



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

October 31, 2014

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>

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Scheduled Date for Filing of Quarterly Report: November 14, 2014

Scheduled Dividend Payment Date: December 4, 2014

Quarterly material to supplement the financial results: Yes

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

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

1. Consolidated Results for the First Six-month Period of FY 2014 (April 1, 2014 to September 30, 2014)

(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 2014	105,598	13.0	11,612	46.3	13,842	43.1	8,951	77.7
Six-month Period, FY 2013	93,458	3.1	7,938	4.5	9,673	14.2	5,037	(22.7)

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

First six-month period of FY 2013: ¥11,260 million [78.6%]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six-month Period, FY 2014	70.74		70.69	
Six-month Period, FY 2013	39.52		39.49	

(2) Consolidated Financial Position

	Total assets		Net assets		Shareholders' equity ratio	
	Million yen		Million yen		%	
As of September 30, 2014	228,104		144,852		60.2	
As of March 31, 2014	233,984		139,471		56.0	

(Reference) Shareholders' Equity: As of September 30, 2014: ¥137,218 million

As of March 31, 2014: ¥131,043 million

2. Dividends

	Dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
	Yen				
FY 2013	-	18.00	-	20.00	38.00
FY 2014	-	20.00	-	-	-
FY 2014 (Forecast)	-	-	-	20.00	40.00

(Note) Revisions to the latest dividend forecasts: None

3. Forecast of Consolidated Operating Results for FY 2014 (April 1, 2014 to March 31, 2015)

(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
FY 2014	216,000	6.8	21,600	7.5	24,400	0.7	15,500	3.5	122.49

(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 2014 (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: Yes
- 2) Other changes in accounting policies: Yes
- 3) Changes in accounting estimates: Yes
- 4) Restatement of corrections: None

Note: The Company has changed its depreciation method from the first quarter of the current fiscal year, and this change is applicable to “a case in which it is difficult to distinguish between a change in accounting policies and a change in an accounting estimate.” For details, please refer to “2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies, Accounting Estimates and Restatements of Corrections,” on page 6 of the attached document.

(4) Shares outstanding (Common shares)

- 1) Number of shares outstanding (including treasury stock) as of the end of the term
- 2) Amount of treasury stock
- 3) Average number of shares during the term

As of September 30, 2014	128,265,799	As of March 31, 2014	128,265,799
As of September 30, 2014	1,710,337	As of March 31, 2014	1,736,737
April 1, 2014 to September 30, 2014	126,542,262	April 1, 2013 to September 30, 2013	127,483,647

Notes:

Presentation of status of implementation of the quarterly review process

This summary of the quarterly financial results is not in conformity with the quarterly review procedures as provided for under the Financial Instruments and Exchange Act. As of the date on which this summary of quarterly financial results is released as a summary report, the abovementioned procedures concerning the quarterly review have not been completed.

Explanation of proper use of forecasts of operating results and other matters of special note

Forward-looking statements in this document concerning future figures including forecasts for operating results, etc. are based on currently available information and certain assumptions that the Company considers reasonable, and are not intended to guarantee the achievement of such forecasts. Actual results may vary significantly from such forecasts due to a variety of factors. Please refer to “1. Qualitative Information on Consolidated Operating Results for the Six Months Ended September 30, 2014, (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, 2014

(1) Analysis of Consolidated Operating Results

In the first six-month period of consolidated FY 2014, the pace of global business was mixed with regard to the economic recovery as reflected in continued uncertainty concerning the future, represented by deceleration of economic growth in China, the downturn of the recovery trend in the European economy, the stagnant economies of the emerging markets mainly in Southeast Asian countries, and the occurrence of geopolitical risks, in contrast to the U.S. economy, with its continued modest growth on the back of the recovery in corporate performance, the boost in consumer spending and stable improvement of employment conditions.

In the Japanese economy, despite the reactionary drop seen after the last-minute demand prior to the consumption tax hike, a trend of recovery continued in the improvement of corporate earnings, an increase in capital expenditure and improvement of employment conditions thanks to the effects of the economic policy of the government and the financial policy of the Bank of Japan.

Under these circumstances, the consolidated operating results of the Group for the six-month period ended September 30, 2014 recorded not only year-on-year growth in net sales in the precision reduction gears, railroad vehicle equipment, marine vessels equipment and commercial vehicle equipment businesses, but also a favorable foreign exchange effect in the automatic doors and aircraft equipment businesses, although sales in the hydraulic equipment business decreased and in the packaging machinery business remained unchanged on a year-on-year basis. As a result, operating income, ordinary income and net income increased.

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

The amount of orders received for the six-month period of consolidated FY 2014 recorded a year-on-year increase of ¥13,675 million (up 13.1%) to ¥117,823 million. Net sales grew ¥12,140 million (up 13.0%) year on year to ¥105,598 million, while operating income jumped ¥3,673 million (up 46.3%) year on year to ¥11,612 million. Operating margin rose 2.5 points year on year to 11.0%.

Operating results by business segment were as follows:

[Amount of orders received]

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	Change (%)
Precision equipment	21,491	28,944	34.7
Transport equipment	23,348	34,375	47.2
Aircraft and hydraulic equipment	27,670	25,349	(8.4)
Industrial equipment	31,637	29,154	(7.8)
Total	104,148	117,823	13.1

(Million yen)

Note: As the balance sheet date of overseas consolidated subsidiaries is December 31, there has been a cut-off error for three months.

[Net sales]

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	Change (%)
Precision equipment	19,513	25,033	28.3
Transport equipment	23,960	29,769	24.2
Aircraft and hydraulic equipment	26,538	25,144	(5.3)
Industrial equipment	23,445	25,651	9.4
Total	93,458	105,598	13.0

(Million yen)

Note: As the balance sheet date of overseas consolidated subsidiaries is December 31, there has been a cut-off error for three months.

[Operating income]

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	Change (%)
Precision equipment	2,665	3,976	49.2
Transport equipment	2,581	5,875	127.6
Aircraft and hydraulic equipment	1,840	1,115	(39.4)
Industrial equipment	851	644	(24.3)
Total	7,938	11,612	46.3

(Million yen)

Note: As the balance sheet date of overseas consolidated subsidiaries is December 31, there has been a cut-off error for three months.

[Precision Equipment]

The amount of orders received for precision equipment increased by 34.7% year on year to ¥28,944 million. Net sales recorded year-on-year growth of 28.3% to ¥25,033 million, resulting in a boost in operating income of 49.2% year on year to ¥3,976 million.

Sales of precision reduction gears rose, reflecting an increase in sales for industrial robots manufacturers.

[Transport Equipment]

The amount of orders received for transport equipment saw year-on-year growth of 47.2% to ¥34,375 million. Net sales advanced 24.2% year on year to ¥29,769 million, and operating income jumped 127.6%, to ¥5,875 million.

In the railroad vehicle equipment business, sales expanded due to growth in overseas sales as well as increased demand for repair parts. The commercial vehicle equipment business also recorded growth in sales due to robust domestic demand for trucks. In the vessel equipment business, sales increased, reflecting a recovery in the shipbuilding market.

[Aircraft and Hydraulic Equipment]

The amount of orders received for aircraft equipment and hydraulic equipment shrank 8.4% year on year to ¥25,349 million. Net sales declined 5.3% year on year to ¥25,144 million, resulting in a 39.4% decrease in operating income to ¥1,115 million.

In the aircraft equipment business, sales advanced on the back of an expansion in sales for aircraft in the private sector as well as due to benefit from the effect of foreign exchange. In the hydraulic equipment business, sales fell due to decreased demand for construction machinery in China.

[Industrial Equipment]

The amount of orders received for industrial equipment showed a year-on-year decrease of 7.8% to ¥29,154 million. Net sales rose 9.4% to ¥25,651 million, whereas operating income fell 24.3% to ¥644 million.

In the automatic doors business, sales grew owing to positive impact from foreign exchange. In the packaging machinery business, sales remained flat due partly to a difference in the cut-off date of some transactions.

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

(Million yen)

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	Change (%)
Japan	53,262	58,407	9.7
Asia	19,130	21,943	14.7
North America	7,169	8,545	19.2
Europe	13,661	16,159	18.3
Other areas	233	542	132.1
Total	93,458	105,598	13.0

- 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 railroad vehicle equipment to users in China.
 3. The increase in net sales for North America largely reflects the growth of aircraft equipment sales.
 4. The increase in net sales in Europe is mainly attributable to a rise in sales of precision reduction gears.

2) Ordinary income

Consolidated ordinary income for the first six months of FY 2014 grew ¥4,169 million (up 43.1%) on a year-on-year basis to ¥13,842 million.

The main growth factor was the increase in operating income, as mentioned earlier. At the same time, non-operating income rose ¥469 million year on year to ¥2,413 million, reflecting an increase in investment gains from equity-method affiliates. In contrast, non-operating expense declined ¥26 million year on year to ¥182 million due to a decrease in interest expenses.

3) Net income

Net income for the first six-month period of the consolidated fiscal year under review increased ¥3,913 million (up 77.7%) year on year to ¥8,951 million.

In summary, net income before income tax and adjustments increased by ¥5,037 million year on year to ¥13,814 million. Corporate taxes expanded ¥1,213 million versus the same period a year earlier to ¥4,723 million, and minority interests in income came to ¥138 million, a year-on-year decrease of ¥89 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, 2014)	As of the End of the First Six-month Period of the Current Consolidated Fiscal Year (September 30, 2014)	Change
Total assets	233,984	228,104	(5,879)
Liabilities	94,513	83,252	(11,260)
Net assets	139,471	144,852	5,380

(Assets)

Total assets as of September 30, 2014 were ¥228,104 million, a decrease of ¥5,879 million from March 31, 2014, reflecting ¥127,392 million in current assets and ¥100,712 million in fixed assets. Key contributing positive factors included increases of ¥3,439 million in inventories and ¥2,363 million in investment securities, while the primary contributing negative factor was a decrease of ¥10,999 million in securities.

(Liabilities)

Total liabilities as of September 30, 2014 were ¥83,252 million, a decrease of ¥11,260 million from March 31, 2014, consisting of ¥62,248 million in current liabilities and ¥21,004 million in fixed liabilities. The increase was mainly attributable to a rise of ¥840 million in deferred tax liabilities, while the decrease was mainly attributable to a decrease of ¥10,077 million in the current portion of long-term loans payable.

(Net assets)

Total net assets as of September 30, 2014 stood at ¥144,852 million, including ¥137,218 million in shareholders' equity, an increase of ¥6,175 million from March 31, 2014. The increase was mainly attributable to a growth in retained earnings arising from net income of ¥8,951 million. Primary negative contributing factors included a ¥2,543 million decrease in earned surplus due to dividend payments and a ¥1,781 million decrease in foreign currency translation adjustment arising from foreign exchange fluctuations in overseas subsidiaries.

2) Status of Cash Flow

(Million yen)

	First six months of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six months of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	Change
Cash flow from operating activities	11,580	6,141	(5,439)
Cash flow from investment activities	(4,271)	(3,631)	640
Free cash flow	7,308	2,509	(4,799)
Cash flow from financing activities	(3,192)	(13,678)	(10,486)

Cash and cash equivalents (hereinafter, "capital") on a consolidated basis during the six-month period of FY 2014 stood at ¥41,514 million, a decrease of ¥11,537 from the end of consolidated FY 2013, reflecting ¥6,141 million in capital gained from operating activities, which was 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 ¥6,141 million, reflecting a year-on-year decrease of ¥5,439 million in income. Key positive growth factors included increases in income before taxes and depreciations, while negative factors consisted mainly of income tax payments and an increase in inventories.

(Cash flow from investment activities)

Net cash used in investment activities for six-month period under review amounted to ¥3,631 million, a decrease of ¥640 million, primarily attributable to the acquisition of tangible fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities for the six-month period under review totaled ¥13,678 million, a year-on-year increase of ¥10,486 million, primarily reflecting the repayment of long-term loans payable and dividend payments.

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

Taking into consideration the consolidated financial results for the first six-month period of the consolidated fiscal year ending March 31, 2015 and future developments in its business performance, etc., the Company has revised its consolidated financial forecasts for the full-year, which was announced on July 31, 2014.

For details, please refer to "Announcement on Revisions to Financial Forecasts" released on October 31, 2014.

The differences between the revised forecasts and the previous forecasts announced on July 31, 2014 are as follows.

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

	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)	216,000	216,000	24,400	15,500	122	49
Revised forecast (B)	216,000	216,000	24,400	15,500	122	49
Change (B-A)	0	0	0	0	-	-
Rate of change (%)	0.0	0.0	0.0	0.0	-	-
Previous year's results	202,292	20,092	24,227	14,978	117	95

1) Net sales

(Million yen)

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (Announced on July 31, 2014)	48,000	59,200	50,500	58,300	216,000
Revised forecast (B)	48,000	60,700	49,000	58,300	216,000
Change (B-A)	0	1,500	(1,500)	0	0
Rate of change (%)	0.0	2.5	(3.0)	0.0	0.0
Previous year's results	42,853	52,641	52,533	54,264	202,292

2) Operating income

(Million yen)

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (Announced on July 31, 2014)	7,300	8,800	1,700	3,800	21,600
Revised forecast (B)	6,800	10,200	1,100	3,500	21,600
Change (B-A)	(500)	1,400	(600)	(300)	0
Rate of change (%)	(6.8)	15.9	(35.3)	(7.9)	0.0
Previous year's results	6,359	6,344	3,862	3,526	20,092

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Second Quarter of Consolidated FY 2014

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 2014, has been estimated in a rational manner. The tax bill has then been calculated by multiplying the quarterly income before income taxes and adjustments by this estimated effective tax rate.

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

(Changes in Accounting Policies)

Effective from the three-month period ended June 30, 2014, the Company and its subsidiaries have adopted the Article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26 of May 17, 2012; hereinafter, the "Accounting Standard") and Article 67 of the "Guidance on the Accounting Standard for Retirement Benefits," (ASBJ Guidance No.25 of May 17, 2012; hereinafter, the "Guidance"), based on which the calculation method for retirement benefit obligation and service costs has been changed. The attribution method for estimated retirement benefits has been changed from the straight line basis to the benefit formula basis, and the method of determining the discount rate has been revised.

With respect to application of the Accounting Standard, in accordance with transitional accounting treatments as stated in Article 37 of the Accounting Standard, the effect of the changes in calculation method for retirement benefit obligations and service costs has been reflected in earned surplus at the beginning of the three-month period ended June 30, 2014.

As a result, liabilities concerning retirement benefits decreased ¥1,150 million whereas earned surplus increased ¥677 million at the beginning of the three-month period ended June 30, 2014. Each of operating income, ordinary income and income before income taxes for the first six-month period of the consolidated fiscal year under review decreased by ¥5 million, respectively.

(Change in accounting policy which is difficult to distinguish from a change in accounting estimate)

The Company and its domestic consolidated subsidiaries previously applied the declining-balance method for depreciation of tangible fixed assets other than buildings. The accounting method was changed to the straight-line method for all items of tangible fixed assets at the beginning of the first three-month period of the consolidated fiscal year under review.

This change in the depreciation method was determined based on our judgment that the adoption of the straight-line method for the depreciation of tangible fixed assets would reflect our status of management more properly, as a result of considering an ideal method of depreciation. In formulating the Medium-Term Management Plan starting from the consolidated fiscal year under review, the Company examined the operating conditions of tangible fixed assets of the Company and its consolidated domestic subsidiaries, and it was estimated that future operations of the domestic production facilities were likely to stabilize by further promoting local production in the overseas markets.

Consequently, compared with applying the conventional method, operating income for the first six-month period of the consolidated fiscal year under review increased ¥556 million, and each of ordinary income and income before income taxes rose ¥558 million, respectively.

3. Quarterly Consolidated Financial Statements

(1) Second Quarter Consolidated Balance Sheets

(Million yen)

	End of consolidated FY 2013 (as of March 31, 2014)	End of 2Q of consolidated FY 2014 (as of September 30, 2014)
Assets		
Current assets		
Cash and time deposits	25,726	25,251
Notes and accounts receivable	52,840	53,083
Marketable securities	27,999	17,000
Goods and products	5,366	5,563
Products in progress	7,906	10,171
Raw materials and stored goods	8,961	9,938
Deferred tax assets	2,904	2,923
Other current assets	2,664	3,605
Allowance for doubtful accounts	(209)	(145)
Total current assets	134,159	127,392
Fixed assets		
Tangible fixed assets		
Buildings and structures	47,047	47,415
Accumulated depreciation	(28,890)	(29,317)
Buildings and structures (net)	18,157	18,097
Machinery and transport equipment	65,009	64,997
Accumulated depreciation	(46,189)	(46,776)
Machinery and transport equipment (net)	18,820	18,220
Tools, apparatus and furniture	23,384	23,644
Accumulated depreciation	(20,709)	(20,725)
Tools, apparatus and furniture (net)	2,675	2,918
Land	14,634	14,608
Construction in progress	937	862
Total tangible fixed assets	55,225	54,708
Intangible fixed assets		
Goodwill	18,538	17,335
Other	2,854	3,171
Total intangible fixed assets	21,393	20,507
Investments and other assets		
Investments in securities	21,184	23,547
Deferred tax assets	556	492
Other investments and other assets	1,657	1,627
Allowance for doubtful receivables	(192)	(170)
Total investments in securities and other assets	23,205	25,497
Total fixed assets	99,824	100,712
Total assets	233,984	228,104

(Million yen)

	End of consolidated FY 2013 (as of March 31, 2014)	End of 2Q of consolidated FY 2014 (as of September 30, 2014)
Liabilities		
Current liabilities		
Trade notes and accounts payable	35,265	36,159
Short-term loans payable	5,825	5,262
Current portion of long-term loans payable	10,119	41
Income taxes payable	5,862	4,206
Allowance for product warranty	1,087	912
Provision for loss on order received	–	3
Other current liabilities	15,001	15,663
Total current liabilities	73,161	62,248
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans payable	259	240
Allowance for retirement bonus for directors	207	185
Liabilities concerning retirement benefit	7,111	6,085
Deferred tax liabilities	1,475	2,316
Other long-term liabilities	2,296	2,175
Total long-term liabilities	21,351	21,004
Total liabilities	94,513	83,252
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	19,011	18,989
Earned surplus	94,225	101,304
Treasury stock	(2,987)	(2,926)
Total shareholders' equity	120,248	127,367
Accumulated other comprehensive income		
Net unrealized gains on securities	1,783	2,486
Deferred gains or losses on hedges	(1)	(19)
Translation adjustments	9,321	7,540
Accumulated adjustments concerning retirement benefits	(309)	(156)
Total accumulated other comprehensive income	10,794	9,851
Subscription rights to shares	306	323
Minority interests	8,121	7,310
Total net assets	139,471	144,852
Total liabilities and net assets	233,984	228,104

(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, 2014

(Million yen)

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)
Net sales	93,458	105,598
Cost of sales	69,280	76,047
Gross profit	24,177	29,550
Selling, general and administrative expenses	16,238	17,938
Operating income	7,938	11,612
Non-operating income		
Interest income	64	92
Dividend income	38	99
Rent income	117	94
Equity in earnings of affiliates	1,286	1,603
Foreign exchange losses	308	260
Other non-operating income	128	262
Total	1,943	2,413
Non-operating expenses		
Interest expenses	105	98
Other non-operating expenses	103	84
Total	208	182
Ordinary income	9,673	13,842
Extraordinary gains		
Gain on sales of fixed assets	3	10
Gain on sales of investment securities	-	0
Gain on sales of investments	38	-
Total	42	10
Extraordinary losses		
Loss on disposal of fixed assets	36	39
Loss on revision of retirement benefit plan	837	-
Loss on environmental measures	65	-
Total	938	39
Income before income taxes and adjustments	8,776	13,814
Corporate, resident and business taxes	3,510	4,723
Income before minority interests	5,266	9,090
Minority interests in income	228	138
Net income	5,037	8,951

Quarterly Consolidated Statements of Comprehensive Income
For the six-month period ended September 30, 2014

(Million yen)

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)
Income before minority interests	5,266	9,090
Other comprehensive income		
Valuation difference on available-for-sale securities	728	685
Deferred gains or losses on hedges	1	(17)
Foreign currency translation adjustment	5,116	(2,101)
Adjustments concerning retirement benefits	–	152
Share of other comprehensive income of associates accounted for using equity method	148	(21)
Total other comprehensive income	5,994	(1,302)
Comprehensive income	11,260	7,787
[Comprehensive income attributable to:]		
Shareholders of parent company	10,025	8,008
Minority interests	1,234	(220)

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	8,776	13,814
Depreciation and amortization	3,640	2,941
Amortization of goodwill	485	504
Share-based compensation expenses	52	57
Increase (decrease) in allowance for doubtful accounts	17	(71)
Increase (decrease) in provision for retirement benefits	(519)	-
Increase(decrease) in liabilities concerning retirement benefits	-	304
Interest and dividends income	(103)	(192)
Interest expenses	105	98
Equity in (earnings) losses of affiliates	(1,286)	(1,603)
Loss (gain) on sales of noncurrent assets	3	(10)
Loss (gain) on disposal of noncurrent assets	36	39
Loss (gain) on sales of investment securities	-	(0)
Loss (gain) on sale and valuation of investments	(38)	-
Increase (decrease) in notes and accounts receivable-trade	994	(1,076)
Increase (decrease) in inventories	(1,181)	(3,831)
Increase (decrease) in notes and accounts payable-trade	1,289	1,297
Other	2,261	375
Subtotal	14,527	12,649
Interest and dividends income received	314	507
Interest expenses paid	(101)	(122)
Income taxes paid	(3,160)	(6,892)
Net cash provided by (used in) operating activities	11,580	6,141
Net cash provided by (used in) investing activities		
Payments into time deposits	(120)	(85)
Proceeds from maturity of time deposits	185	-
Purchase of property, plant and equipment	(3,520)	(3,036)
Proceeds from sales of property, plant and equipment	1	13
Purchase of intangible assets	(476)	(438)
Proceeds from sales of intangible assets	15	-
Purchase of investment securities	(6)	(29)
Proceeds from sales of investment securities	-	12
Proceeds from sales of investments	145	-
Purchase of shares of subsidiaries and affiliates	(57)	(25)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	(463)	-
Other	25	(42)
Net cash provided by (used in) investing activities	(4,271)	(3,631)

(Million yen)

	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)	First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(994)	(492)
Repayment of long-term loans payable	(58)	(10,085)
Proceeds from stock issuance to minority shareholders	20	-
Purchase of treasury stock	(2)	(0)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,048)	(2,541)
Cash dividends paid to minority shareholders	(108)	(557)
Net cash provided by (used in) financing activities	(3,192)	(13,678)
Effect of exchange rate changes on cash and cash equivalents	1,061	(368)
Net increase (decrease) in cash and cash equivalents	5,177	(11,537)
Cash and cash equivalents at beginning of period	40,200	53,052
Cash and cash equivalents at end of period	45,377	41,514

(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]

None

[Segment Information]

I. 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.

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

1. Information on Sales and Income (Loss) by Reportable Segment

(Million yen)

	Reportable segments					Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
Sales to external customers	25,033	29,769	25,144	25,651	105,598	–	105,598
Inter-segment sales or transfer	45	84	618	99	848	[848]	–
Total	25,078	29,854	25,763	25,750	106,446	[848]	105,598
Segment income	3,976	5,875	1,115	644	11,612	–	11,612

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

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

2. Information concerning Impairment Loss from Fixed Assets, Goodwill and Other Items by Reportable Segment
Not applicable.3. Matters related to changes in reportable segments
(Application of the “Accounting Standard for Retirement Benefits” etc.)
As stated under “Changes in Accounting Policies,” the calculation method for retirement benefit obligation and service costs have been changed, effective from the three-month period ended June 30, 2014. Accordingly, the calculation method for retirement benefit obligation and service costs for each business segment has been changed in the same manner.

As a result of the relevant changes, the segment income for the six-month period under review for the precision equipment business, the transport equipment business, the aircraft and hydraulic equipment business and the industrial equipment business decreased by ¥0 million, ¥1 million, ¥1 million and ¥1 million, respectively, compared with results that would have been generated by applying the previous method.

(Change in Depreciation Method)

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

As a result of the relevant changes, the segment income for the six-month period under review of the precision equipment business, the transport equipment business, the aircraft and hydraulic equipment business and the industrial equipment business increased by ¥240 million, ¥101 million, ¥182 million and ¥31 million, respectively, compared with results that would have been generated by applying the previous method.

4. Other Information

(1) Output and Order Backlog by Business Segment

1) Output

Reportable Segments	First six-month period of consolidated FY 2013 (April 1, 2013 to September 30, 2013)		First six-month period of consolidated FY 2014 (April 1, 2014 to September 30, 2014)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	19,217	20.1	25,051	22.9
Transport Equipment	24,169	25.2	31,257	28.5
Aircraft and Hydraulic Equipment	27,857	29.1	26,393	24.1
Industrial Equipment	24,577	25.6	26,900	24.5
Total	95,821	100.0	109,602	100.0

Note: As the balance sheet date of overseas consolidated subsidiaries is December 31, there has been a cut-off error for three months.

2) Order Backlog

Reportable Segments	As of the end of the first six-month period of consolidated FY 2013 (September 30, 2013)		As of the end of the first six-month period of consolidated FY 2014 (September 30, 2014)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	10,825	13.6	14,374	15.5
Transport Equipment	15,758	19.7	25,365	27.4
Aircraft and Hydraulic Equipment	28,837	36.1	28,404	30.6
Industrial Equipment	24,391	30.6	24,593	26.5
Total	79,813	100.0	92,737	100.0

Note: As the balance sheet date of overseas consolidated subsidiaries is December 31, there has been a cut-off error for three months.