



## Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending December 31, 2015 (Japanese GAAP)

October 30, 2015

Name of Listed Company: Nabtesco Corporation	Stock listed on the First Section of the Tokyo Stock Exchange
Code Number: 6268	URL: <a href="http://www.nabtesco.com">http://www.nabtesco.com</a>
Representative: Title: President and CEO	Name: Kazuaki Kotani
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Scheduled Date for Filing of Quarterly Report: November 13, 2015	TEL: +81-3-5213-1133
Scheduled Dividend Payment Date: December 4, 2015	
Quarterly material to supplement the financial results: Yes	
Quarterly financial results conference: Yes (for 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 FY 2015 (April 1, 2015 to September 30, 2015)

#### (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	%
Six-month period, FY 2015	128,717	—	10,392	—	11,097	—	7,947	—
Six-month period, FY 2014	105,598	13.0	11,612	46.3	13,842	43.1	8,951	77.7

(Note) Comprehensive income: First six-month period of FY 2015: ¥4,737 million [—%]  
First six-month period of FY 2014: ¥7,787 million [(30.8%)]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six-month period, FY 2015	63.63		63.59	
Six-month period, FY 2014	70.74		70.69	

(Note) The consolidated fiscal year ending December 2015 is a transitional period for a change in accounting period, in which the consolidated operating results cover 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 percentage of year-on-year changes has been omitted in the tables above.

#### (2) Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio	
	Million yen		Million yen		%	
As of September 30, 2015	238,009		150,412		59.8	
As of March 31, 2015	245,992		158,664		60.9	

(Reference) Shareholders' Equity: As of September 30, 2015: ¥142,404 million As of March 31, 2015: ¥149,862 million

### 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen				
FY 2014	—	20.00	—	24.00	44.00
FY 2015	—	22.00	—	—	—
FY 2015 (Forecast)	—	—	—	22.00	44.00

(Note) Revisions to the latest dividend forecasts: None

### 3. Forecast of Consolidated Operating Results for FY 2015 (April 1, 2015 to December 31, 2015)

(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
FY 2015	191,000	—	16,200	—	17,100	—	11,400	—	91.59

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

The consolidated fiscal year ending December 2015 is a transitional period for a change in accounting period, in which the forecast for the full-year consolidated operating results covers nine months (April 1, 2015 to December 31, 2015) for companies that close their accounts in March, as opposed to 12 months (January 1, 2015 to December 31, 2015) for companies that close their accounts in December.

\* Matters of note:

- (1) Changes in significant subsidiaries during the second quarter of consolidated FY 2015 (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: Yes  
2) Other changes in accounting policies: None  
3) Changes in accounting estimates: None  
4) Restatement of corrections: None  
Note: For details, please refer to "2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies, Accounting Estimates and Restatements of Corrections," on page 6 of the attached documents.
- (4) Shares outstanding (Common shares)

1) Number of shares outstanding (including treasury stock) as of the end of the term:	As of March 31, 2015: 128,265,799 As of September 30, 2015: 128,265,799
2) Number of shares of treasury stock:	As of March 31, 2015: 1,710,998 As of September 30, 2015: 4,771,226
3) Average number of shares during the term(for the six-month period):	April 1, 2014 to September 30, 2014: 126,542,262 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 September 30, 2015, (3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results" on page 5 of the attached documents.

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## 1. Qualitative Information on Consolidated Operating Results for the Six Months Ended September 30, 2015

### (1) Analysis of Consolidated Operating Results

In the first six-month period of consolidated FY 2015(\*), the growth of the global economy remained moderate as a whole, represented on the one hand by the robust pace of growth in the United States and a continued gradual recovery trend in Europe, and on the other hand by the economic deceleration in emerging countries as observed in the slower growth of the Chinese economy as well as the stagnant economies of the Southeast Asian countries.

In the Japanese economy, while a recovery trend persisted as observed in the increased capital expenditure in addition to the improvement of personal consumption and employment conditions, some signs of weakening exports and production became visible on the back of the deceleration of the economies of emerging countries.

Under these circumstances, the consolidated operating results of the Group for the six-month period ended September 30, 2015 recorded net sales of ¥128,717 million, operating income of ¥10,392 million, ordinary income of ¥11,097 million and net income attributable to owners of the parent of ¥7,947 million mostly reflecting the sluggish hydraulic equipment business in China despite robust performance in the Japanese market.

(\*) The consolidated fiscal year ending December 2015 is a transitional period for a change in accounting period, in which the consolidated operating results cover 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.

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

The amount of orders received for the six-month period of consolidated FY 2015 was ¥130,152 million. Net sales and operating income were ¥128,717 million and ¥10,392 million, respectively. Operating margin was 8.1%.

Operating results by business segment were as follows:

[Amount of orders received]

	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	First six-month period of consolidated FY 2015 (April 1, 2015 to September 30, 2015)	Change (%)
Precision equipment	26,859	34,024	—
Transport equipment	34,375	29,683	—
Aircraft and hydraulic equipment	25,349	27,955	—
Industrial equipment	29,154	38,489	—
Total	115,739	130,152	—

Note: Percentages for the year-on-year change are omitted since the consolidated fiscal year under review is a transitional period for the change in accounting period.

[Net sales]

	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	First six-month period of consolidated FY 2015 (April 1, 2015 to September 30, 2015)	Change (%)
Precision equipment	25,033	31,576	—
Transport equipment	29,769	31,837	—
Aircraft and hydraulic equipment	25,144	28,139	—
Industrial equipment	25,651	37,165	—
Total	105,598	128,717	—

Note: Percentages for the year-on-year change are omitted since the consolidated fiscal year under review is a transitional period for the change in accounting period.

[Operating income]

	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	First six-month period of consolidated FY 2015 (April 1, 2015 to September 30, 2015)	Change (%)
Precision equipment	3,976	4,811	—
Transport equipment	5,875	5,330	—
Aircraft and hydraulic equipment	1,115	(1,292)	—
Industrial equipment	644	1,543	—
Total	11,612	10,392	—

Note: Percentages for the year-on-year change are omitted since the consolidated fiscal year under review is a transitional period for the change in accounting period.

**[Precision Equipment]**

The amount of orders received for precision equipment was ¥34,024 million. Net sales and operating income were ¥31,576 million and ¥4,811 million, respectively.

Sales of precision reduction gears grew steadily in line with the plan, reflecting strong demand for industrial robots, machine tools and other FA applications.

**[Transport Equipment]**

The amount of orders received for transport equipment was ¥29,683 million. Net sales and operating income were ¥31,837 million and ¥5,330 million, respectively.

The railroad vehicle equipment business was negatively affected by the delayed Chinese high-speed railway project despite brisk domestic demand for new cars and expanded repair parts business. The commercial vehicle equipment business faced continued decline in demand from ASEAN countries despite favorable growth in domestic demand for trucks. In the marine vessel equipment business, there were partial cancellations of shipbuilding work in hand due to the deteriorating Chinese market. As a result, sales in each business in this segment remained slightly short of the business plan.

**[Aircraft and Hydraulic Equipment]**

The amount of orders received for aircraft equipment and hydraulic equipment was ¥27,955 million. Net sales and operating loss were ¥28,139 million and ¥1,292 million, respectively.

In the aircraft equipment business, sales advanced more than planned on the back of brisk sales of aircraft in the private sector and demand from the Ministry of Defense. In the hydraulic equipment business, sales fell significantly below plan due to decreased demand for construction machinery in China.

**[Industrial Equipment]**

The amount of orders received for industrial equipment was ¥38,489 million. Net sales and operating income were ¥37,165 million and ¥1,543 million, respectively.

In the automatic doors business, sales grew steadily in line with the business plan in both domestic and overseas markets. In the packaging machinery business, sales remained slightly lower than planned due to a difference in the cut-off date of some transactions.

Reference: Information by region

[Net sales]

(Million yen)

	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	First six-month period of consolidated FY 2015 (April 1, 2015 to September 30, 2015)	Change (%)
Japan	58,407	61,357	—
China	14,653	17,907	—
Other Asia	7,289	6,907	—
North America	8,545	16,254	—
Europe	16,159	25,662	—
Other areas	542	628	—
Total	105,598	128,717	—

Notes: 1. Percentages for the year-on-year change are omitted since the consolidated fiscal year under review is a transitional period for the change in accounting period.

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

## 2) Ordinary income

Consolidated ordinary income was ¥11,097 million reflecting non-operating income of ¥1,668 million mainly consisting of investment gains of ¥1,195 million from equity-method affiliates, and non-operating expenses of ¥963 million largely due to a foreign exchange loss equivalent to ¥743 million.

## 3) Net income attributable to owners of the parent

Income before income taxes and adjustments for the first six-month period of the consolidated fiscal year under review was ¥12,466 million as a result of extraordinary income of ¥1,436 million arising mainly from a gain on sale of securities of ¥1,412 million, and extraordinary losses of ¥67 million mainly due to a loss on disposal of fixed assets.

In summary, net income attributable to owners of the parent was ¥7,947 million, net of income taxes and net loss attributable to noncontrolling interests.

**(2) Analysis of Financial Position**

## 1) Assets, Liabilities and Net Assets

(Million yen)

	As of the end of the previous consolidated fiscal year (March 31, 2015)	As of the end of the first six-month period of the current consolidated fiscal year (September 30, 2015)	Change
Total assets	245,992	238,009	(7,982)
Liabilities	87,327	87,596	269
Net assets	158,664	150,412	(8,251)

**(Assets)**

Total assets as of September 30, 2015 were ¥238,009 million, a decrease of ¥7,982 million from March 31, 2015, reflecting ¥130,800 million in current assets and ¥107,209 million in fixed assets. Key contributing positive factors included increases of ¥4,624 million in inventories and ¥2,084 million in goodwill, while the primary contributing negative factors were decreases of ¥12,099 million in cash and deposits, ¥1,415 million in securities and ¥2,329 million in investment securities.

**(Liabilities)**

Total liabilities as of September 30, 2015 were ¥87,596 million, an increase of ¥269 million from March 31, 2015, reflecting ¥65,568 million in current liabilities and ¥22,028 million in fixed liabilities. The increase was mainly attributable to a rise of ¥2,175 million in notes and accounts payable-trade, while the decrease was mainly attributable to decreases of ¥1,209 million in short-term loans payable, ¥737 million in income taxes payable and ¥653 million in deferred tax liabilities.

**(Net assets)**

Total net assets as of September 30, 2015 stood at ¥150,412 million, including ¥142,404 million in shareholders' equity, a decrease of ¥7,458 million from March 31, 2015. The increase was mainly attributable to growth in earned surplus arising from net income attributable to owners of the parent of ¥7,947 million. Meanwhile, primary negative contributing factors included a ¥9,789 million increase in treasury stock and a ¥3,053 million decrease in earned surplus due to dividend payments.

## 2) Status of Cash Flow

(Million yen)

	First six months of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	First six months of consolidated FY 2015 (April 1, 2015 to September 30, 2015)	Change
Cash flow from operating activities	6,141	7,870	—
Cash flow from investment activities	(3,631)	(4,391)	—
Free cash flow	2,509	3,478	—
Cash flow from financing activities	(13,678)	(16,421)	—

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis during the six-month period of FY 2015 stood at ¥37,222 million, a decrease of ¥13,232 million from the end of consolidated FY 2014, reflecting ¥7,870 million in capital gained from operating activities, which was used for the purchase of treasury stock, repayment of short-term loans payable, capital expenditure and dividend payments.

**(Cash flow from operating activities)**

Net cash provided by operating activities during the six-month period under review totaled ¥7,870 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 ¥4,391 million. The principal contributing positive factor was the sale of investment securities, whereas contributing negative factors consisted mainly of 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 ¥16,421 million, primarily reflecting the purchase of treasury stock, repayment of short-term loans payable and dividend payments.

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

Taking into consideration the consolidated financial results for the first six-month period of the consolidated fiscal year ending December 31, 2015(\*) and future developments in its business performance, etc., the Company has revised its full-year financial forecasts for the consolidated fiscal year ending December 31, 2015, which were announced on May 8, 2015.

For details, please refer to "Announcement on Revisions to Financial Forecasts" released on October 30, 2015.

The differences between the revised forecasts and the previous forecasts announced on May 8, 2015 are as follows.

(\*) The consolidated fiscal year ending December 2015 is a transitional period for a change in accounting period, in which the forecast for the full-year consolidated operating results covers nine months (April 1, 2015 to December 31, 2015) for companies that close their accounts in March, as opposed to 12 months (January 1, 2015 to December 31, 2015) for companies that close their accounts in December.

**Revision to the full-year financial forecasts for the consolidated fiscal year ending December 31, 2015**

	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
Previously announced forecast (A) (Announced on May 8, 2015)	200,000	17,900	19,700	13,400	105.88
Revised forecast (B)	191,000	16,200	17,100	11,400	91.59
Change (B-A)	(9,000)	(1,700)	(2,600)	(2,000)	—
Rate of change (%)	(4.5)	(9.5)	(13.2)	(14.9)	—

**1) Net sales**

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (Announced on May 8, 2015)	46,300	51,700	45,700	56,300	200,000
Revised forecast (B)	46,600	48,300	40,100	56,000	191,000
Change (B-A)	300	(3,400)	(5,600)	(300)	(9,000)
Rate of change (%)	0.6	(6.6)	(12.3)	(0.5)	(4.5)

(Million yen)

**2) Operating income**

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (Announced on May 8, 2015)	6,500	9,200	0	2,200	17,900
Revised forecast (B)	7,100	8,600	(2,300)	2,800	16,200
Change (B-A)	600	(600)	(2,300)	600	(1,700)
Rate of change (%)	9.2	(6.5)	—	27.3	(9.5)

(Million yen)

## 2. Matters Related to Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the Second Quarter of Consolidated FY 2015

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 and adjustments for the consolidated fiscal year, inclusive of the second quarter of consolidated FY 2015 under review, has been estimated in a rational manner. The tax bill has then been calculated by multiplying the quarterly income before income taxes and adjustments by this estimated effective tax rate.

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

(Changes in Accounting Policies)

The "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, revised on September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on September 13, 2013), and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, revised on September 13, 2013) have been applied from the beginning of the first quarter of the consolidated fiscal year under review.

Under these accounting standards, the Company recorded the differences caused by changes in the Company's equity shares in subsidiaries in which the Company continues to control as capital surplus. In addition, the Company recorded acquisition-related costs as expenses in the fiscal years in which the costs were incurred.

Regarding business combinations taking place during the period from the beginning of the first quarter of the consolidated fiscal year under review, the Company changed the method to reflect changes in the allocation of the acquisition costs arising from confirmation of the provisional accounting treatment on the consolidated financial statements of the quarter that includes the acquisition date.

Furthermore, the Company changed the methods of presentation of net income for the relevant quarter as well as presentation from minority interests to noncontrolling interests. For the purpose of reflecting the relevant changes to the presentation, the financial statements for the first six-month period and the full-year period of the previous consolidated fiscal year were restated.

The Company adopted the Accounting Standards for Business Combinations, etc., from the beginning of the first quarter of the consolidated fiscal year under review, following transitional treatment as stipulated in Article 58-2(4) of "Accounting Standard for Business Combinations," Article 44-5(4) of "Accounting Standard for Consolidated Financial Statements," and Article 57-4(4) of "Accounting Standard for Business Divestitures."

The impact of the adoption of these accounting standards on the Company's profit or loss for the first six-month period of the consolidated fiscal year under review and capital surplus as of the end of the same period is immaterial.

### (4) Additional Information

(Matters concerning a change in the consolidated account closing date)

The Company and its domestic consolidated subsidiaries changed their account closing dates from March 31 to December 31 starting from the consolidated fiscal year under review, and at the same time changed the consolidated account closing date from March 31 to December 31. As a result, the consolidated fiscal year ending December 2015 is a transitional period for a change in the accounting period. With respect to the first six-month period of the said consolidated fiscal year, the consolidated operating results cover 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.

(Acquisition and cancellation of treasury stock)

The Board of Directors of the Company resolved at its meeting held on May 28, 2015 the items related to the acquisition of own shares based on Article 156 of the Companies Act, which is applicable in accordance with Article 165, Paragraph 3 of the same Act as well as the cancellation of treasury stock based on Article 178 of the same Act, as detailed below.

#### 1. Reason for Acquisition of Own Shares and Cancellation of Treasury Stock

In order to enhance the shareholder value per share and to improve capital efficiency through the flexible return of profits to shareholders, the Company decided to acquire and cancel its own shares.

#### 2. Details of the Acquisition of Own Shares

- (1) Type of shares to be acquired: Common shares of the Company
- (2) Number of shares to be acquired: Up to 4,000,000  
(3.14% of the total number of outstanding shares (excluding treasury stock))
- (3) Total cost of repurchase: Up to ¥10,000,000,000
- (4) Repurchase period: June 1, 2015 to December 25, 2015
- (5) Method of repurchase: Purchase on the Tokyo Stock Exchange

#### 3. Details of Cancellation

- (1) Types of shares to be cancelled: Common shares of the Company
- (2) Number of shares to be cancelled: All shares acquired as stated in 2. above
- (3) Planned date of cancellation: December 28, 2015



## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Million yen)

	End of consolidated FY 2014 (as of March 31, 2015)	End of Q2 of consolidated FY15 (as of September 30, 2015)
<b>Assets</b>		
Current assets		
Cash and time deposits	34,157	22,057
Notes and accounts receivable	57,115	57,733
Marketable securities	17,000	15,584
Goods and products	5,770	6,217
Products in progress	9,473	12,837
Raw materials and stored goods	9,921	10,734
Deferred tax assets	3,020	2,947
Other current assets	3,058	2,913
Allowance for doubtful accounts	(194)	(225)
Total current assets	139,321	130,800
Fixed assets		
Tangible fixed assets		
Buildings and structures	48,842	49,090
Accumulated depreciation	(30,227)	(30,864)
Buildings and structures (net)	18,614	18,226
Machinery and transport equipment	67,531	70,749
Accumulated depreciation	(48,621)	(52,705)
Machinery and transport equipment (net)	18,909	18,043
Tools, apparatus and furniture	24,857	26,179
Accumulated depreciation	(21,457)	(22,499)
Tools, apparatus and furniture (net)	3,399	3,679
Land	14,713	14,663
Construction in progress	1,240	2,798
Total tangible fixed assets	56,877	57,411
Intangible fixed assets		
Goodwill	17,987	20,072
Other	4,118	4,358
Total intangible fixed assets	22,105	24,431
Investments and other assets		
Investments in securities	25,431	23,101
Assets concerning retirement benefits	231	241
Deferred tax assets	455	471
Other investments and other assets	1,659	1,639
Allowance for doubtful accounts	(90)	(87)
Total investments in securities and other assets	27,687	25,366
Total fixed assets	106,670	107,209
<b>Total assets</b>	<b>245,992</b>	<b>238,009</b>

(Million yen)

	End of consolidated FY 2014 (as of March 31, 2015)	End of Q2 of consolidated FY15 (as of September 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	37,607	39,783
Short-term loans payable	6,491	5,281
Current portion of long-term loans payable	84	75
Income taxes payable	4,666	3,928
Allowance for product warranty	884	631
Provision for loss on order received	32	0
Other current liabilities	15,064	15,866
Total current liabilities	64,830	65,568
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans payable	84	35
Allowance for retirement bonus for directors	210	171
Liabilities concerning retirement benefit	6,687	7,018
Deferred tax liabilities	3,464	2,810
Other long-term liabilities	2,051	1,992
Total long-term liabilities	22,497	22,028
Total liabilities	87,327	87,596
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	18,989	18,895
Earned surplus	107,554	112,447
Treasury stock	(2,928)	(12,717)
Total shareholders' equity	133,615	128,625
Accumulated other comprehensive income		
Net unrealized gains on securities	3,447	2,156
Deferred gains or losses on hedges	(2)	(2)
Translation adjustments	12,977	12,180
Accumulated adjustments concerning retirement benefits	(175)	(556)
Total accumulated other comprehensive income	16,246	13,778
Subscription rights to shares	391	377
Non-controlling interests	8,410	7,631
Total net assets	158,664	150,412
Total liabilities and net assets	245,992	238,009

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

(Million yen)

	First six-month period of consolidated FY14 (From April 1, 2014 to September 30, 2014)	Q2 of consolidated FY15 (Japan: from April 1, 2015 to Sept. 30, 2015 Overseas: from Jan 1, 2015 to Sept. 30, 2015)
Net sales	105,598	128,717
Cost of sales	76,047	94,305
Gross profit	29,550	34,412
Selling, general and administrative expenses	17,938	24,019
Operating income	11,612	10,392
Non-operating income		
Interest income	92	135
Dividend income	99	62
Rent income	94	77
Equity in earnings of affiliates	1,603	1,195
Foreign exchange gains	260	-
Other non-operating income	262	198
Total	2,413	1,668
Non-operating expenses		
Interest expenses	98	85
Foreign exchange losses	-	743
Other non-operating expenses	84	135
Total	182	963
Ordinary income	13,842	11,097
Extraordinary gains		
Gain on sales of fixed assets	10	23
Gain on sales of investment securities	0	1,412
Gain on sales of golf club membership	-	0
Total	10	1,436
Extraordinary losses		
Loss on disposal of fixed assets	39	63
Loss on disposal of investment securities	-	0
Loss on disposal of golf club membership	-	3
Total	39	67
Income before income taxes and adjustments	13,814	12,466
Corporate, resident and business income taxes	4,723	4,844
Net income	9,090	7,622
Profit/loss attributable to non-controlling interests	138	(324)
Net income attributable to parent company shareholders	8,951	7,947

**Consolidated Statements of Comprehensive Income**

(Million yen)

	First six-month period of consolidated FY14 (From April 1, 2014 to September 30, 2014)	Q2 of consolidated FY15 (Japan: from April 1, 2015 to Sept. 30, 2015 Overseas: from Jan 1, 2015 to Sept. 30, 2015)
Net income	9,090	7,622
Other comprehensive income		
Valuation difference on available-for-sale securities	685	(1,261)
Deferred gains or losses on hedges	(17)	0
Foreign currency translation adjustment	(2,101)	(1,169)
Adjustments concerning retirement benefits	152	(369)
Share of other comprehensive income of associates accounted for using equity method	(21)	(85)
Total other comprehensive income	(1,302)	(2,885)
Comprehensive income	7,787	4,737
[Comprehensive income attributable to:]		
Parent company shareholders	8,008	5,478
Non-controlling interests	(220)	(741)

**(3) Quarterly Consolidated Statements of Cash Flows**

(Million yen)

	First six-month period of consolidated FY14 (From April 1, 2014 to September 30, 2014)	Q2 of consolidated FY15 (Japan: from April 1, 2015 to Sept. 30, 2015 Overseas: from Jan 1, 2015 to Sept. 30, 2015)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	13,814	12,466
Depreciation and amortization	2,941	4,351
Amortization of goodwill	504	1,149
Share-based compensation expenses	57	104
Increase (decrease) in allowance for doubtful accounts	(71)	30
Increase(decrease) in liabilities concerning retirement benefits	304	(406)
Interest and dividends income	(192)	(197)
Interest expenses	98	85
Equity in (earnings) losses of affiliates	(1,603)	(1,195)
Loss (gain) on sales of fixed assets	(10)	(23)
Loss (gain) on disposal of fixed assets	39	63
Loss (gain) on sales of investment securities	(0)	(1,412)
Increase (decrease) in notes and accounts receivable	(1,076)	817
Increase (decrease) in inventories	(3,831)	(3,998)
Increase (decrease) in notes and accounts payable	1,297	583
Other	375	391
Subtotal	12,649	12,809
Interest and dividends income received	507	663
Interest expenses paid	(122)	(81)
Corporate, resident and business income taxes paid	(6,892)	(5,521)
Net cash provided by (used in) operating activities	6,141	7,870
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(85)	-
Proceeds from maturity of time deposits	-	244
Purchase of property, plant and equipment	(3,036)	(4,337)
Proceeds from sales of property, plant and equipment	13	26
Purchase of intangible assets	(438)	(640)
Purchase of investment securities	(29)	(4)
Proceeds from sales of investment securities	12	2,370
Purchase of shares of subsidiaries and affiliates	(25)	(28)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	-	(2,165)
Purchase related to business acquisition	-	(37)
Other	(42)	182
Net cash provided by (used in) investing activities	(3,631)	(4,391)

(Million yen)

	First six-month period of consolidated FY14 (From April 1, 2014 to September 30, 2014)	Q2 of consolidated FY15 (Japan: from April 1, 2015 to Sept. 30, 2015 Overseas: from Jan 1, 2015 to Sept. 30, 2015)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(492)	(3,332)
Repayment of long-term loans payable	(10,085)	(41)
Proceeds from non-controlling interests	-	36
Purchase of treasury stock	(0)	(10,001)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,541)	(3,048)
Cash dividends paid to non-controlling interests	(557)	(34)
Net cash provided by (used in) financing activities	(13,678)	(16,421)
Effect of exchange rate changes on cash and cash equivalents	(368)	(289)
Net increase (decrease) in cash and cash equivalents	(11,537)	(13,232)
Cash and cash equivalents at beginning of period	53,052	50,455
Cash and cash equivalents at end of period	41,514	37,222

**(4) Notes Relating to the Quarterly Consolidated Financial Statements**

[Notes Relating to the Going Concern Assumption]

None

[Notes in Case of Any Significant Change in the Amount of Shareholders' Equity]

The Board of Directors of the Company resolved at its meeting held on May 28, 2015 to acquire its own shares based on Article 156 of the Companies Act, which is applicable in accordance with Article 165, Paragraph 3 of the same Act, and purchased 3,132,000 own shares. As a result, treasury stock increased by ¥9,789 million in the first six-month period of the consolidated fiscal year ending December 2015, and the balance of treasury stock as of September 30, 2015 amounted to ¥12,717 million.

On July 3, 2015, the Company completed the purchase of own shares as resolved by its Board of Directors.

## [Segment Information]

## I. For the six months ended September 30, 2014 (April 1, 2014 to September 30, 2014)

## 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	25,033	29,769	25,144	25,651	105,598	–	105,598
Inter-segment sales or transfer	45	84	618	99	848	(848)	–
Total	25,078	29,854	25,763	25,750	106,446	(848)	105,598
Segment income (loss)	3,976	5,875	1,115	644	11,612	–	11,612

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥848 million in the elimination of inter-segment transactions.

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

## 2. Matters related to changes in reportable segments

(Application of the “Accounting Standard for Retirement Benefits,” etc.)

As a result of changes in the calculation method of retirement benefit obligations and prior service cost from the consolidated fiscal year under review as stated in Change in Accounting Policies above, the calculation methods of retirement benefit obligations and prior service cost in the business segments have been changed accordingly.

Due to such changes, segment income for the first six-month period of the consolidated fiscal year under review decreased by ¥0 million in the precision equipment business, ¥1 million in the transport equipment business, ¥1 million in the aircraft and hydraulic equipment business, and ¥1 million in the industrial equipment business compared with the figures calculated by the previously applied methods.

(Change in Depreciation Method)

As stated in the “Change in accounting policy that is difficult to distinguish from a change in accounting estimate” above, the Company and its domestic consolidated subsidiaries had previously applied the declining-balance method for the depreciation of tangible fixed assets other than buildings. However, the accounting method was changed to the straight-line method for all items of tangible fixed assets at the beginning of the first three-month period of the consolidated fiscal year under review.

Consequently, compared with results that would have been generated by applying the previous method, segment income for the first six-month period of the consolidated fiscal year under review increased by ¥240 million in the precision equipment business, ¥101 million in the transport equipment business, ¥182 million in the aircraft and hydraulic equipment business, and ¥31 million in the industrial equipment business.

## II. 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 the inter-segment sales or transfer amounted to 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 Hiest 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.



## 4. Other Information

### (1) Output and Order Backlog by Business Segment

#### 1) Output

Reportable segments	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)		First six-month period of consolidated FY 2015 (April 1, 2015 to September 30, 2015)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision equipment	25,051	22.9	32,548	24.2
Transport equipment	31,257	28.5	32,853	24.5
Aircraft and hydraulic equipment	26,393	24.1	28,465	21.2
Industrial equipment	26,900	24.5	40,470	30.1
Total	109,602	100.0	134,338	100.0

Note: The consolidated fiscal year ending December 2015 is a transitional period for a change in the accounting period, in which the consolidated operating results cover 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 FY 2014 (September 30, 2014)		As of the end of the first six-month period of consolidated FY 2015 (September 30, 2015)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision equipment	12,290	13.6	16,325	17.4
Transport equipment	25,365	28.0	21,968	23.4
Aircraft and hydraulic equipment	28,404	31.3	31,485	33.5
Industrial equipment	24,593	27.1	24,087	25.7
Total	90,652	100.0	93,866	100.0