



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

July 31, 2015

Name of Listed Company: Nabtesco Corporation

Code Number: 6268

Representative: Title: President and CEO

Inquiries: Title: General Manager, General Administration Div.

Scheduled Date for Filing of Quarterly Report: August 11, 2015

Scheduled Dividend Payment Date: —

Quarterly material to supplement the financial results: Yes

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

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

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

Name: Kazuaki Kotani

Name: Toshihiro Matsumoto

TEL: +81-3-5213-1133

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

1. Consolidated Results for the First Three-month Period of FY 2015 (April 1, 2015 to June 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 | % |
| Three-month Period, FY 2015 | 70,629 | — | 5,311 | — | 5,644 | — | 3,503 | — |
| Three-month Period, FY 2014 | 51,481 | 17.6 | 5,515 | 75.6 | 6,765 | 51.6 | 3,783 | 63.9 |

(Note) Comprehensive income: First three-month period of FY 2015: ¥4,753 million [—%]

First three-month period of FY 2014: ¥3,068 million [(45.5%)]

| | Net income per share | Diluted net income per share |
|-----------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Three-month Period, FY 2015 | 27.82 | 27.81 |
| Three-month Period, FY 2014 | 29.90 | 29.89 |

(Note) The consolidated fiscal year ending December 2015 is a transitional period for a change in accounting period, in which the consolidated operating results covers three months (April 1, 2015 to June 30, 2015) for companies that close their accounts in March, as opposed to six months (January 1, 2015 to June 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 June 30, 2015 | 238,355 | 152,152 | 60.2 |
| As of March 31, 2015 | 245,992 | 158,664 | 60.9 |

(Reference) Shareholders' Equity: As of June 30, 2015: ¥143,565 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 | Yen | Yen | Yen | Yen |
| FY 2014 | — | 20.00 | — | 24.00 | 44.00 |
| FY 2015 | — | — | — | — | — |
| FY 2015 (Forecast) | — | 22.00 | — | 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 owner of the parent | | Net income per share |
|--|-------------|---|------------------|---|-----------------|---|--|---|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Six-month period ending September 30, 2015 | 135,000 | — | 10,100 | — | 11,100 | — | 7,600 | — | 60.05 |
| FY 2015 | 200,000 | — | 17,900 | — | 19,700 | — | 13,400 | — | 105.88 |

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

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. With respect to the 1st half period of the consolidated fiscal year, the consolidated forecast covers a six-month period (April 1, 2015 to September 30, 2015) for companies that close their accounts in March, and a nine-month period (January 1, 2015 to September 30, 2015) for companies that close their accounts in December.

* Matters of note:

- (1) Changes in significant subsidiaries during the first 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 5 of the attached document.
- (4) Shares outstanding (Common shares)
 1) Number of shares outstanding (including treasury stock) as of the end of the term
 2) Amount of treasury stock
 3) Average number of shares during the term

| | | | |
|--------------------------------|-------------|--------------------------------|-------------|
| As of June 30, 2015 | 128,265,799 | As of March 31, 2015 | 128,265,799 |
| As of June 30, 2015 | 4,182,185 | As of March 31, 2015 | 1,710,998 |
| April 1, 2015 to June 30, 2015 | 125,936,948 | April 1, 2014 to June 30, 2014 | 126,542,425 |

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 Three Months Ended June 30, 2015, (3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results" on page 4 of the attached document.

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1. Qualitative Information on Consolidated Operating Results for the Three Months Ended June 30, 2015

(1) Analysis of Consolidated Operating Results

The global economy during the first three-month period of consolidated FY 2015(*) witnessed a continued trend of moderate recovery overall on the back of a consistently strong U.S. economy and the narrowly averted Greek financial crisis, despite continued deceleration of the Chinese economy as well as slow economic recovery seen mainly in Southeast Asian countries.

In the Japanese economy, the recovery trend continued with the improvement of corporate earnings, an increase in capital expenditure, and improvement of employment conditions thanks to the effects of the economic policy of the government and the financial policy of the Bank of Japan, although stagnant domestic consumption and a slowdown in economic recovery were seen.

Under these circumstances, the consolidated operating results of the Group for the three-month period ended June 30, 2015 recorded net sales of ¥70,629 million, operating income of ¥5,311 million, ordinary income of ¥5,644 million, and net income attributable to owners of the parent of ¥3,503 million, on the back of robust domestic markets despite sluggish operating performance of the hydraulic equipment business in China.

(*) The consolidated fiscal year ending December 2015 is a transitional period for a change in accounting period, in which consolidated operating results covers three months (April 1, 2015 to June 30, 2015) for companies that close their accounts in March, as opposed to six months (January 1, 2015 to June 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 three-month period of consolidated FY 2015 was ¥73,898 million. Net sales amounted to ¥70,629 million, while operating income was ¥5,311 million. Operating margin was 7.5%.

Operating results by business segment were as follows:

[Amount of orders received]

| | First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014) | First three-month period of consolidated FY 2015 (April 1, 2015 to June 30, 2015) | Change (%) |
|----------------------------------|--|--|------------|
| Precision equipment | 13,832 | 18,995 | — |
| Transport equipment | 18,270 | 17,387 | — |
| Aircraft and hydraulic equipment | 13,230 | 15,180 | — |
| Industrial equipment | 14,379 | 22,334 | — |
| Total | 59,713 | 73,898 | — |

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 three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014) | First three-month period of consolidated FY 2015 (April 1, 2015 to June 30, 2015) | Change (%) |
|----------------------------------|--|--|------------|
| Precision equipment | 13,241 | 16,865 | — |
| Transport equipment | 14,076 | 16,444 | — |
| Aircraft and hydraulic equipment | 13,077 | 16,212 | — |
| Industrial equipment | 11,086 | 21,106 | — |
| Total | 51,481 | 70,629 | — |

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 three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014) | First three-month period of consolidated FY 2015 (April 1, 2015 to June 30, 2015) | Change (%) |
|----------------------------------|--|--|------------|
| Precision equipment | 2,009 | 2,516 | — |
| Transport equipment | 2,852 | 2,681 | — |
| Aircraft and hydraulic equipment | 802 | (658) | — |
| Industrial equipment | (150) | 770 | — |
| Total | 5,515 | 5,311 | — |

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 ¥18,995 million. Net sales and operating income were ¥16,865 million and ¥2,516 million, respectively.

Sales of precision reduction gears rose steadily, reflecting brisk sales for industrial robots, machine tools and demand for other FA applications.

[Transport Equipment]

The amount of orders received for transport equipment reached ¥17,387 million. Net sales and operating income were ¥16,444 million and ¥2,681 million, respectively.

In the railroad vehicle equipment business, sales remained slightly weak due to a change in the plan for the Chinese high-speed railways despite robust domestic demand for new cars and expansion of the repair parts business. In the commercial vehicle equipment business, sales continued to grow steadily, reflecting strong domestic demand despite weak sales of trucks for overseas markets. The marine vessel equipment business recorded robust sales, reflecting an abundant volume of construction works in hand, although new orders for building ships stopped growing due to the deteriorating Chinese market.

[Aircraft and Hydraulic Equipment]

The amount of orders received for aircraft equipment and hydraulic equipment was ¥15,180 million. Net sales and operating loss were ¥16,212 million and ¥658 million, respectively.

In the aircraft equipment business, sales advanced steadily on the back of an expansion in transactions for aircraft in the private sector as well as for the Ministry of Defense. In the hydraulic equipment business, sales fell short of the budget due to the impact of decreased demand for construction machinery in China.

[Industrial Equipment]

The amount of orders received for industrial equipment was ¥22,334 million. Net sales and operating income were ¥21,106 million and ¥770 million, respectively.

In the automatic doors business, sales showed solid growth in both domestic and overseas markets. In the packaging machinery business, sales remained slightly weak due to a difference in the cut-off date of some transactions.

Reference: Information by region

[Net sales]

(Million yen)

| | First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014) | First three-month period of consolidated FY 2015 (April 1, 2015 to June 30, 2015) | Change (%) |
|---------------|--|--|------------|
| Japan | 27,656 | 29,546 | — |
| China | 8,162 | 10,802 | — |
| Other Asia | 2,974 | 3,344 | — |
| North America | 4,113 | 9,718 | — |
| Europe | 8,424 | 16,653 | — |
| Other areas | 149 | 564 | — |
| Total | 51,481 | 70,629 | — |

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 for the first three months of FY 2015 was ¥5,644 million.

At the same time, non-operating income stood at ¥1,017 million, mainly reflecting investment gains of ¥702 million from equity-method affiliates. Non-operating expenses were ¥684 million due mainly to a foreign exchange loss of ¥620 million.

3) Net income attributable to owners of the parent

Net income attributable to owners of the parent for the first three-month period of the consolidated fiscal year under review was ¥3,503 million.

Extraordinary income was ¥1,041 million, consisting mainly of a gain on sales of securities amounting to ¥1,031 million yen, while extraordinary loss was ¥49 million due to a loss on disposal of fixed assets.

In sum, income before income taxes was ¥6,637 million. With income taxes amounting to ¥3,295 million, net loss attributable to noncontrolling interests amounted to ¥162 million.

(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 Three-month Period of the Current Consolidated Fiscal Year (June 30, 2015) | Change |
|--------------|--|--|---------|
| Total assets | 245,992 | 238,355 | (7,637) |
| Liabilities | 87,327 | 86,202 | (1,125) |
| Net assets | 158,664 | 152,152 | (6,511) |

(Assets)

Total assets as of June 30, 2015 were ¥238,355 million, a decrease of ¥7,637 million from March 31, 2015, consisting of ¥127,903 million in current assets and ¥110,451 million in fixed assets. Key contributing positive factors included increases of ¥4,658 million in inventories and ¥3,677 million in goodwill. The primary negative contributing factors included decreases of ¥11,475 million in cash and deposits, ¥4,000 million in securities and ¥1,147 million in investment securities.

(Liabilities)

Total liabilities as of June 30, 2015 were ¥86,202 million, a decrease of ¥1,125 million from March 31, 2015, consisting of ¥63,808 million in current liabilities and ¥22,394 million in fixed liabilities. Key contributing positive factors included an increase of ¥809 million in notes and accounts payable-trade, while the decrease was mainly attributable to a decrease of ¥2,205 million in income taxes payable.

(Net assets)

Total net assets as of June 30, 2015 stood at ¥152,152 million, including ¥143,565 million in shareholders' equity, which was a decrease of ¥6,296 million from March 31, 2015. The increase was mainly due to growth of ¥3,503 million in earned surplus arising from net income attributable to owners of the parent, and an increase of ¥2,235 million in foreign currency translation adjustment arising from foreign exchange fluctuations recorded by overseas subsidiaries. The primary negative contributing factors included an increase of ¥7,971 million in treasury stock and a ¥3,053 million decrease in earned surplus due to dividend payments.

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

Consolidated financial results for the first three-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 first half and full-year period of the same fiscal year, the Company does not intend to revise the forecasts announced on May 8, 2015.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the First 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 for the consolidated fiscal year, inclusive of the first quarter of consolidated FY 2015, 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 quarter 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 three-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 three-month period of the said consolidated fiscal year, the consolidated operating results covers three months (April 1, 2015 to June 30, 2015) for companies that close their accounts in March, as opposed to six months (January 1, 2015 to June 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 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

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

| | (Million yen) | |
|--|---|--|
| | End of consolidated FY 2014 (as of March 31, 2015) | End of Q1 of consolidated FY15 (as of June 30, 2015) |
| Assets | | |
| Current assets | | |
| Cash and time deposits | 34,157 | 22,681 |
| Notes and accounts receivable | 57,115 | 56,821 |
| Marketable securities | 17,000 | 13,000 |
| Goods and products | 5,770 | 6,425 |
| Products in progress | 9,473 | 12,558 |
| Raw materials and stored goods | 9,921 | 10,839 |
| Deferred tax assets | 3,020 | 2,864 |
| Other current assets | 3,058 | 2,937 |
| Allowance for doubtful accounts | (194) | (224) |
| Total current assets | 139,321 | 127,903 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures | 48,842 | 49,331 |
| Accumulated depreciation | (30,227) | (30,777) |
| Buildings and structures (net) | 18,614 | 18,553 |
| Machinery and transport equipment | 67,531 | 72,666 |
| Accumulated depreciation | (48,621) | (53,943) |
| Machinery and transport equipment (net) | 18,909 | 18,723 |
| Tools, apparatus and furniture | 24,857 | 26,077 |
| Accumulated depreciation | (21,457) | (22,491) |
| Tools, apparatus and furniture (net) | 3,399 | 3,586 |
| Land | 14,713 | 14,724 |
| Construction in progress | 1,240 | 2,246 |
| Total tangible fixed assets | 56,877 | 57,834 |
| Intangible fixed assets | | |
| Goodwill | 17,987 | 21,665 |
| Other | 4,118 | 4,256 |
| Total intangible fixed assets | 22,105 | 25,922 |
| Investments and other assets | | |
| Investments in securities | 25,431 | 24,283 |
| Assets concerning retirement benefits | 231 | 246 |
| Deferred tax assets | 455 | 453 |
| Other investments and other assets | 1,659 | 1,797 |
| Allowance for doubtful accounts | (90) | (86) |
| Total investments in securities and other assets | 27,687 | 26,694 |
| Total fixed assets | 106,670 | 110,451 |
| Total assets | 245,992 | 238,355 |

(Million yen)

| | End of consolidated FY 2014 (as of March 31, 2015) | End of Q1 of consolidated FY15 (as of June 30, 2015) |
|--|---|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | 37,607 | 38,417 |
| Short-term loans payable | 6,491 | 5,288 |
| Current portion of long-term loans payable | 84 | 83 |
| Income taxes payable | 4,666 | 2,460 |
| Allowance for product warranty | 884 | 802 |
| Provision for loss on order received | 32 | 0 |
| Other current liabilities | 15,064 | 16,755 |
| Total current liabilities | 64,830 | 63,808 |
| Long-term liabilities | | |
| Bonds | 10,000 | 10,000 |
| Long-term loans payable | 84 | 41 |
| Allowance for retirement bonus for directors | 210 | 159 |
| Liabilities concerning retirement benefit | 6,687 | 6,984 |
| Deferred tax liabilities | 3,464 | 3,119 |
| Other long-term liabilities | 2,051 | 2,089 |
| Total long-term liabilities | 22,497 | 22,394 |
| Total liabilities | 87,327 | 86,202 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 10,000 | 10,000 |
| Capital surplus | 18,989 | 18,895 |
| Earned surplus | 107,554 | 108,004 |
| Treasury stock | (2,928) | (10,899) |
| Total shareholders' equity | 133,615 | 126,000 |
| Accumulated other comprehensive income | | |
| Net unrealized gains on securities | 3,447 | 2,990 |
| Deferred gains or losses on hedges | (2) | (2) |
| Translation adjustments | 12,977 | 15,213 |
| Accumulated adjustments concerning retirement benefits | (175) | (636) |
| Total accumulated other comprehensive income | 16,246 | 17,564 |
| Subscription rights to shares | 391 | 306 |
| Non-controlling interests | 8,410 | 8,280 |
| Total net assets | 158,664 | 152,152 |
| Total liabilities and net assets | 245,992 | 238,355 |

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
For the first three-month period for the consolidated fiscal year

(Million yen)

| | First three-month period of consolidated FY14 (From April 1, 2014 to June 30, 2014) | Q1 of consolidated FY15 (Japan: from April 1, 2015 to June 30, 2015 Overseas: from Jan 1, 2015 to June 30, 2015) |
|--|--|--|
| Net sales | 51,481 | 70,629 |
| Cost of sales | 37,192 | 51,726 |
| Gross profit | 14,288 | 18,902 |
| Selling, general and administrative expenses | 8,773 | 13,591 |
| Operating income | 5,515 | 5,311 |
| Non-operating income | | |
| Interest income | 46 | 99 |
| Dividend income | 101 | 65 |
| Rent income | 46 | 33 |
| Equity in earnings of affiliates | 1,146 | 702 |
| Other non-operating income | 164 | 116 |
| Total | 1,505 | 1,017 |
| Non-operating expenses | | |
| Interest expenses | 56 | 52 |
| Foreign exchange losses | 157 | 620 |
| Other non-operating expenses | 42 | 11 |
| Total | 255 | 684 |
| Ordinary income | 6,765 | 5,644 |
| Extraordinary gains | | |
| Gain on sales of fixed assets | 5 | 10 |
| Gain on sales of investment securities | — | 1,031 |
| Gain on sales of golf club membership | — | 0 |
| Total | 5 | 1,041 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 6 | 49 |
| Total | 6 | 49 |
| Income before income taxes and adjustments | 6,764 | 6,637 |
| Corporate, resident and business taxes | 2,873 | 3,295 |
| Net income | 3,891 | 3,341 |
| Profit/loss attributable to noncontrolling interests | 108 | (162) |
| Net income attributable to owners of the parent | 3,783 | 3,503 |

Quarterly Consolidated Statements of Comprehensive Income

For the first three-month period for the consolidated fiscal year

(Million yen)

| | First three-month period of consolidated FY14 (From April 1, 2014 to June 30, 2014) | Q1 of consolidated FY15 (Japan: from April 1, 2015 to June 30, 2015 Overseas: from Jan 1, 2015 to June 30, 2015) |
|--|--|--|
| Net income | 3,891 | 3,341 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 350 | (461) |
| Deferred gains or losses on hedges | 0 | 0 |
| Foreign currency translation adjustment | (1,227) | 2,293 |
| Adjustments concerning retirement benefits | 76 | (449) |
| Share of other comprehensive income of associates accounted for using equity method | (23) | 29 |
| Total other comprehensive income | (822) | 1,411 |
| Comprehensive income | 3,068 | 4,753 |
| [Comprehensive income attributable to:] | | |
| Owners of the parent | 3,208 | 4,822 |
| Noncontrolling interests | (139) | (68) |

(3) 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 2,543,300 own shares. As a result, treasury stock increased by ¥7,971 million in the first three-month period of the consolidated fiscal year ending December 2015, and the balance of treasury stock as of June 30, 2015 amounted to ¥10,899 million.

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

[Segment Information]

I. For the three months ended June 30, 2014 (April 1, 2014 to June 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 | 13,241 | 14,076 | 13,077 | 11,086 | 51,481 | — | 51,481 |
| Inter-segment sales or transfer | 15 | 50 | 334 | 32 | 433 | (433) | — |
| Total | 13,257 | 14,126 | 13,411 | 11,118 | 51,914 | (433) | 51,481 |
| Segment income (loss) | 2,009 | 2,852 | 802 | (150) | 5,515 | — | 5,515 |

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥433 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 consolidated fiscal year under review decreased by ¥0 million in "Precision equipment," ¥0 million in "Transport equipment," and ¥0 million in "Aircraft and hydraulic equipment"; and segment loss increased by ¥0 million in "Industrial equipment" compared with the figures calculated by the previously applied methods.

(Change in the Depreciation Method)

As stated in "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 three-month period of the consolidated fiscal year under review increased by ¥107 million in "Precision equipment," ¥42 million in "Transport equipment," ¥79 million in "Aircraft and hydraulic equipment," and segment loss decreased by ¥11 million in "Industrial equipment."

II. For the three months ended June 30, 2015 (April 1, 2015 to June 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 | 16,865 | 16,444 | 16,212 | 21,106 | 70,629 | — | 70,629 |
| Inter-segment sales or transfer | 23 | 51 | 361 | 47 | 482 | (482) | — |
| Total | 16,888 | 16,495 | 16,573 | 21,154 | 71,111 | (482) | 70,629 |
| Segment income (loss) | 2,516 | 2,681 | (658) | 770 | 5,311 | — | 5,311 |

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥482 million in the elimination of inter-segment transactions.

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

4. Other Information

(1) Output and Order Backlog by Business Segment

1) Output

| Reportable Segments | First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014) | | First three-month period of consolidated FY 2015 (April 1, 2015 to June 30, 2015) | |
|----------------------------------|---|------------|---|------------|
| | Amount (million yen) | % to total | Amount (million yen) | % to total |
| Precision Equipment | 13,190 | 24.0 | 17,347 | 22.9 |
| Transport Equipment | 15,003 | 27.3 | 17,467 | 23.0 |
| Aircraft and Hydraulic Equipment | 14,258 | 26.0 | 16,717 | 22.0 |
| Industrial Equipment | 12,497 | 22.7 | 24,318 | 32.1 |
| Total | 54,949 | 100.0 | 75,850 | 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 covers three months (April 1, 2015 to June 30, 2015) for companies that close their accounts in March, as opposed to six months (January 1, 2015 to June 30, 2015) for companies that close their accounts in December.

2) Order Backlog

| Reportable Segments | As of the end of the first three-month period of consolidated FY 2014 (June 30, 2014) | | As of the end of the first three-month period of consolidated FY 2015 (June 30, 2015) | |
|----------------------------------|---|------------|---|------------|
| | Amount (million yen) | % to total | Amount (million yen) | % to total |
| Precision Equipment | 11,055 | 12.5 | 15,702 | 16.3 |
| Transport Equipment | 24,954 | 28.1 | 25,050 | 26.0 |
| Aircraft and Hydraulic Equipment | 28,351 | 31.9 | 30,801 | 31.9 |
| Industrial Equipment | 24,383 | 27.5 | 24,943 | 25.8 |
| Total | 88,744 | 100.0 | 96,497 | 100.0 |