



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

July 31, 2014

Name of Listed Company: Nabtesco Corporation	Stock listed on: the First Section of the Tokyo Stock Exchange
Code Number: 6268	URL: <a href="http://www.nabtesco.com">http://www.nabtesco.com</a>
Representative: Title: President and CEO	Name: Kazuaki Kotani
Inquiries: Title: General Manager, General Administration Div.	Name: Toshihiro Matsumoto
Scheduled Date for Filing of Quarterly Report: August 12, 2014	TEL: +81-3-5213-1133
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 less than 1 million yen have been rounded down)

### 1. Consolidated Results for the First Three-month Period of FY 2014 (April 1, 2014 to June 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	%
Three-month Period, FY 2014	51,481	17.6	5,515	75.6	6,765	51.6	3,783	63.9
Three-month Period, FY 2013	43,786	(2.1)	3,141	(16.8)	4,463	1.0	2,307	(8.9)

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

First three-month period of FY 2013: ¥5,626 million [ 9.5% ]

	Net income per share	Diluted net income per share
	Yen	Yen
Three-month Period, FY 2014	29.90	29.89
Three-month Period, FY 2013	18.10	18.10

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2014	234,783	140,672	56.4
As of March 31, 2014	233,984	139,471	56.0

(Reference) Shareholders' Equity: As of June 30, 2014: ¥132,426 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	Yen	Yen	Yen	Yen
FY 2013	–	18.00	–	20.00	38.00
FY 2014	–				
FY 2014 (Forecast)		20.00	–	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
Six-month period ending September 2014	107,000	14.5	9,800	23.4	11,600	19.9	6,400	27.0	50.58
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 first quarter of consolidated FY 2013 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None  
 Newly added: — (Company name: ) Excluded: — (Company name: )
- (2) Application of distinctive accounting procedures for preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, accounting estimates and restatement of corrections  
 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: 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 Restatement of Corrections,” on page 7 of the attached document.

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

As of June 30, 2014	128,265,799	As of March 31, 2014	128,265,799
As of June 30, 2014	1,710,011	As of March 31, 2014	1,736,737
April 1, 2014 to June 30, 2014	126,542,425	April 1, 2013 to June 30, 2013	127,483,930

Notes:

Presentation of status of implementation of the quarterly review process

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

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

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

### (1) Analysis of Consolidated Operating Results

In the first three-month period of the consolidated fiscal year under review, the world economy continued to show an uncertain outlook for the future, as seen in the slowdown of the economic growth in China, the economic doldrums and surfacing geopolitical risks in emerging markets including Southeast Asian countries. However, a moderate trend towards economic recovery in Europe became apparent, as well as a steady recovery of the US economy.

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 Group's operating results for the first three-month period of the consolidated fiscal year under review witnessed a year-on-year growth in net sales as recorded in the rise of sales in the precision reduction gear, railroad vehicle equipment, marine vessels equipment and commercial vehicle equipment businesses, in addition to positive effects of foreign exchange in the automatic door, aircraft equipment and hydraulic equipment businesses, despite a marginal drop in sales in the packaging machinery business. Similarly, operating income, ordinary income and net income increased.

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

Orders received during the first three-month period of the consolidated fiscal year under review increased by ¥5,441 million (up 10.0% year on year) to ¥59,713 million. Net sales grew ¥7,695 million (up 17.6%) to ¥51,481 million, and operating income soared ¥2,374 million (up 75.6%) to ¥5,515 million. Operating margin rose 3.5 points year on year to 10.7%.

Operating results by business segment were as follows:

[Amount of orders received]

	First three-month period of consolidated FY 2013 (April 1, 2013 to June 30, 2013)	First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014)	Change (%)
Precision equipment	11,156	13,832	24.0
Transport equipment	13,261	18,270	37.8
Aircraft and hydraulic equipment	14,961	13,230	(11.6)
Industrial equipment	14,891	14,379	(3.4)
Total	54,271	59,713	10.0

(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.

[Net sales]

	First three-month period of consolidated FY 2013 (April 1, 2013 to June 30, 2013)	First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014)	Change (%)
Precision equipment	9,667	13,241	37.0
Transport equipment	10,840	14,076	29.9
Aircraft and hydraulic equipment	12,331	13,077	6.0
Industrial equipment	10,947	11,086	1.3
Total	43,786	51,481	17.6

(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 three-month period of consolidated FY 2013 (April 1, 2013 to June 30, 2013)	First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014)	Change (%)
Precision equipment	1,222	2,009	64.5
Transport equipment	666	2,852	328.0
Aircraft and hydraulic equipment	956	802	(16.1)
Industrial equipment	296	(150)	(150.8)
Total	3,141	5,515	75.6

(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 24.0% year on year to ¥13,832 million. Net sales rose 37.0% year on year to ¥13,241 million, and operating income soared 64.5% to ¥2,009 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 a year-on-year growth of 37.8% to ¥18,270 million. Net sales advanced 29.9% to ¥14,076 million, and operating income jumped 328.0% to ¥2,852 million.

In the railroad vehicle equipment business, sales rose owing to growth in sales for overseas markets as well as an increase in after-sales demand in Japan. In the commercial vehicle equipment business, sales were boosted reflecting a strong demand for trucks in Japan. Similarly, in the marine vessels equipment business, sales increased on the back of a recovery in the shipbuilding market.

**[Aircraft and Hydraulic Equipment]**

The amount of orders received for aircraft and hydraulic equipment decreased 11.6% year on year to ¥13,230 million. Net sales rose 6.0% to ¥13,077 million, and operating income fell 16.1% to ¥802 million.

In the aircraft equipment business, sales advanced due to the expansion of sales for aircraft in the private sector and benefits from foreign exchange translation effects. In the hydraulic equipment business, sales grew owing to foreign exchange translation effects despite the impact of a decrease in demand for construction machinery in China.

**[Industrial Equipment]**

The amount of orders received for industrial equipment dropped 3.4% year on year to ¥14,379 million. Sales rose 1.3% to ¥11,086 million but operating losses reached ¥150 million.

In the automatic door business, sales grew as a result of foreign exchange translation effects in the overseas markets, despite a reactionary decline from the last-minute orders before the consumption tax hike in the domestic market. In the automatic packaging machinery business, sales fell marginally due to a cut-off error of fiscal year in some transactions.

## Reference: Information by region

**[Net sales]**

(Million yen)

	First three-month period of consolidated FY 2013 (April 1, 2013 to June 30, 2013)	First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014)	Change (%)
Japan	25,326	27,656	9.2
Asia	8,180	11,136	36.1
North America	3,565	4,113	15.4
Europe	6,587	8,424	27.9
Other areas	126	149	18.8
Total	43,786	51,481	17.6

- 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**

Ordinary income for the first three-month period of the consolidated fiscal year under review grew ¥2,301 million (up 51.6%) on a year-on-year basis to ¥6,765 million.

The main growth factor was the increase in operating income as mentioned earlier. At the same time, non-operating income rose ¥107 million year on year to ¥1,505 million, reflecting an increase in investment gains from equity-method affiliates, whereas non-operating expenses stood at ¥255 million, a year-on-year increase of ¥179 million, owing to losses on foreign exchange translations.

**3) Net income**

Net income for the first three-month period of the consolidated fiscal year under review increased ¥1,475 million (up 63.9%) year on year to ¥3,783 million.

Extraordinary gains increased ¥3 million year on year to ¥5 million, which was attributable to gain on sales of fixed assets. At the same time, extraordinary losses diminished by ¥2 million to ¥6 million, mainly reflecting a loss on disposal of fixed assets.

In summary, income before income taxes and adjustments increased ¥2,306 million year on year to ¥6,764 million. Corporate taxes grew ¥807 million from the same period a year earlier to ¥2,873 million, and minority interests in income came to ¥108 million, a year-on-year increase of ¥24 million.

**(2) Analysis of Financial Position**

(Million yen)

	As of the End of the Previous Consolidated Fiscal Year (March 31, 2014)	As of the End of the First Three-month Period of the Current Consolidated Fiscal Year (June 30, 2014)	Change
Total assets	233,984	234,783	799
Liabilities	94,513	94,111	(401)
Net assets	139,471	140,672	1,200

**(Assets)**

Total assets as of June 30, 2014 were ¥234,783 million, an increase of ¥799 million from March 31, 2014, reflecting ¥134,440 million in current assets and ¥100,343 million in fixed assets. Key contributing positive factors included increases of ¥3,854 million in inventories and ¥1,380 million in investment securities. Meanwhile, the main contributing negative factors included decreases of ¥2,999 million in securities and ¥1,257 million in cash and time deposits.

**(Liabilities)**

Total liabilities as of June 30, 2014 were ¥94,111 million, a decrease of ¥401 million from March 31, 2014, consisting of ¥73,442 million in current liabilities and ¥20,668 million in fixed liabilities. The increase was mainly attributable to a rise of ¥2,095 million in trade notes and accounts payable. On the other hand, the decrease was mainly attributable to a decrease of ¥3,179 million in income taxes payable.

**(Net assets)**

Total net assets as of June 30, 2014 stood at ¥140,672 million, including ¥132,426 million in shareholders' equity, an increase of ¥1,382 million from March 31, 2014. The increase was mainly attributable to a growth in retained earnings arising from net income of ¥3,783 million. Primary negative contributing factors included a ¥2,543 million decrease in earned surplus due to dividend payments and a ¥1,007 million decrease in foreign currency translation adjustment arising from foreign exchange fluctuations in overseas subsidiaries.

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

Taking into consideration the consolidated financial results for the first three-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 first six-month period and the full-year which were announced on May 9, 2014.

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

The differences between the revised forecasts and the previous forecasts announced on May 9, 2014 are as follows.

**Revision to the financial forecasts for the first six-month period of 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)	106,000	9,100	10,900	5,900	46	46
<b>Revised forecast (B)</b>	<b>107,000</b>	<b>9,800</b>	<b>11,600</b>	<b>6,400</b>	<b>50</b>	<b>58</b>
Change (B-A)	1,000	700	700	500	-	-
Rate of change (%)	0.9	7.7	6.4	8.5	-	-
Previous year's results	93,458	7,938	9,673	5,037	39	52

## 1) Net sales

(Million yen)

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (Announced on May 9, 2014)	22,700	29,400	27,800	26,100	106,000
<b>Revised forecast (B)</b>	<b>25,000</b>	<b>30,000</b>	<b>26,100</b>	<b>25,900</b>	<b>107,000</b>
Change (B-A)	2,300	600	(1,700)	(200)	1,000
Rate of change (%)	10.1	2.0	(6.1)	(0.8)	0.9
Previous year's results	19,513	23,960	26,538	23,445	93,458

## 2) Operating income

(Million yen)

	Precision equipment	Transport equipment	Aircraft and hydraulic equipment	Industrial equipment	Total
Previously announced forecast (A) (Announced on May 9, 2014)	3,100	4,200	1,200	600	9,100
<b>Revised forecast (B)</b>	<b>3,600</b>	<b>4,700</b>	<b>1,000</b>	<b>500</b>	<b>9,800</b>
Change (B-A)	500	500	(200)	(100)	700
Rate of change (%)	16.1	11.9	(16.7)	(16.7)	7.7
Previous year's results	2,665	2,581	1,840	851	7,938

## 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	06
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 May 9, 2014)	45,800	58,300	54,000	57,900	216,000
Revised forecast (B)	48,000	59,200	50,500	58,300	216,000
Change (B-A)	2,200	900	(3,500)	400	0
Rate of change (%)	4.8	1.5	(6.5)	0.7	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 May 9, 2014)	6,800	8,000	2,800	4,000	21,600
Revised forecast (B)	7,300	8,800	1,700	3,800	21,600
Change (B-A)	500	800	(1,100)	(200)	0
Rate of change (%)	7.4	10.0	(39.3)	(5.0)	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 First 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 first 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 three-month period of the consolidated fiscal year under review decreased by ¥2 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 three-month period of the consolidated fiscal year under review increased ¥241 million, and each of ordinary income and income before income taxes rose ¥242 million, respectively.

### 3. Quarterly Consolidated Financial Statements

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

	(Million yen)	
	End of consolidated FY 2013 (as of March 31, 2013)	End of 1Q of consolidated FY 2014 (as of June 30, 2014)
<b>Assets</b>		
Current assets		
Cash and time deposits	25,726	24,468
Notes and accounts receivable	52,840	52,637
Marketable securities	27,999	24,999
Goods and products	5,366	6,078
Products in progress	7,906	9,854
Raw materials and stored goods	8,961	10,155
Deferred tax assets	2,904	3,012
Other current assets	2,664	3,393
Allowance for doubtful accounts	(209)	(160)
Total current assets	134,159	134,440
Fixed assets		
Tangible fixed assets		
Buildings and structures	47,047	46,919
Accumulated depreciation	(28,890)	(29,140)
Buildings and structures (net)	18,157	17,778
Machinery and transport equipment	65,009	64,737
Accumulated depreciation	(46,189)	(46,377)
Machinery and transport equipment (net)	18,820	18,360
Tools, apparatus and furniture	23,384	23,329
Accumulated depreciation	(20,709)	(20,601)
Tools, apparatus and furniture (net)	2,675	2,727
Land	14,634	14,623
Construction in progress	937	1,511
Total tangible fixed assets	55,225	55,001
Intangible fixed assets		
Goodwill	18,538	17,956
Other	2,854	2,908
Total intangible fixed assets	21,393	20,864
Investments and other assets		
Investments in securities	21,184	22,565
Deferred tax assets	556	478
Other investments and other assets	1,657	1,627
Allowance for doubtful receivables	(192)	(194)
Total investments in securities and other assets	23,205	24,477
Total fixed assets	99,824	100,343
Total assets	233,984	234,783

(Million yen)

	End of consolidated FY 2013 (as of March 31, 2013)	End of 1Q of consolidated FY 2014 (as of June 30, 2014)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	35,265	37,360
Short-term loans payable	5,825	4,353
Current portion of long-term loans payable	10,119	10,117
Income taxes payable	5,862	2,683
Allowance for product warranty	1,087	987
Provision for loss on order received	–	1
Other current liabilities	15,001	17,938
Total current liabilities	73,161	73,442
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans payable	259	218
Allowance for retirement bonus for directors	207	174
Liabilities concerning retirement benefits	7,111	5,905
Deferred tax liabilities	1,475	2,271
Other long-term liabilities	2,296	2,099
Total long-term liabilities	21,351	20,668
Total liabilities	94,513	94,111
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	19,011	18,989
Earned surplus	94,225	96,141
Treasury stock	(2,987)	(2,925)
Total shareholders' equity	120,248	122,206
Accumulated other comprehensive income		
Net unrealized gains on securities	1,783	2,138
Deferred gains or losses on hedges	(1)	(0)
Translation adjustments	9,321	8,314
Accumulated adjustments concerning retirement benefits	(309)	(232)
Total accumulated other comprehensive income	10,794	10,219
Subscription rights to shares	306	300
Minority interests	8,121	7,945
Total net assets	139,471	140,672
Total liabilities and net assets	233,984	234,783

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

Quarterly Consolidated Statements of Income  
For the three-month period ended June 30, 2014

(Million yen)

	First three-month period of consolidated FY 2013 (April 1, 2013 to June 30, 2013)	First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014)
Net sales	43,786	51,481
Cost of sales	32,854	37,192
Gross profit	10,931	14,288
Selling, general and administrative expenses	7,790	8,773
Operating income	3,141	5,515
Non-operating income		
Interest income	26	46
Dividend income	41	101
Rent income	59	46
Equity in earnings of affiliates	976	1,146
Foreign exchange losses	230	-
Other non-operating income	63	164
Total non-operating income	1,398	1,505
Non-operating expenses		
Interest expenses	52	56
Foreign exchange losses	-	157
Other non-operating expenses	23	42
Total non-operating expenses	75	255
Ordinary income	4,463	6,765
Extraordinary gains		
Gain on sales of fixed assets	2	5
Total extraordinary gains	2	5
Extraordinary losses		
Loss on disposal of fixed assets	8	6
Total extraordinary losses	8	6
Income before income taxes and adjustments	4,457	6,764
Corporate, resident and business taxes	2,065	2,873
Income before minority interests	2,391	3,891
Minority interests in income	83	108
Net income	2,307	3,783

Quarterly Consolidated Statements of Comprehensive Income  
For the three-month period ended June 30, 2014

(Million yen)

	First three-month period of consolidated FY 2013 (April 1, 2013 to June 30, 2013)	First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014)
Income before minority interests	2,391	3,891
Other comprehensive income		
Valuation difference on available-for-sale securities	279	350
Deferred gains or losses on hedges	(6)	0
Foreign currency translation adjustment	2,876	(1,227)
Adjustments concerning retirement benefits		76
Share of other comprehensive income of associates accounted for using equity method	85	(23)
Total other comprehensive income	3,234	(822)
Comprehensive income	5,626	3,068
[Comprehensive income attributable to:]		
Shareholders of parent company	4,926	3,208
Minority interests	699	(139)

**(3) Notes Relating to the Quarterly Consolidated Financial Statements**

[Notes Relating to the Going Concern Assumption]

None

[Notes in Case of Any Significant Change in the Amount of Shareholders' Equity]

Not applicable

[Segment Information]

I. For the three months ended June 30, 2013 (April 1, 2013 to June 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	9,667	10,840	12,331	10,947	43,786	–	43,786
Inter-segment sales or transfer	6	35	234	17	293	(293)	–
Total	9,673	10,875	12,565	10,964	44,080	(293)	43,786
Segment income	1,222	666	956	296	3,141	–	3,141

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥293 million in the elimination of inter-segment transactions.

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

## II. For the three months ended June 30, 2014 (April 1, 2014 to June 30, 2014)

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

(Million yen)

	Reportable segments					Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Precision Equipment	Transport Equipment	Aircraft and Hydraulic Equipment	Industrial Equipment	Total		
Net sales							
Sales to external customers	13,241	14,076	13,077	11,086	51,481	–	51,481
Inter-segment sales or transfer	15	50	334	32	433	(433)	–
Total	13,257	14,126	13,411	11,118	51,914	(433)	51,481
Segment income (loss)	2,009	2,852	802	(150)	5,515	–	5,515

Notes: 1 Adjustments relating to the inter-segment sales or transfer amounted to negative ¥433 million in the elimination of inter-segment transactions.

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

## 2. Matters related to changes in reportable segments

(Application of the “Accounting Standard for Retirement Benefits” etc.)

As 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 this change, for the first three-month period of the consolidated fiscal year under review, segment income decreased in “Precision Equipment,” “Transport Equipment,” and “Aircraft and Hydraulic Equipment” by ¥0 million, respectively, while segment loss increased in “Industrial Equipment” by ¥0 million, compared with the values obtained using 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 this change, for the first three-month period of the consolidated fiscal year under review, segment income increased in “Precision Equipment” by ¥107 million, “Transport Equipment” by ¥42 million, and “Aircraft and Hydraulic Equipment” by ¥79 million, while segment loss decreased in “Industrial Equipment” by ¥11 million, compared with applying the conventional method.

## 4. Other information

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

#### 1) Output

Reportable Segments	First three-month period of consolidated FY 2013 (April 1, 2013 to June 30, 2013)		First three-month period of consolidated FY 2014 (April 1, 2014 to June 30, 2014)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	9,657	21.2	13,190	24.0
Transport Equipment	11,228	24.7	15,003	27.3
Aircraft and Hydraulic Equipment	13,323	29.2	14,258	26.0
Industrial Equipment	11,364	24.9	12,497	22.7
Total	45,574	100.0	54,949	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 three-month period of consolidated FY 2013 (June 30, 2013)		As of the end of the first three-month period of consolidated FY 2014 (June 30, 2014)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Precision Equipment	10,337	13.0	11,055	12.5
Transport Equipment	18,791	23.6	24,954	28.1
Aircraft and Hydraulic Equipment	30,335	38.1	28,351	31.9
Industrial Equipment	20,143	25.3	24,383	27.5
Total	79,607	100.0	88,744	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.