



Summary of Financial Statements for the Year ended March 31, 2013 (Japanese GAAP) (Consolidated)

May 10, 2013

Name of Listed Company: Nabtesco Corporation

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

Code Number: 6268

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

Representative: Title: Representative Director, President and CEO

Name: Kazuaki Kotani

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Scheduled Date of Annual Shareholders Meeting: June 25, 2013

Scheduled Date of Dividend Payment: June 26, 2013

Scheduled Date of Issue of Financial Report: June 26, 2013

Availability of supplementary information: Yes

Organization of financial result briefing meeting: Yes (for institutional investors and financial analysts)

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

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

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2012	179,543	(9.6)	15,013	(34.3)	17,890	(27.4)	13,269	(10.1)
FY 2011	198,527	17.3	22,858	13.1	24,656	10.2	14,756	10.2

Note: Comprehensive income:

FY 2012: ¥18,655 million (30.0%) FY 2011: ¥14,354 million (7.1%)

	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 2012	104.57	104.39	12.5	8.7	8.4
FY 2011	116.74	116.61	15.6	12.7	11.5

Reference: Investment profit/loss on equity method:

FY 2012: ¥2,148 million FY 2011: ¥1,787 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2012 (as of March 31, 2013)	203,056	120,857	56.2	894.86
FY 2011 (as of March 31, 2012)	208,092	107,466	47.6	784.12

Reference: Shareholders' equity:

As of March 31, 2013: ¥114,038 million As of March 31, 2012: ¥99,092 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 2012	12,952	(13,693)	(10,090)	40,200
FY 2011	15,104	(27,464)	6,035	50,023

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 2011	–	17.00	–	17.00	34.00	4,320	29.1	4.5
FY 2012	–	18.00	–	16.00	34.00	4,355	32.5	4.1
FY 2013 (year ending March 31, 2014 (Forecast))	–	18.00	–	20.00	38.00		30.3	

3. Forecast of Consolidated Operating Results for FY 2013 (From April 1, 2013 to March 31, 2014)

(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 2013	94,700	4.4	7,400	(2.6)	8,600	1.5	4,600	(29.4)	36.25
FY 2013	201,000	12.0	22,000	46.5	25,100	40.3	15,900	19.8	125.29

* Matters of note:

(1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None

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

(2) 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: The depreciation method has been changed as of the fiscal year under review. This change is applicable to “cases when it is difficult to distinguish between a change in an accounting policy and a change in an accounting estimate.” For further information, please refer to 4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements on page 22 of the attached document.

(3) Shares outstanding (Common stock)

1) Shares outstanding at fiscal year-end (including treasury stock)

As of March 31, 2013: 128,265,799 shares As of March 31, 2012: 127,212,607 shares

2) Treasury stock at fiscal year end

As of March 31, 2013: 828,516 shares As of March 31, 2012: 837,579 shares

3) Average number of outstanding shares

FY 2012: 126,906,156 shares FY 2011: 126,402,025 shares

[Reference] Overview of Non-Consolidated Operating Results

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

(1) Non-Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2012	115,862	(13.3)	9,955	(34.1)	11,865	(34.5)	8,339	(31.7)
FY 2011	133,709	13.9	15,112	12.7	18,112	20.9	12,204	29.5

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY 2012	65.37		65.26	
FY 2011	96.05		95.94	

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2012 (as of March 31, 2013)	153,792	84,741	54.9	659.16
FY 2011 (as of March 31, 2012)	162,210	78,422	48.2	615.69

Reference: Shareholders' equity:

As of March 31, 2013: ¥ 84,437 million

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

2. Forecast of Non-Consolidated Operating Results for FY 2013 (From April 1, 2013 to March 31, 2014)

(Percentages indicate the year-on-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 2013	55,400	(4.9)	6,200	11.4	3,500	(5.9)	27.44	
Fiscal year ending March 2014	123,100	6.2	15,800	33.2	10,000	19.9	78.39	

* 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:

• Descriptions in this document concerning future figures including forecasts for operating results, etc. are based on currently available information and certain assumptions that the Company considers reasonable. Actual results may vary significantly from such forecasts due to a variety of factors. Please refer to “1. Analysis of Consolidated Operating Results and Financial Position (1) Analysis of Consolidated Operating Results (Projection for the consolidated fiscal year ending March 31, 2014)” on page 4 of the attached document.

• The Company will hold a financial results presentation meeting on May 15, 2013 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. Analysis of Consolidated Operating Results and Financial Position

(1) Analysis of Consolidated Operating Results

(Consolidated Operating Results for FY 2012)

Despite a pickup in the U.S. economy, the business environment surrounding the Company in FY 2012 continued to prove extremely challenging in light of the European debt crisis and economic slowdown in China, one of our main markets. Among other factors, a significant decline in demand for construction machinery in China was notable.

Meanwhile, the Japanese economy made gradual progress in its recovery from the impact of the Great East Japan Earthquake, with expectations of yen weakness and a re-ignition of the economy reflecting the so-called Abenomics policy of the Abe administration. These effects, however, failed to spillover into the real economy.

Under these circumstances, the operating results for consolidated FY 2012 show net sales decreasing on year on year due to the impact of weaker Chinese demand for construction machinery. This was despite a quarterly increase in sales for new acquisition Gilgen Door Systems AG of Switzerland. Operating income, ordinary income and net income also declined.

1) Net sales and operating income

Net sales for consolidated FY 2012 fell ¥18,983 million (9.6%) year on year to ¥179,543 million. Operating income also slipped ¥7,844 million (34.3%) year on year, to ¥15,013 million.

Operating results by business segment were as follows:

Operating results by business segment
[Amount of orders received]

	Previous fiscal year (ended March 2012) (Consolidated basis)	Current fiscal year (ended March 2013) (Consolidated basis)	Change (%)
Precision equipment	47,268	37,798	(20.0)
Transport equipment	45,044	41,193	(8.5)
Aircraft and hydraulic equipment	59,824	49,196	(17.8)
Industrial equipment	48,129	49,504	2.9
Total	200,267	177,693	(11.3)

[Net sales]

	Previous fiscal year (ended March 2012) (Consolidated basis)	Current fiscal year (ended March 2013) (Consolidated basis)	Change (%)
Precision equipment	44,199	41,578	(5.9)
Transport equipment	48,289	44,262	(8.3)
Aircraft and hydraulic equipment	64,240	45,746	(28.8)
Industrial equipment	41,798	47,956	14.7
Total	198,527	179,543	(9.6)

[Operating income]

	Previous fiscal year (ended March 2012) (Consolidated basis)	Current fiscal year (ended March 2013) (Consolidated basis)	Change (%)
Precision equipment	8,013	5,354	(33.2)
Transport equipment	6,068	4,214	(30.6)
Aircraft and hydraulic equipment	6,130	1,836	(70.1)
Industrial equipment	2,646	3,608	36.3
Total	22,858	15,013	(34.3)

[Precision Equipment]

In the precision equipment business, net sales decreased 5.9% year on year to ¥41,578 million, while operating income shrank 33.2% year on year to ¥5,354 million.

Sales of precision reduction gears fell, reflecting the impact of inventory adjustments for industrial robots at home and abroad as well as sluggish demand for gears for other purposes, despite additional sales of gears for solar thermal power plants.

[Transport Equipment]

In the transport equipment business, net sales fell 8.3% year on year to ¥44,262 million, while operating income shrank 30.6% year on year to ¥4,214 million.

Sales of railroad vehicle equipment saw a decline due to the seasonally driven lack of new vehicle launches in the domestic market as well as diminished sales to China. Sales of commercial vehicle equipment rose, reflecting growing demand for trucks in emerging countries. 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 28.8% year on year to ¥45,746 million, while operating income shrank 70.1% to ¥1,836 million.

Our hydraulic equipment business saw lower sales, reflecting weaker demand for construction machinery in China. Sales of aircraft equipment increased due to the expanded demand for aircraft in the private sector whereas sales to the defense sector remained flat.

[Industrial Equipment]

In the industrial equipment business, net sales rose 14.7% year on year to ¥47,956 million, and operating income grew 36.3% to ¥3,608 million.

Domestic demand for automatic doors remained on a recovery trend, helped by an increase in sales following the acquisition of Gilgen Door Systems AG. Automatic packaging machinery posted higher sales on the back of replacement demand from the domestic sugar industry as well as expanded sales in overseas markets.

Reference: Information by region

[Net sales]

(Million yen)

	Previous fiscal year (ended March 2012) (Consolidated basis)	Current fiscal year (ended March 2013) (Consolidated basis)	Change (%)
Japan	111,830	107,015	(4.3)
Asia	51,094	29,916	(41.4)
North America	9,397	13,868	47.6
Europe	25,291	28,222	11.6
Other areas	912	521	(42.9)
Total	198,527	179,543	(9.6)

- Notes: 1. Net sales are classified by country or region based on the location of the buyer.
 2. The decline in net sales for Asia is mainly attributable to the decrease in hydraulic equipment sold to China.
 3. The increase in net sales for North America largely reflects the growth of aircraft equipment sales.
 4. The increase in net sales for Europe is mainly attributable to the acquisition of Gilgen Door Systems AG.

2) Ordinary income

Ordinary income for the consolidated fiscal year under review dropped ¥6,766 million (27.4%) year on year to ¥17,890 million.

This was mainly attributable to a decrease in operating income as described above. Non-operating income rose ¥868 million on a year-on-year basis to ¥3,342 million due to an increase in equity in earnings of affiliates in addition to a reverse of foreign exchange losses to foreign exchange gains. Non-operating expenses decreased by ¥210 million year on year to ¥465 million due partly to a decline in donations.

3) Net income

Net income for the consolidated fiscal year under review fell ¥1,486 million (10.1%) year on year to ¥13,269 million.

Extraordinary gains rose by ¥876 million on a year-on-year basis to ¥1,290 million, attributable to gains on negative goodwill resulting from a Group company becoming a wholly owned subsidiary. Extraordinary losses shrank by ¥40 million year on year to ¥182 million, reflecting the impact of decreased loss on the disposal of fixed assets.

To sum up, income before income tax and adjustments decreased by ¥5,849 million year on year to ¥18,997 million. Income tax dropped ¥3,274 million year on year to ¥5,598 million, and minority interests in income were ¥129 million, a year-on-year decrease of ¥1,088 million.

(Projection for the consolidated fiscal year ending March 31, 2014)

With respect to the global economy, it is forecasted that the macro-economic environment will be relatively favorable thanks to the expected recovery of the domestic Japanese economy, a pickup in the U.S. economy, and robust growth in the Southeast Asian countries, despite uncertainties such as the potential for renewed debt crisis problems in Europe and a sluggish Chinese economy. In particular, the Nabtesco Group is anticipating the recovery of railroad vehicle equipment at home and in China, a rebound of demand for hydraulic equipment in China and growth in the sales of automatic doors, as well as the effects of a weaker yen. Net sales and operating income are expected to rise to produce year-on-year increases of 12.0% and 46.5% to reach ¥201,000 million and ¥22,000 million, respectively.

Forecasts for operating results by business segment are as follows:

Forecasts for the fiscal year ending March 2014 by business segment
[Net sales]

(Million yen)

Reportable segment	Actual result for the current fiscal year (ended March 2013)	Forecast for the next fiscal year (ending March 2014)	Change (%)
Precision equipment	41,578	44,600	7.3
Transport equipment	44,262	48,700	10.0
Aircraft and hydraulic equipment	45,746	53,200	16.3
Industrial equipment	47,956	54,500	13.6
Total	179,543	201,000	12.0

Note 1. The above amounts are based on selling price, excluding consumption tax, etc.

Reportable segment	Forecast for the first six-month period of the next fiscal year (April 1, 2013 to September 30, 2013)		Forecast for the next fiscal year (April 1, 2013 to March 31, 2014)	
	Amount (Million yen)	Composition ratio (%)	Amount (Million yen)	Composition ratio (%)
Precision equipment	20,100	21.2	44,600	22.2
Transport equipment	22,900	24.2	48,700	24.2
Aircraft and hydraulic equipment	26,800	28.3	53,200	26.5
Industrial equipment	24,900	26.3	54,500	27.1
Total	94,700	100.0	201,000	100.0

Note 1. The above amounts are based on selling price, excluding consumption tax, etc.

[Operating income]

(Million yen)

Reportable segment	Actual result for the current fiscal year (ended March 2013)	Forecast for the next fiscal year (ending March 2014)	Change (%)
Precision equipment	5,354	7,100	32.6
Transport equipment	4,214	5,300	25.8
Aircraft and hydraulic equipment	1,836	4,600	150.5
Industrial equipment	3,608	5,000	38.6
Total	15,013	22,000	46.5

Reportable segment	Forecast for the first six-month period of the next fiscal year (April 1, 2013 to September 30, 2013)		Forecast for the next fiscal year (April 1, 2013 to March 31, 2014)	
	Amount (Million yen)	Composition ratio (%)	Amount (Million yen)	Composition ratio (%)
Precision equipment	2,400	11.9	7,100	15.9
Transport equipment	1,900	8.3	5,300	10.9
Aircraft and hydraulic equipment	1,800	6.7	4,600	8.6
Industrial equipment	1,300	5.2	5,000	9.2
Total	7,400	7.8	22,000	10.9

[Precision Equipment]

Net sales from the precision equipment business are expected to increase 7.3% year on year to ¥44,600 million, with operating income amounting to ¥7,100 million. Sales of our flagship precision reduction gears will grow, helped by a recovery in equipment for industrial robots, despite a decrease in sales of equipment for solar thermal power generators.

[Transport Equipment]

The transport equipment business is anticipated to enjoy a 10.0% year-on-year growth in sales to reach ¥48,700 million, with operating income of ¥5,300 million. Sales of railroad vehicle equipment will increase reflecting the recovery of sales to China and the launch of new vehicles in the domestic market. Marine equipment sales are expected to drop due to the impact of stagnant vessel demand at home and abroad. Sales of commercial vehicle equipment are forecasted to grow due to expanded external demand for trucks originating largely in Southeast Asia.

[Aircraft and Hydraulic Equipment]

Net sales in the aircraft and hydraulic equipment business are expected to record a 16.3% year-on-year increase to reach ¥53,200 million, with operating income of ¥4,600 million. Our hydraulic equipment business will see increased sales on the back of a recovery of demand for construction machinery in China through the elimination of excess inventories. Sales of aircraft equipment are forecasted to expand, reflecting the increased output by Boeing to meet private sector demand, whereas demand in the defense sector will remain at the same level as the fiscal year under review.

[Industrial Equipment]

In the industrial equipment business, net sales will increase 13.6% year on year to ¥54,500 million, with operating income of ¥5,000 million. Rising domestic demand for automatic doors for buildings, expanding overseas sales and foreign exchange effects, etc. are expected to contribute to a growth in sales. Despite robust domestic and overseas demand, sales of automatic packaging machinery are forecasted to decrease due to shrinking special demands by the sugar industry, as seen in the previous fiscal year.

(2) Analysis of Financial Position

	(Million yen)				
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total assets	144,685	149,480	180,729	208,092	203,056
Liabilities	62,968	64,313	84,197	100,625	82,198
Net assets	81,716	85,167	96,531	107,466	120,857
Cash flow from operating activities	14,055	14,892	27,997	15,104	12,952
Cash flow from investing activities	(9,329)	(6,155)	(4,419)	(27,464)	(13,693)
Free cash flow	4,725	8,736	23,577	(12,359)	(741)
Cash flow from financing activities	(6,189)	(684)	(1,849)	6,035	(10,090)
ROA (%)	2.9	2.7	8.1	7.6	6.5
ROE (%)	5.8	5.2	15.8	15.6	12.5

Note: ROA (Return on Assets): Net income/Average total assets from the beginning of the period to the end of the period

ROE (Return on Equity): Net income/Average shareholder equity from the beginning of the period to the end of the period

* Each of the above indicators has been calculated based on the financial values on a consolidated basis.

1) Status of assets, liabilities and net assets**(Assets)**

Total assets as of March 31, 2013 were ¥203,056 million, a decrease of ¥5,035 million from a year earlier, consisting of ¥112,048 million in current assets and ¥91,008 million in fixed assets. Primary positive contributing factors included increases of ¥2,966 million in tangible fixed assets and ¥1,971 million in investments in securities. Negative factors consisted mainly of decreases of ¥1,600 million in cash and time deposits, ¥2,407 million in notes and accounts receivable and ¥8,000 million in marketable securities.

(Liabilities)

Total liabilities as of March 31, 2013 were ¥82,198 million, a decrease of ¥18,427 million from a year earlier, consisting of ¥52,322 million in current liabilities and ¥29,876 million in long-term liabilities. The decrease was mainly attributable to falls of ¥6,575 million in trade notes and accounts payable, ¥5,314 million in short-term loans payable and ¥1,248 million in income tax payable.

(Net Assets)

Total net assets as of March 31, 2013 stood at ¥120,857 million, including shareholder equity of ¥114,038 million, an increase of ¥14,945 million from a year earlier. The increase was mainly attributable to increases in earned surplus arising from net income of ¥13,269 million and ¥1,581 million in capital surplus, as well as ¥4,287 million in translation adjustments. Primary negative contributing factors included a ¥4,465 million decrease in earned surplus due to dividend payments and a fall of ¥1,650 million in minority interest.

2) Status of cash flows

Cash and cash equivalents (hereinafter, "funds") as of March 31, 2013 were ¥ 40,200 million, a decrease of ¥ 9,823 million from the previous year, as a result of having applied ¥ 12,952 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 ¥12,952 million. Principal positive factors included an increase in income before income taxes, and a decrease in notes and accounts receivable. Negative factors consisted mainly of a decrease in accounts payable and income tax payments.

(Cash flow from investing activities)

Net cash used in investing activities for the current consolidated year amounted to ¥13,693 million, mainly due to the acquisition of tangible fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities for the current consolidated fiscal year was ¥10,090 million, reflecting the negative factors of repayment of loans payable and dividend payments.

Cash flow indicators on a consolidated basis were as follows.

Reference: Cash flow indicators

	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)	FY 2012 (From April 1, 2012 to March 31, 2013)
Shareholders' equity ratio (%)	52.9	53.1	49.9	47.6	56.2
Shareholders' equity ratio on a market value basis (%)	59.7	105.3	146.3	103.1	121.4
Ratio of interest-bearing debt to cash flow (%)	1.4	1.3	0.7	2.1	2.0
Interest coverage ratio (times)	82.4	145.9	372.3	81.1	53.3

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 32.5%. As the interim dividend of ¥18 per share was already paid, the term-end cash dividend will be ¥16 per share.

The annual cash dividend for the next fiscal year will be ¥38 per share (interim dividend of ¥18 plus term-end dividend of ¥20 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

Disclosure of operational risks is omitted as there are no further risks identified in addition to the "Operational Risk" described in the most recent Securities Report (filed on June 27, 2012).

2. Status of the Nabtesco Group

The Nabtesco Group consists of the Company, 42 subsidiaries and nine 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

As of March 31, 2013

Segment by business category	Japan	Overseas
Precision Equipment Business	Nabtesco Corporation	Nabtesco Precision Europe GmbH *1
	Diavac Limited *1	Nabtesco Motion Control Inc. *1
	CMET, Inc. *1	Shanghai Nabtesco Motion-equipment Trading Co., Ltd. *1
	Harmonic Drive Systems Inc. *2, 4	Harmonic Drive L.L.C. *2
		Changzhou Nabtesco Kusaka Precision Machinery Co., Ltd. *1
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
	Shikoku Marine Customer Service Co., Ltd. *1	Nabtesco Automotive Products (Thailand) Co., Ltd. *1
	NABTEC Co., Ltd. *1	Nabtesco Railroad Products (Beijing) Co., Ltd. *1
	Dairiki Tekko Co., Ltd. *2	Nabtesco Marine Control Systems (Shanghai) Co., Ltd. *1
	Takato Electronics Co., Ltd. *2	Taiwan Nabtesco Service Co., Ltd. *1
		NS Autotech Co., Ltd. *2
	Jiangsu Nabtesco KTK Railroad Products Co., Ltd. *1	
Aircraft and Hydraulic Equipment Business	Nabtesco Corporation	Nabtesco Aerospace Inc. *1
		Nabtesco USA Inc. *1
		Shanghai Nabtesco Hydraulic Co., Ltd. *1
		Jiangsu Nabtesco Hydraulic Co., Ltd. *1
		Nabtesco Power Control (Thailand) Co., Ltd. *1
		Shanghai Nabtesco Business Management Co., Ltd. *1
	Nabtesco Aerospace Europe GmbH *1	
Industrial Equipment Business	Nabtesco Corporation	NABCO ENTRANCES, INC. *1
	Toyo Jidoki Co., Ltd. *1	NABCO Auto Door (Beijing) Co., Ltd. *1
	TS Precision Co., Ltd. *1	Gilgen Nabtesco (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
		Dalian Toyo Jidoki Co., Ltd. *1
	Porta Service Inc. *2	
	NABCO ENTRANCES OF WESTERN CANADA INC. *1	
Total of subsidiaries and affiliates: 51	Japan: 17 companies	Overseas: 34 companies

*1 Consolidated subsidiary

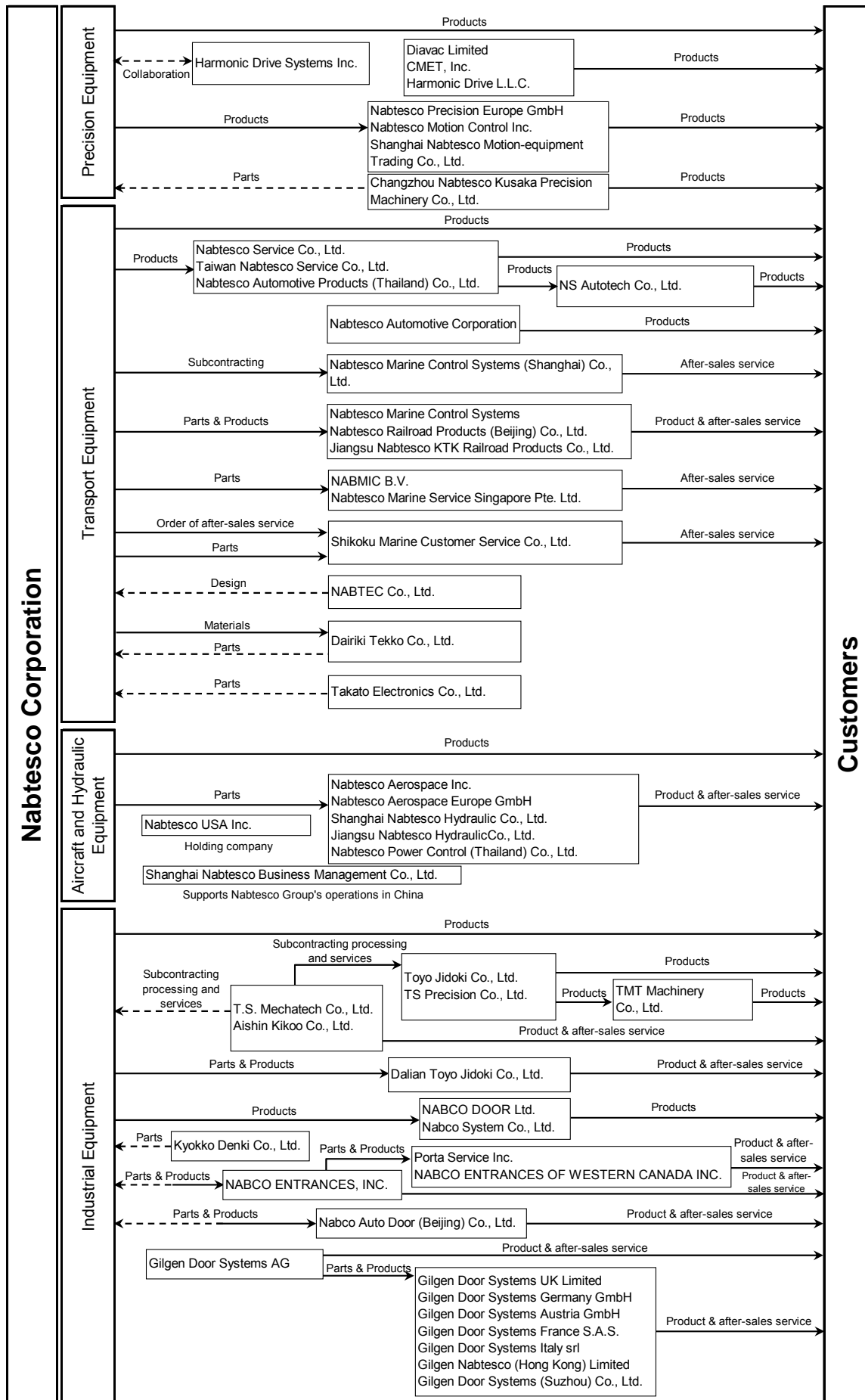
*2 Equity method-applied affiliate

*3 NABCO DOOR Ltd. became a wholly owned subsidiary of the Company effective August 1, 2012, and its shares were delisted from 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. Nabtesco Marine Service Co., Ltd., was absorbed by the Company, with the Company as the surviving company, effective April 1, 2012.
 2. Porta Service Inc. became an equity-method affiliate, effective April 5, 2012.
 3. Changzhou Nabtesco Kusaka Precision Machinery Co., Ltd. became a subsidiary, effective May 18, 2012.
 4. NABCO ENTRANCES OF WESTERN CANADA INC. was established on June 28, 2012.
 5. Nabtesco Aerospace Europe GmbH was established on August 1, 2012.
 6. TS Heatronics Co., Ltd. was liquidated, effective August 20, 2012.
 7. Minda Nabtesco Automotive Private Ltd. was established on April 1, 2013.
 8. Nabtesco Aerospace Singapore Pte. Ltd. was established on April 1, 2013.
 9. Nabtesco Marine Machinery (Shanghai) Co., Ltd. was established on April 7, 2013.

(2) Diagram of Businesses of Nabtesco Group



3. Management Policy

(1) Basic Policy of the Management of the Company

In October 2012, the Nabtesco Group established action guidelines in order to share Nabtesco's corporate philosophy and commitments with employees so as to shape their activities and decision-making and, ultimately, foster a sense of unity and heighten the centripetal action of the Nabtesco Group. In conjunction with this, the Group formulated a statement entitled "The Nabtesco Way" that combines its corporate philosophy and statement of commitments.

The Nabtesco Way

Aiming to become "an honorable, 21st-century company" while evolving together with society

[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.

Our Promises:

1. Value close communications with our customers worldwide
2. Value each individual's spirit of challenge and innovation
3. Continue to expand our business and profit
4. Continue to reinforce our sense of ethics and highly transparent business activities
5. Value the environment and promote harmony with local communities and cultures

[Action Guidelines for Top Management]

We shall manage the Nabtesco Group, focusing on the following four points to ensure its sustainable growth as a global corporate group.

1. Communicate the Present Situation and Future Vision of the Company (Organization) to Employees.
2. Encourage Active Discussions and Align All Members to a Common Direction.
3. Ensure Succession.
4. Manage in a Manner that Increases the Nabtesco Brand and Corporate Value.

[Action Guidelines for All Group Members]

We each pledge to implement these promises in order to meet and surpass the expectations of all stakeholders.

- | | |
|---|--|
| 1. Build Trust: | Work diligently (kotsukotsu) and expeditiously |
| 2. Provide Value: | Think ahead from the customer's perspectives |
| 3. Take on Challenges: | Enhance our skills |
| 4. Develop Human Resources: | Employees are essential assets |
| 5. Foster Teamwork: | Discuss fully (tokoton) among all members |
| 6. Realize our Dreams: | Pursue higher reliability and quality |
| 7. Make Daily Improvement: | Step forward for future growth |
| 8. Ensure Transparency: | Be open, fair and honest |
| 9. Hold a High Work Ethic: | Make individual conscientious effort |
| 10. Be Considerate of the Global Environment: | Do not waste (mottainai) |
| 11. Keep Harmony with Local Communities and Cultures: | Engage in local activities |

(2) Target Management Indices

[Long-term Vision]

The Company established a "Long-term Vision" in May 2012 with the goal of improving corporate value by 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"

(3) Mid- to Long-Term Management Strategies

While the effects of the European financial crisis have been temporarily evaded, the domestic economy has failed to bounce back and prospects for the global economy remain unclear. In emerging countries like China and India, economic growth is expected to continue, albeit at a slower pace, on the back of robust domestic demand. It is anticipated that the changing needs of the middle-income demographic, which is driving growth in emerging economies, will accelerate further to create a much more intensely competitive environment.

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 thermal 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"

The Company will exert its utmost efforts in addressing the following challenges as near-term priorities.

- 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 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Assets		
Current assets		
Cash and time deposits	15,505	13,904
Notes and accounts receivable	47,539	45,131
Marketable securities	34,998	26,998
Goods and products	3,263	3,957
Products in progress	7,776	7,808
Raw materials and stored goods	9,070	8,764
Deferred tax assets	2,910	2,606
Other current assets	3,038	2,994
Allowance for doubtful accounts	(173)	(118)
Total current assets	123,929	112,048
Fixed assets		
Tangible fixed assets		
Buildings and structures	43,069	44,042
Accumulated depreciation	(26,662)	(27,504)
Buildings and structures (net)	16,407	16,537
Machinery and transport equipment	55,434	60,129
Accumulated depreciation	(38,260)	(41,497)
Machinery and transport equipment (net)	17,174	18,631
Tools, apparatus and furniture	20,127	21,290
Accumulated depreciation	(17,706)	(19,022)
Tools, apparatus and furniture (net)	2,420	2,267
Land	14,411	14,592
Construction in progress	1,095	2,447
Total tangible fixed assets	51,509	54,475
Intangible fixed assets		
Goodwill	14,570	15,808
Other	1,267	1,771
Total intangible fixed assets	15,838	17,579
Investments and other assets		
Investments in securities	14,930	16,902
Deferred tax assets	388	482
Other investments and other assets	1,639	1,716
Allowance for doubtful receivables	(142)	(147)
Total investments in securities and other assets	16,816	18,953
Total fixed assets	84,163	91,008
Total assets	208,092	203,056

(Million yen)

	FY 2011 (As of March 31, 2012)	FY 2012 (As of March 31, 2013)
Liabilities		
Current liabilities		
Trade notes and accounts payable	34,601	28,026
Short-term loans payable	11,412	6,098
Current portion of long-term loans payable	–	70
Income taxes payable	4,471	3,222
Allowance for product warranty	1,541	1,105
Provision for loss on order received	80	14
Other current liabilities	18,789	13,783
Total current liabilities	70,897	52,322
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans payable	10,281	10,220
Retirement allowance	7,335	7,022
Allowance for retirement bonus for directors	171	187
Deferred tax liabilities	915	1,376
Other long-term liabilities	1,024	1,070
Total long-term liabilities	29,728	29,876
Total liabilities	100,625	82,198
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	17,445	19,026
Earned surplus	74,815	83,606
Treasury stock	(753)	(739)
Total shareholders' equity	101,507	111,894
Accumulated other comprehensive income		
Net unrealized gains on securities	1,022	1,294
Deferred gains or losses on hedges	(0)	(0)
Translation adjustments	(3,436)	851
Total accumulated other comprehensive income	(2,414)	2,144
Subscription rights to shares	208	304
Minority interests	8,165	6,514
Total net assets	107,466	120,857
Total liabilities and net assets	208,092	203,056

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

Consolidated Statements of Income

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)	FY 2012 (From April 1, 2012 to March 31, 2013)
Net sales	198,527	179,543
Cost of sales	148,184	134,859
Gross profit	50,342	44,684
Selling, general and administrative expenses	27,484	29,670
Operating income	22,858	15,013
Non-operating income		
Interest income	91	123
Dividends income	85	73
Rent income	253	234
Equity in earnings of an affiliate	1,787	2,148
Foreign exchange gains	-	392
Other non-operating income	255	370
Total	2,474	3,342
Non-operating expenses		
Interest expenses	201	236
Foreign exchange losses	39	-
Compensation expenses	-	49
Other non-operating expenses	435	179
Total	675	465
Ordinary income	24,656	17,890
Extraordinary gains		
Gain on sales of fixed assets	169	46
Gain on sale of investment in securities	2	206
Gain on sales of golf memberships	-	10
Gain on negative goodwill	-	1,026
Gain on transfer of business	60	-
Gain on revision of retirement benefit plan	49	-
Compensation income	131	-
Total	414	1,290
Extraordinary losses		
Loss on disposal of fixed assets	200	120
Loss on sales of investment securities	10	6
Loss on valuation of investment securities	-	1
Write-down of golf club membership	4	0
Share exchange-related expenses	-	53
Loss on cancellation of leasehold contracts	7	-
Total	223	182
Income before income taxes and adjustments	24,847	18,997
Corporate, resident and business taxes	7,807	5,165
Adjustment for corporate and other taxes	1,065	432
Total corporate and other taxes	8,873	5,598
Income before minority interests	15,974	13,399
Minority interest in income	1,217	129
Net income	14,756	13,269

Consolidated Statements of Comprehensive Income

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)	FY 2012 (From April 1, 2012 to March 31, 2013)
Income before minority interests	15,974	13,399
Other comprehensive income		
Valuation difference on available-for-sale securities	(494)	253
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(1,087)	4,891
Share of other comprehensive income of associates accounted for using equity method	(38)	112
Total other comprehensive income	(1,619)	5,256
Comprehensive income	14,354	18,655
[Comprehensive income attributable to:]		
Shareholders of parent company	13,166	17,829
Minority interests	1,188	826

(3) Consolidated Statements of Change in Net Assets

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)	FY 2012 (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
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	17,448	17,445
Change during the term		
Increase by stock swap	–	1,582
Disposal of treasury stock	(2)	(1)
Total change during the term	(2)	1,581
Balance at end of the term	17,445	19,026
Earned surplus		
Balance at beginning of the term	64,263	74,815
Change during the term		
Cash dividends	(4,194)	(4,465)
Net income	14,756	13,269
Employees' welfare fund for overseas subsidiaries	(9)	(13)
Total change during the term	10,552	8,791
Balance at end of the term	74,815	83,606
Treasury stock		
Balance at beginning of the term	(645)	(753)
Change during the term		
Acquisition of treasury stock	(164)	(2)
Disposal of treasury stock	56	13
Retirement of treasury stock	–	3
Total change during the term	(108)	14
Balance at end of the term	(753)	(739)
Total shareholders' equity		
Balance at beginning of the term	91,066	101,507
Change during the term		
Increase by stock swap	–	1,582
Cash dividends	(4,194)	(4,465)
Net income	14,756	13,269
Acquisition of treasury stock	(164)	(2)
Disposal of treasury stock	53	11
Retirement of treasury stock	–	3
Employees' welfare fund for overseas subsidiaries	(9)	(13)
Total change during the term	10,441	10,386
Balance at end of the term	101,507	111,894

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)	FY 2012 (From April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Net unrealized gains on securities		
Balance at beginning of the term	1,512	1,022
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(490)	271
Total change during the term	(490)	271
Balance at end of the term	1,022	1,294
Unrealized deferred gain or loss on hedges		
Balance at beginning of the term	(0)	(0)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	0	(0)
Total change during the term	0	(0)
Balance at end of the term	(0)	(0)
Translation adjustments		
Balance at beginning of the term	(2,336)	(3,436)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(1,100)	4,287
Total change during the term	(1,100)	4,287
Balance at end of the term	(3,436)	851
Total accumulated other comprehensive income		
Balance at beginning of the term	(824)	(2,414)
Change during the term		
Changes in items other than shareholders' equity during the term (net)	(1,589)	4,559
Total change during the term	(1,589)	4,559
Balance at end of the term	(2,414)	2,144
Subscription rights to shares		
Balance at beginning of the term	159	208
Change during the term		
Changes in items other than shareholders' equity during the term (net)	48	95
Total change during the term	48	95
Balance at end of the term	208	304
Minority interests		
Balance at beginning of the term	6,130	8,165
Change during the term		
Changes in items other than shareholders' equity during the term (net)	2,034	(1,650)
Total change during the term	2,034	(1,650)
Balance at end of the term	8,165	6,514

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)	FY 2012 (From April 1, 2012 to March 31, 2013)
Total net assets		
Balance at beginning of the term	96,531	107,466
Change during the term		
Increase by stock swap	–	1,582
Cash dividends	(4,194)	(4,465)
Net income	14,756	13,269
Acquisition of treasury stock	(164)	(2)
Disposal of treasury stock	53	11
Retirement of treasury stock	–	3
Employees' welfare fund for overseas subsidiaries	(9)	(13)
Changes in items other than shareholders' equity during the term (net)	493	3,004
Total change during the term	10,935	13,391
Balance at end of the term	107,466	120,857

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)	FY 2012 (From April 1, 2012 to March 31, 2013)
Cash flows from operating activities		
Income before income taxes	24,847	18,997
Depreciation and amortization	6,673	7,923
Amortization of goodwill	594	966
Gain on negative goodwill	–	(1,026)
Share-based compensation expenses	102	107
Increase (decrease) in allowance for doubtful accounts	(3)	(85)
Increase (decrease) in retirement allowance	(164)	(314)
Increase (decrease) in reserve for directors' retirement accounts	38	15
Interest and dividend income	(177)	(196)
Interest expenses	201	236
Foreign exchange loss (gain)	0	(0)
Equity loss (gain) in earnings of an affiliate	(1,787)	(2,148)
Loss (gain) on sales of fixed assets	(169)	(46)
Loss (gain) on disposal of fixed assets	200	120
Loss (gain) on sales of marketable securities and investments in securities	7	(200)
Loss (gain) on revaluation of marketable securities and investments in securities	–	1
Loss (gain) on sales of golf club memberships	–	(10)
Write-down of golf membership rights	4	0
Gain on revision of retirement benefit plan	(49)	–
Loss on cancellation of leasehold contracts	7	–
Decrease (increase) in notes and accounts receivable	(2,414)	2,919
Decrease (increase) in inventories	(226)	626
Decrease (increase) in other assets	(1,302)	259
Increase (decrease) in notes and accounts payable	260	(7,569)
Increase (decrease) in consumption taxes payable	(85)	143
Increase (decrease) in other liabilities	(1,485)	(1,675)
Subtotal	25,072	19,045
Interest and dividend received	702	641
Interest paid	(186)	(243)
Income taxes refunded (paid)	(10,484)	(6,492)
Net cash and cash equivalents provided by operating activities	15,104	12,952

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)	FY 2012 (From April 1, 2012 to March 31, 2013)
Cash flows from investing activities		
Increase in time deposits	(391)	(129)
Proceeds from withdrawal from time deposits	11	–
Purchases of tangible fixed assets	(9,023)	(12,873)
Proceeds from sales of tangible fixed assets	355	84
Purchases of intangible fixed assets	(607)	(1,067)
Proceeds from sales of intangible assets	2	0
Purchases of investments in securities	(12)	(13)
Proceeds from sale of investment in securities	18	500
Proceeds from sales of golf memberships	–	13
Purchase of stocks of subsidiaries and affiliates	(11)	(63)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(17,619)	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(82)
Payments for loans receivable	–	(37)
Proceeds from repayment of short-term loans	3	3
Proceeds from transfer of business	110	–
Other payments	(693)	(234)
Other proceeds	393	207
Net cash and cash equivalents used in investing activities	(27,464)	(13,693)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans	226	(5,648)
Proceeds from long-term loans payable	10,299	–
Repayment of long-term loans payable	–	(67)
Proceeds from issuance of bonds	10,000	–
Redemption of bonds	(11,000)	–
Proceeds from stock issuance to minority shareholders	1,311	706
Payments for purchases of treasury stock	(164)	(2)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(4,186)	(4,460)
Cash dividends paid to minority shareholders	(450)	(617)
Net cash and cash equivalents used in financing activities	6,035	(10,090)
Effect exchange rate changes on cash and cash equivalents	(223)	1,008
Increase (decrease) in cash and cash equivalents	(6,547)	(9,823)
Cash and cash equivalents at beginning of term	56,570	50,023
Cash and cash equivalents at end of term	50,023	40,200

(5) Notes to Consolidated Financial Statements

(Notes Relating to the Going Concern Assumption)

None

(Important Matters Concerning Presentation of Consolidated Financial Statements)

With respect to important matters concerning the presentation of consolidated financial statements, the disclosures are omitted as there has been no significant change from the most recent Securities Report (filed on June 27, 2012).

(Change of Accounting Policy that is Difficult to Distinguish from a Change of Accounting Estimate)

Following the amendment to the Corporation Tax Act, the Company and its consolidated domestic subsidiaries have as of the fiscal year under review changed the depreciation method used for tangible fixed assets acquired on or after April 1, 2012 and adopted the method specified by the amended Corporation Tax Act.

As a result, consolidated operating income, ordinary income and income before income taxes, and adjustments for the fiscal year under review each increased by ¥185 million.

The impacts of such change on the segment information have been described in the respective sections.

(Omission of Disclosure)

Disclosures concerning the notes to the following matters are omitted due to a lack of necessity of disclosure in the Financial Summary: Accounting standards, etc. that are not applied; changes to the presentation method; consolidated balance sheets; consolidated statements of income; consolidated statements of comprehensive income; consolidated statements of change in net assets; consolidated statements of cash flow; lease transactions; financial instruments; securities; derivatives transactions; retirement benefits; stock options, etc.; tax effects; corporate combinations; and real properties including rents and other related 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.

The precision equipment business manufactures precision reduction gears, precision actuators, three-dimensional rapid prototyping equipment and vacuum equipment. Products in the transport equipment segment include railway brake systems, door operating systems for railway vehicles, air-braking systems for commercial vehicles and main propulsion control systems for marine vessels, etc. The aircraft and hydraulic equipment segment covers aircraft equipment, traveling motors for construction machinery, drive units for wind turbine generators, etc. Our products in the industrial equipment segment include automatic doors for buildings, automatic food sealers and 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.

As described in "Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates," following the revision of the Corporation Tax Act of Japan, the depreciation method for tangible fixed assets acquired on or after April 1, 2012 has been changed to the method specified under the revised act from the fiscal year under review. Therefore, the depreciation method used in the reportable segments has accordingly been changed in conformance with the revised Corporation Tax Act.

As a result of this change, respective segment income for the consolidated fiscal year under review increased as follows, compared with the result that would have been produced under the previous depreciation method: ¥82 million for the precision equipment segment; ¥23 million for the transport equipment segment; ¥68 million for the aircraft and hydraulic equipment segment; and ¥11 million for the industrial equipment segment.

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

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

	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
Inter-segment 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
Amortization of goodwill	-	6	-	660	667	-	667
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 inter-segment 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.

FY 2012 (April 1, 2012 to March 31, 2013)

(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	41,578	44,262	45,746	47,956	179,543	–	179,543
Inter-segment sales or transfer	25	190	908	144	1,269	(1,269)	–
Total	41,604	44,452	46,655	48,100	180,813	(1,269)	179,543
Segment income	5,354	4,214	1,836	3,608	15,013	–	15,013
Segment assets	31,427	32,841	43,539	54,565	162,372	40,683	203,056
Segment liabilities	11,718	12,449	14,000	16,042	54,211	27,987	82,198
Other items							
Depreciation and amortization	2,584	1,402	2,611	773	7,371	552	7,923
Amortization of goodwill	–	–	–	966	966	–	966
Increases in tangible fixed assets and intangible fixed assets	2,269	1,962	4,674	952	9,858	331	10,190

Note 1. Details of adjustments are as follows:

- (1) Adjustment to inter-segment sales or transfer is a negative ¥1,269 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 ¥42,816 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 ¥331 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.

(Amortized amount of goodwill and the balance of unamortized amounts by reportable segment)

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

(Million yen)

	Reportable segment					Corporate/ Elimination	Total
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
(Goodwill)							
Amortized amount for FY 2011	–	6	–	660	667	–	667
Balance at end of period	–	–	–	14,570	14,570	–	14,570
(Negative goodwill)							
Amortized amount for FY 2011	–	–	72	–	72	–	72
Balance at end of period	–	–	–	–	–	–	–

FY 2012 (April 1, 2012 to March 31, 2013) (Consolidated basis)

(Million yen)

	Reportable segment					Corporate/ Elimination	Total
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
(Goodwill)							
Amortized amount for FY 2012	–	–	–	966	966	–	966
Balance at end of period	–	–	–	15,808	15,808	–	15,808
(Negative goodwill)							
Amortized amount for FY 2012	7	–	–	1,019	1,026	–	1,026
Balance at end of period	–	–	–	–	–	–	–

(Gains on negative goodwill by reportable segment)

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

Not applicable.

FY 2012 (April 1, 2012 to March 31, 2013) (Consolidated basis)

In the industrial equipment segment, a stock swap between the Company and NABCO DOOR Ltd. was completed on August 1, 2012 in order to make the latter a wholly owned subsidiary of the Company.

Gains on negative goodwill arising from the relevant event were ¥1,019 million in the fiscal year under review.

(Per Share Information)

	FY 2011 (Consolidated basis) (April 1, 2011 to March 31, 2012)	FY 2012 (Consolidated basis) (April 1, 2012 to March 31, 2013)
Net assets per share	784.12 yen	894.86 yen
Net income per share	116.74 yen	104.57 yen
Fully diluted net income per share	116.61 yen	104.39 yen

Notes: 1. Net income per share and fully diluted net income per share were calculated on the basis of the following data.

	FY 2011 (Consolidated basis) (April 1, 2011 to March 31, 2012)	FY 2012 (Consolidated basis) (April 1, 2012 to March 31, 2013)
Net income per share		
Net income (million yen)	14,756	13,269
Amount not attributable to shareholders of common stock (million yen)	–	–
Net income related to common stock (million yen)	14,756	13,269
Average number of shares of common stock outstanding during the period	126,402,025	126,906,156
Fully diluted net income per share		
Adjustment to net income (million yen)	–	–
(Of which, interest paid (tax-deducted)) (million yen)	–	–
Number of additional common stock shares	147,437	212,041
(Of which, convertible bonds) (shares)	–	–
(Of which, share acquisition rights) (shares)	(147,437)	(212,041)
Outline of the dilutive shares not included in the calculation of fully diluted net income per share due to a lack of dilutive effect	–	–

2. Net assets per share were calculated on the basis of the following data.

	As of March 31, 2012	As of March 31, 2013
Total net assets (million yen)	107,466	120,857
Amounts deducted from total net assets (million yen)		
(Of which, share acquisition rights)	(208)	(304)
(Of which, minority interests)	(8,165)	(6,514)
Net assets as of end of period related to common stock (million yen)	99,092	114,038
Number of shares of common stock used to calculate net assets per share	126,375,028	127,437,283

(Significant Subsequent Events)

Amendments to the retirement benefit plan

In accordance with the resolution adopted by the Board of Directors at the meeting of April 30, 2013, the Company is to amend its retirement benefit plan on July 1, 2013. The purpose of this amendment is to raise the proportion of defined contributions in the overall retirement benefit plan from the present 30% to 60% by terminating the defined-benefit pension plan and to transfer the entire amount to the defined-contribution pension plan.

Following this amendment to the pension plan, it is anticipated that an extraordinary loss of approximately ¥1 billion will be recorded in the next consolidated fiscal year. In addition, retirement benefit obligations are expected to shrink by about ¥5.2 billion.

5. Other information

(1) Output and Order Backlog by Business Segment

1) Output

Reportable Segments	FY 2011 (From April 1, 2011 to March 31, 2012)		FY 2012 (From April 1, 2012 to March 31, 2013)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	44,972	22.5	42,615	23.3
Transport Equipment	48,627	24.4	45,527	24.9
Aircraft and Hydraulic Equipment	64,137	32.2	46,597	25.4
Industrial Equipment	41,663	20.9	48,423	26.4
Total	199,400	100.0	183,164	100.0

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

2) Order Backlog

Reportable Segments	FY 2011 (From April 1, 2011 to March 31, 2012)		FY 2012 (From April 1, 2012 to March 31, 2013)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	12,627	17.8	8,848	12.8
Transport Equipment	19,439	27.4	16,370	23.7
Aircraft and Hydraulic Equipment	24,256	34.2	27,705	40.1
Industrial Equipment	14,650	20.6	16,198	23.4
Total	70,973	100.0	69,122	100.0

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

(2) Status of Capital Expenditure, Financial Account Balance and Employees

(Million yen)

	FY 2011 (From April 1, 2011 to March 31, 2012)		FY 2012 (From April 1, 2012 to March 31, 2013)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
1. Capital expenditure [Tangible fixed assets included in the above amount]	13,524 [12,916]	10,292 [9,860]	10,190 [9,120]	5,901 [5,481]
2. Depreciation and amortization [Tangible fixed assets included in the above amount]	6,673 [6,248]	4,993 [4,657]	7,923 [7,437]	5,950 [5,576]
3. R&D expense	5,200	3,503	5,535	3,824
4. Corporate bonds and loans payable	31,694	27,800	26,389	23,400
5. Financial account balance [Dividend income included in the above amount]	(24) [85]	2,735 [2,833]	(39) [73]	1,271 [1,399]
6. Number of employees at end of the period	4,995 persons	2,020 persons	5,081 persons	2,060 persons