



Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending December 31, 2016 (Japanese GAAP)

July 29, 2016

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
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Scheduled Date for Filing of Quarterly Report: August 10, 2016	TEL: +81-3-5213-1133
Scheduled Dividend Payment Date: September 7, 2016	
Quarterly material to supplement the financial results: Yes	
Quarterly financial results conference: Yes (Institutional investors and financial analysts)	

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

1. Consolidated Results for the First Six-month Period of FY2016 (January 1, 2016 to June 30, 2016)

(1) Consolidated Operating Results (Percentages indicate the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Six-month Period, FY2016	116,270	—	10,731	—	10,052	—	7,211	—
First Six-month Period, FY2015	128,717	—	10,392	—	11,097	—	7,947	—

(Note) Comprehensive income: First six-month period of FY2016: (¥1,407) million [—%]

First six-month period of FY2015: ¥4,737 million [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
First Six-month Period, FY2016	58.38	58.34
First Six-month Period, FY2015	63.63	63.59

(Note) The consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period, in which the consolidated operating results covered six months (April 1, 2015 to September 30, 2015) for companies that close their accounts in March, as opposed to nine months (January 1, 2015 to September 30, 2015) for companies that close their accounts in December. Therefore, the percentages of year-on-year change are omitted in the tables above.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2016	241,772	146,658	57.5
As of December 31, 2015	233,381	148,924	60.9

(Reference) Shareholders' equity: As of June 30, 2016: ¥139,024 million As of December 31, 2015: ¥142,068 million

2. Dividends

	Dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FY2015	—	22.00	—	22.00	44.00
FY2016	—	24.00	—	—	—
FY2016 (Forecast)	—	—	—	26.00	50.00

(Note) Revisions to the latest dividend forecasts: None

3. Forecast of Consolidated Operating Results for FY2016 (January 1, 2016 to December 31, 2016)

(Percentages indicate the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2016	250,000	—	25,500	—	27,000	—	18,900	—	153.04

(Note) Revisions to the latest forecast of operating results: None

Since the consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period, the percentages of year-on-year change for the forecast of consolidated operating results for the fiscal year ending December 2016 are omitted in the table above.

* Matters of note:

- (1) Changes in significant subsidiaries during the second quarter of consolidated FY2016 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None
Newly added: 0 (Company name: —) Excluded: 0 (Company name: —)
- (2) Application of distinctive accounting procedures for preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None
4) Restatement of corrections: None
- (4) Shares outstanding (Common shares)

1) Number of shares outstanding (including treasury stock) as of the end of the term:	As of June 30, 2016: 125,133,799 As of December 31, 2015: 125,133,799
2) Number of shares of treasury stock as of the end of the term:	As of June 30, 2016: 1,608,207 As of December 31, 2015: 1,639,476
3) Average number of shares during the term (for the six-month period):	January 1, 2016 to June 30, 2016: 123,512,260 April 1, 2015 to September 30, 2015: 124,890,233

Notes:

Presentation of status of implementation of the quarterly review process

This summary of the quarterly financial results is not in conformity with the quarterly review procedures as provided for under the Financial Instruments and Exchange Act. As of the date on which this summary of quarterly financial results is released as a summary report, the abovementioned procedures concerning the quarterly review have not been completed.

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, 2016, (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, 2016

(1) Analysis of Consolidated Operating Results

The global economy during the first six-month period of consolidated FY2016 was sluggish as a whole in the absence of significant engines of economic growth, as observed in Europe and the United States, where a sense of uncertainty about the future persisted on the back of a decline in the oil price, the withdrawal of the United Kingdom from the European Union and concerns over terrorism, etc., as well as in emerging markets, where economic slowdown in China and stagnation in Southeast Asian countries were apparent.

The Japanese economy witnessed an increase in economic uncertainties as indicated in the slowdown of personal consumption as well as weaker exports reflecting the appreciation of the yen and the deceleration of economies in emerging markets, despite signs of improvement in the employment situation.

Under these circumstances, the consolidated operating results of the Group for the six-month period ended June 30, 2016 recorded net sales of ¥116,270 million, operating income of ¥10,731 million, ordinary income of ¥10,052 million, and net income attributable to owners of the parent of ¥7,211 million, favored by robust domestic and overseas markets despite the negative effects from the subdued marine transportation and shipbuilding markets as well as a temporary decline in orders received for precision reduction gears during the third quarter of the previous fiscal year (October 1, 2015 – December 31, 2015).

Note: The consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period, in which consolidated operating results covered six months (April 1, 2015 to September 30, 2015) for companies that close their accounts in March, as opposed to nine months (January 1, 2015 to September 30, 2015) for companies that close their accounts in December. Therefore, the percentages of year-on-year change are omitted in the tables below.

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

The amount of orders received for the first six-month period of consolidated FY2016 was ¥119,486 million. Net sales amounted to ¥116,270 million, while operating income was ¥10,731 million. The operating margin was 9.2%.

Operating results by business segment were as follows:

[Amount of orders received]

	First six-month period of consolidated FY2015 (April 1, 2015 to September 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)	Change (%)
Precision equipment	34,024	26,350	—
Transport equipment	29,683	30,454	—
Aircraft and hydraulic equipment	27,955	18,663	—
Industrial equipment	38,489	44,018	—
Total	130,152	119,486	—

Note: Percentages of year-on-year change are omitted since the consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period.

[Net sales]

	First six-month period of consolidated FY2015 (April 1, 2015 to September 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)	Change (%)
Precision equipment	31,576	26,763	—
Transport equipment	31,837	29,816	—
Aircraft and hydraulic equipment	28,139	22,722	—
Industrial equipment	37,165	36,967	—
Total	128,717	116,270	—

Note: Percentages of year-on-year change are omitted since the consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period.

[Operating income]

	First six-month period of consolidated FY2015 (April 1, 2015 to September 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)	Change (%)
Precision equipment	4,811	3,796	—
Transport equipment	5,330	5,376	—
Aircraft and hydraulic equipment	(1,292)	(544)	—
Industrial equipment	1,543	2,102	—
Total	10,392	10,731	—

Note: Percentages of year-on-year change are omitted since the consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period.

[Precision Equipment]

The amount of orders received for precision equipment was ¥26,350 million. Net sales and operating income were ¥26,763 million and ¥3,796 million, respectively.

Sales of precision reduction gears remained at a level below our initial plan due to the effect of a temporary decline in orders received during the third quarter of the previous fiscal year (October 1, 2015 – December 31, 2015) despite growth in demand owing to automation-related investments, among other factors.

[Transport Equipment]

The amount of orders received for transport equipment reached ¥30,454 million. Net sales and operating income were ¥29,816 million and ¥5,376 million, respectively.

In the railroad vehicle equipment business, the growth of sales has been lagging behind our initial plan owing partially to some delays affecting projects in China. In the commercial vehicle equipment business, robust sales were recorded.

In the marine vessel equipment business, sales remained low reflecting the deteriorating marine transportation and shipbuilding markets.

[Aircraft and Hydraulic Equipment]

The amount of orders received for aircraft equipment and hydraulic equipment was ¥18,663 million. Net sales and operating loss were ¥22,722 million and ¥544 million, respectively.

In the aircraft equipment business, sales advanced steadily on the back of stable demand for aircraft from the private sector despite the effect of foreign exchange fluctuations. In the hydraulic equipment business, sales were in line with our forecast, with demand for construction machinery in China remaining as anticipated.

[Industrial Equipment]

The amount of orders received for industrial equipment was ¥44,018 million. Net sales and operating income were ¥36,967 million and ¥2,102 million, respectively.

In the automatic door business, sales showed solid growth on the back of resilient demand and the consolidation of a domestic sales company as a subsidiary. In the packaging machine business, sales have been almost in line with our initial plan.

Reference: Information by region

[Net sales]

(Million yen)

	First six-month period of consolidated FY2015 (April 1, 2015 to September 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)	Change (%)
Japan	61,357	66,131	—
China	17,907	12,556	—
Other Asia	6,907	8,112	—
North America	16,254	10,987	—
Europe	25,662	18,049	—
Other areas	628	432	—
Total	128,717	116,270	—

Notes: 1. Percentages of year-on-year change are omitted since the consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period.

2. Net sales are classified by country or region based on the location of the buyer.

2) Ordinary income

Consolidated ordinary income for the first six months of FY2016 was ¥10,052 million, as a result of non-operating income of ¥862 million, mainly reflecting equity in the earnings of affiliates of ¥479 million against non-operating expenses of ¥1,541 million due mainly to foreign exchange losses of ¥1,285 million.

3) Net income attributable to owners of the parent

Net income attributable to owners of the parent for the first six-month period of the consolidated fiscal year under review was ¥7,211 million, net of corporate, resident and business taxes and profit attributable to non-controlling interests.

Extraordinary gains were ¥1,179 million, due mainly to gain on valuation of shares (gain on step acquisitions) amounting to ¥786 million that arose as a result of the consolidation of an equity-method affiliate, while extraordinary losses were ¥55 million due mainly to a loss on disposal of fixed assets amounting to ¥53 million. As a result, income before income taxes and adjustments was ¥11,176 million.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2015)	As of the end of the first six-month period of the current consolidated fiscal year (June 30, 2016)	Change
Total assets	233,381	241,772	8,390
Liabilities	84,456	95,113	10,656
Net assets	148,924	146,658	(2,265)

(Assets)

Total assets as of June 30, 2016 were ¥241,772 million, an increase of ¥8,390 million from December 31, 2015, consisting of ¥134,611 million in current assets and ¥107,160 million in fixed assets. Key contributing positive factors included increases of ¥3,151 million in inventories and ¥7,776 million in tangible fixed assets. The primary contributing negative factors included decreases of ¥2,615 million in goodwill and ¥3,379 million in investment securities.

(Liabilities)

Total liabilities as of June 30, 2016 were ¥95,113 million, an increase of ¥10,656 million from December 31, 2015, consisting of ¥81,047 million in current liabilities and ¥14,066 million in long-term liabilities. Key contributing positive factors included an increase of ¥2,798 million in trade notes and accounts payable and ¥2,646 million in income taxes payable.

(Net assets)

Total net assets as of June 30, 2016 stood at ¥146,658 million, including ¥139,024 million in shareholders' equity, which was a decrease of ¥3,044 million from December 31, 2015. The main contributing positive factor was a growth in earned surplus arising from ¥7,211 million in net income attributable to owners of the parent. The primary contributing negative factors included a decrease of ¥6,893 million in foreign currency translation adjustment and a ¥2,731 million decrease in earned surplus due to dividend payments.

2) Status of cash flows

(Million yen)

	First six-month period of consolidated FY2015 (April 1, 2015 to September 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)	Change (%)
Cash flow from operating activities	7,870	13,844	—
Cash flow from investing activities	(4,391)	(7,057)	—
Free cash flow	3,478	6,786	—
Cash flow from financing activities	(16,421)	(1,722)	—

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis at the end of the first six-month period of FY2016 stood at ¥37,995 million, an increase of ¥3,285 million from the end of consolidated FY2015, reflecting ¥13,844 million in capital gained from operating activities, which was used for capital expenditure and dividend payments.

Note: The consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period, in which consolidated operating results covered six months (April 1, 2015 to September 30, 2015) for companies that close their accounts in March, as opposed to nine months (January 1, 2015 to September 30, 2015) for companies that close their accounts in December. Therefore, the percentages of year-on-year change are omitted in the table above.

(Cash flow from operating activities)

Net cash provided by operating activities during the six-month period under review totaled ¥13,844 million, mainly reflecting income before income taxes and adjustments, and depreciation. Key negative factors consisted mainly of an increase in inventories and income tax payments.

(Cash flow from investment activities)

Net cash used in investment activities for six-month period under review amounted to ¥7,057 million, due mainly to the acquisition of tangible fixed assets and the purchase of shares in a subsidiary.

(Cash flow from financing activities)

Net cash used in financing activities for the six-month period under review totaled ¥1,722 million, primarily reflecting dividend payments.

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

Consolidated financial results for the first six-month period of the fiscal year under review was almost in line with the initial forecast. With respect to future developments in its business performance for the full-year period of the same fiscal year, the Company does not intend to revise the forecasts announced on February 12, 2016.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Second Quarter of Consolidated FY2016

Not applicable.

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

(Determination of tax payment)

In determining tax payment, the effective tax rate after application of tax effect accounting for income before income taxes for the consolidated fiscal year, inclusive of the second quarter of consolidated FY2016, has been estimated in a rational manner. The tax bill has then been calculated by multiplying the quarterly income before income taxes and adjustments by this estimated effective tax rate.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Million yen)	
	End of consolidated FY2015 (as of December 31, 2015)	End of Q2 of consolidated FY2016 (as of June 30, 2016)
Assets		
Current assets		
Cash and time deposits	22,068	23,274
Notes and accounts receivable	59,750	58,784
Marketable securities	13,000	15,000
Goods and products	5,579	5,852
Products in progress	11,622	14,244
Raw materials and stored goods	11,219	11,476
Deferred tax assets	1,975	2,022
Other current assets	3,597	4,196
Allowance for doubtful accounts	(238)	(239)
Total current assets	128,575	134,611
Fixed assets		
Tangible fixed assets		
Buildings and structures	50,637	53,490
Accumulated depreciation	(30,927)	(33,103)
Buildings and structures (net)	19,709	20,386
Machinery and transport equipment	69,647	67,412
Accumulated depreciation	(52,554)	(50,033)
Machinery and transport equipment (net)	17,092	17,378
Tools, apparatus and furniture	26,188	25,877
Accumulated depreciation	(22,362)	(21,562)
Tools, apparatus and furniture (net)	3,825	4,315
Land	13,737	17,795
Construction in progress	1,551	3,816
Total tangible fixed assets	55,916	63,692
Intangible fixed assets		
Goodwill	19,424	16,808
Other	4,233	3,874
Total intangible fixed assets	23,657	20,682
Investments and other assets		
Investments in securities	23,057	19,677
Assets concerning retirement benefits	204	200
Deferred tax assets	465	584
Other investments and other assets	1,585	2,415
Allowance for doubtful accounts	(82)	(94)
Total investments in securities and other assets	25,231	22,784
Total fixed assets	104,805	107,160
Total assets	233,381	241,772

	(Million yen)	
	End of consolidated FY2015 (as of December 31, 2015)	End of Q2 of consolidated FY2016 (as of June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable	38,643	41,442
Short-term loans payable	5,256	6,551
Current portion of bonds	10,000	10,000
Current portion of long-term loans payable	76	130
Income taxes payable	1,056	3,703
Allowance for product warranty	611	572
Provision for loss on order received	5	5
Other current liabilities	17,349	18,642
Total current liabilities	73,000	81,047
Long-term liabilities		
Long-term loans payable	—	127
Allowance for retirement bonus for directors	180	255
Liabilities concerning retirement benefit	7,339	8,989
Deferred tax liabilities	2,093	2,704
Other long-term liabilities	1,842	1,989
Total long-term liabilities	11,456	14,066
Total liabilities	84,456	95,113
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	14,237	14,237
Earned surplus	107,487	111,951
Treasury stock	(2,718)	(2,647)
Total shareholders' equity	129,005	133,540
Accumulated other comprehensive income		
Net unrealized gains on securities	2,159	1,615
Deferred gains or losses on hedges	3	—
Translation adjustments	11,597	4,704
Accumulated adjustments concerning retirement benefits	(697)	(836)
Total accumulated other comprehensive income	13,062	5,483
Subscription rights to shares	379	460
Non-controlling interests	6,476	7,174
Total net assets	148,924	146,658
Total liabilities and net assets	233,381	241,772

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

For the six months ended June 30, 2016(January 1, 2016 to June 30, 2016)

(Million yen)

	First six-month period of consolidated FY2015 (Japan: April 1, 2015 to Sept. 30, 2015 Overseas: Jan 1, 2015 to Sept. 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)
Net sales	128,717	116,270
Cost of sales	94,305	83,699
Gross profit	34,412	32,570
Selling, general and administrative expenses	24,019	21,839
Operating income	10,392	10,731
Non-operating income		
Interest income	135	62
Dividend income	62	42
Rent income	77	104
Equity in earnings of affiliates	1,195	479
Other non-operating income	198	172
Total	1,668	862
Non-operating expenses		
Interest expenses	85	64
Foreign exchange losses	743	1,285
Other non-operating expenses	135	190
Total	963	1,541
Ordinary income	11,097	10,052
Extraordinary gains		
Gain on step acquisitions	—	786
Gain on sales of fixed assets	23	29
Gain on sales of investment securities	1,412	10
Gain on sales of golf club membership	0	—
Gain on bargain purchase	—	352
Total	1,436	1,179
Extraordinary losses		
Loss on disposal of fixed assets	63	53
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	—	2
Loss on valuation of golf club membership	3	—
Total	67	55
Income before income taxes and adjustments	12,466	11,176
Corporate, resident and business taxes	4,844	3,923
Net income	7,622	7,252
Profit/loss attributable to non-controlling interests	(324)	41
Net income attributable to parent company shareholders	7,947	7,211

Quarterly Consolidated Statements of Comprehensive Income
For the six-month period ended June 30, 2016

	(Million yen)	
	First six-month period of consolidated FY2015 (Japan: April 1, 2015 to Sept. 30, 2015 Overseas: Jan 1, 2015 to Sept. 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)
Net income	7,622	7,252
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,261)	(506)
Deferred gains or losses on hedges	0	(3)
Foreign currency translation adjustment	(1,169)	(7,586)
Adjustments concerning retirement benefits	(369)	(177)
Share of other comprehensive income of associates accounted for using equity method	(85)	(386)
Total other comprehensive income	(2,885)	(8,660)
Comprehensive income	4,737	(1,407)
[Comprehensive income attributable to:]		
Parent company shareholders	5,478	(368)
Non-controlling interests	(741)	(1,038)

(3) Quarterly Consolidated Statements of Cash Flows

	(Million yen)	
	First six-month period of consolidated FY2015 (Japan: April 1, 2015 to Sept. 30, 2015 Overseas: Jan 1, 2015 to Sept. 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)
Net cash flows from operating activities		
Income before income taxes	12,466	11,176
Depreciation and amortization	4,351	3,353
Amortization of goodwill	1,149	763
Gain on bargain purchase	—	(352)
Share-based compensation expenses	104	137
Increase (decrease) in allowance for doubtful accounts	30	11
Increase (decrease) in liabilities concerning retirement benefits	(406)	249
Interest and dividend income	(197)	(105)
Interest expenses	85	64
Equity loss (gain) in earnings of affiliates	(1,195)	(479)
Loss (gain) on sales of fixed assets	(23)	(29)
Loss (gain) on disposal of fixed assets	63	53
Loss (gain) on sales of investment securities	(1,412)	(10)
Loss (gain) on valuation of investment securities	—	2
Loss (gain) on step acquisitions	—	(786)
Decrease (increase) in notes and accounts receivable	817	2,877
Decrease (increase) in inventories	(3,998)	(1,333)
Increase (decrease) in notes and accounts payable	583	(574)
Increase (decrease) in other liabilities	391	(378)
Subtotal	12,809	14,638
Interest and dividend received	663	581
Interest paid	(81)	(41)
Income taxes refunded (paid)	(5,521)	(1,334)
Net cash and cash equivalents provided by operating activities	7,870	13,844
Net cash provided by investing activities		
Payments into time deposits	—	(5)
Proceeds from maturity of time deposits	244	54
Purchase of property, plant and equipment	(4,337)	(6,755)
Proceeds from sales of property, plant and equipment	26	420
Purchase of intangible assets	(640)	(591)
Proceeds from sales of intangible assets	—	73
Purchase of investment securities	(4)	(7)
Proceeds from sales of investment securities	2,370	42
Purchase of investment in capital of subsidiaries	—	(31)
Purchase of shares of subsidiaries and affiliates	(28)	(51)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	(2,165)	(814)
Purchase related to business acquisition	(37)	—
Other	182	607
Net cash provided by investing activities	(4,391)	(7,057)

	(Million yen)	
	First six-month period of consolidated FY2015 (Japan: April 1, 2015 to Sept. 30, 2015 Overseas: Jan 1, 2015 to Sept. 30, 2015)	First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)
Net cash provided by financing activities		
Net increase (decrease) in short-term loans payable	(3,332)	761
Proceeds from long-term loans payable	—	145
Repayment of long-term loans payable	(41)	(81)
Proceeds from non-controlling interests	36	310
Purchase of treasury stock	(10,001)	(1)
Proceeds from sales of treasury stock	0	1
Cash dividends paid	(3,048)	(2,843)
Cash dividends paid to non-controlling interests	(34)	(14)
Net cash provided by (used in) financing activities	(16,421)	(1,722)
Effect of exchange rate changes on cash and cash equivalents	(289)	(1,779)
Net increase (decrease) in cash and cash equivalents	(13,232)	3,285
Cash and cash equivalents at beginning of period	50,455	34,709
Cash and cash equivalents at end of period	37,222	37,995

(4)Notes Relating to the Quarterly Consolidated Financial Statements

[Notes Relating to the Going Concern Assumption]

None

[Segment Information]

I. For the six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)

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

(Million yen)

	Reportable segments					Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total		
Net sales							
Sales to external customers	31,576	31,837	28,139	37,165	128,717	—	128,717
Inter-segment sales or transfer	42	111	667	117	940	(940)	—
Total	31,618	31,948	28,806	37,283	129,658	(940)	128,717
Segment income (loss)	4,811	5,330	(1,292)	1,543	10,392	—	10,392

Notes: 1 Adjustments relating to inter-segment sales or transfer amounted to a negative ¥940 million in the elimination of inter-segment transactions.

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

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

In the aircraft and hydraulic equipment business, the Company acquired Hyst Corporation by way of stock purchase, converting it into a new consolidated subsidiary effective April 1, 2015.

The amount increased as a result of the relevant event was ¥2,670 million during the six-month period of the consolidated fiscal year under review.

II. For the six months ended June 30, 2016 (January 1, 2016 to June 30, 2016)

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

(Million yen)

	Reportable segments					Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total		
Net sales							
Sales to external customers	26,763	29,816	22,722	36,967	116,270	—	116,270
Inter-segment sales or transfer	54	131	792	132	1,110	(1,110)	—
Total	26,818	29,947	23,515	37,099	117,380	(1,110)	116,270
Segment income (loss)	3,796	5,376	(544)	2,102	10,731	—	10,731

Notes: 1 Adjustments relating to inter-segment sales or transfer amounted to a negative ¥1,110 million in the elimination of inter-segment transactions.

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

2. Information Concerning Impairment Loss from Fixed Assets, Goodwill and Other Items by Reportable Segment
(Significant gain on bargain purchase)

In the industrial equipment business, the Company acquired additional shares in NABCO Systems Co., Ltd. (hereinafter, "NABCO Systems"), an equity-method affiliate, converting it into a consolidated subsidiary effective April 1, 2016.

The amount recorded as gain on bargain purchase as a result of the relevant event was ¥352 million during the six-month period of the consolidated fiscal year under review.

4. Other Information

(1) Output and Order Backlog by Business Segment

1) Output

Reportable segments	First six-month period of consolidated FY2015 (April 1, 2015 to September 30, 2015)		First six-month period of consolidated FY2016 (January 1, 2016 to June 30, 2016)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision equipment	32,548	24.2	27,154	23.0
Transport equipment	32,853	24.5	30,489	25.9
Aircraft and hydraulic equipment	28,465	21.2	23,173	19.7
Industrial equipment	40,470	30.1	37,023	31.4
Total	134,338	100.0	117,840	100.0

Note: The consolidated fiscal year ended December 2015 was a transitional period for a change in the accounting period, in which the consolidated operating results covered six months (April 1, 2015 to September 30, 2015) for companies that close their accounts in March, as opposed to nine months (January 1, 2015 to September 30, 2015) for companies that close their accounts in December.

2) Order backlog

Reportable segments	As of the end of the first six-month period of consolidated FY2015 (September 30, 2015)		As of the end of the first six-month period of consolidated FY2016 (June 30, 2016)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision equipment	16,325	17.4	13,323	13.9
Transport equipment	21,968	23.4	24,629	25.7
Aircraft and hydraulic equipment	31,485	33.5	28,925	30.2
Industrial equipment	24,087	25.7	28,923	30.2
Total	93,866	100.0	95,802	100.0