

# Summary of Consolidated Financial Statements for the First Quarter of Fiscal Year Ending December 31, 2017 (IFRS)



April 28, 2017

Name of listed company: Nabtesco Corporation

Stock listed on: First Section of the Tokyo Stock Exchange

Code number: 6268

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Scheduled date for filing of quarterly report: May 15, 2017

Scheduled dividend payment date: –

Quarterly material to supplement the financial results: Yes

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

(Amounts rounded to the nearest million)

## 1. Consolidated Results for the First Three-month Period of FY 2017 (January 1, 2017 to March 31, 2017)

### (1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Net sales		Operating income		Income before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three-month period, FY 2017	64,055	12.5	6,062	5.4	8,435	47.4	6,610	84.3	6,462	81.7	5,494	–
First three-month period, FY 2016	56,933	–	5,751	–	5,721	–	3,587	–	3,557	–	168	–

(Note) The day of transition to IFRS was January 1, 2016; therefore the rate of year-on-year change (percentage) in the first three-month period of FY 2016 has been omitted in the tables above.

	Total basic earnings per share	Diluted earnings per share
	Yen	Yen
First three-month period, FY 2017	52.31	52.29
First three-month period, FY 2016	28.80	28.79

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of March 31, 2017	269,547	157,968	150,256	55.7
As of December 31, 2016	256,973	155,904	147,929	57.6

## 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY 2016	–	24.00	–	26.00	50.00
FY 2017	–	–	–	–	–
FY 2017 (Forecast)	–	28.00	–	28.00	56.00

(Note) Revisions to the latest dividend forecasts: None

## 3. Forecast of Consolidated Operating Results for FY 2017 (January 1, 2017 to December 31, 2017)

(Percentages indicate year-on-year change for full year and quarter-on-quarter change for quarter)

	Net sales		Operating income		Income before tax		Net income attributable to owners of the parent		Total basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six-month period ending June 30, 2017	124,000	–	10,600	–	14,000	–	10,900	–	88.24
Full year	260,000	–	26,000	–	30,000	–	22,500	–	182.14

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

\* Matters of note:

- (1) Changes in significant subsidiaries during the first quarter of consolidated FY 2017 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None  
Newly added: 0 (Company name: – ) Excluded: 0 (Company name: – )
- (2) Changes in accounting policies and accounting estimates  
1) Changes in accounting policies required by IFRS: None  
2) Other changes in accounting policies: None  
3) Changes in accounting estimates: None

(3) 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

1)	As of March 31, 2017	125,133,799	As of December 31, 2016	125,133,799
2)	As of March 31, 2017	1,592,440	As of December 31, 2016	1,608,625
3)	January 1, 2017 to March 31, 2017	123,529,332	January 1, 2016 to March 31, 2016	123,502,199

Notes:

Quarterly summary of financial statements is not subject to quarterly reviews.

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 March 31, 2017, (3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results” on page 5 of the attached document.

Table of Contents of Attached Documents

1. Qualitative Information on Consolidated Operating Results for the Three Months Ended March 31, 2017.....	1
(1) Analysis of Consolidated Operating Results .....	1
(2) Analysis of Financial Position .....	4
(3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results.....	5
2. Matters Related to Summary Information (Notes) .....	6
(1) Changes in Significant Subsidiaries during the First Quarter of Consolidated FY 2017 .....	6
(2) Changes in Accounting Policies and Accounting Estimates .....	6
3. Summary of Quarterly Consolidated Statement of Financial Position .....	7
(1) Summary of Quarterly Consolidated Statement of Financial Position .....	7
(2) Summary of Consolidated Statements of Income and Consolidated Statements of Comprehensive Income ..	9
(3) Consolidated Statement of Changes in Equity .....	11
(4) Notes on the Summary of Quarterly Consolidated Financial Statements .....	13
4. Other Information.....	27
(1) Order Backlog by Business Segment.....	27

## 1. Qualitative Information on Consolidated Operating Results for the Three Months Ended March 31, 2017

### (1) Analysis of Consolidated Operating Results

Under these circumstances, the consolidated operating results of the Group for the period under review recorded net sales of ¥64,055 million and operating income of ¥6,062 million, mostly reflecting the robust demand for industrial robots, the rise in demand for construction machinery in the Chinese market, and the conversion of a domestic sales company of automatic doors into a consolidated subsidiary. Income before tax was ¥8,435 million, due to an increase in equity in earnings of affiliates. Net income attributable to owners of the parent amounted to ¥6,462 million.

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

The amount of orders received for the period under review increased by ¥22,069 million, or 41.6%, year-on-year to ¥75,067 million. Net sales and operating income increased by ¥7,122 million, or 12.5%, and ¥311 million, or 5.4%, year-on-year, respectively, to ¥64,055 million and ¥6,062 million, respectively. Operating margin was 9.5%.

Operating results by business segment were as follows:

[Amount of orders received]

	First three-month period of consolidated FY 2016 (January 1, 2016 to March 31, 2016)	First three-month period of consolidated FY 2017 (January 1, 2017 to March 31, 2017)	Change (%)
Component Solutions	20,380	28,773	41.2
Transport Solutions	18,181	19,097	5.0
Accessibility Solutions	11,515	22,808	98.1
Others	2,922	4,390	50.3
Total	52,998	75,067	41.6

(Million yen)

[Net sales]

	First three-month period of consolidated FY 2016 (January 1, 2016 to March 31, 2016)	First three-month period of consolidated FY 2017 (January 1, 2017 to March 31, 2017)	Change (%)
Component Solutions	18,728	25,069	33.9
Transport Solutions	20,061	16,184	-19.3
Accessibility Solutions	14,138	19,011	34.5
Others	4,005	3,790	-5.4
Total	56,933	64,055	12.5

(Million yen)

[Core operating income]

	First three-month period of consolidated FY 2016 (January 1, 2016 to March 31, 2016)	First three-month period of consolidated FY 2017 (January 1, 2017 to March 31, 2017)	Change (%)
Component Solutions	1,867	4,475	139.7
Transport Solutions	3,510	1,579	-55.0
Accessibility Solutions	1,455	1,427	-2.0
Others	316	488	54.4
Elimination or Corporate	-1,466	-1,698	-
Total	5,682	6,271	10.4

(Million yen)

Note: 1. Core operating income is net sales less cost of sales and selling, general and administrative expenses.

## [Operating income]

(Million yen)

	First three-month period of consolidated FY 2016 (January 1, 2016 to March 31, 2016)	First three-month period of consolidated FY 2017 (January 1, 2017 to March 31, 2017)	Change (%)
Component Solutions	1,878	4,480	138.5
Transport Solutions	3,533	1,358	-61.6
Accessibility Solutions	1,472	1,359	-7.7
Others	298	487	63.1
Elimination or Corporate	-1,431	-1,622	-
Total	5,751	6,062	5.4

## [Component solutions business]

The amount of orders received for component solutions increased by ¥8,393 million, or 41.2%, year-on-year to ¥28,773 million. Net sales rose by ¥6,341 million, or 33.9%, to ¥25,069 million, while operating income increased by ¥2,602 million, or 138.5%, to ¥4,480 million.

Sales of precision reduction gears increased from the same period of the previous year, mainly reflecting strong demand for industrial robots and automation needs in production facilities. Sales of hydraulic equipment saw a year-on-year increase due to the rise in demand for construction machinery in the Chinese market.

## [Transport solutions business]

The amount of orders received for transport solutions increased by ¥916 million, or 5.0%, year-on-year to ¥19,097 million. Net sales dropped by ¥3,877 million, or 19.3%, year-on-year to ¥16,184 million, and operating income decreased by ¥2,176 million, or 61.6%, to ¥1,358 million.

Railroad vehicle equipment saw net sales decrease from the same period of the previous year due to sluggish order intake for the Chinese high-speed railway in the previous year. Sales of aircraft equipment decreased year-on-year in light of an off-season in demand for private-sector aircraft due to the switch from B777 to B777X. Sales of commercial vehicle equipment increased year-on-year, reflecting the robust domestic market and favorable effects of an acquisition. Marine vessel equipment saw net sales decrease year-on-year due to continued sluggishness in the marine transport and shipbuilding markets.

## [Accessibility solutions business]

The amount of orders received for accessibility solutions increased by ¥11,293 million, or 98.1%, year-on-year to ¥22,808 million. Net sales increased by ¥4,874 million, or 34.5%, year-on-year to ¥19,011 million, while operating income decreased by ¥113 million, or 7.7%, year-on-year to ¥1,359 million.

Sales of automatic doors increased compared to the same period of the previous year, reflecting the conversion of a domestic sales company into a consolidated subsidiary, which was conducted in April 2016.

## [Others]

The amount of orders received for others increased by ¥1,468 million, or 50.3%, year-on-year to ¥4,390 million. Net sales decreased by ¥215 million, or 5.4%, year-on-year to ¥3,790 million, while operating income rose by ¥188 million, or 63.1%, year-on-year to ¥487 million.

Sales of packaging machinery remained unchanged from the same period of the previous year, as acceptance inspection for overseas shipments was partly delayed into the second quarter, despite robust domestic sales to food industry.

Reference: Information by region  
[Net sales]

(Million yen)

	First three-month period of consolidated FY 2016 (January 1, 2016 to March 31, 2016)	First three-month period of consolidated FY 2017 (January 1, 2017 to March 31, 2017)	Change (%)
Japan	31,975	37,619	17.7
China	6,211	7,365	18.6
Other Asia	4,018	4,629	15.2
North America	5,596	4,610	-17.6
Europe	8,989	9,553	6.3
Other areas	144	278	92.6
Total	56,933	64,055	12.5

- Notes: 1. Net sales are classified by country or region based on the location of the buyer.  
2. The increase in net sales to Japan was mainly due to the increase in sales of automatic doors and precision reduction gears.  
3. The increase in net sales to China and other Asia mainly reflected the increase in sales of hydraulic equipment.  
4. The decrease in net sales to North America was mainly due to the drop in sales of aircraft equipment.

## 2) Quarterly income before tax

Income before tax was ¥8,435 million, an increase of ¥2,713 million, or 47.4%, year-on-year, reflecting finance income of ¥29 million, finance costs of ¥539 million, and equity in earnings of affiliates of ¥2,883 million, a ¥2,457 million (577.5%) year-on-year increase.

## 3) Quarterly net income attributable to owners of the parent

In sum, net income attributable to owners of the parent was ¥6,462 million, an increase of ¥2,905 million, or 81.7%, year-on-year, net of expenses of income tax of ¥1,824 million and net profit attributable to non-controlling interests of ¥148 million.

Total basic earnings per share were ¥52.31, an increase of ¥23.51, year-on-year.

**(2) Analysis of Financial Position**

## 1) Assets, liabilities and equities

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2016)	As of the end of the first three-month period of the current consolidated fiscal year (March 31, 2017)	Change
Total assets	256,973	269,547	12,573
Liabilities	101,070	111,579	10,509
Equities	155,904	157,968	2,065

**(Assets)**

Total assets as of March 31, 2017 were ¥269,547 million, an increase of ¥12,573 million from December 31, 2016, consisting of ¥142,942 million in current assets and ¥126,605 million in non-current assets. Key contributing positive factors included increases of ¥8,537 million in goodwill and ¥4,053 million in inventories, while the primary contributing negative factor was a decrease of ¥2,488 million in trade receivables.

**(Liabilities)**

Total liabilities as of March 31, 2017 were ¥111,579 million, an increase of ¥10,509 million from December 31, 2016, reflecting ¥84,904 million in current liabilities and ¥26,675 million in non-current liabilities. The main contributing positive factor was the rise of ¥8,851 million in bonds and borrowings, while the primary contributing negative factor was a decrease of ¥3,667 million in income taxes payable.

**(Equities)**

Total equities as of March 31, 2017 stood at ¥157,968 million. Equity attributable to owners of the parent was ¥150,256 million, an increase of ¥2,327 million from December 31, 2016. The key contributing positive factor was the increase in retained earnings due to net income attributable to owners of the parent of ¥6,462 million, while the main contributing negative factors included decreases of ¥902 million in other components of equity due to the drop in exchange differences arising from exchange differences on foreign operations and ¥3,229 million in retained earnings due to dividend payment.

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

Based on the consolidated business performance for the first three-month period of the fiscal year ending December 31, 2017 and future developments, etc., we have decided to revise our consolidated full-year forecast for FY 2017, which was announced on February 10, 2017.

For details, please refer to the "Announcement on Revisions to Financial Forecasts" published on April 28, 2017.

The differences between the consolidated financial forecasts announced on February 10, 2017 are as follows:

## Revision to the first six-month forecast for consolidated FY 2017 (January 1, 2017 to June 30, 2017)

	Net sales	Operating income	Income before tax	Net income attributable to owners of the parent	Total basic earnings per share
Previously announced forecast (A) (Announced on February 10, 2017)	Million yen 124,000	Million yen 10,600	Million yen 11,200	Million yen 8,100	Yen 65.58
Revised forecast (B)	124,000	10,600	14,000	10,900	88.24
Change (B - A)	-	-	2,800	2,800	-
Rate of change (%)	-	-	25.0	34.6	-

## Revision to the full-year forecast for consolidated FY 2017 (January 1, 2017 to December 31, 2017)

	Net sales	Operating income	Income before tax	Net income attributable to owners of the parent	Total basic earnings per share
Previously announced forecast (A) (Announced on February 10, 2017)	Million yen 260,000	Million yen 26,000	Million yen 27,200	Million yen 19,700	Yen 159.49
Revised forecast (B)	260,000	26,000	30,000	22,500	182.14
Change (B - A)	-	-	2,800	2,800	-
Rate of change (%)	-	-	10.3	14.2	-



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

**(1) Changes in Significant Subsidiaries during the First Quarter of Consolidated FY 2017**

Not applicable

**(2) Changes in Accounting Policies and Accounting Estimates**

Not applicable

### 3. Summary of Quarterly Consolidated Statement of Financial Position

#### (1) Summary of Quarterly Consolidated Statement of Financial Position

(Million yen)

	Note No.	Day of transition (January 1, 2016)	End of consolidated FY 2016 (as of December 31, 2016)	End of the first three-month period of consolidated FY 2017 (as of March 31, 2017)
<b>Assets</b>				
Current assets				
Cash and cash equivalents		34,710	41,780	39,515
Trade receivables		59,790	65,569	63,081
Other receivables		1,361	1,264	1,330
Inventories		28,760	32,704	36,757
Other financial assets		385	166	184
Other current assets		1,742	2,309	2,075
<b>Total current assets</b>		<b>126,747</b>	<b>143,792</b>	<b>142,942</b>
Non-current assets				
Property, plant and equipment		52,677	63,155	65,467
Intangible assets		3,429	2,671	2,680
Goodwill		15,098	14,361	22,898
Investment property		4,527	5,486	5,503
Investments accounted for using the equity method		18,195	15,952	18,554
Other financial assets		7,075	8,487	8,512
Deferred tax assets		1,142	1,602	1,687
Other non-current assets		1,523	1,468	1,303
<b>Total non-current assets</b>		<b>103,665</b>	<b>113,181</b>	<b>126,605</b>
<b>Total assets</b>		<b>230,412</b>	<b>256,973</b>	<b>269,547</b>

(Million yen)

	Note No.	Day of transition (January 1, 2016)	End of consolidated FY 2016 (as of December 31, 2016)	End of the first three-month period of consolidated FY 2017 (as of March 31, 2017)
Liabilities and equities				
Liabilities				
Current liabilities				
Operating payables		42,500	48,078	51,312
Bonds and borrowings		15,334	5,794	14,219
Other payables		10,064	10,450	9,792
Income taxes payable		1,057	5,408	1,742
Provisions		617	723	693
Other current liabilities		3,579	4,423	7,146
Total current liabilities		73,151	74,876	84,904
Non-current liabilities				
Bonds and borrowings		–	11,155	11,580
Liabilities concerning retirement benefit		7,340	9,343	9,411
Deferred tax liabilities		3,153	3,518	3,241
Other non-current liabilities		2,022	2,177	2,443
Total non-current liabilities		12,516	26,194	26,675
Total liabilities		85,666	101,070	111,579
Equities				
Capital stock		10,000	10,000	10,000
Share premium		14,616	14,703	14,687
Retained earnings		113,406	125,493	128,701
Treasury shares		-2,718	-2,649	-2,612
Other components of equities		2,966	382	-520
Equity attributable to owners of the parent		138,271	147,929	150,256
Non-controlling interests		6,475	7,974	7,712
Total equities		144,745	155,904	157,968
Total liabilities and equities		230,412	256,973	269,547

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

Summary of Consolidated Statements of Income

First Three-month Period

(Million yen)

	Note No.	First three-month period of consolidated FY 2016 (January 1, 2016 to March 31, 2016)	First three-month period of consolidated FY 2017 (January 1, 2017 to March 31, 2017)
Net sales	1	56,933	64,055
Cost of sales		-41,484	-45,739
Gross profit		15,449	18,316
Other income		140	148
Selling, general and administrative expense		-9,767	-12,046
Other expenses		-71	-357
Operating income	1	5,751	6,062
Financial income		49	29
Financial costs		-505	-539
Equity in earnings of affiliates		425	2,883
Profit (loss) before tax		5,721	8,435
Expenses of income tax		-2,134	-1,824
Quarterly income		3,587	6,610

Attributable to quarterly income			
Owners of the parent		3,557	6,462
Non-controlling interests		30	148
Quarterly income		3,587	6,610

(yen)

Quarterly income per share			
Basic earnings per share		28.80	52.31
Diluted earnings per share		28.79	52.29

Summary of Consolidated Statements of Comprehensive Income  
First Three-month Period

(Million yen)

	Note No.	First three-month period of consolidated FY 2016 (January 1, 2016 to March 31, 2016)	First three-month period of consolidated FY 2017 (January 1, 2017 to March 31, 2017)
Quarterly income		3,587	6,610
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability (asset)		-	-
Net changes in financial assets measured at fair value through other comprehensive income		-308	-50
Share of other comprehensive income for equity method affiliates		-25	-11
Total components that will not be reclassified to profit or loss		-333	-61
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		-3,086	-1,055
Total components that will be reclassified to profit or loss		-3,086	-1,055
Other comprehensive income after taxes		-3,419	-1,116
Total quarterly comprehensive income		168	5,494
Attributable comprehensive income			
Owners of the parent		554	5,539
Non-controlling interests		-386	-45
Total comprehensive income		168	5,494

**(3) Consolidated Statement of Changes in Equity**

First three-month period of previous consolidated fiscal year (January 1, 2016 to March 31, 2016)

(Million yen)

	Note	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equities	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2016		10,000	14,616	113,406	-2,718	–	2,966
Net income		–	–	3,557	–	–	–
Other comprehensive income		–	–	–	–	-2,670	-333
Total comprehensive income		–	–	3,557	–	-2,670	-333
Acquisition, sales, etc. of treasury shares		–	–	-16	72	–	–
Acquisition, sales, etc. of non-controlling interests		–	–	–	–	–	–
Dividends		–	–	-2,731	–	–	–
Transfer from other components of equities to retained earnings		–	–	8	–	–	-8
Share-based compensation transactions		–	-56	–	–	–	–
Total transactions with owners, etc.		–	-56	-2,739	72	–	-8
Balance as of March 31, 2016		10,000	14,561	114,224	-2,646	-2,670	2,625

	Note	Other components of equities		Total equity attributable to owners of the parent	Non-controlling interests	Total equities
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2016		–	2,966	138,271	6,475	144,745
Net income		–	–	3,557	30	3,587
Other comprehensive income		–	-3,003	-3,003	-416	-3,419
Total comprehensive income		–	-3,003	554	-386	168
Acquisition, sales, etc. of treasury share		–	–	56	–	56
Acquisition, sales, etc. of non-controlling interests		–	–	–	398	398
Dividends		–	–	-2,731	-10	-2,741
Transfer from other components of equities to retained earnings		–	-8	–	–	–
Share-based compensation transactions		–	–	-56	–	-56
Total transactions with owners, etc.		–	-8	-2,731	388	-2,343
Balance as of March 31, 2016		–	-45	136,094	6,477	142,570

First three-month period of current consolidated fiscal year (January 1, 2017 to March 31, 2017)

(Million yen)

	Note	Capital stock	Share premium	Retained earnings	Treasury sharest	Other components of equities	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2017		10,000	14,703	125,493	-2,649	-2,788	3,169
Net income		-	-	6,462	-	-	-
Other comprehensive income		-	-	-	-	-862	-40
Total comprehensive income		-	-	6,462	-	-862	-40
Acquisition, sales, etc. of treasury shares		-	-	-4	36	-	-
Acquisition, sales, etc. of non-controlling interests		-	-	-	-	-	-
Dividends		-	-	-3,229	-	-	-
Transfer from other components of equities to retained earnings		-	-	-21	-	-	-
Share-based compensation transactions		-	-16	-	-	-	-
Total transactions with owners, etc.		-	-16	-3,253	36	-	-
Balance as of March 31, 2017		10,000	14,687	128,701	-2,612	-3,649	3,129

	Note	Other components of equities		Total equity attributable to owners of the parent	Non-controlling interests	Total equities
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2017		-	382	147,929	7,974	155,904
Net income		-	-	6,462	148	6,610
Other comprehensive income		-21	-923	-923	-193	-1,116
Total comprehensive income		-21	-923	5,539	-45	5,494
Acquisition, sales, etc. of treasury shares		-	-	33	-	33
Acquisition, sales, etc. of non-controlling interests		-	-	-	39	39
Dividends		-	-	-3,229	-257	-3,486
Transfer from other components of equities to retained earnings		21	21	-	-	-
Share-based compensation transactions		-	-	-16	-	-16
Total transactions with owners, etc.		21	21	-3,212	-217	-3,430
Balance as of March 31, 2017		-	-520	150,256	7,712	157,968

**(4) Notes on the Summary of Quarterly Consolidated Financial Statements**

## 1. Business Segments

## (1) Summary of reportable segments

The Group classifies its business segments into the following three reportable segments, based on the similarity of business models: 1) the "Component Solutions Business;" 2) the "Transport Solutions Business;" and 3) the "Accessibility Solutions Business."

The main lines of business of each reportable segment are as below.

Business segment	Main lines of business
Component Solutions Business	The design, manufacture, sale, maintenance and repair of industrial robot components and equipment for construction machinery and its components
Transport Solutions Business	The design, manufacture, sale, maintenance and repair of brake systems and automatic door operating systems for railroad vehicles, aircraft components, brake systems and drive control units for vehicles, control systems for marine vessels, and components thereof
Accessibility Solutions Business	The design, manufacture, sale, installation, maintenance and repair of automatic door operating systems for buildings and general industry, platform safety systems, and components thereof

In line with the new Medium-term Management Plan starting from FY 2017 and for the purpose of improving the efficiency of business management by further promoting synergetic effects between businesses, the Company has changed the previous classification of four reportable segments "classified based on the similarity of the application technologies" to three reportable segments "classified based on the similarity of business models" as follows: "Precision equipment business," "Transport equipment business," "Aircraft and hydraulic equipment business" and "Industrial equipment business" has been changed to "Component solutions business," "Transport solutions business" and "Accessibility solutions business." Figures for the first three-month period of the previous fiscal year (January 1, 2016 through March 31, 2016) have been adjusted to reflect the new segment classifications.

## (2) Information on reportable segments

I. For the three months ended March 31, 2016 (January 1, 2016 to March 31, 2016)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	18,728	20,061	14,138	52,927	4,005	56,933	—	56,933
Inter-segment sales	434	72	1	507	44	550	-550	—
Total sales	19,162	20,133	14,138	53,434	4,049	57,483	-550	56,933
Segment income (Operating income)	1,878	3,533	1,472	6,883	298	7,182	-1,431	5,751
Finance income				—				49
Finance costs				—				-505
Equity in earnings of affiliates				—				425
Income before tax				—				5,721

Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machinery, three-dimensional model production device, vacuum equipment, machine tools, and components thereof.

2. Adjustment to sales is as a result of eliminations of inter-segment transactions.

3. Adjustment to segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.



## II. For the three months ended March 31, 2017 (January 1, 2017 to March 31, 2017)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	25,069	16,184	19,011	60,265	3,790	64,055	—	64,055
Inter-segment sales	409	78	1	488	111	600	-600	—
Total sales	25,479	16,262	19,012	60,753	3,901	64,654	-600	64,055
Segment income (Operating income)	4,480	1,358	1,359	7,197	487	7,683	-1,622	6,062
Finance income				—				29
Finance costs				—				-539
Equity in earnings of affiliates				—				2,883
Income before tax				—				8,435

- Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machinery, three-dimensional model production device, vacuum equipment, machine tools, and components thereof.
2. Adjustment to sales is as a result of eliminations of inter-segment transactions.
3. Segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.

## 2. First-time Adoption

The Nabtesco Group prepared its first condensed interim consolidated financial statements in accordance with IFRS (International Financial Reporting Standards) from the first three months of the fiscal year ending December 31, 2017. The Nabtesco Group's latest financial statements prepared in accordance with the Generally Accepted Accounting Principles in Japan (Japanese GAAP) are those for the year ended December 31, 2016. The date of transition to IFRS is January 1, 2016.

### IFRS 1 Exemption from Retrospective Application

Under IFRS, entities adopting IFRS for the first time must, in principle, apply the standards required under IFRS retrospectively. However, IFRS 1 - First-time Adoption of IFRS provides optional exemptions from retrospective application and mandatory exceptions prohibiting retrospective application of some requirements of IFRS. The Group mainly applies the following exemptions.

#### 1) Exchange differences on foreign operations

Under IFRS 1, the exchange differences on all foreign operations may be deemed to be zero at the transitional date. The Group has elected to reset the exchange differences to zero at the transitional date.

#### 2) Business combinations

Under IFRS 1, entities may elect to either retrospectively apply or prospectively apply IFRS 3 - Business Combinations (hereinafter, "IFRS 3"). The Group has elected not to retrospectively apply IFRS to past business combinations that occurred before the transition date.

The Group retrospectively applies IFRS to business combinations that occurred after the transition date and during the parallel disclosure period. Also, goodwill under IFRS is different from under Japanese GAAP, which is disclosed during the period. Goodwill is tested for impairment at the transition date.

#### 3) Designation of financial instruments recognized before the transition date

Under IFRS 1, entities may elect to determine the classifications under IFRS 9 based not on facts and circumstances that exist at initial recognition but on facts and circumstances as of the transition date. Furthermore, entities may elect to designate equity instruments as a financial instrument measured at fair value through other comprehensive income, based on facts and circumstances that exist as of the transition date. The Group determines the classifications under IFRS 9 based on facts and circumstances that exist as of the transition date, and designates equity instruments, with few exceptions, as financial instruments measured at fair value through other comprehensive income.

The table below presents reconciliations requiring disclosure in first-time adoption of IFRS.

In the table, items that do not affect retained earnings and comprehensive income are included in the "Reclassification" column and items that affect retained earnings and comprehensive income are included in the "Effects of differences in recognition and measurement" column.

## (1) Day of transition to IFRS (January 1, 2016) Adjustments to current equity

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
<b>Assets</b>						<b>Assets</b>
Current assets						Current assets
Cash and time deposits	22,068	12,642	–	34,710		Cash and cash equivalents
Notes and accounts receivable	59,751	252	-213	59,790		Trade receivables
Marketable securities	13,000	-13,000	–	–		
Goods and products	5,579	22,842	338	28,760		Inventories
Products in progress	11,622	-11,622	–	–		
Raw materials and stored goods	11,220	-11,220	–	–		
Deferred tax assets	1,976	-1,976	–	–		
Other current assets	3,598	-2,237	1	1,361		Other receivables
	–	364	21	385		Other financial assets
	–	1,742	–	1,742		Other current assets
Allowance for doubtful accounts	-238	238	–	–		
<b>Total current assets</b>	<b>128,576</b>	<b>-1,976</b>	<b>147</b>	<b>126,747</b>		<b>Total current assets</b>
Fixed assets						Non-current assets
Tangible fixed assets	55,916	-3,240	–	52,677		Property, plant and equipment
Goodwill	19,424	–	-4,326	15,098	A	Goodwill
Other intangible fixed assets	4,234	-805	–	3,429		Intangible assets
Investments in securities	23,058	-4,899	36	18,195		Investments accounted for using the equity method
Assets concerning retirement benefits	205	-205	–	–		
Deferred tax assets	466	676	–	1,142		Deferred tax assets
Investments in securities and other assets	1,586	4,303	1,186	7,075	C	Other financial assets
	–	1,523	–	1,523		Other non-current assets
	–	3,240	1,287	4,527	B	Investment property
Allowance for doubtful accounts	-83	83	–	–		
<b>Total fixed assets</b>	<b>104,805</b>	<b>676</b>	<b>-1,816</b>	<b>103,665</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>233,381</b>	<b>-1,300</b>	<b>-1,670</b>	<b>230,412</b>		<b>Total assets</b>

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
Liabilities						Liabilities and equities
Current liabilities						Liabilities
Notes and accounts payable	38,643	3,607	249	42,500		Current liabilities
Short-term loans payable	5,257	10,077	-	15,334		Operating payables
Current portion of bonds	10,000	-10,000	-	-		Bonds and borrowings
Current portion of long-term loans payable	77	-77	-	-		
Income taxes payable	1,057	-	-	1,057		Income taxes payable
Allowance for product warranty	612	5	-	617		Provisions
Provision for loss on orders received	5	-5	-	-		
Current liabilities (Others)	17,350	-7,255	-30	10,064		Other payables
	-	3,554	24	3,579		Other current liabilities
Total current liabilities	73,001	-94	243	73,151		Total current liabilities
Long-term liabilities						Non-current liabilities
Allowance for retirement bonus for directors	180	-180	-	-		
Liabilities concerning retirement benefit	7,340	-	-	7,340		Liabilities concerning retirement benefit
Deferred tax liabilities	2,094	-1,206	2,266	3,153	D	Deferred tax liabilities
Other long-term liabilities	1,842	180	-	2,022		Other non-current liabilities
Total long-term liabilities	11,456	-1,206	2,266	12,516		Total non-current liabilities
Total liabilities	84,457	-1,300	2,509	85,666		Total liabilities
Net assets						Equities
Capital stock	10,000	-	-	10,000		Capital stock
Capital surplus	14,237	379	-	14,616		Share premium
Earned surplus	107,487	-	5,919	113,406	G	Retained earnings
Treasury stock	-2,718	-	-	-2,718		Treasury shares
Accumulated other comprehensive income	13,063	-	-10,096	2,966	E, F	Other components of equities
Subscription rights to shares	379	-379	-	-		
	142,448	-	-4,177	138,271		Total interests attributable to owners of the parent
Non-controlling interests	6,476	-	-2	6,475		Non-controlling interests
Total net assets	148,924	-	-4,179	144,745		Total equities
Total liabilities and net assets	233,381	-1,300	-1,670	230,412		Total liabilities and equities

## (2) First three-month period of previous consolidated fiscal year (March 31, 2016) Adjustments to current capital

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
<b>Assets</b>						<b>Assets</b>
Current assets						Current assets
Cash and time deposits	25,280	11,647	–	36,927		Cash and cash equivalents
Notes and accounts receivable	58,880	174	-118	58,937		Trade receivables
Marketable securities	12,000	-12,000	–	–		
Goods and products	6,486	22,816	224	29,526		Inventories
Products in progress	11,913	-11,913	–	–		
Raw materials and stored goods	10,903	-10,903	–	–		
Deferred tax assets	1,950	-1,950	–	–		
Other current assets	4,137	-2,679	–	1,458		Other receivables
	–	356	99	454		Other financial assets
	–	2,264	-380	1,884		Other current assets
Allowance for doubtful accounts	-239	239	–	–		
<b>Total current assets</b>	<b>131,310</b>	<b>-1,950</b>	<b>-175</b>	<b>129,186</b>		<b>Total current assets</b>
Fixed assets						Non-current assets
Tangible fixed assets	56,079	-3,227	–	52,852		Property, plant and equipment
Goodwill	18,417	–	-3,801	14,616	A	Goodwill
Other intangible fixed assets	4,164	-687	–	3,478		Intangible assets
Investments in securities	22,627	-4,314	36	18,348		Investments accounted for using the equity method
Assets concerning retirement benefits	203	-203	–	–		
Deferred tax assets	523	770	6	1,298		Deferred tax assets
Investments in securities and other assets	1,620	3,711	1,184	6,515	C	Other financial assets
	–	1,425	–	1,425		Other non-current assets
	–	3,227	1,283	4,511	B	Investment property
Allowance for doubtful accounts	-68	68	–	–		
<b>Total fixed assets</b>	<b>103,565</b>	<b>770</b>	<b>-1,292</b>	<b>103,043</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>234,875</b>	<b>-1,180</b>	<b>-1,467</b>	<b>232,229</b>		<b>Total assets</b>

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
Liabilities						Liabilities and equities
Current liabilities						Liabilities
Notes and accounts payable	39,757	2,677	249	42,684		Current liabilities
Short-term loans payable	4,231	10,073	-	14,304		Operating payables
Current portion of bonds	10,000	-10,000	-	-		Bonds and borrowings
Current portion of long-term loans payable	73	-73	-	-		
Income taxes payable	2,481	-	-	2,481		Income taxes payable
Allowance for product warranty	570	-	-	570		Provisions
	-	9,053	-2	9,051		Other payables
Current liabilities (Others)	19,745	-11,745	24	8,024		Other current liabilities
Total current liabilities	76,858	-15	272	77,115		Total current liabilities
Long-term liabilities						Non-current liabilities
Allowance for retirement bonus for directors	128	-128	-	-		
Liabilities concerning retirement benefit	7,506	-	-	7,506		Liabilities concerning retirement benefit
Deferred tax liabilities	2,280	-1,165	2,016	3,130	D	Deferred tax liabilities
Other long-term liabilities	1,778	128	-	1,907		Other non-current liabilities
Total long-term liabilities	11,693	-1,165	2,016	12,543		Total non-current liabilities
Total liabilities	88,551	-1,180	2,287	89,658		Total liabilities
Net assets						Equities
Capital stock	10,000	-	-	10,000		Capital stock
Capital surplus	14,237	324	-	14,561		Share premium
Earned surplus	108,049	-	6,174	114,224	G	Retained earnings
Treasury stock	-2,646	-	-	-2,646		Treasury shares
Accumulated other comprehensive income	9,884	-	-9,928	-45	E, F	Other components of equities
Subscription rights to shares	324	-324	-	-		
	139,848	-	-3,754	136,094		Total interests attributable to owners of the parent
Non-controlling interests	6,477	-	-	6,477		Non-controlling interests
Total net assets	146,324	-	-3,754	142,570		Total equities
Total liabilities and net assets	234,875	-1,180	-1,467	232,229		Total liabilities and equities

## (3) End of previous consolidated fiscal year (December 31, 2016) Adjustments to current capital

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
<b>Assets</b>						<b>Assets</b>
Current assets						Current assets
Cash and time deposits	29,946	11,834	–	41,780		Cash and cash equivalents
Notes and accounts receivable	65,712	-134	-10	65,569		Trade receivables
Marketable securities	12,000	-12,000	–	–		
Goods and products	6,368	26,251	85	32,704		Inventories
Products in progress	14,325	-14,325	–	–		
Raw materials and stored goods	11,926	-11,926	–	–		
Deferred tax assets	2,274	-2,274	–	–		
Other current assets	3,759	-2,495	–	1,264		Other receivables
	–	166	–	166		Other current financial assets
	–	2,309	–	2,309		Other current assets
Allowance for doubtful accounts	-319	319	–	–		
<b>Total current assets</b>	<b>145,991</b>	<b>-2,274</b>	<b>75</b>	<b>143,792</b>		<b>Total current assets</b>
<b>Fixed assets</b>						<b>Non-current assets</b>
Tangible fixed assets	67,823	-4,214	-454	63,155	A	Property, plant and equipment
Goodwill	17,031	–	-2,670	14,361	A	Goodwill
Other intangible fixed assets	3,896	-652	-573	2,671	A	Intangible assets
Investments in securities	20,741	-20,741	–	–		
Assets concerning retirement benefits	177	-177	–	–		
	–	15,957	-5	15,952		Equity in earnings of affiliates
Deferred tax assets	658	1,473	-530	1,602		Deferred tax assets
Investments in securities and other assets	2,717	4,056	1,714	8,487	C	Other financial assets
	–	1,468	–	1,468		Other non-current assets
	–	4,214	1,272	5,486	B	Investment property
Allowance for doubtful accounts	-89	89	–	–		
<b>Total fixed assets</b>	<b>112,955</b>	<b>1,473</b>	<b>-1,247</b>	<b>113,181</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>258,947</b>	<b>-801</b>	<b>-1,172</b>	<b>256,973</b>		<b>Total assets</b>

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
Liabilities						Liabilities and equities
Current liabilities						Liabilities
Notes and accounts payable	16,926	31,067	86	48,078		Current liabilities
Electronically recorded obligations-operating	25,635	-25,635	-	-		Operating payables
Short-term loans payable	5,648	146	-	5,794		Bonds and borrowings
Current portion of long-term loans payable	146	-146	-	-		
Income taxes payable	5,408	-	-	5,408		Income taxes payable
Allowance for product warranty	696	27	-	723		Provisions
Provision for loss on orders received	27	-27	-	-		
	-	4,381	42	4,423		Other payables
Other current liabilities	20,316	-9,850	-17	10,450		Other current liabilities
Total current liabilities	74,802	-38	112	74,876		Total current liabilities
Long-term liabilities						Non-current liabilities
Bonds	10,000	1,202	-46	11,155		Bonds and borrowings
Long-term loans payable	1,202	-1,202	-	-		
Allowance for retirement bonus for directors	289	-289	-	-		
Liabilities concerning retirement benefit	9,343	-	-	9,343		Liabilities concerning retirement benefit
Deferred tax liabilities	2,901	-764	1,380	3,518	D	Deferred tax liabilities
Other long-term liabilities	1,888	289	-	2,177		Other non-current liabilities
Total long-term liabilities	25,623	-764	1,334	26,194		Total non-current liabilities
Total liabilities	100,425	-801	1,446	101,070		Total liabilities
Net assets						Equities
Capital stock	10,000	-	-	10,000		Capital stock
Capital surplus	14,237	466	-	14,703		Share premium
Earned surplus	119,345	-	6,148	125,493	G	Retained earnings
Treasury stock	-2,649	-	-	-2,649		Treasury shares
Accumulated other comprehensive income	9,188	-	-8,806	382	E, F	Other components of equities
Subscription rights to shares	466	-466	-	-		
	150,588	-	-2,658	147,929		Total interests attributable to owners of the parent
Non-controlling interests	7,933	-	41	7,974		Non-controlling interests
Total net assets	158,521	-	-2,617	155,904		Total equities
Total liabilities and net assets	258,947	-801	-1,172	256,973		Total liabilities and equities



## (4) Note on reconciliations of equity

The main items of reconciliations of equity are as below.

## 1) Reclassifications

Reclassifications are made to comply with the provisions of IFRS. The main reclassifications are as follows:

- a. "Short-term investments" classified as current items under Japanese GAAP are included in "Cash and time deposits" in current assets under IFRS. Time deposits with deposit terms of more than three months in "Cash and time deposits" under Japanese GAAP are classified as "Other financial assets" in current assets under IFRS.
- b. "Goods and products," "Products in progress" and "Raw materials and stored goods" classified as current items under Japanese GAAP are classified as "Inventories" in current assets under IFRS.
- c. Property not being rented or not slated for other future usage in current composition in "Tangible fixed assets" under Japanese GAAP is classified as "Investment property" under IFRS.
- d. Listed securities and non-listed securities in "Investment securities" under Japanese GAAP are classified as "Other non-current financial assets," and other securities are classified as "Investments accounted for using equity method."
- e. "Deferred tax assets" and "Deferred tax liabilities" are classified as non-current items.

## 2) Recognition and measurement adjustment

## A. Adjustment of impairment for non-financial assets

Under Japanese GAAP, goodwill is amortized on a straight-line basis over eight to 20 years. If there is any indication that the goodwill may be impaired, the Group compared the book value of the cash generating unit group including goodwill and undiscounted cash flow and recognized impairment loss by recoverable amount, discounted cash flow, when undiscounted cash flow is lower than book value.

Under IFRS, goodwill is not subject to amortization but is tested for impairment once a year notwithstanding any indication that goodwill may be impaired. The group compare the book value of the cash generating unit group including goodwill and recoverable amount, discounted cash flow, and recognize impairment loss by recoverable amount.

Based on the business plan on the transitional date for IFRS, testing for impairment on each cash group was conducted and recoverable amount, undiscounted cash flow, was recognized below the book value including goodwill. Recoverable amount impairment loss of JPY 4,326 million for Gilgen Door Systems AG (hereinafter "Gilgen") has been recognized. This impairment loss is recognized in the Accessibility Solutions segment.

Recoverable amount is measured based on use-value. Use-value is reflected in past experience and external information and discounted cash flow, which is based on the four-year business plan approved by management, by present value. The growth ratio after the final year of the business plan is zero. The discount ratio is calculated based on the weighted average cost of capital for Gilgen before tax. Use-value of Gilgen at impairment loss recognition is JPY 21,032 million (discount ratio before tax: 6.9%).

There is no difference from this adjustment during the first three months of the fiscal year ended December 31, 2016.

The cash generating unit group is tested for impairment based on the business plan at the end of fiscal year ended December 31, 2016. Impairment loss of JPY 1,027 million (tangible fixed assets: JPY 454 million, intangible assets: JPY 573 million) for NABCO Entrances Inc. has been recognized due to the decrease of future profit dragging the recoverable amount down to book value. This impairment loss is recognized in the Accessibility Solutions segment. Recoverable amount is measured based on use-value (discount ratio before tax: 19.0%).

## B. Adjustment of investment property

Investment property increased by JPY 1,287 million on the IFRS transition date, by JPY 1,283 million during the first three months of the fiscal year ended December 31, 2016, and by JPY 1,272 million at the end of the fiscal year ended December 31, 2016 due to the cancellation of the reduction process under IFRS, which is directly reduced based on the reduction entry method under Japanese GAAP.

## C. Adjustment of other financial assets (fixed)

Non-listed securities increased by JPY 1,186 million on the IFRS transition date, by JPY 1,184 million during the first three months of the fiscal year ended December 31, 2016, and by JPY 1,714 million at the end of the fiscal year ended December 31, 2016.

## D. Adjustment of deferred tax liability

Tax is estimated when the entity receives future dividends of retained earnings of an affiliate based on its share ratio. Deferred tax liability is JPY 2,266 million on the IFRS transition date, JPY 2,016 million during the first three months of the fiscal year ended December 31, 2016, and JPY 1,380 million at the end of the fiscal year ended December 31, 2016.

## E. Adjustment of retirement benefits

Under Japanese GAAP, actuarial gains and losses relating to retirement benefits were recognized in other comprehensive income as incurred, and amortized over a certain number of years for recognition in profit or loss. Under IFRS, these actuarial gains and losses are recognized in other comprehensive income as incurred, and immediately reclassified to retained earnings. Reclassified from other equity component to retained earnings: JPY 698 million on the IFRS transition date, JPY 813 million during the first three months of the fiscal year ended December 31, 2016, and JPY 1,322 million at the end of the fiscal year ended December 31, 2016.

## F. Exchange differences on foreign operations

Under IFRS 1, the Nabtesco Group applies the rule that says cumulative exchange differences on all foreign operations may be deemed to be zero at the transition date. JPY 11,598 million was reclassified from other equity component to retained earnings.

G. Adjustment of retained earnings

The main breakdown is as below. (All items except for D. take into consideration tax effect and non-controlling interests.)

(Million yen)

Adjustment	Transition date (January 1, 2016)	First three months of FY 2016 (March 31, 2016)	FY 2016 (December 31, 2016)
A. Impairment for non-financial asset	-4,326	-3,971	-3,672
B. Investment property	872	891	883
D. Deferred tax liability	-1,672	-1,578	-1,220
E. Retirement benefits	-698	-813	-1,322
F. Exchange differences on foreign operations	11,598	11,598	11,598
Others	146	48	-119
Total	5,919	6,174	6,148

## (5) First three-month period, FY 2016 (from January 1 to March 31) Adjustments to net income and comprehensive income

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
Net sales	56,765	–	168	56,933	A	Net sales
Cost of sales	-41,095	–	-389	-41,484	A	Cost of sales
Gross profit	15,670	–	-221	15,449		Gross profit
	–	140	–	140		Other profit
Selling, general and administrative expenses	-10,036	–	269	-9,767	B	Selling, general and administrative expenses
	–	-71	–	-71		Other expenses
Operating income	5,634	69	48	5,751		Operating income
Non-operating income	587	-587	–	–		
Non-operating expenses	-538	538	–	–		
Extraordinary gains	38	-27	-10	–		
Extraordinary losses	-40	38	2	–		
		49	–	49		Financial income
		-505	1	-505		Financial costs
	–	425	–	425		Equity in earnings of affiliates
Income before income taxes and adjustments	5,681	–	40	5,721		Profit (loss) before tax
Corporate, resident and business taxes	-2,343	–	208	-2,134		Expenses of income tax
Quarterly net income	3,338	–	249	3,587		Quarterly income
Quarterly income attributable to non-controlling interests	-28	–	-2	-30		Quarterly income attributable to non-controlling owners
Quarterly net income attributable to owners of the parent	3,310	–	247	3,557		Net income attributable to owners of the parent

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
Quarterly net income	3,338	–	249	3,587		Quarterly net income
Other comprehensive income						Other comprehensive income
Adjustments concerning retirement benefits	-115	–	115	–		Remeasurement of net defined benefit liability (asset)
Valuation difference on available-for-sale securities	-335	–	27	-308		Net changes in financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustment	-2,950	-168	32	-3,086		Exchange differences on foreign operations
Deferred gains or losses on hedges	-2	–	2	–		
Share of income for equity method associates	-193	168	–	-25		Share of other comprehensive income for equity method affiliates
Total other comprehensive income	-3,595	–	177	-3,419		Other comprehensive income after taxes
Quarterly total comprehensive income	-257	–	425	168		Quarterly total comprehensive income

## (6) End of previous consolidated fiscal year (from January 1 to December 31) Adjustments to net income and comprehensive income

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
Net sales	244,619	–	349	244,968	A	Net sales
Cost of sales	-175,380	–	-128	-175,508	A	Cost of sales
Gross profit	69,239	–	221	69,460		Gross profit
	–	2,511	-16	2,495		Other profit
Selling, general and administrative expenses	-45,767	–	1,473	-44,294	B	Selling, general and administrative expenses
	–	-751	-928	-1,679	C	Other expenses
Operating income	23,472	1,760	750	25,982		Operating income
Non-operating income	1,927	-1,927	–	–		
Non-operating expenses	-667	667	–	–		
Extraordinary gains	1,890	-1,883	-6	–		
Extraordinary losses	-499	497	2	–		
	–	188	0	188		Financial income
	–	-413	-12	-425		Financial costs
	–	1,111	-77	1,034		Equity in earnings of affiliates
Income before income taxes and adjustments	26,122	–	657	26,779		Quarterly income before income taxes and adjustments
Corporate, resident and business taxes	-8,220	–	377	-7,843		Expenses of income tax
Net income	17,902	–	1,034	18,936		Income
Income attributable to non-controlling interests	-317	–	-13	-330		Income attributable to non-controlling owners
Net income attributable to owners of the parent	17,585	–	1,021	18,606		Net income attributable to owners of the parent

(Million yen)

Subjects of Japanese GAAP	Japanese GAAP	Reclassification	Effects of differences in recognition and measurement	IFRS	Note	Subjects of IFRS
Net income	17,902	–	1,034	18,936		Quarterly net income
Other comprehensive income						Other comprehensive income
Adjustments concerning retirement benefits	-641	–	-210	-850		Remeasurement of net defined benefit liability (asset)
Valuation difference on available-for-sale securities	-137	–	392	255		Net changes in financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustment	-3,579	-109	306	-3,382		Exchange differences on foreign operations
Deferred gains or losses on hedges	-3	–	3	–		Effectiveness of changing rate of cash flow hedges for fair value
Share of income for equity method associates	-111	109	36	34		Share of other comprehensive income for equity method affiliates
Other comprehensive income	-4,471	–	528	-3,944		Other comprehensive income after tax
Comprehensive income	13,431	–	1,562	14,993		Total comprehensive income

(7) Notes on reconciliation of profit or loss and comprehensive income

The main items of reconciliation of profit or loss and comprehensive income are as below.

1) Reclassifications

Reclassifications are made to comply with the provisions of IFRS. The main reclassifications are as follows.

Finance-related items in “non-operating income,” “non-operating expenses,” “extraordinary gains” and “extraordinary losses” under Japanese GAAP are classified in “financial income” or “financial costs” and other items not related to finance are classified in “other income” or “other expenses” under IFRS. “Equity in earnings of affiliates” classified as “non-operating income” under Japanese GAAP are included in “equity in earnings of affiliates” under IFRS.

2) Recognition and measurement adjustment

A. Sales and cost of sales

Profit was recognized as shipping basis for a part of sales activities under Japanese GAAP, it was changed to as delivered basis under IFRS, and sales and cost of sales are adjusted under IFRS.

B. Goodwill

Under Japanese GAAP, goodwill is amortized on a straight-line basis over eight to 20 years. Under IFRS, goodwill is not subjected to amortization and is adjusted by JPY 354 million during the first three months of the consolidated fiscal year ended December 31, 2016 and JPY 1,424 million at the end of the consolidated fiscal year ended December 31, 2016.

C. Impairment loss

Under Japanese GAAP, if there is any indication that the fixed asset may be impaired, the entity compares the book value of the fixed asset and undiscounted future cash flow, then recognizes impairment loss for the fixed asset in an amount exceeding the recoverable amount if the book value exceeds the undiscounted future cash flow.

Under IFRS, if there is any indication that the fixed asset may be impaired, any excess of the fixed asset compared to the recoverable amount is recognized as impairment loss. As a result, the other expense increases JPY 974 million. Please refer to “(4) Note on reconciliations of equity, 2) Recognition and measurement adjustment, A. Adjustment of impairment for non-financial assets.”

#### 4. Other Information

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

Reportable segments	As of the end of the first three-month period of consolidated FY 2016 (March 31, 2016)		As of the end of the first three-month period of consolidated FY 2017 (March 31, 2017)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Component Solutions Business	15,664	17.6	26,521	23.0
Transport Solutions Business	52,825	59.5	53,253	46.2
Accessibility Solutions Business	14,923	16.8	28,565	24.8
Others	5,407	6.1	6,904	6.0
Total	88,819	100.0	115,243	100.0