 2012 sank ¥4,731 million (35.8%) year on year to ¥8,470 million.

This was mainly attributable to a decrease in operating income as described above. Non-operating income shrank ¥82 million on a year-on-year basis to ¥1,275 million due partly to a decline in the earnings equity of affiliates. Non-operating expenses increased by ¥9 million year on year to ¥401 million due partly to an expansion of foreign exchange losses despite a decrease in donations.

3) Net income

Consolidated net income for the first six months of FY 2012 fell ¥1,838 million (22.0%) compared with the same period last year, to ¥6,513 million.

Extraordinary gains rose by ¥699 million on a year-on-year basis to ¥1,074 million, attributable to gains on negative goodwill accounted for in accordance with a Group company becoming a wholly owned subsidiary. Extraordinary losses increased by ¥28 million year on year to ¥100 million, reflecting the impact of ¥53 million in share exchange-related expenses accounted for by some Group companies.

To sum up, income before tax and adjustments decreased by ¥4,060 million year on year to ¥9,444 million. Income tax dropped ¥1,624 million from the previous year to ¥2,645 million, and minority interests in income were ¥284 million, a year on year decrease of ¥598 million.

(2) Qualitative Information on Consolidated Financial Position**1) Assets, Liabilities and Net Assets****(Assets)**

Total assets as of September 30, 2012 were ¥197,575 million, a decrease of ¥10,517 million from March 31, 2012, consisting of ¥111,674 million in current assets and ¥85,901 million in fixed assets. Primary positive contributing factors included increases of ¥1,752 million in inventories and ¥2,042 million in tangible fixed assets. Negative factors consisted mainly of decreases of ¥2,747 million in cash and deposits, ¥2,933 million in notes and accounts receivable, and ¥8,000 million in marketable securities due to a change of cash management.

(Liabilities)

Total liabilities as of September 30, 2012 were ¥87,128 million, a decrease of ¥13,497 million from March 31, 2012, consisting of ¥57,827 million in current liabilities and ¥29,300 million in long-term liabilities. The decrease was mainly attributable to a fall of ¥2,394 million in trade notes and accounts payable, ¥5,464 million in short-term loans payable and ¥1,692 million in income tax payable.

(Net assets)

Consolidated total net assets as of September 30, 2012 stood at ¥110,446 million, including shareholders' equity of ¥104,434 million, an increase of ¥5,341 million from the end of the previous consolidated fiscal year. The increase was mainly attributable to growth in earned surplus reflecting net income of ¥6,513 million and a rise of ¥1,581 million in capital surplus. On the other hand, primary negative contributing factors included a ¥2,159 million decrease in earned surplus due to dividend payments and a fall of ¥2,398 million in minority interest.

2) Status of Cash flow

Cash and cash equivalents (hereinafter, "funds") during the six-month period of the current consolidated fiscal year stood at ¥39,253 million, a decrease of ¥10,769 million from the end of the previous consolidated fiscal year, as a result of having applied ¥6,119 million generated from operating activities mainly to capital expenditures, repayment of loans payable and dividend payments.

(Cash flow from operating activities)

Net cash generated from operating activities for the first six-month period of the current consolidated fiscal year totaled ¥6,119 million. Principal positive factors included an increase in income before taxes and a decrease in notes and accounts receivable-trade. At the same time, negative factors consisted mainly of an increase in inventories, a decrease in notes and accounts payable-trade, and income tax payments.

(Cash flow from investment activities)

Net cash used in investment activities for the first six-month period of the current consolidated fiscal year amounted to ¥9,215 million, mainly due to the acquisition of tangible fixed assets.

(Cash flow from financing activities)

Net cash used from financing activities for the first six-month period of the current consolidated fiscal year was ¥8,003 million, primarily reflecting the repayment of loans payable and dividend payments.

(3) Qualitative Information on Forecasts of Consolidated Operating Results

The Company has revised its full-year financial forecasts announced on May 10, 2012 based on recent developments in its business performance during the six-month period of the consolidated fiscal year ending March 31, 2013 and expected future trends.

For further details, please refer to the "Announcement on Revisions of Financial and Dividend Forecasts" released on October 31, 2012.

Differences between the revised forecasts and the previous forecasts announced on May 10, 2012 are as shown below.

Revisions of consolidated full-year forecasts for the fiscal year ending March 31, 2013

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecast (A)	Million yen 210,000	Million yen 24,200	Million yen 26,100	Million yen 16,800	Yen 132.91
Revised forecast (B)	185,000	17,000	19,200	14,300	112.68
Change (B) – (A)	(25,000)	(7,200)	(6,900)	(2,500)	-
Rate of change (%)	(11.9)	(29.8)	(26.4)	(14.9)	-
Previous-year's results	198,527	22,858	24,656	14,756	116.74

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Second Quarter of Consolidated FY 2012

Not applicable.

(2) Application of Distinctive Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements

Determination of tax payment

In determining tax payment, the effective tax rate after application of tax effect accounting for income before income taxes for the consolidated fiscal year, inclusive of the second quarter of consolidated FY 2012, has been estimated in a rational manner. The tax bill has then been calculated by multiplying the quarterly income before income taxes and adjustments by this estimated effective tax rate.

(3) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

Changes in accounting policies which are difficult to distinguish from changes in accounting estimates

Effective from the first quarter of the consolidated fiscal year ending March 31, 2013, the Company and its consolidated subsidiaries have changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012, in accordance with the revised Corporation Tax Act.

As a result, operating income, ordinary income and income before taxes and minority interests for this second quarter each increased 59 million yen compared with the values obtained using the previous method. The impact of this change on the segment information is described in respective sections of this document.

3. Quarterly Consolidated Financial Statements

(1) Second Quarter Consolidated Balance Sheets

	(Million yen)	
	End of consolidated FY 2011 (as of March 31, 2012)	End of 2Q of consolidated FY 2012 (as of September 30, 2012)
Assets		
Current assets		
Cash and time deposits	15,505	12,758
Notes and accounts receivable	47,539	44,605
Marketable securities	34,998	26,997
Goods and products	3,263	4,004
Products in progress	7,776	8,730
Raw materials and stored goods	9,070	9,128
Deferred tax assets	2,910	2,953
Other current assets	3,038	2,661
Allowance for doubtful accounts	(173)	(166)
Total current assets	123,929	111,674
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	16,407	16,210
Machinery and transport equipment (net)	17,174	18,248
Tools, apparatus and furniture (net)	2,420	2,516
Land	14,411	14,415
Construction in progress	1,095	2,160
Total tangible assets	51,509	53,551
Intangible fixed assets		
Goodwill	14,570	14,111
Other	1,267	1,579
Total intangible fixed assets	15,838	15,691
Investments and other assets		
Investments in securities	14,930	14,511
Deferred tax assets	388	392
Other investments and other assets	1,639	1,893
Allowance for doubtful receivables	(142)	(138)
Total investments in securities and other assets	16,816	16,658
Total fixed assets	84,163	85,901
Total assets	208,092	197,575

(Million yen)

	End of consolidated FY 2011 (as of March 31, 2012)	End of 2Q of consolidated FY 2012 (as of September 30, 2012)
Liabilities		
Current liabilities		
Trade notes and accounts payable	34,601	32,206
Short-term loans payable	11,412	5,948
Income taxes payable	4,471	2,778
Allowance for product warranty	1,541	1,297
Provision for loss on order received	80	69
Other current liabilities	18,789	15,527
Total current liabilities	70,897	57,827
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans payable	10,281	10,289
Retirement allowance	7,335	7,068
Allowance for retirement bonus for directors	171	162
Deferred tax liabilities	915	590
Other long-term liabilities	1,024	1,189
Total long-term liabilities	29,728	29,300
Total liabilities	100,625	87,128
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,445	19,026
Earned surplus	74,815	79,158
Treasury stock	(753)	(738)
Total shareholders' equity	101,507	107,446
Accumulated other comprehensive income		
Net unrealized gains on other securities	1,022	273
Deferred gains or losses on hedges	(0)	0
Translation adjustments	(3,436)	(3,286)
Total accumulated other comprehensive income	(2,414)	(3,011)
Subscription rights to shares	208	245
Minority interests	8,165	5,767
Total net assets	107,466	110,446
Total liabilities and net assets	208,092	197,575

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

Quarterly Consolidated Statements of Income

For the six-month period ended September 30, 2012

(Million yen)

	First six-month period of consolidated FY 2011 (April 1, 2011 to September 30, 2011)	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)
Net sales	97,671	90,666
Cost of sales	72,581	68,322
Gross profit	25,090	22,344
Selling, general and administrative expenses	12,856	14,748
Operating income	12,234	7,595
Non-operating income		
Interest income	34	63
Dividend income	49	40
Rent income	124	117
Equity in earnings of affiliates	1,009	816
Other non-operating income	140	238
Total	1,358	1,275
Non-operating expenses		
Interest expenses	61	125
Foreign exchange losses	60	166
Contribution	172	0
Other non-operating expenses	95	108
Total	391	401
Ordinary income	13,201	8,470
Extraordinary gains		
Gain on sales of fixed assets	159	37
Gain on sales of investment securities	2	—
Gain on sales of golf memberships	—	10
Gain on negative goodwill	—	1,026
Gain on transfer of business	32	—
Gain on revision of retirement benefit plan	49	—
Compensation income	131	—
Total	375	1,074
Extraordinary losses		
Loss on disposal of fixed assets	69	45
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	—	1
Write-down of golf club membership	2	—
Share exchange-related expenses	—	53
Total	72	100
Income before income taxes and adjustments	13,505	9,444
Corporate, resident and business taxes	4,269	2,645
Income before minority interests	9,235	6,798
Minority interests in income	883	284
Net income	8,351	6,513

Quarterly Consolidated Statements of Comprehensive Income
For the six-month period ended September 30, 2012

(Million yen)

	First six-month period of consolidated FY 2011 (April 1, 2011 to September 30, 2011)	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)
Income before minority interests	9,235	6,798
Other comprehensive income		
Valuation difference on available-for-sale securities	(719)	(741)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	2,149	239
Share of other comprehensive income of associates accounted for using equity method	(20)	8
Total other comprehensive income	1,410	(493)
Comprehensive income	10,646	6,305
[Comprehensive income attributable to:]		
Shareholders of parent company	9,750	5,916
Minority interests	895	388

(3) Quarterly Consolidated Statements of Cash Flows

	(Million yen)	
	First six-month period of consolidated FY 2011 (April 1, 2011 to September 30, 2011)	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	13,505	9,444
Depreciation and amortization	2,853	3,833
Amortization of goodwill	178	394
Gain on negative goodwill	–	(1,026)
Share-based compensation expenses	43	48
Increase (decrease) in allowance for doubtful accounts	105	(10)
Increase (decrease) in provision for retirement benefits	(123)	(267)
Interest and dividends income	(83)	(104)
Interest expenses	61	125
Equity in (earnings) losses of affiliates	(1,009)	(816)
Loss (gain) on sales of noncurrent assets	(159)	(37)
Loss (gain) on disposal of noncurrent assets	69	45
Loss (gain) on sales of investment securities	(2)	–
Loss (gain) on valuation of investment securities	–	1
Loss (gain) on sales of golf club memberships	–	(10)
Loss on valuation of golf club memberships	2	–
Gain on revision of retirement benefit plan	(49)	–
Increase (decrease) in notes and accounts receivable-trade	(1,819)	2,244
Increase (decrease) in inventories	(1,507)	(1,605)
Increase (decrease) in notes and accounts payable-trade	2,013	(2,607)
Other	(698)	708
Subtotal	13,379	10,360
Interest and dividends income received	387	258
Interest expenses paid	(102)	(124)
Income taxes paid	(7,165)	(4,375)
Net cash provided by (used in) operating activities	6,500	6,119
Net cash provided by (used in) investing activities		
Payments into time deposits	(253)	(26)
Purchase of property, plant and equipment	(2,987)	(8,354)
Proceeds from sales of property, plant and equipment	248	63
Purchase of intangible assets	(177)	(502)
Proceeds from sales of intangible assets	0	–
Purchase of investment securities	(6)	(6)
Proceeds from sales of investment securities	5	–
Proceeds from sales of golf club memberships	–	13
Purchase of shares of subsidiaries and affiliates	(11)	(63)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(17,619)	–
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	–	(82)
Other	(432)	(256)
Net cash provided by (used in) investing activities	(21,232)	(9,215)

(Million yen)

	First six-month period of consolidated FY 2011 (April 1, 2011 to September 30, 2011)	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1)	(5,591)
Proceeds from long-term loans payable	10,000	—
Repayment of long-term loans payable	—	(34)
Proceeds from stock issuance to minority shareholders	270	396
Purchase of treasury stock	(1)	(1)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,030)	(2,156)
Cash dividends paid to minority shareholders	(423)	(617)
Net cash provided by (used in) financing activities	7,813	(8,003)
Effect of exchange rate changes on cash and cash equivalents	50	330
Net increase (decrease) in cash and cash equivalents	(6,868)	(10,769)
Cash and cash equivalents at beginning of period	56,570	50,023
Cash and cash equivalents at end of period	49,702	39,253

(4) Notes Relating to the Going Concern Assumption

None

(5) Segment Information

[Segment Information]

I. For the six months ended September 30, 2011 (April 1, 2011 to September 30, 2011)

1. Information on Sales and Income (Loss) by Reportable Segment

	Reportable segments					Adjustments (Note 1)	(Million yen) Quarterly consolidated income statement amounts (Note 2)
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
Sales to external customers	21,293	23,489	34,838	18,050	97,671	–	97,671
Inter-segment sales or transfer	17	99	319	624	1,061	(1,061)	–
Total	21,310	23,589	35,158	18,674	98,733	(1,061)	97,671
Segment income	3,946	3,136	3,903	1,248	12,234	–	12,234

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥1,061 million in the elimination of inter-segment transactions.

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

2. Information concerning Impairment Loss from Fixed Assets, Goodwill and Other Items by Reportable Segment
(Significant changes in the amount of goodwill)

In the industrial equipment business, the Company acquired the automatic door business of Kaba Holding AG, a Swiss company, through acquisition of Kaba Gilgen AG stock (currently, Gilgen Door Systems AG), a subsidiary of Kaba Holding AG. The acquisition procedures were completed on April 1, 2011.

The increase in goodwill attributable to this event amounted to ¥17,288 million for the first six-month period of consolidated FY 2012.

II. For the six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

1. Information on Sales and Income (Loss) by Reportable Segment

(Million yen)

	Reportable segments					Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
Sales to external customers	20,314	22,565	25,713	22,073	90,666	–	90,666
Inter-segment sales or transfer	12	80	488	44	626	(626)	–
Total	20,326	22,646	26,201	22,118	91,293	(626)	90,666
Segment income	2,146	2,452	1,689	1,306	7,595	–	7,595

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥626 million in the elimination of inter-segment transactions.

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

2. Information concerning Impairment Loss from Fixed Assets, Goodwill and Other Items by Reportable Segment
(Gain on significant negative goodwill)

Regarding the industrial equipment business, Nabtesco completed a share exchange on August 1, 2012, in which Nabtesco became the wholly owning parent company of NABCO DOOR Ltd. and NABCO DOOR Ltd. became the wholly owned subsidiary of Nabtesco.

As a result, gain on negative goodwill recorded with respect to the abovementioned event was ¥1,019 million in the six-month period of the consolidated fiscal year ending March 31, 2013.

3. Matters related to changes in reportable segments

As stated in “Changes in accounting policies which are difficult to distinguish from changes in accounting estimates” above, effective from the first quarter of the consolidated fiscal year ending March 31, 2013, the Company and its consolidated subsidiaries have changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012, in accordance with the revised Corporation Tax Act.

As a result, segment income increased in “Precision Equipment” by ¥30 million, “Transport Equipment” by ¥6 million, “Aircraft and Hydraulic Equipment” by ¥20 million, and “Industrial Equipment” by ¥2 million, compared with the values obtained using the previous method.

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

The Company completed a share exchange on August 1, 2012, in which the Company became the wholly owning parent company of NABCO DOOR Ltd. and NABCO DOOR Ltd. became the wholly owned subsidiary of the Company.

As a result of this event, capital surplus increased by ¥1,582 million, to ¥19,026 million at end of the six-month period of the current consolidated fiscal year.

4. Supplementary Information

(1) Production, Orders Received, and Sales

1) Production

Consolidated production per segment in the first six months of FY 2012 is shown below.

Segment	Output (Million yen)	Year-on-year comparison (%)
Precision Equipment	21,502	(0.3)
Transport Equipment	23,478	(2.4)
Aircraft and Hydraulic Equipment	26,338	(25.1)
Industrial Equipment	22,998	25.4
Total	94,318	(4.8)

Notes: 1 Amounts shown above are stated based on selling price and do not include consumption or other taxes.

2 Inter-segment transactions have been eliminated from the amounts shown above.

2) Orders received

Consolidated orders received per segment in the first six months of FY 2012 are shown below.

Segment	Amount of Orders Received (Million yen)	Year-on-year comparison (%)	Order Backlog (Million yen)	Year-on-year comparison (%)
Precision Equipment	19,981	(16.2)	12,294	1.5
Transport Equipment	19,023	(3.7)	15,896	(16.1)
Aircraft and Hydraulic Equipment	27,543	(22.3)	26,086	(10.9)
Industrial Equipment	23,156	(3.6)	15,733	10.0
Total	89,704	(13.0)	70,011	(6.2)

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

Consolidated sales by segment in the first six months of FY 2012 are shown below.

Segment	Sales (Million yen)	Year-on-year comparison (%)
Precision Equipment	20,314	(4.6)
Transport Equipment	22,565	(3.9)
Aircraft and Hydraulic Equipment	25,713	(26.2)
Industrial Equipment	22,073	22.3
Total	90,666	(7.2)

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 total sales.

(2) Overseas Sales

The first six months of consolidated FY 2012 (April 1, 2012 to September 30, 2012)

	Asia	North America	Europe	Other regions	Total
I Overseas sales (Million yen)	17,483	5,652	15,296	159	38,591
II Consolidated sales (Million yen)					90,666
III Contribution to consolidated sales (%)	19.3	6.2	16.9	0.2	42.6

Notes: 1 The grouping of countries and regions is based on geographic adjacency.

2 The geographic groupings (excluding Japan) consist of 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.

(3) Forecasts for Consolidated Operating Results for FY 2012 (Segment Information)

(Net sales)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total
Previously announced forecast (A) (Announced on May 10, 2012)	50,800	46,600	62,400	50,200	210,000
Revised forecast (B)	42,400	47,000	46,800	48,800	185,000
Change (B-A)	(8,400)	400	(15,600)	(1,400)	(25,000)
Percentage change (%)	(16.5)	0.9	(25.0)	(2.8)	(11.9)
Previous-year results	44,199	48,289	64,240	41,798	198,527

(Operating income)

(Million yen)

	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total
Previously announced forecast (A) (Announced on May 10, 2012)	9,300	5,000	5,900	4,000	24,200
[Operating margin]	[18.3%]	[10.7%]	[9.5%]	[8.0%]	[11.5%]
Revised forecast (B)	6,200	5,100	1,600	4,100	17,000
[Operating margin]	[14.6%]	[10.9%]	[3.4%]	[8.4%]	[9.2%]
Change (B-A)	(3,100)	100	(4,300)	100	(7,200)
Percentage change (%)	(33.3)	2.0	(72.9)	2.5	(29.8)
Previous-year results	8,013	6,068	6,130	2,646	22,858