



## Summary of Consolidated Financial Statements for the Second Quarter of Fiscal Year Ending March 31, 2014 (Japanese GAAP)

October 31, 2013

Name of Listed Company: Nabtesco Corporation

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

Code Number: 6268

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

Representative: Title: President and CEO

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Scheduled Date for Filing of Quarterly Report: November 14, 2013

Scheduled Dividend Payment Date: December 6, 2013

Quarterly material to supplement the financial results: Yes

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

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

### 1. Consolidated Results for the First Six-month Period of FY 2013 (April 1, 2013 to September 30, 2013)

#### (1) Consolidated Operating Results

(Percentages indicate the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month Period, FY 2013	93,458	3.1	7,938	4.5	9,673	14.2	5,037	(22.7)
Six-month Period, FY 2012	90,666	(7.2)	7,595	(37.9)	8,470	(35.8)	6,513	(22.0)

(Note) Comprehensive income: First six-month period of FY 2013: ¥11,260 million (78.6%)

First six-month period of FY 2012: ¥6,305 million (-40.8%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six-month Period, FY 2013	39.52		39.49	
Six-month Period, FY 2012	51.33		51.29	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio	
	Million yen		Million yen		%	
As of September 30, 2013	217,114		130,025		56.3	
As of March 31, 2013	203,056		120,857		56.2	

(Reference) Shareholders' Equity: As of September 30, 2013: ¥122,129 million

As of March 31, 2013: ¥114,038 million

### 2. Dividends

	Dividends per share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year End	Full Year
	Yen	Yen	Yen	Yen	Yen
FY 2012	-	18.00	-	16.00	34.00
FY 2013	-	18.00	-	-	-
FY 2013 (Forecast)	-	-	-	20.00	38.00

(Note) Revisions to the latest dividend forecasts: None

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

(Percentages indicate the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	198,900	10.8	18,500	23.2	22,100	23.5	13,900	4.7	109.03

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

\* Matters of note:

- (1) Changes in significant subsidiaries during the second quarter of consolidated FY 2013 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None  
 Newly added: — (Company name: ) Excluded: — (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  
 2) Amount of treasury stock  
 3) Average number of shares during the term

As of September 30, 2013	128,265,799	As of March 31, 2013	128,265,799
As of September 30, 2013	735,789	As of March 31, 2013	828,516
April 1, 2013 to September 30, 2013	127,483,647	April 1, 2012 to September 30, 2012	126,906,371

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

(Notes concerning the descriptions on future figures, etc.)

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, 2013, (3) Explanation on information concerning future projections such as forecasts for consolidated operating results" on page 5 of the attached document.

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## 1. Qualitative Information on Consolidated Operating Results for the Six Months Ended September 30, 2013

### (1) Analysis of Consolidated Operating Results

In the first six-month period of consolidated FY 2013, the global business environment surrounding the Company witnessed continued sluggish economic sentiment in European nations and slowing economic growth in China. Meanwhile, in Japan, the economy is gradually trending toward recovery owing to an ongoing depreciation in the yen's value, underpinned by expectations in "Abenomics," the economic policy being rolled out by the Abe administration.

Amid this backdrop, the following are the highlights of the Group's consolidated earnings performance during the six-month period under review. Although sales declined for precision reduction gears and marine vessels equipment, our net sales increased year on year reflecting a growth in domestic sales of railroad vehicle equipment, and also owing to benefit from depreciation in the yen's value against major currencies in the aircraft equipment, hydraulic equipment, and automatic doors businesses. In light of this, operating income also grew. Meanwhile, ordinary income rose owing to improvement in the non-operating account. However, net income declined due in part to the absence of the negative goodwill posted in the same period a year earlier after converting a Group company into a wholly-owned subsidiary via a stock transfer, and also due to losses on revisions to the retirement benefit plan.

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

In the six-month period under review, consolidated orders increased ¥14,443 million (up 16.1% year on year), to ¥104,148 million. Net sales grew ¥2,791 million (up 3.1%), to ¥93,458 million and operating income rose ¥343 million (up 4.5%), to ¥7,938 million. Meanwhile, operating margin edged up 0.1 percentage point, to 8.5%.

Operating results by business segment were as follows:

[Amount of orders received]

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	Change (%)
Precision equipment	19,981	21,491	7.6
Transport equipment	19,023	23,348	22.7
Aircraft and hydraulic equipment	27,543	27,670	0.5
Industrial equipment	23,156	31,637	36.6
Total	89,704	104,148	16.1

[Net sales]

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	Change (%)
Precision equipment	20,314	19,513	(3.9)
Transport equipment	22,565	23,960	6.2
Aircraft and hydraulic equipment	25,713	26,538	3.2
Industrial equipment	22,073	23,445	6.2
Total	90,666	93,458	3.1

[Operating income]

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	Change (%)
Precision equipment	2,146	2,665	24.1
Transport equipment	2,452	2,581	5.3
Aircraft and hydraulic equipment	1,689	1,840	9.0
Industrial equipment	1,306	851	(34.8)
Total	7,595	7,938	4.5

**[Precision Equipment]**

The amount of orders received for precision equipment increased by 7.6% year on year, to ¥21,491 million. Net sales fell 3.9% year on year, to ¥19,513 million whereas operating income grew 24.1%, to ¥2,665 million.

Sales of precision reduction gears decreased reflecting a drop in demand from industrial robots manufacturers but segment operating income increased owing to a reduction in fixed costs and an improvement in productivity.

**[Transport Equipment]**

The amount of orders received for transport equipment saw a year-on-year growth of 22.7%, to ¥23,348 million. Sales advanced 6.2% to ¥23,960 million and operating income expanded 5.3% to ¥2,581 million.

In the railroad vehicle equipment business, sales and profits rose underpinned by a growth in domestic sales. In the commercial vehicle equipment business, although demand trended strongly in Southeast Asia but sales and operating income in this business fell due to a decline in restoration demand in Japan. Meanwhile, in the marine equipment business, sales and profits dropped exacerbated by listless trends in the vessel market.

**[Aircraft and Hydraulic Equipment]**

The amount of orders received for aircraft and hydraulic equipment increased 0.5% year on year, to ¥27,670 million. Reflecting this, sales rose 3.2% to ¥26,538 million, and operating income was up 9.0% to ¥1,840 million.

In the aircraft equipment business, sales advanced on an expansion in demand for aircraft in the private sector and benefit from yen depreciation, but operating income fell due to a decrease in after service business. In the hydraulic equipment business, sales and operating income grew, owing in part to benefit from yen depreciation.

**[Industrial Equipment]**

The amount of orders received for industrial equipment increased 36.6% year on year, to ¥31,637 million. Sales rose 6.2% to ¥23,445 million but operating income fell 34.8% to ¥851 million.

In the automatic doors business, although market trends leveled off in Japan, sales grew owing to positive impact from yen depreciation. In contrast, operating income decreased due to a change in product mix. In the automatic packaging machinery business, sales and operating income fell due to a decline in sales to users in overseas markets.

**Reference: Information by region****[Net sales]**

(Million yen)

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	Change (%)
Japan	52,074	53,262	2.3
Asia	17,483	19,130	9.4
North America	5,652	7,169	26.8
Europe	15,296	13,661	(10.7)
Other areas	159	233	46.5
Total	90,666	93,458	3.1

- Notes: 1. Net sales are classified by country or region based on the location of the buyer.  
 2. The growth in sales to Asia consists mainly of an increase in hydraulic equipment to users in China.  
 3. The increase in net sales for North America largely reflects the growth of aircraft equipment sales.  
 4. The decline in net sales in Europe is mainly attributable to the decrease in sales of precision reduction gears in Europe.

**2) Ordinary income**

Consolidated ordinary income in the first six months of FY 2013 grew ¥1,203 million (up 14.2%) on a year-on-year basis, to ¥9,673 million.

The main growth factor was the increase in operating income, as was mentioned earlier. Meanwhile, non-operating income rose ¥667 million to ¥1,943 million, reflecting an increase in investment gains from equity-method affiliates, and the posting of gains on foreign exchange translations. In contrast, non-operating expense declined ¥192 million to ¥208 million, mainly due to the absence of foreign exchange translation losses.

**3) Net income**

Consolidated net income for the first six months of FY 2013 dropped ¥1,475 million (down 22.7%) year on year, to ¥5,037 million.

Extraordinary gains decreased ¥1,032 million year on year, to ¥42 million primarily attributable to the disappearance of negative goodwill posted in the same period a year earlier after converting a Group company into a wholly-owned subsidiary via a stock transfer. Meanwhile, extraordinary losses rose ¥837 million to ¥938 million, mainly reflecting a loss on revisions to the retirement benefit plan.

Extrapolating from these factors, income before income tax and adjustments decreased by ¥667 million year on year, to ¥8,776 million. Corporate taxes expanded ¥865 million versus the same period a year earlier, to ¥3,510 million, and minority interests in income came to ¥228 million, a year-on-year decrease of ¥56 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, 2013)	As of the End of the First Six-month Period of the Current Consolidated Fiscal Year (September 30, 2013)	Change
Total assets	203,056	217,114	14,058
Liabilities	82,198	87,089	4,891
Net assets	120,857	130,025	9,167

**(Assets)**

Total assets as of September 30, 2013 totaled ¥217,114 million, an increase of ¥14,058 million from March 31, 2013, reflecting ¥120,693 million in current assets and ¥96,421 million in fixed assets. The key contributing positive factors include the following increases of ¥7,179 million in cash and deposits, ¥2,620 million in inventory assets, ¥2,435 million in investment securities and ¥1,764 million in intangible fixed assets.

**(Liabilities)**

Total liabilities as of September 30, 2013 were ¥87,089 million, an increase of ¥4,891 million from March 31, 2013, consisting of ¥65,803 million in current liabilities and ¥21,286 million in long-term liabilities. The increase was mainly attributable to a rise of ¥2,304 million in trade notes and accounts payable.

**(Net assets)**

Total net assets as of September 30, 2013 stood at ¥130,025 million, including shareholders' equity of ¥122,129 million, an increase of ¥8,090 million from March 31, 2013. The increase was mainly attributable to increases in earned surplus arising from net income of ¥5,037 million, and ¥4,237 million in translation adjustments due to changes in foreign exchange at overseas subsidiaries. Primary negative contributing factors included a ¥2,049 million decrease in earned surplus due to dividend payments.

## 2) Status of Cash Flow

(Million yen)

	First six months of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six months of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	Change
Cash flow from operating activities	6,119	11,349	5,230
Cash flow from investment activities	(9,215)	(4,041)	5,174
Free cash flow	(3,096)	7,308	10,405
Cash flow from financing activities	(8,003)	(3,192)	4,811

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis during the six-month period of FY 2013 stood at ¥45,377 million, an increase of ¥5,177 million from the end of FY 2012, reflecting ¥11,349 million in capital acquired from operating activities, which we used for capital investments, debt repayment, and dividend payments.

**(Cash flow from operating activities)**

Net cash provided by operating activities during the six-month period under review totaled ¥11,349 million, reflecting an increase of ¥5,230 million in income. Key positive growth factors include an increase in income before taxes and a decrease in notes and accounts receivable-trade, and an increase in trade accounts payable. Meanwhile, negative factors consisted mainly of an increase in inventories and income and other tax payments.

**(Cash flow from investment activities)**

Net cash used in investment activities for six-month period under review amounted to ¥4,041 million, a decrease of ¥5,174 million, primarily attributable to the acquisition of tangible fixed assets.

**(Cash flow from financing activities)**

Net cash used from financing activities for the six-month period under review came to ¥3,192 million, a decline of ¥4,811 million, primarily reflecting the repayment of loans payable and dividend payments.

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

The Company has revised its full-year financial forecasts announced on May 10, 2013 based on recent developments in its business performance during the six-month period of the consolidated fiscal year ending March 31, 2014 and expected future trends.

For details please see our October 31, 2013 news release on revisions to earnings forecasts.

The table below shows the differences with the consolidated earnings forecasts we disclosed on May 10, 2013.

## Revisions of consolidated full-year forecasts for the fiscal year ending March 31, 2014

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	201,000	22,000	25,100	15,900	125.29
<b>Revised forecast (B)</b>	<b>198,900</b>	<b>18,500</b>	<b>22,100</b>	<b>13,900</b>	<b>109.03</b>
Change (B) – (A)	(2,100)	(3,500)	(3,000)	(2,000)	–
Rate of change (%)	(1.0)	(15.9)	(12.0)	(12.6)	–
Previous-year's results	179,543	15,013	17,890	13,269	104.57

## 1) Sales

(Million yen)

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (released May 10, 2013)	44,600	48,700	53,200	54,500	201,000
<b>Revised forecast (B)</b>	<b>43,300</b>	<b>49,800</b>	<b>52,400</b>	<b>53,400</b>	<b>198,900</b>
Change (B) – (A)	(1,300)	1,100	(800)	(1,100)	(2,100)
Rate of change (%)	(2.9)	2.3	(1.5)	(2.0)	(1.0)
Previous-year's results	41,578	44,262	45,746	47,956	179,543

## 2) Operating income

(Million yen)

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (released May 10, 2013)	7,100	5,300	4,600	5,000	22,000
<b>Revised forecast (B)</b>	<b>6,300</b>	<b>5,200</b>	<b>3,100</b>	<b>3,900</b>	<b>18,500</b>
Change (B) – (A)	(800)	(100)	(1,500)	(1,100)	(3,500)
Rate of change (%)	(11.3)	(1.9)	(32.6)	(22.0)	(15.9)
Previous-year's results	5,354	4,214	1,836	3,608	15,013

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

### **(1) Changes in Significant Subsidiaries during the Second Quarter of Consolidated FY 2013**

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 FY 2013, 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 Restatement of Corrections**

Not applicable.

### **(4) Additional Information**

Amendments to the retirement benefit plan: The Company terminated the defined-benefit pension plan on July 1, 2013, and raised the proportion of defined contributions in the overall retirement benefit plan from the previous 30% to 60% by transferring the entire amount to the defined-contribution pension plan.

In the first six months of FY 2013, we posted an extraordinary loss of ¥837 million, reflecting the implementation of accounting practices for transfers between of pension benefit plans (Guidance on Corporate Accounting Standards No. 1).



### 3. Quarterly Consolidated Financial Statements

#### (1) Second Quarter Consolidated Balance Sheets

	(Million yen)	
	End of consolidated FY 2012 (as of March 31, 2013)	End of 2Q of consolidated FY 2013 (as of September 30, 2013)
<b>Assets</b>		
Current assets		
Cash and time deposits	13,904	21,084
Notes and accounts receivable	45,131	45,454
Marketable securities	26,998	24,999
Goods and products	3,957	4,640
Products in progress	7,808	9,659
Raw materials and stored goods	8,764	8,850
Deferred tax assets	2,606	2,629
Other current assets	2,994	3,555
Allowance for doubtful accounts	(118)	(179)
Total current assets	112,048	120,693
Fixed assets		
Tangible fixed assets		
Buildings and structures	44,042	46,710
Accumulated depreciation	(27,504)	(28,300)
Buildings and structures (net)	16,537	18,410
Machinery and transport equipment	60,129	63,052
Accumulated depreciation	(41,497)	(43,837)
Machinery and transport equipment (net)	18,631	19,215
Tools, apparatus and furniture	21,290	22,439
Accumulated depreciation	(19,022)	(19,836)
Tools, apparatus and furniture (net)	2,267	2,602
Land	14,592	14,677
Construction in progress	2,447	866
Total tangible fixed assets	54,475	55,772
Intangible fixed assets		
Goodwill	15,808	17,246
Other	1,771	2,096
Total intangible fixed assets	17,579	19,343
Investments and other assets		
Investments in securities	16,902	19,337
Deferred tax assets	482	480
Other investments and other assets	1,716	1,620
Allowance for doubtful receivables	(147)	(133)
Total investments in securities and other assets	18,953	21,304
Total fixed assets	91,008	96,421
Total assets	203,056	217,114

(Million yen)

	End of consolidated FY 2012 (as of March 31, 2013)	End of 2Q of consolidated FY 2013 (as of September 30, 2013)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	28,026	30,330
Short-term loans payable	6,098	5,619
Current portion of long-term loans payable	70	10,043
Income taxes payable	3,222	3,572
Allowance for product warranty	1,105	930
Provision for loss on order received	14	4
Other current liabilities	13,783	15,302
<b>Total current liabilities</b>	<b>52,322</b>	<b>65,803</b>
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans payable	10,220	378
Retirement allowance	7,022	6,503
Allowance for retirement bonus for directors	187	186
Deferred tax liabilities	1,376	1,819
Other long-term liabilities	1,070	2,399
<b>Total long-term liabilities</b>	<b>29,876</b>	<b>21,286</b>
<b>Total liabilities</b>	<b>82,198</b>	<b>87,089</b>
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	19,026	19,011
Earned surplus	83,606	86,592
Treasury stock	(739)	(606)
<b>Total shareholders' equity</b>	<b>111,894</b>	<b>114,997</b>
Accumulated other comprehensive income		
Net unrealized gains on securities	1,294	2,043
Deferred gains or losses on hedges	(0)	0
Translation adjustments	851	5,088
<b>Total accumulated other comprehensive income</b>	<b>2,144</b>	<b>7,132</b>
Subscription rights to shares	304	236
Minority interests	6,514	7,658
<b>Total net assets</b>	<b>120,857</b>	<b>130,025</b>
<b>Total liabilities and net assets</b>	<b>203,056</b>	<b>217,114</b>

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

Quarterly Consolidated Statements of Income  
For the six-month period ended September 30, 2013

(Million yen)

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)
Net sales	90,666	93,458
Cost of sales	68,322	69,280
Gross profit	22,344	24,177
Selling, general and administrative expenses	14,748	16,238
Operating income	7,595	7,938
Non-operating income		
Interest income	63	64
Dividend income	40	38
Rent income	117	117
Equity in earnings of affiliates	816	1,286
Foreign exchange losses	–	308
Other non-operating income	238	128
Total	1,275	1,943
Non-operating expenses		
Interest expenses	125	105
Foreign exchange losses	166	–
Other non-operating expenses	108	103
Total	401	208
Ordinary income	8,470	9,673
Extraordinary gains		
Gain on sales of fixed assets	37	3
Gain on sales of investments	–	38
Gain on sales of golf membership	10	–
Gain on negative goodwill	1,026	–
Total	1,074	42
Extraordinary losses		
Loss on disposal of fixed assets	45	36
Loss on valuation of investment securities	1	–
Share exchange-related expenses	53	–
Loss on revision of retirement benefit plan	–	837
Loss on environmental measures	–	65
Total	100	938
Income before income taxes and adjustments	9,444	8,776
Corporate, resident and business taxes	2,645	3,510
Income before minority interests	6,798	5,266
Minority interests in income	284	228
Net income	6,513	5,037

Quarterly Consolidated Statements of Comprehensive Income  
For the six-month period ended September 30, 2013

(Million yen)

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)
Income before minority interests	6,798	5,266
Other comprehensive income		
Valuation difference on available-for-sale securities	(741)	728
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	239	5,116
Share of other comprehensive income of associates accounted for using equity method	8	148
Total other comprehensive income	(493)	5,994
Comprehensive income	6,305	11,260
[Comprehensive income attributable to:]		
Shareholders of parent company	5,916	10,025
Minority interests	388	1,234

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

(Million yen)

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	9,444	8,776
Depreciation and amortization	3,833	3,640
Amortization of goodwill	394	485
Gain on negative goodwill	(1,026)	–
Share-based compensation expenses	48	52
Increase (decrease) in allowance for doubtful accounts	(10)	17
Increase (decrease) in provision for retirement benefits	(267)	(519)
Interest and dividends income	(104)	(103)
Interest expenses	125	105
Equity in (earnings) losses of affiliates	(816)	(1,286)
Loss (gain) on sales of noncurrent assets	(37)	3
Loss (gain) on disposal of noncurrent assets	45	36
Loss (gain) on sales of investment securities	1	–
Loss (gain) on sale and valuation of investments	–	(38)
Loss (gain) on sales of golf club memberships	(10)	–
Increase (decrease) in notes and accounts receivable-trade	2,244	994
Increase (decrease) in inventories	(1,605)	(1,181)
Increase (decrease) in notes and accounts payable-trade	(2,607)	1,289
Other	708	2,023
<b>Subtotal</b>	<b>10,360</b>	<b>14,296</b>
Interest and dividends income received	258	314
Interest expenses paid	(124)	(101)
Income taxes paid	(4,375)	(3,160)
<b>Net cash provided by (used in) operating activities</b>	<b>6,119</b>	<b>11,349</b>
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(26)	(120)
Proceeds from maturity of time deposits	–	185
Purchase of property, plant and equipment	(8,354)	(3,507)
Proceeds from sales of property, plant and equipment	63	112
Purchase of intangible assets	(502)	(476)
Proceeds from sales of intangible assets	–	15
Purchase of investment securities	(6)	(6)
Proceeds from sale of investments	–	145
Proceeds from sales of golf club memberships	13	–
Purchase of shares of subsidiaries and affiliates	(63)	(57)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	(82)	(463)
Other	(256)	132
<b>Net cash provided by (used in) investing activities</b>	<b>(9,215)</b>	<b>(4,041)</b>

(Million yen)

	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(5,591)	(994)
Repayment of long-term loans payable	(34)	(58)
Proceeds from stock issuance to minority shareholders	396	20
Purchase of treasury stock	(1)	(2)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,156)	(2,048)
Cash dividends paid to minority shareholders	(617)	(108)
Net cash provided by (used in) financing activities	(8,003)	(3,192)
Effect of exchange rate changes on cash and cash equivalents	330	1,061
Net increase (decrease) in cash and cash equivalents	(10,769)	5,177
Cash and cash equivalents at beginning of period	50,023	40,200
Cash and cash equivalents at end of period	39,253	45,377

**(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]

Not applicable.

## [Segment Information]

## I. For the six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)

## 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	20,314	22,565	25,713	22,073	90,666	–	90,666
Inter-segment sales or transfer	12	80	488	44	626	[626]	–
Total	20,326	22,646	26,201	22,118	91,293	[626]	90,666
Segment income	2,146	2,452	1,689	1,306	7,595	–	7,595

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥626 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 (Gain on significant negative goodwill)

In the industrial equipment segment, we completed a stock transfer on August 1, 2012, which made Nabco Door, Ltd., a wholly-owned subsidiary of Nabtesco.

In line with this, in the six-month period under review, we posted a gain on negative goodwill of ¥1,019 million.

## 3. Matters related to changes in reportable segments

As stated in “Changes in accounting policies which are difficult to distinguish from changes in accounting estimates” above, effective from the first quarter of the consolidated fiscal year ending March 31, 2014, the Company and its consolidated subsidiaries have changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012, in accordance with the revised Corporation Tax Act.

As a result, segment income increased in “Precision Equipment” by ¥30 million, “Transport Equipment” by ¥6 million, “Aircraft and Hydraulic Equipment” by ¥20 million, and “Industrial Equipment” by ¥2 million, compared with the values obtained using the previous method.



## II. For the six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)

## 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	19,513	23,960	26,538	23,445	93,458	–	93,458
Inter-segment sales or transfer	29	78	536	38	683	[683]	–
Total	19,543	24,038	27,075	23,483	94,141	[683]	93,458
Segment income	2,665	2,581	1,840	851	7,938	–	7,938

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥683 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  
Not applicable.

3. Matters related to changes in reportable segments  
Not applicable.

## 4. Other information

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

#### 1) Output

Reportable Segments	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)		First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	21,502	22.8	19,217	20.1
Transport Equipment	23,478	24.9	24,169	25.2
Aircraft and Hydraulic Equipment	26,338	27.9	27,857	29.1
Industrial Equipment	22,998	24.4	24,577	25.6
Total	94,318	100.0	95,821	100.0

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

#### 2) Order Backlog

Reportable Segments	First six-month period of consolidated FY 2012 (April 1, 2012 to September 30, 2012)		First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	12,294	17.6	10,825	13.6
Transport Equipment	15,896	22.7	15,758	19.7
Aircraft and Hydraulic Equipment	26,086	37.2	28,837	36.1
Industrial Equipment	15,733	22.5	24,391	30.6
Total	70,011	100.0	79,813	100.0

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