

## Summary of Consolidated Results for the Fiscal Year Ended March 20, 2006

April 27, 2006

Listed company name: YASKAWA Electric Corporation

<http://www.yaskawa.co.jp/en/>

President: Koji Toshima

Stock exchange listings: Tokyo, Fukuoka

Stock ticker number: 6506

### 1. Summary of Results for Fiscal Year 2005 (March 21, 2005 to March 20, 2006)

(Note: This document was translated from the financial statement submitted to the Tokyo Stock Exchange for the period stated above. The figures under one million are rounded off.)

#### (1) Summary of Consolidated Statements of Income

	(Millions of yen, except ratio and per share data)			
	Year ended March 20, 2006	Change	Year ended March 20, 2005	Change
Net sales	322,916	4.3%	309,615	17.7%
Operating income	24,486	39.7%	17,527	41.3%
Ordinary income	24,331	39.7%	17,414	45.0%
Net income	10,157	446.1%	1,860	(68.0%)
Earnings per share (basic, Yen)	43.18	453.6%	7.80	(68.5%)
Earnings per share (diluted, Yen)	39.72	444.1%	7.30	(68.7%)

Notes: 1. Equity in earnings of affiliated companies

Fiscal year ended 3/20/06: ¥873 million

Fiscal year ended 3/20/05: ¥268 million

2. Average number of shares during the period (consolidated)

Fiscal year ended 3/20/06: 231,473,575 shares

Fiscal year ended 3/20/05: 231,328,828 shares

3. Changes in accounting methods: Yes

4. Percentage changes for fiscal year sales, operating income, ordinary income, net income and earnings per share (basic and diluted) are relative to the fiscal year results from the previous fiscal year.

#### (2) Summary of Consolidated Financial Position

	(Millions of yen, except ratio and per share data)	
	Year ended March 20, 2006	Year ended March 20, 2005
Total assets	255,222	254,438
Shareholders' equity	52,750	38,366
Shareholders' equity ratio (%)	20.7	15.1
Shareholders' equity per share (Yen)	226.51	165.63

Note: Recorded number of shares issued at the end of the period

As of 3/20/06: 232,161,764 shares

As of 3/20/05: 231,310,194 shares

(3) Summary of Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended March 20, 2006	Year ended March 20, 2005
Net cash provided by (used in)		
operating activities	18,724	5,789
Net cash provided by (used in)		
investing activities	(9,729)	(2,242)
Net cash provided by (used in)		
financing activities	(14,934)	(2,823)
Cash and cash equivalents at		
end of period	12,102	17,906

(4) Scope of consolidation and application under equity method accounting

Total consolidated subsidiaries: 61 companies

Non-consolidated subsidiaries to which equity method accounting is applied: 3 companies

Affiliated companies to which equity method accounting is applied: 19 companies

(5) Changes in scope of consolidation and application under equity method accounting

Consolidated (new): 0 (eliminated): 1

Affiliated companies (new): 1 (eliminated): 0

**2. Projected Consolidated Results for the Fiscal Year Ending March 20, 2007**

	(Millions of yen)	
	6 months ending September 20, 2006	Year ending March 20, 2007
Net sales	158,000	340,000
Ordinary income	9,500	27,500
Net income	3,000	12,000

Notes: Projected earnings per share for the year are ¥51.69.

The above projections were made as of the day of writing and may vary from actual results.

**3. Management Policies**

Fundamental Management Policies

YASKAWA Electric Corporation, along with its subsidiaries and affiliated companies, has long held to its policy of committing ourselves to the development of society and the well-being of all people through business achievements. To accomplish these goals, YASKAWA Group follows three principles below.

- giving priority to product quality and developing cutting-edge technology in which we can take price throughout the world
- improving management efficiency and ensuring enough profit to stay competitive
- responding to the market needs and committing ourselves to serving the customers the best we can

Taking into consideration the increasing interest in the creation of corporate value, YASKAWA Group's priority is to improve capital efficiency for greater financial returns to our shareholders. In order to do so, we

will continue to provide products and services of great value to our customers in view of enhancing customer satisfaction. We will also continue our efforts to improve employee satisfaction so that our employees feel more loyal and proud to work at YASKAWA. We believe that these activities will result in increased corporate value, greater profitability, and a larger financial return on your investment.

#### Policy on Profit Distribution

Regarding profit distribution, our goal is to secure stable and continuous cash dividends to our shareholders as well as some in reserve to enrich our business base and to enable future business expansion. We base our decision of profit distribution on the integrated consideration of our business performance, the business environment, and the financial conditions.

Based on our performance in the fiscal year 2005, the Company expects to pay a dividend of ¥6 per share. (¥5 as regular payment and ¥1 as commemorative payment related to YASKAWA Electric Corporation's 90th anniversary)

As for the fiscal year 2006, on condition that amendment of the articles of incorporation related to the introduction of midterm dividends is resolved at the 90th shareholders' meeting scheduled on June 16, 2006, the Company expects to pay ¥3 at the end of the first half of the fiscal year and ¥3 at the end of the fiscal year.

#### Policy on Reduction of Share Trading Unit Size

Based on the share prices and liquidity, we decide on our policy on share trading unit size. Our belief is that YASKAWA Electric Corporation currently has sufficient liquidity. In consideration also of our current share price and the additional costs incurred in reducing the share trading unit size, we do not feel that reducing the unit size would create any additional value for the Company or for our shareholders. We will continue to monitor stock market trends and make any decisions in consideration of the benefit of our shareholders and the timing of change in stock regulations.

#### Management Goals

Our business performance is evaluated mainly by the following indicators: ordinary income ratio, shareholders' equity ratio, and the Return-on-Equity (ROE). YASKAWA Group seeks to maximize earnings on invested shareholders' equity, which benefits all stakeholders including our employees and not to mention our shareholders. We also aim to structure the Company in such a way that it will remain profitable even in the volatile business environments. We achieve this management structure by improving profitability and strengthening our credit rating to facilitate fund-raising.

#### Mid- to Long-term Business Strategies

From the fiscal year 2006, YASKAWA Group started implementing a new three-year business plan "DASH 100".

We aim to achieve our visions for the Company's 100th anniversary in 2015 of becoming "a corporate group with firm global No.1 businesses", "a company that contribute to the evolution of society, the well-being of all

people and the global environment”, and “a company where employees demonstrate their maximum creativity and take pride in their work”. The next 10 years until 2015 will be divided into three terms with different mid-term business plans to be drawn and implemented. For the first stage of the next 10 years, we drew out the new mid-term business plan “DASH 100”.

DASH 100: Basic Objectives

Building on the “post-mechatronics shift” management base established by the previous mid-term business plan “Win21 Plus”, the following two basic objectives will be worked for in order to maximize YASKAWA’s corporate value and brand.

Realization of firm global No.1 position in market share, size, and profitability for the core mechatronics businesses by strengthening them further

Establishment of a new pillar of business to ensure growth and stability of the company

DASH 100: Position

Taking advantage of positive market conditions, YASKAWA Group will switch to growth-oriented management. We will make a dash toward accelerating business expansion and growth.

DASH 100: Basic Goals

Establish businesses that are truly global No.1 (No.1 in market share, size, and profitability)

Develop and start up new businesses

Realize ordinary income ratio of 10% as soon as possible

Financial Goals (Consolidated)

	Fiscal Year 2005 Results	Fiscal Year 2008 Targets
Net Sales (million yen)	322,916	400,000
Ordinary Income (million yen)	24,331	40,000
Ordinary Income Ratio (%)	7.5	10.0
Shareholders’ Equity Ratio (%)	20.7	30.0

Management Initiatives and Challenges

In order to ensure continued growth and enhance profitability, YASKAWA Group started implementing three-year mid-term business plan “DASH 100” in fiscal year 2006. In its first year, we will implement the policies as follows.

Firstly, we will strengthen our effort to increase our market share in the automobile-, semiconductor-, and LCD-related markets on which we have focused our marketing efforts. Also, we will enhance our marketing in the growing Asian markets, especially in China, and in profitable markets in North America and Europe, and in emerging markets like India. We will also speed up the development of new products and create new

businesses while we enhance productivity.

Secondly, we will work on improving further the quality of our products and of our work, which determine our brand value.

Thirdly, regional management is strengthened to enable implementation of a flexible market strategy that suits each region in the world, thus maximizing our strength as a corporate group.

Lastly, in order to promote business reform, internal control system will be enhanced. We will thereby ensure compliance and risk management, as well as work on standardization of our business, and build highly objective and transparent business processes.

We believe that these measures will increase our corporate value.

### Governance Policy and Actions

#### *Basic Premise on Governance*

The social and economic conditions surrounding our businesses are ever changing. We aim to respond to these changes with quick decision-making. We also give high priority to corporate ethics based on legal compliance. We believe these will help us ensure sound business operations and that the stakeholder value is thereby enhanced.

At the same time, we commit ourselves to establishing better relationships with all of our stakeholders, including our shareholders, customers, clients, local communities and employees. The Company will enrich its corporate governance in accordance with the law as we strengthen, improve and further develop the system of how our current shareholders' meetings, board of directors and auditors, and accounting audits operate.

Furthermore, we will ensure swift and accurate disclosure of a wide-range of information to our shareholders and other capital providers, and will thereby increase the transparency of our company's management.

#### *Governance Status and Actions*

An auditing system is being adopted to oversee the managerial decision-making, the execution thereof and assessment. YASKAWA Electric Corporation also adopts an external director and two external auditors in order to assure compliance. No people from within the Company who are involved in the auditing system nor our external director and auditors are interested parties in either financing or trading relationships with the Company.

In addition to the Board of Directors regularly holding scheduled meetings, special meetings will be held accordingly to make decisions on important managerial issues and legal issues, and to oversee the business operations.

Ernst & Young ShinNihon is the auditing firm for YASKAWA Electric Corporation. As part of the contract for auditing services, we are required to provide accurate management information. The auditors provide an environment in which an open and impartial point of view can be attained. In any situation where the auditors' judgment is necessary, the Company will consult with the auditors to receive the necessary support.

We also consult with the legal counsel and receive legal advice whenever we find it necessary do so.

In regard to our company activity standards, the Company has enacted the Corporate Charter along with the Corporate Code of Conduct, and we promote their corporate-wide observance, enlightenment, and abiding

structure. YASKAWA distributes compliance guidelines to all employees and is establishing an information window within the company as part of a compliance structure. Also, efforts are being made to protect personal information through establishing a privacy policy.

During the past fiscal year, the Board of Directors met a total of ten times to make decisions on important managerial issues and legal issues, and to oversee the business operations. In May and November 2005, we held analyst presentations as part of our investor relations program.

In order to ensure and strengthen the Company's compliance, environmental protection, risk management, customer satisfaction, appropriate corporate communications, and contribution to the society, Corporate Social Responsibility Promotion Committee was established.

Also, in order to upgrade and enhance the Company's internal control system, Business System Reengineering Division was established. We will work on standardization of our business, and build highly objective and transparent business processes.

Furthermore, in order to clarify the management responsibility and to enable quick response to volatile business environments, amendment to the articles of incorporation to shorten the term of office for directors from two years to one year will be put on the agenda at the 90th shareholders' meeting scheduled on June 16, 2006.

#### **4. Business Performance in the Fiscal Year 2005**

In the fiscal year 2005, the economic conditions in Europe, North America and Asia were all generally positive. The economic recovery in Japan also gained strength during the latter half of the fiscal year with increased capital expenditures, improvements in employment conditions, and a gain in personal consumption.

In the midst of this economic environment, YASKAWA Group implemented with speed the policies targeted at increasing added value and expanding business through market strategy and innovation. And, especially for the growing markets such as automobile-, semiconductor-, and LCD-related markets, we strengthened our market capture and sales operations by enhanced marketing strategy, and introduced strategic new products in a timely manner, and thus raised profitability.

As a result, sales increased by 4.3% from the previous fiscal year to 322,916 million yen. Operating income rose by 39.7% to ¥24,486 million. Ordinary income also rose by 39.7% to ¥24,331 million, and net income rose as well by 446.1% to ¥10,157 million. These results all marked record highs. Sales, operating income, and ordinary income increased for four consecutive years.

#### **Results by Business Segment**

##### Motion Control

The demand recovery for AC servomotors and controllers gained strength in one of their main markets such as semiconductor- and LCD-related markets that experienced a temporary slowdown in the second half of the previous fiscal year. The demand in the markets for machine tools and metal working machinery in the automobile-related sector also grew steadily. Also, the demand growth for air-conditioning and elevators in

Asian markets including China led to a sales increase for our inverters. As for marketing, efforts were made towards market development by strengthening sales operations. In an effort to increase added value, we also marketed new products to raise profitability.

The overall results for the Motion Control segment, compared to the previous fiscal year, show sales increasing by 8.9% to ¥133,909 million and operating income increasing by 34.6% to ¥12,278 million. These results marked record highs.

#### Robotics Automation

In the automobile-related sector, we successfully increased our market share for robots for arc-welding, spot-welding, and painting by our market strategy and stronger sales operations. However, these markets showed a temporary slowdown in the second half of the fiscal year as capital expenditures came to an adjustment phase. We successfully introduced new robots to meet the needs for fast-transfer and handling bigger-glass, which arose as the demand for LCDs grew. The demand for robots for clean and vacuum environments used in semiconductor production showed recovery during the second half of the fiscal year.

A new robot factory “MOTOMAN STATION” was built to increase production capacity and improve productivity.

As a result, sales in Robotics Automation rose by 7.9% to ¥113,458 million compared to the previous fiscal year, and operating income increased by 35.3% to ¥9,850 million. These results were also record highs.

#### System Engineering

While the fierce market conditions lasted, the System Engineering segment carried out a reform in the profit structure by specializing in its strong businesses and by cost reductions.

Intense competition affected us in the market of automation systems for wastewater process equipments. Efforts were made to take in the demand for steel plant renovation that arose as the demand for steel materials grew.

As a result, sales in System Engineering decreased by 6.7% to ¥41,932 million compared to the previous fiscal year. An operating loss of ¥259 million occurred, however it was ¥1,833 million less than the previous year.

#### Information Technologies

Even though Y-E Data Inc., with businesses in computer peripheral and terminal equipments, was affected by a fall in demand for floppy disk drives, both sales and operating income of the company increased because of the efforts to develop new businesses. On the other hand, YASKAWA Information Systems Co., Ltd., with businesses in information management software and services, was affected by intensifying competition in its business sector and a decrease in sales of high added-value businesses.

This led to sales in this segment decreasing by 2.5% to ¥24,783 million and operating income decreasing by 30.5% to ¥1,042 million compared to the corresponding period last year.

### Other

The Other segment includes businesses such as logistic services and temporary staffing services.

Sales in this segment decreased by 20.8% to ¥8,833 million, and operating income decreased by 3.0% to ¥1,686 million compared to the corresponding period last year.

Concerning the results of YASKAWA Electric Corporation, even though sales decreased by 1.0% to ¥189,518 million, operating income increased by 115.7% to ¥8,146 million, ordinary income increased by 62.4% to ¥13,047 million, and net income increased by ¥7,785 million to ¥3,803 million. Operating income, ordinary income and net income marked record highs.

## **5. Balance Sheet Highlights**

### Assets

Current assets decreased by ¥6,313 million to ¥169,192 million compared to the corresponding date of previous fiscal year, while trade notes and account receivables decreased by ¥6,116 million, and inventories increased by ¥5,496 million.

As for fixed assets, property, plant, and equipment increased by ¥2,196 million, and investments and other assets increased by ¥587 million. Total fixed assets increased by ¥7,097 million to ¥86,030 million.

Total assets therefore increased by ¥784 million from the end the previous fiscal year to ¥255,222 million.

### Liabilities

Total current liabilities decreased by ¥9,863 million while short-term bank loans decreased by ¥8,793 million.

Regarding long-term liabilities, long-term debt decreased by ¥5,826 million and accrued retirement benefits increased by ¥3,351 million. As a result, total long-term liabilities at the end of the fiscal year 2005 decreased by ¥3,756 million.

Total liabilities at the end of the fiscal year 2005 therefore decreased by ¥13,619 million to ¥198,382 million compared to the corresponding date of the previous year.

### Equity

Total shareholder's equity at the end of the fiscal year increased by ¥14,383 million compared to the corresponding date of the previous year to ¥52,750 million due to the increase in retained earnings.

## **6. Cash Flow**

Cash flows from operating activities ended at a positive ¥18,724 million. Even though inventories increased by ¥4,505 million, income before income taxes and minority interests amounted to ¥17,286 million, and trade receivables decreased by ¥9,069 million as credit obligations were called in and liquidated. Cash flows from investing activities ended at a negative ¥9,729 million due to purchases of ¥9,300 million of tangible fixed assets.

Free cash flow, which is a sum of cash flows from operating and investing activities, was at a positive ¥8,995 million.

Cash flows from financing activities ended at a negative ¥14,934 million as repayments were made for ¥8,951



million of short-term debt, and ¥5,877 million of long-term debt.

As a result of these activities, the balance of cash and cash equivalents at the end of the fiscal year 2005 was ¥12,102 million.

### Cash Flow Indicator Trends

Cash Flow Indicator Trends for the YASKAWA Group are shown below.

	Fiscal Year 2003		Fiscal Year 2004		Fiscal Year 2005	
	End of first half	End of full year	End of first half	End of full year	End of first half	End of Full year
Shareholders' equity ratio (%)	13.4	14.7	14.2	15.1	17.1	20.7
Shareholders' equity ratio based on market value (%)	75.0	75.8	48.6	56.5	81.0	118.2
Repayment of debt (years)	6.8	4.3	-	13.4	9.2	3.3
Interest coverage ratio (times)	7.8	12.2	-	4.91	12.8	12.8

Notes: shareholders' equity = shareholders' equity/total assets

shareholders' equity based on market value = market value of total shares/total assets

repayment of debt in years = interest-incurring debt/operating cash flow

interest coverage ratio = operating cash flow/interest expense

\*All calculations were made on a consolidated base.

\*Interest incurring debt consists of all debt appearing on the balance sheet that incurs interest.

\*Amounts used for operating cash flow and interest expense were taken from "operating cash flow" and "interest expense" totals as calculated in first half and annual financial statements.

## 7. Outlook for Fiscal Year 2006

Although some concerns remain over the economic slowdown in the U.S., European and Asian markets are recovering and growing. As for the Japanese market, while there is some concern over high prices of crude oil and fluctuations in exchange rates, economic growth is expected to continue with increase in capital expenditures.

Forecasted business results for the fiscal year 2006 are shown below.

<u>Fiscal Year 2005 Consolidated</u>		(millions of yen)
	Fiscal Year 2006 (forecast)	Year-on-year Change
Net Sales	340,000	17,084
Operating Income	27,500	3,014
Ordinary Income	27,500	3,169
Net Income	12,000	1,843

<u>Fiscal Year 2005 Unconsolidated</u>		(millions of yen)
	Fiscal Year 2005 (forecast)	Year-on-year Change
Net Sales	202,000	12,482
Operating Income	11,000	2,854
Ordinary Income	15,000	1,953
Net Income	5,000	1,197

Notes:

Exchange rates for the fiscal year 2006 are set in advance at 110 yen/dollar and 135 yen/euro.

**Warning**

The information within this document is made as of the date of writing. Any forward-looking statements are made according to the assumptions of management and are subject to change as a result of risks and uncertainties. YASKAWA Electric undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

## Appendix I

### Consolidated Balance Sheet (summary)

(Millions of yen)

	As of March 20, 2006		As of March 20, 2005		Change
		% of Total		% of Total	
<b>Assets</b>					
Current assets					
Cash and time deposits	12,147		17,976		
Trade notes and accounts receivable	85,012		91,128		
Short-term investments	53		152		
Inventories	58,177		52,681		
Deferred tax assets	7,169		5,689		
Other current assets	7,364		8,646		
Allowance for doubtful accounts	(732)		(770)		
Total current assets	169,192	66.3	175,505	69.0	(6,313)
Fixed assets					
Tangible fixed assets					
Buildings and structures	17,727		16,198		
Machines and transportation devices	8,506		7,812		
Land	9,425		9,040		
Other tangible fixed assets	3,997		4,407		
Total tangible fixed assets	39,656	15.5	37,459	14.7	2,196
Intangible fixed assets					
Goodwill	1,779		1,658		
Software	6,088		7,064		
Other intangible fixed assets	553		605		
Total intangible fixed assets	8,422	3.3	9,328	3.7	(906)
Investments and other assets					
Investments	23,840		18,006		
Long-term loans	298		194		
Deferred tax assets	11,051		11,488		
Other investments	3,152		2,792		
Allowance for doubtful accounts	(391)		(337)		
Total investments and other assets	37,952	14.9	32,145	12.6	5,807
Total fixed assets	86,030	33.7	78,933	31.0	7,097
Total Assets	255,222	100.0	254,438	100.0	784
<b>Liabilities</b>					
Current liabilities					
Trade notes and accounts payable	65,082		65,478		
Short-term bank loans	30,274		39,067		
Accrued expenses	16,951		15,423		
Accrued income taxes	4,797		6,292		
Other current liabilities	11,867		12,575		
Total current liabilities	128,973	50.5	138,837	54.6	(9,863)
Long-term liabilities					
Corporate bonds	10,000		10,000		
Convertible bonds	14,368		15,000		
Long-term debt	7,914		13,740		
Acrued retirement benefits for employees	35,774		32,423		
Other long-term liabilities	1,351		2,000		
Total long-term liabilities	69,408	27.2	73,164	28.7	(3,756)
Total liabilities	198,382	77.7	212,002	83.3	(13,619)
Minority interests	4,090	1.6	4,069	1.6	20
<b>Shareholders' equity</b>					
Common stock	15,858	6.2	15,541	6.1	316
Additional paid-in capital	11,329	4.4	14,001	5.5	(2,672)
Retained earnings	20,367	8.0	7,291	2.9	13,076
Net unrealized holding gain on securities	4,739	1.9	1,933	0.7	2,805
Foreign currency translation adjustment	764	0.3	(115)	(0.0)	879
Treasury stock, at cost	(309)	(0.1)	(286)	(0.1)	(22)
Total shareholders' equity	52,750	20.7	38,366	15.1	14,383
Total liabilities, shareholders' equity	255,222	100.0	254,438	100.0	784

## Appendix II

### Consolidated Statements of Income (summary)

(Millions of yen)

	Year Ended March 20, 2006		Year Ended March 20, 2005		Change
		% of Total		% of Total	
Net sales	322,916	100.0	309,615	100.0	13,301
Cost of sales	232,052	71.9	229,498	74.1	2,554
Gross profit	<u>90,864</u>	<u>28.1</u>	<u>80,116</u>	<u>25.9</u>	<u>10,747</u>
Selling, general and administrative expenses	<u>66,377</u>	<u>20.5</u>	<u>62,589</u>	<u>20.2</u>	<u>3,788</u>
Operating income	<u>24,486</u>	<u>7.6</u>	<u>17,527</u>	<u>5.7</u>	<u>6,959</u>
Non-operating income					
Interest and dividends received	293		328		
Equity in earnings of associated companies	873		268		
Miscellaneous income	<u>876</u>		<u>837</u>		
Total non-operating income	<u>2,042</u>	<u>0.6</u>	<u>1,433</u>	<u>0.4</u>	<u>608</u>
Non-operating expenses					
Interest expense	1,469		1,170		
Miscellaneous expenses	<u>728</u>		<u>376</u>		
Total non-operating expenses	<u>2,198</u>	<u>0.7</u>	<u>1,546</u>	<u>0.5</u>	<u>651</u>
Ordinary income	<u>24,331</u>	<u>7.5</u>	<u>17,414</u>	<u>5.6</u>	<u>6,916</u>
Extraordinary gains					
Proceeds from sales of fixed assets	222		1,790		
Proceeds from sales of investment securities	80		1,029		
Other extraordinary gains	<u>144</u>		<u>40</u>		
Total extraordinary gains	<u>447</u>	<u>0.1</u>	<u>2,861</u>	<u>0.9</u>	<u>(2,413)</u>
Extraordinary losses					
Loss from disposal of fixed assets	251		392		
Loss on devaluation of investment securities	12		29		
Loss from one-off alteration to pension account	3,576		3,576		
Impairment of goodwill	-		4,055		
Other extraordinary losses	<u>3,653</u>		<u>3,000</u>		
Total extraordinary losses	<u>7,492</u>	<u>2.3</u>	<u>11,053</u>	<u>3.6</u>	<u>(3,560)</u>
Income before income taxes and minority interests	17,286	5.3	9,222	2.9	8,064
Provision for income taxes- current	9,617	3.0	8,968	2.9	
Provision for income taxes- deferred	(2,803)	(0.9)	(1,753)	(0.6)	
Minority interests	314	0.1	147	0.0	
Net income	<u>10,157</u>	<u>3.1</u>	<u>1,860</u>	<u>0.6</u>	<u>8,296</u>

## Appendix III

### Consolidated Statements of Cash Flows (summary)

	(Millions of yen)	
	Year ended March 20, 2006	Year ended March 20, 2005
Cash flows from operating activities		
Income before income taxes and minority interests	17,286	9,222
Depreciation and amortization	6,699	6,499
Provision for employees' retirement benefits, net of payments	3,351	3,140
Gain on sales of investment securities	(80)	(1,029)
Loss on devaluation of investment securities	12	29
Impairment of goodwill	-	4,055
Interest and dividend income	(293)	(328)
Interest expense	1,469	1,170
(Increase) decrease in trade receivables	9,069	(6,859)
(Increase) decrease in inventories	(4,505)	1,440
Increase (decrease) in trade payables	(1,742)	2,255
Increase (decrease) in accrued expenses	(2,416)	(3,159)
Other, net	2,705	(4,376)
Subtotal	<u>31,556</u>	<u>12,059</u>
Interest and dividends received	307	355
Interest paid	(1,461)	(1,178)
Income taxes paid	<u>(11,677)</u>	<u>(5,447)</u>
Net cash provided by (used in) operating activities	<u>18,724</u>	<u>5,789</u>
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(9,300)	(6,889)
Proceeds from sales of property, plant and equipment	433	2,775
Purchases of investment securities	(645)	(2,812)
Proceeds from sales of investment securities	231	938
Purchases of stock of affiliated companies	(257)	(133)
Proceeds from sales of stock of affiliated companies	-	870
Proceeds from expropriation of property, plant and equipment	-	3,555
Other, net	<u>(191)</u>	<u>(548)</u>
Net cash provided by (used in) investing activities	<u>(9,729)</u>	<u>(2,242)</u>
Cash flows from financing activities		
Increase (decrease) in short-term debt	(8,951)	(1,901)
Proceeds from long-term debt	30	5,391
Repayments of long-term debt	(5,877)	(5,356)
Proceeds from issuance of convertible bonds, net	-	14,903
Redemption of bonds	-	(14,998)
Other, net	<u>(136)</u>	<u>(861)</u>
Net cash provided by (used in) financing activities	<u>(14,934)</u>	<u>(2,823)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>309</u>	<u>84</u>
Net increase (decrease) in cash and cash equivalents	(5,630)	808
Cash and cash equivalents at beginning of year	17,906	17,098
Decrease due to change in scope of consolidation	(173)	-
Cash and cash equivalents at end of year	<u><u>12,102</u></u>	<u><u>17,906</u></u>

## Appendix IV

### Segment Information

#### Business Segments

(Millions of yen)

	Year ended March 20, 2006							
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	133,909	113,458	41,932	24,783	8,833	322,916	-	322,916
Intersegment sales and transfers	17,003	1,254	2,841	2,745	22,122	45,967	(45,967)	-
Total sales	150,912	114,713	44,773	27,529	30,955	368,884	(45,967)	322,916
Operating costs and expenses	138,634	104,862	45,032	26,486	29,269	344,286	(45,855)	298,430
Operating income (loss)	12,278	9,850	(259)	1,042	1,686	24,597	(111)	24,486

	Year ended March 20, 2005							
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	122,944	105,164	44,930	25,421	11,154	309,615	-	309,615
Intersegment sales and transfers	15,918	2,666	1,969	3,460	21,431	45,446	(45,446)	-
Total sales	138,863	107,830	46,900	28,881	32,585	355,062	(45,446)	309,615
Operating costs and expenses	129,741	100,548	48,992	27,381	30,846	337,511	(45,423)	292,087
Operating income (loss)	9,121	7,282	(2,092)	1,500	1,739	17,550	(23)	17,527

#### Geographical Areas

(Millions of yen)

	Year ended March 20, 2006						
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	208,728	50,353	38,235	25,600	322,916	-	322,916
Intersegment sales and transfers	47,865	311	371	8,286	56,834	(56,834)	-
Total sales	256,593	50,664	38,606	33,886	379,751	(56,834)	322,916
Operating costs and expenses	242,634	46,135	35,017	30,907	354,695	(56,264)	298,430
Operating income	13,959	4,529	3,589	2,978	25,056	(569)	24,486

	Year ended March 20, 2005						
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	214,890	41,785	34,306	18,633	309,615	-	309,615
Intersegment sales and transfers	42,471	175	514	5,178	48,340	(48,340)	-
Total sales	257,362	41,960	34,821	23,811	357,955	(48,340)	309,615
Operating costs and expenses	247,636	38,648	31,719	21,955	339,959	(47,871)	292,087
Operating income (loss)	9,725	3,312	3,101	1,856	17,996	(468)	17,527

**Overseas Sales**

(Millions of yen)

	Year ended March 20, 2006				
	North America	Europe	Asia	Other	Total
Overseas sales	51,286	39,766	58,310	1,985	151,348
Consolidated net sales	-	-	-	-	322,916
Overseas sales as a percentage of consolidated net sales	<u>16%</u>	<u>12%</u>	<u>18%</u>	<u>1%</u>	<u>47%</u>

  

	Year ended March 20, 2005				
	North America	Europe	Asia	Other	Total
Overseas sales	40,725	34,588	51,538	3,402	130,254
Consolidated net sales	-	-	-	-	309,615
Overseas sales as a percentage of consolidated net sales	<u>13%</u>	<u>11%</u>	<u>17%</u>	<u>1%</u>	<u>42%</u>

- Note: 1) Geographical areas are divided into categories based on their geographical proximity.  
2) Major nations or regions included in each geographical area are as follows:  
(1) North America - U.S.A.  
(2) Europe - Germany, Sweden, The United Kingdom  
(3) Asia - Singapore, Korea, The People's Republic of China  
3) Overseas sales consist of all sales in countries and regions outside of Japan.