



January 29, 2016

To whom it may concern,

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Announcement on Fixed Assets Impairment Loss of the Subsidiary and Revisions to Financial Forecasts

Nabtesco Corporation (hereinafter, “the Company”) hereby announces that its subsidiary has recorded an impairment loss (as extraordinary loss) during fiscal year ended December 31, 2015, and the Company has revised the full-year financial forecast (consolidated) announced on October 30, 2015.

The details are as follows:

1. Details of Fixed Assets Impairment Loss (As Extraordinary Loss) of the Subsidiary

Shanghai Nabtesco Hydraulic Co., Ltd, a consolidated subsidiary of the Company (Shanghai, China), has seen a sharp decline in profitability under the circumstances of deteriorating business environment, and the indication of potential impairment loss of the subsidiary’s fixed assets has been identified. After considering the collectability related to its fixed assets, the subsidiary has recorded an impairment loss of 109 million RMB (approximately 2.1 billion JPY) as extraordinary loss during the third quarter of fiscal year ended December 31, 2015.

2. Revision to Financial Forecast

(1) Revision to the full-year forecast for consolidated FY 2015 (April 1, 2015 to December 31, 2015)
(Million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to parent company shareholders	Net income per share (yen)
Previously announced forecast (A) (Announced on October 30, 2015)	191,000	16,200	17,100	11,400	91.59
Revised forecast (B)	186,800	15,000	16,100	10,800	86.77
Change (B-A)	(4,200)	(1,200)	(1,000)	(600)	-
Rate of change (%)	(2.2)	(7.4)	(5.8)	(5.3)	-

(2) Reason for the revision

As mentioned above, the subsidiary recorded an impairment loss of its fixed assets as extraordinary loss during the third quarter of fiscal year ended December 31, 2015.

Hydraulic equipment business has been affected for the worse due to weakening demand for construction machinery in China. Railroad vehicle equipment business has been negatively influenced by the postponement of partial China high-speed rail projects, etc. Precision reduction gears business has seen some production cutback at robot manufacturers' side during the third quarter of fiscal year ended December 31, 2015 (October 1, 2015- December 31, 2015), while automation demand has been robust. Automatic doors business has been negatively influenced by foreign exchange fluctuations. As a result, both consolidated sales and profits are expected to fall below our previous forecast, while aircraft equipment business has achieved steady performance as initially planned. No amendments are made to the forecast of dividends for fiscal year ended December 31, 2015.

3. Reference

Segment information by business category for the full-year consolidated financial forecast for FY 2015 (April 1, 2015 to December 31, 2015)

[Net sales]	(Million yen)				
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total
Previously announced forecast (A) (Announced on October 30, 2015)	46,600	48,300	40,100	56,000	191,000
Revised forecast (B)	45,300	46,800	39,500	55,200	186,800
Change (B-A)	(1,300)	(1,500)	(600)	(800)	(4,200)
Rate of change (%)	(2.8)	(3.1)	(1.5)	(1.4)	(2.2)

[Operating income]	(Million yen)				
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total
Previously announced forecast (A) (Announced on October 30, 2015)	7,100	8,600	(2,300)	2,800	16,200
Revised forecast (B)	6,800	7,800	(2,100)	2,500	15,000
Change (B-A)	(300)	(800)	200	(300)	(1,200)
Rate of change (%)	(4.2)	(9.3)	-	(10.7)	(7.4)

(Note) Because the company changes the closing date from March 31 to December 31, the consolidated financial forecast covers a nine-month period (April 1, 2015 to December 31, 2015) for the companies whose closing date was March 31 and a twelve-month period (January 1, 2015 to December 31, 2015) for the companies whose closing date was December 31 as of the past.

(Note) The above figures are forecasts based on the information available to management as of the date hereof. Actual results may differ from these forecasts due to various factors.