

Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending December 31, 2018 (IFRS)



July 31, 2018

Name of listed company: Nabtesco Corporation

Stock listed on: First Section of the Tokyo Stock Exchange

Code number: 6268

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Scheduled date for filing of quarterly report: August 10, 2018

Scheduled dividend payment date: August 31, 2018

Quarterly material to supplement the financial results: Yes

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

(Amounts rounded to the nearest million)

1. Consolidated Results for First Six-month Period of FY 2018 (January 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Net sales		Operating income		Income before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First six-month period, FY 2018	142,555	6.9	6,387	(53.6)	13,038	(23.3)	8,792	(32.5)	7,886	(36.9)	7,692	(46.1)
First six-month period, FY 2017	133,359	14.3	13,761	10.1	16,993	44.9	13,032	62.0	12,497	56.3	14,261	—

	Total basic earnings per share	Diluted earnings per share
	Yen	Yen
First six-month period, FY 2018	63.62	63.58
First six-month period, FY 2017	101.23	101.14

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of June 30, 2018	306,872	180,340	170,590	55.6
As of December 31, 2017	301,557	177,002	167,537	55.6

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY 2017	—	34.00	—	38.00	72.00
FY 2018	—	36.00	—	—	—
FY 2018 (Forecast)	—	—	—	37.00	73.00

(Note) Revisions to the latest dividend forecasts: None

3. Forecast of Consolidated Operating Results for FY 2018 (January 1, 2018 to December 31, 2018)

(Percentages indicate year-on-year change for full year and quarter-on-quarter change for quarter)

	Net sales		Operating income		Income before tax		Net income attributable to owners of the parent		Total basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	307,000	8.7	25,000	(15.2)	33,600	(3.7)	23,600	(6.1)	190.41

(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 2018 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None
Newly added: 0 (Company name: –) Excluded: 0 (Company name: –)

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required by IFRS: Yes

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

(3) 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

1)	As of June 30, 2018	125,133,799	As of December 31, 2017	125,133,799
2)	As of June 30, 2018	1,154,019	As of December 31, 2017	1,888,247
3)	January 1, 2018 to June 30, 2018	123,944,062	January 1, 2017 to June 30, 2017	123,450,259

Notes:

Quarterly summary of financial statements is not subject to quarterly reviews by a certified public accountant or an audit firm.

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

- Forward-looking statements 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, and are not intended to guarantee the achievement of such forecasts. Actual results may vary significantly from such forecasts due to a variety of factors. Please refer to “1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2018, (3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results” on page 6 of the attached document.

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1. Qualitative Information on Consolidated Operating Results for the Six Months Ended June 30, 2018

(1) Analysis of Consolidated Operating Results

The consolidated operating results of the Group for the period under review recorded net sales of ¥142,555 million, reflecting robust sales of precision reduction gears, in addition to continued strong demand for construction machinery in China. Operating income was ¥6,387 million, due to the booking of impairment loss on goodwill related to a consolidated subsidiary. Income before tax was ¥13,038 million, due to an increase in equity in earnings of affiliates. Net income attributable to owners of the parent amounted to ¥7,886 million.

1) Amount of orders received, net sales and operating income

The amount of orders received for the period under review decreased by ¥2,850 million (-1.9%) year-on-year to ¥145,560 million. Net sales increased by ¥9,196 million (6.9%) year-on-year to ¥142,555 million, and operating income decreased by ¥7,374 million (-53.6%) to ¥6,387 million. Operating margin was 4.5%

Operating results by business segment were as follows:

[Amount of orders received]

	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)	Change (%)
Component Solutions	56,543	59,029	4.4
Transport Solutions	40,613	41,363	1.8
Accessibility Solutions	41,985	36,302	(13.5)
Others	9,269	8,867	(4.3)
Total	148,410	145,560	(1.9)

[Net sales]

	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)	Change (%)
Component Solutions	53,412	59,814	12.0
Transport Solutions	36,722	38,045	3.6
Accessibility Solutions	35,540	36,076	1.5
Others	7,684	8,620	12.2
Total	133,359	142,555	6.9

[Core operating income]

	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)	Change (%)
Component Solutions	10,037	10,369	3.3
Transport Solutions	4,085	2,179	(46.7)
Accessibility Solutions	2,325	1,480	(36.4)
Others	695	1,184	70.3
Elimination or Corporate	(3,276)	(4,120)	—
Total	13,866	11,092	(20.0)

Note: Core operating income is net sales less cost of sales and selling, general and administrative expenses.

[Operating income or loss]

(Million yen)

	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)	Change (%)
Component Solutions	10,030	10,587	5.6
Transport Solutions	3,900	(2,938)	(175.3)
Accessibility Solutions	2,304	1,463	(36.5)
Others	695	1,278	83.9
Elimination or Corporate	(3,168)	(4,003)	—
Total	13,761	6,387	(53.6)

[Component solutions business]

The amount of orders received for component solutions increased by ¥2,486 million (4.4%) year-on-year to ¥59,029 million. Net sales rose by ¥6,402 million (12.0%) to ¥59,814 million, while operating income increased by ¥558 million (5.6%) to ¥10,587 million.

Sales of precision reduction gears were unchanged from the same period of the previous year, due to robust demand on the back of automation and labor-saving needs in production facilities. Sales of hydraulic equipment saw a year-on-year increase due to rising demand for construction machinery in the Chinese and emerging markets.

[Transport solutions business]

The amount of orders received for transport solutions increased by ¥750 million (1.8%) year-on-year to ¥41,363 million. Net sales rose by ¥1,323 million (3.6%) year-on-year to ¥38,045 million, and operating income dropped by ¥6,838 million (-175.3%) to end at an operating loss of ¥2,938 million, mainly reflecting an impairment loss of ¥5,249 million on goodwill related to consolidated subsidiary, OVALO GmbH.

Railroad vehicle equipment saw net sales increase from the same period of the previous year due to robust sales in Japan and an increase in demand for the Chinese subway. Sales of aircraft equipment were unchanged from the same period of the previous year in light of an off-season in demand for private-sector aircraft due to the switch from B777 to B777X, despite an increase in demand for B737MAX. Sales of commercial vehicle equipment increased year-on-year, reflecting the robust sales in the domestic market and the recovery of the Southeast Asian market. Marine vessel equipment saw net sales unchanged from the same period of the previous due to continued uncertainties in the marine transport and shipbuilding markets, despite signs of recovery.

[Accessibility solutions business]

The amount of orders received for accessibility solutions decreased by ¥5,684 million (-13.5%) year-on-year to ¥36,302 million. Net sales increased by ¥536 million (1.5%) year-on-year to ¥36,076 million, while operating income decreased by ¥841 million (-36.5%) year-on-year to ¥1,463 million.

The automatic door business remained robust, with net sales increasing compared to the same period of the previous year.

[Others]

The amount of orders received for others decreased by ¥402 million (-4.3%) year-on-year to ¥8,867 million. Net sales increased by 936 million (12.2%) year-on-year to ¥8,620 million, while operating income rose by ¥583 million (83.9%) year-on-year to ¥1,278 million.

Sales of packaging machinery increased from the same period of the previous year due to robust domestic and overseas demand from the food industry.

Reference: Information by region
[Net sales]

(Million yen)

	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)	Change (%)
Japan	75,013	78,233	4.3
China	18,007	22,892	27.1
Other Asia	9,664	10,324	6.8
North America	9,311	9,545	2.5
Europe	21,006	20,942	(0.3)
Other areas	358	620	72.9
Total	133,359	142,555	6.9

Notes: 1. Net sales are classified by country or region based on the location of the buyer.
2. The increase in net sales to China mainly reflected the increase in sales of hydraulic equipment and railroad vehicle equipment.

2) Income before tax

Income before tax was ¥13,038 million, a decrease of ¥3,955 million (-23.3%) year-on-year, reflecting finance income of ¥499 million, finance costs of ¥822 million, mainly due to foreign exchange loss, and equity in earnings of affiliates of ¥6,974 million, a ¥3,596 million (104.8%) year-on-year increase, reflecting a decrease in the equity ratio in an equity method affiliate of the Group due to the issuance of new shares and disposal of treasury shares thereby, and a significant increase in net assets.

3) Net income attributable to owners of the parent

In sum, net income attributable to owners of the parent was ¥7,886 million, a decrease of ¥4,611 million (-36.9%) year-on-year, net of expenses of income tax of ¥4,246 million and net profit attributable to non-controlling interests of ¥906 million.

Total basic earnings per share were ¥63.62, a decrease of ¥37.61 year-on-year.

(2) Analysis of Financial Position

1) Assets, liabilities and equity

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2017)	As of the end of the first six-month period of the current consolidated fiscal year (June 30, 2018)	Change
Total assets	301,557	306,872	5,314
Liabilities	124,556	126,531	1,975
Equity	177,002	180,340	3,339

[Assets]

Total assets as of June 30, 2018 were ¥306,872 million, an increase of ¥5,314 million from December 31, 2017, consisting of ¥161,921 million in current assets and ¥144,951 million in non-current assets. Key contributing positive factors included increases of ¥8,103 million in investments accounted for by the equity method and ¥5,891 million in property, plant and equipment. Key contributing negative factors were decreases of ¥7,320 million in trade receivables and ¥5,956 million in goodwill.

[Liabilities]

Total liabilities as of June 30, 2018 were ¥126,531 million, an increase of ¥1,975 million from December 31, 2017, reflecting ¥99,542 million in current liabilities and ¥26,989 million in non-current liabilities. The main contributing positive factor was an increase of ¥2,186 million in other payables.

[Equity]

Total equity as of June 30, 2018 stood at ¥180,340 million. Equity attributable to owners of the parent was ¥170,590 million, an increase of ¥3,053 million from December 31, 2017. The key contributing positive factor was an increase in retained earnings due to net income attributable to owners of the parent of ¥7,886 million, while the main contributing negative factor was the decrease of ¥4,720 million in retained earnings due to dividend payment.

2) Status of cash flows

(Million yen)

	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)
Cash flow from operating activities	13,794	13,379
Cash flow from investing activities	(14,046)	(10,492)
Free cash flow	(251)	2,887
Cash flow from financing activities	2,465	(3,606)

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis at the end of the first six-month period of FY 2018 stood at ¥42,859 million, a decrease of ¥720 million from the end of consolidated FY 2017, reflecting ¥13,379 million in capital gained from operating activities, which was mainly used for capital expenditure and dividend payments.

[Cash flow from operating activities]

Net cash provided by operating activities during the six-month period under review totaled ¥13,379 million, mainly reflecting net income and a decrease in trade receivables. Key negative factors consisted of an increase in inventories and income tax payments.

[Cash flow from investment activities]

Net cash used in investment activities for the six-month period under review amounted to ¥10,492 million, due mainly to payments for the acquisition of tangible fixed assets.

[Cash flow from financing activities]

Net cash used in financing activities for the six-month period under review totaled ¥3,606 million. The main negative factor was dividend payments.

(3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results

Based on the consolidated business performance for the first six-month period of the fiscal year ending December 31, 2018 and future developments, etc., we have decided to revise our consolidated full-year forecast for FY 2018, which was announced on February 9, 2018.

For details, please refer to the "Announcement of Goodwill impairment loss, Differences between first half of financial result and its forecast and Revisions of FY2018 financial forecasts" published on July 31, 2018.

The differences between the consolidated financial forecasts announced on February 9, 2018 are as follows:

Revision to the full-year forecast for consolidated FY 2018 (January 1, 2018 to December 31, 2018)

	Net sales	Operating income	Income before tax	Net income attributable to owners of the parent	Total basic earnings per share
Previously announced forecast (A)	Million yen 308,000	Million yen 32,600	Million yen 35,900	Million yen 25,700	Yen 208
Revised forecast (B)	307,000	25,000	33,600	23,600	190
Change (B - A)	(1,000)	(7,600)	(2,300)	(2,100)	—
Rate of change (%)	(0.3)	(23.3)	(6.4)	(8.2)	—

(Segment information)

1) Net sales

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Elimination or corporate	Total
Previously announced forecast (A)	129,500	83,600	75,500	19,400	—	308,000
Revised forecast (B)	128,800	84,400	75,800	18,000	—	307,000
Change (B - A)	(700)	800	300	(1,400)	—	(1,000)
Rate of change (%)	(0.5)	1.0	0.4	(7.2)	—	(0.3)

2) Operating income

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Elimination or corporate	Total
Previously announced forecast (A)	23,800	9,300	6,000	2,300	(8,800)	32,600
Revised forecast (B)	22,800	2,800	5,200	2,500	(8,300)	25,000
Change (B - A)	(1,000)	(6,500)	(800)	200	500	(7,600)
Rate of change (%)	(4.2)	(69.9)	(13.3)	8.7	—	(23.3)

2. Summary of Quarterly Consolidated Financial Statements and Major Notes**(1) Summary of Quarterly Consolidated Statement of Financial Position**

(Million yen)

	Note No.	End of consolidated FY 2017 (as of December 31, 2017)	End of the first six-month period of consolidated FY 2018 (as of June 30, 2018)
Assets			
Current assets			
Cash and cash equivalents		44,121	42,859
Trade receivables		76,874	69,554
Contract assets		—	920
Other receivables		1,216	1,125
Inventories		40,298	44,181
Other financial assets		190	351
Other current assets		2,996	2,932
Total current assets		165,695	161,921
Non-current assets			
Property, plant and equipment		70,700	76,591
Intangible assets		5,850	5,312
Goodwill		21,310	15,353
Investment property		5,404	5,355
Investments accounted for using the equity method		20,184	28,287
Other financial assets		8,547	10,037
Deferred tax assets		1,633	1,763
Other non-current assets		2,236	2,253
Total non-current assets		135,863	144,951
Total assets		301,557	306,872

	Note No.	End of consolidated FY 2017 (as of December 31, 2017)	End of the first six-month period of consolidated FY 2018 (as of June 30, 2018)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating payables		57,148	50,241
Contract liabilities		—	5,873
Bonds and borrowings		16,365	17,688
Other payables		12,492	14,678
Income taxes payable		4,550	3,768
Provisions		732	1,040
Other financial liabilities		7	15
Other current liabilities		5,641	6,240
Total current liabilities		96,934	99,542
Non-current liabilities			
Bonds and borrowings		11,355	11,236
Liabilities concerning retirement benefits		9,339	9,085
Deferred tax liabilities		4,801	5,205
Other non-current liabilities		2,127	1,463
Total non-current liabilities		27,621	26,989
Total liabilities		124,556	126,531
Equity			
Capital stock		10,000	10,000
Share premium		14,956	14,982
Retained earnings		143,349	146,508
Treasury shares		(3,600)	(2,902)
Other components of equity		2,831	2,003
Equity attributable to owners of the parent		167,537	170,590
Non-controlling interests		9,465	9,751
Total equity		177,002	180,340
Total liabilities and equity		301,557	306,872

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

Summary of Consolidated Statements of Income

First Six-month Period

(Million yen)

	Note No.	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)
Net sales	2	133,359	142,555
Cost of sales		(95,165)	(104,592)
Gross profit		38,194	37,963
Other income		356	893
Selling, general and administrative expense		(24,327)	(26,871)
Other expenses		(461)	(5,598)
Operating income	2	13,761	6,387
Financial income		87	499
Financial costs		(259)	(822)
Equity in earnings of affiliates		3,405	6,974
Profit (loss) before tax		16,993	13,038
Income tax expense		(3,962)	(4,246)
Net income		13,032	8,792

Net income attributable to Owners of the parent		12,497	7,886
Non-controlling interests		535	906
Net income		13,032	8,792

(Yen)

Net income per share			
Basic earnings per share		101.23	63.62
Diluted earnings per share		101.14	63.58

Summary of Consolidated Statements of Comprehensive Income

First Six-month Period

(Million yen)

	Note No.	First six-month period of consolidated FY 2017 (January 1, 2017 to June 30, 2017)	First six-month period of consolidated FY 2018 (January 1, 2018 to June 30, 2018)
Net income		13,032	8,792
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes in financial assets measured at fair value through other comprehensive income		405	58
Share of other comprehensive income for equity method affiliates		(1)	1,131
Total components that will not be reclassified to profit or loss		404	1,189
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		825	(2,289)
Total components that will be reclassified to profit or loss		825	(2,289)
Other comprehensive income after taxes		1,229	(1,100)
Total comprehensive income		14,261	7,692
Comprehensive income attributable to			
Owners of the parent		13,784	7,080
Non-controlling interests		477	612
Total comprehensive income		14,261	7,692

(3) Consolidated Statement of Changes in Equity

First six-month period of previous consolidated fiscal year (January 1, 2017 to June 30, 2017)

(Million yen)

	Note	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2017		10,000	14,703	125,493	(2,649)	(2,788)	3,169
Net income		—	—	12,497	—	—	—
Other comprehensive income		—	—	—	—	891	418
Total comprehensive income		—	—	12,497	—	891	418
Acquisition, sales, etc. of treasury shares		—	—	(4)	(947)	—	—
Acquisition, sales, etc. of non-controlling interests		—	—	—	—	—	—
Dividends		—	—	(3,229)	—	—	—
Transfer from other components of equity to retained earnings		—	—	(21)	—	—	—
Share-based compensation transactions		—	69	—	—	—	—
Total transactions with owners, etc.		—	69	(3,253)	(947)	—	—
Balance as of June 30, 2017		10,000	14,772	134,736	(3,595)	(1,897)	3,587

	Note	Other components of equity		Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2017		—	382	147,929	7,974	155,904
Net income		—	—	12,497	535	13,032
Other comprehensive income		(21)	1,288	1,288	(58)	1,229
Total comprehensive income		(21)	1,288	13,784	477	14,261
Acquisition, sales, etc. of treasury share		—	—	(951)	—	(951)
Acquisition, sales, etc. of non-controlling interests		—	—	—	39	39
Dividends		—	—	(3,229)	(264)	(3,492)
Transfer from other components of equity to retained earnings		21	21	—	—	—
Share-based compensation transactions		—	—	69	—	69
Total transactions with owners, etc.		21	21	(4,110)	(224)	(4,335)
Balance as of June 30, 2017		—	1,691	157,603	8,227	165,830

First six-month period of current consolidated fiscal year (January 1, 2018 to June 30, 2018)

(Million yen)

	Note	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2018		10,000	14,956	143,349	(3,600)	(773)	3,604
Net income		—	—	8,153	—	—	—
Other comprehensive income		—	—	—	—	(1,990)	1,161
Total comprehensive income		—	—	8,153	—	(1,990)	1,161
Acquisition, sales, etc. of treasury shares		—	—	(30)	201	—	—
Acquisition, sales, etc. of non-controlling interests		—	—	—	—	—	—
Dividends		—	—	(4,720)	—	—	—
Transfer from other components of equity to retained earnings		—	—	23	—	—	—
Share-based compensation transactions		—	26	—	—	—	—
Others		—	—	—	496	—	—
Total transactions with owners, etc.		—	26	(4,727)	698	—	—
Balance as of June 30, 2018		10,000	14,982	146,775	(2,902)	(2,763)	4,765

	Note	Other components of equity		Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2018		—	2,831	167,537	9,465	177,002
Net income		—	—	8,153	906	9,060
Other comprehensive income		23	(806)	(806)	(294)	(1,100)
Total comprehensive income		23	(806)	7,347	612	7,959
Acquisition, sales, etc. of treasury shares		—	—	171	—	171
Acquisition, sales, etc. of non-controlling interests		—	—	—	(326)	(326)
Dividends		—	—	(4,720)	—	(4,720)
Transfer from other components of equity to retained earnings		(23)	(23)	—	—	—
Share-based compensation transactions		—	—	26	—	26
Others		—	—	496	—	496
Total transactions with owners, etc.		(23)	(23)	(4,026)	(326)	(4,353)
Balance as of June 30, 2018		—	2,003	170,858	9,751	180,608

(4) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	Note No.	FY 2017 (January 1, 2017 to June 30, 2017)	FY 2018 (January 1, 2018 To June 30, 2018)
Cash flows from operating activities			
Net income		13,032	8,792
Depreciation and amortization		3,957	4,898
Impairment loss		—	5,249
Increase (decrease) in assets and liabilities concerning retirement benefits		15	7
Interest and dividend income		(87)	(138)
Interest expenses		50	53
Equity loss (gain) in earnings of affiliates		(3,405)	(6,974)
Loss (gain) on sales of fixed assets		48	53
Income tax expense		3,962	4,246
Decrease (increase) in trade receivables		875	5,709
Decrease (increase) in inventories		(3,514)	(4,923)
Decrease (increase) in operating payables		3,844	(458)
Increase (decrease) in other liabilities		795	759
Subtotal		19,572	17,273
Interest and dividend received		456	643
Interest paid		(115)	(45)
Income taxes refunded (paid)		(6,119)	(4,493)
Net cash and cash equivalents provided by operating activities		13,794	13,379
Cash flows from investing activities			
Increase (decrease) in time deposits (Increase)		0	(170)
Purchases of tangible fixed assets		(5,422)	(9,565)
Proceeds from sales of tangible fixed assets		49	143
Purchases of intangible fixed assets		(353)	(348)
Purchase of shares of subsidiaries resulting in change in scope of consolidation		(8,200)	—
Increase (decrease) through exercise of warrants, equity		—	(626)
Other		(119)	74
Cash flows from investing activities		(14,046)	(10,492)
Cash flows from financing activities			
Increase (decrease) in short-term bank loans		6,577	1,549
Proceeds from long-term loans payable		460	—
Repayment of long-term loans payable		(103)	(135)
Increase in treasury shares		(983)	19
Cash dividends paid		(3,222)	(4,712)
Cash dividends paid to minority shareholders		(264)	(326)
Cash flows from financing activities		2,465	(3,606)
Increase (decrease) in cash and cash equivalents		2,214	(720)
Cash and cash equivalents at beginning of term		41,780	44,121
Effect of exchange rate changes on cash and cash equivalents		(9)	(542)
Cash and cash equivalents at end of term		43,985	42,859

(5) Notes on the Summary of Quarterly Consolidated Financial Statements

1. Notes Relating to the Going Concern Assumption
None
2. Business Segments

(1) Summary of reportable segments

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

The Group classifies its business segments into the following three reportable segments, based on the similarity of business models: 1) the "Component Solutions Business;" 2) the "Transport Solutions Business;" and 3) the "Accessibility Solutions Business."

The main lines of business of each reportable segment are as below.

Business segment	Main lines of business
Component Solutions Business	The design, manufacture, sale, maintenance and repair of industrial robot components and equipment for construction machinery and its components
Transport Solutions Business	The design, manufacture, sale, maintenance and repair of brake systems and automatic door operating systems for railroad vehicles, aircraft components, brake systems and drive control units for vehicles, control systems for marine vessels, and components thereof
Accessibility Solutions Business	The design, manufacture, sale, installation, maintenance and repair of automatic door operating systems for buildings and general industry, platform safety systems, and components thereof

(2) Information on reportable segments

I. For the six months ended June 30, 2017 (January 1, 2017 to June 30, 2017)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	53,412	36,722	35,540	125,675	7,684	133,359	—	133,359
Inter-segment sales	1,018	177	2	1,197	332	1,529	(1,529)	—
Total sales	54,430	36,899	35,542	126,872	8,017	134,888	(1,529)	133,359
Segment income (Operating income)	10,030	3,900	2,304	16,234	695	16,928	(3,168)	13,761
Finance income				—				87
Finance costs				—				(259)
Equity in earnings of affiliates				—				3,405
Income before tax				—				16,993

Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machinery, three-dimensional model production device, vacuum equipment, machine tools, and components thereof.

2. Adjustment to sales is as a result of elimination of inter-segment transactions.

3. Adjustment to segment income (operating income) is total profit/loss, etc. that is not allocated to the respective segments.

II. For the six months ended June 30, 2018 (January 1, 2018 to June 30, 2018)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	59,814	38,045	36,076	133,936	8,620	142,555	—	142,555
Inter-segment sales	1,201	239	5	1,445	132	1,576	(1,576)	—
Total sales	61,015	38,284	36,081	135,380	8,751	144,132	(1,576)	142,555
Segment income (Operating income)	10,587	(2,938)	1,463	9,112	1,278	10,390	(4,003)	6,387
Finance income				—				499
Finance costs				—				(822)
Equity in earnings of affiliates				—				6,974
Income before tax				—				13,038

Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machinery, three-dimensional model production device, machine tools, and components thereof.

2. Adjustment to sales is as a result of elimination of inter-segment transactions.

3. Segment income (operating income) is total profit/loss, etc. that is not allocated to the respective segments.

3. Other Information

(1) Order Backlog by Business Segment

Reportable segments	As of the end of the first six-month period of consolidated FY 2017 (June 30, 2017)		As of the end of the first six-month period of consolidated FY 2018 (June 30, 2018)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Component Solutions Business	25,817	21.7	27,795	22.7
Transport Solutions Business	54,121	45.5	54,401	44.5
Accessibility Solutions Business	31,191	26.2	32,034	26.2
Others	7,878	6.6	8,122	6.6
Total	119,008	100.0	122,352	100.0