

## Summary of First Half Consolidated Results for the Period Ended September 20, 2004

October 28, 2004

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 the First Half of Fiscal Year 2004 (March 21, 2004 to September 20, 2004)

(Note: This document was translated from the financial statement submitted to the Tokyo Stock Exchange for the period stated above.)

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

	(Millions of yen, except ratio and per share data)			
	6 months ended September 20, 2004	6 months ended September 20, 2003	Change	Year ended March 20, 2004
Net sales	146,053	117,091	24.7%	263,045
Operating income	7,048	1,907	269.5%	12,407
Ordinary income	7,200	1,365	427.2%	12,010
Net income	2,160	(557)	-	5,819
Earnings per share (basic)	9.34	(2.41)	-	24.80
Earnings per share (diluted)	8.69	-	-	23.32

Notes: 1. Equity in earnings of affiliated companies

6 months ended 9/20/04: ¥254 million

6 months ended 9/20/03: ¥280 million

Year ended 3/20/04: ¥1,032 million

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

6 months ended 9/20/04: 231,349,821 shares

6 months ended 9/20/03: 231,306,682 shares

Year ended 3/20/04: 231,398,161 shares

3. Changes in accounting methods: None

4. Percentage changes for first half year sales, operating income, ordinary income and net income are relative to the first half year results from the previous fiscal year.

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

	(Millions of yen, except ratio and per share data)		
	6 months ended September 20, 2004	6 months ended September 20, 2003	Year ended March 20, 2004
Total assets	267,802	233,349	249,829
Shareholders' equity	37,933	31,173	36,715
Shareholders' equity ratio (%)	14.2	13.4	14.7
Shareholders' equity per share	163.96	134.69	158.35

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

As of 9/20/04: 231,358,133 shares

As of 9/20/03: 231,442,015 shares

As of 3/20/04: 231,341,171 shares

(3) Summary of Consolidated Statements of Cash Flows

	(Millions of yen)		
	6 months ended September 20, 2004	6 months ended September 20, 2003	Year ended March 20, 2004
Net cash provided by (used in)			
operating activities	(5,994)	6,821	18,504
Net cash provided by (used in)			
investing activities	(4,716)	(2,125)	1,118
Net cash provided by (used in)			
financing activities	10,621	(7,051)	(18,877)
Cash and cash equivalents at end of period	<u>16,982</u>	<u>14,096</u>	<u>17,098</u>

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

Total consolidated subsidiaries: 62 companies

Non-consolidated subsidiaries to which equity method accounting is applied: 4 companies

Affiliated companies to which equity method accounting is applied: 18 companies

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

Consolidated (new): 0 (eliminated): 0

Affiliated companies (new): 2 companies (eliminated): 2 companies

**2. Projected Consolidated Results for the Fiscal Year Ending March 20, 2005 as presented with the First Quarter Results**

	(Millions of yen)
	Year ending March 20, 2005
Net sales	310,000
Ordinary income	20,000
Net income	<u>8,000</u>

Notes: Projected earnings per share for the year were ¥34.58.

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

**3. Management Policies**

Fundamental Management Policies

The Yaskawa Electric Corporation, along with its subsidiaries and affiliated companies, has long held to its policy of the advancement of society and contribution to humanity through achievements in business. To accomplish these goals, the Company follows three principles: develop state-of-the-art technology with a mind for quality, respond to the market according to consumer trends and needs and have an investor-focused view of value creation.

Yaskawa's number one priority is the improvement of capital efficiency. To make this possible, customer

satisfaction (CS) will be improved through products and services that greatly satisfy our customers, and our employee satisfaction (ES) will be increased so that our employees will feel more loyalty and pride to work at Yaskawa. These activities will result in higher corporate value, greater earning capacity and the restoration of shareholder value to our investors.

#### Dividend Policy

Our goal is to continually provide shareholders with a stable dividend while considering our business performance, our financial conditions and the business environment.

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

The amendments to the Japanese Commercial Code that took effect in October 2001 allow listed companies to reduce the number of shares per unit for trading (share trading unit) on stock markets in Japan. Among the reasons for not availing ourselves of this change in the regulation is our belief that Yaskawa currently has sufficient liquidity. Also, in consideration of our current share price and the additional costs related to reducing the share trading units of stock, we do not feel that it would create any additional value for the Company or for our shareholders. We will continue to monitor stock market trends and make any decisions related to this change in the Commercial Code based upon the value to our shareholders.

#### Management Goals

To ensure that the value for our shareholders, employees and other stakeholders is maintained, our management performance is evaluated by two main methods: the Return-on-Equity (ROE) and Debt-to-Equity (D/E) ratios.

Yaskawa seeks to achieve a maximum increase in earnings on invested shareholders' equity. In addition to shareholders, the Company is also concerned with the interests of all its stakeholders, including employees.

Furthermore, our purpose is to make Yaskawa's corporate structure such that it will remain profitable even in the midst of difficult economic times. To accomplish this goal, we aim to increase the profit ratio of the company and strengthen the trust between the Company and the individuals and entities that provide capital to the Company.

#### Business Strategies

In 2003, the Win21 Plus mid-term plan began with the aim of further expanding the results of the original Win21 plan's structural reforms in the four areas of business, corporate, management and finance. Through these four areas and in combination with achieving the targets of the original mid-term plan, Win21 Plus is focused on strengthening business competitiveness and realizing greater efficiency of business operations.

### Win21 Plus: Strategies

Yaskawa will promote real structural change in the finance and business areas relating to the post-mechatronics shift. The company will also promote a policy toward implementation that will build on the systematic reforms of Win21 in the corporate and management areas. By reinforcing these changes through cross-functional activities, Yaskawa will create a new cost model, advance market strategy and innovation, and create a new business model, which are all goals of Win21 Plus. At the same time, Yaskawa will transform its corporate structure into one capable of maintaining profitability in the face of demand changes greater than 30%.

### Win21 Plus: Goals

1. Double added value productivity
2. Increase ordinary income ratio to 10%
3. Reduce D/E ratio to 1.0 or less

### Win21 Plus: Financial Targets

	2005 Forecast (consolidated)	2005 Forecast (unconsolidated)
Net Sales (million yen)	300,000	160,000
Ordinary Income (million yen)	30,000	16,000
Ordinary Income Ratio (%)	10.00	10.00
Beginning Employee Count	7,450	2,600

### Management Initiatives and Challenges

Although the Group does not expect to achieve the same high level of orders as in the first quarter, efforts advanced for market share gain in the semiconductor- and LCD-related markets, which are experiencing mid-term and long-term growth, penetration into the high growth automobile-related market and foreign expansion such as in markets in America and Europe along with the continued high growth markets in China and Asia.

To increase added value, the structural ratio of new products with reduced costs will be increased and key promotion efforts will focus on high-profit products and markets.

Within the Group, our manufacturing companies will continue to increase productivity even more, further expand manufacturing overseas and continue to enforce strict cost-reduction measures to lower procurement costs. We will also strive for further profitability improvements and continually maximize earnings through consistent reform and improvement of the cost structure.

Greater coordination between the strategies for marketing and product development is being implemented. In addition, the timely introduction of strategic, new products into the automobile-, LCD- and semiconductor-related markets, which are all maintaining a high level of orders, are advancing business

expansion.

With policies that contain a mid-term view, future competitiveness and growth potential will be ensured through accelerating both the development of core technologies and the fostering of new generations of technologies. Along with strengthening our brand image with a focus on our quality and technology, the realization of the Company as a high-profit organization will be advanced.

The Group continues to closely observe market conditions and watch for signals of market changes. Through establishing quick counter measures given any changes, efforts are focused on meeting shareholders' expectations of improved results.

### Governance Policy and Actions

#### *Basic Premise on Governance*

We believe that increasing shareholder value is based upon developing a healthy business with managerial decision making that quickly reflects an ever-changing society. Staying in accordance with the law is also an extremely important goal.

To accomplish these goals, Yaskawa 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, auditors and certified public accountants operate. At the same time, we plan to establish better relationships starting with our stockholders and customers, as well as those with clients, local society, and our employees.

Furthermore, we will provide our shareholders and other capital providers with both quick and accurate information as well as a broad range of information and will thereby increase the transparency of our company's management.

#### *Governance Status and Actions*

An auditing system is being adopted to handle the oversight of managerial decision-making, both the execution thereof as well as the assessment. Be it our investors, customers or any other entity familiar with us examining our company, they will find it evident that Yaskawa is complying with the law through the adoption of one outside director and two outside auditors. Furthermore, no people from within the Company who are involved in the auditing system nor our outside directors and auditors are interested parties in either financing or trading relationships with Yaskawa.

In addition to the Board of Directors holding regularly scheduled meetings, special meetings will be held based on the materiality of the issue to the management of the company, when the execution of certain business conditions requires specific supervision by the shareholders or directors or when warranted by law.

Shin Nihon is the auditing firm for Yaskawa. 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, Yaskawa will consult with the auditors to receive the necessary support.

Concerning legal counsel, Yaskawa will consult with a legal advisor and receive legal advice whenever we find it necessary do so.

In regard to our company activity standards, the Company has enacted the Company Credo along with the Corporate Code of Conduct. In order to progress and promote the Company-wide observance, enlightenment and abiding structure of the Yaskawa Electric Corporate Conduct Standards, the Company president was named Chairman of the Corporate Ethics Committee.

During the past half year fiscal period, we fully implemented our corporate governance program. The Board of Directors met a total of seven times to handle business matters of material importance and items required by law as well as to carry out business decisions. On May 14, 2004, we held an analyst presentation as part of our Investor Relations program.

#### **4. Business Performance for First Half of Fiscal Year 2004**

During the first half of 2004, a recovering trend in the Japanese economy strengthened as a result of increased capital expenditures and improved employment conditions stemming from a recovery in corporate earnings and an improvement in personal consumption. The recovering trend was further advanced by the economic recoveries in Europe, America and Asia leading to increased exports.

In the midst of this economic environment, the Win21 Plus mid-term plan, which started last year, was actively promoted in order to transform the Company into a high-profit enterprise. The new plan seeks to further expand the results of the original Win21 plan's structural reforms in the four areas of business, corporate, management and finance. Through these structural reforms and in combination with achieving the targets of the original mid-term plan, Win21 Plus is focused on strengthening business competitiveness and realizing greater efficiency of business operations.

The Company developed policies in the first half of this fiscal year targeted at increasing added value and expanding business operations through market strategy and innovation.

In addition to the heightened promotion of competitive products and a focus on fields in which we have a competitive advantage in order to increase sales, cost reductions in core products and procurement price

reduction efforts contributed to improved earnings.

Furthermore, promotion of strategic, new products to high-profit markets and customers has led to increased earning capacity.

Through these business efforts, first half orders and sales reached a new record, and we were able to greatly improve results. Steady expansion in target markets as defined by the Mid-term plan is the primary reason for being able to achieve these results. In addition to rapid growth in the semiconductor- and LCD-related markets, stable growth continued in the automobile-related market. There was also strong growth in the emerging markets of China and Asia, and markets in Europe and America continued to show steady growth.

As a result of the conditions stated above, sales rose 24.7% to ¥146,053 million. Ordinary income significantly improved by ¥5,834 million to end the period at ¥7,200 million. Net income for the period also improved, increasing by ¥2,718 million to ¥2,160 million.

## **5. Results by Business Segment**

### Motion Control

The AC servomotor sales associated with the markets related to semiconductor, LCD and electric components showed strong growth along with machine tools and metal working machinery. Inverter sales also showed stable growth due to growth in sales associated with the elevator- and air-conditioning-related markets and increased exports to the high capital expenditure Chinese market.

The overall results for the segment, when compared to the first half in the previous fiscal year, were sales increasing by 23.6% to ¥61,331 million and operating income increasing by 195.4% to ¥4,987 million.

### Robotics Automation

The automobile-related markets experienced large increases in sales of products for arc and spot welding and for painting applications. Sales of LCD panel transfer robots also grew substantially due to increased demand for laptop computer and television LCD screens and the introduction of new products designed to handle larger panels. Concerning semiconductor production equipment, in the midst of vacuum and clean robots showing signs that a slowdown may occur in the second half of the fiscal year, development promotion with existing customers and a search for new customers progressed.

The overall results for the segment were an increase in sales by 35.0% to ¥50,513 million and an increase in operating income by 62.2% to ¥2,761 million.

### System Engineering

While there was intense competition in the area of automation systems for wastewater process equipment, steel plant-related renovation demand increased as the result of growth in exports of steel materials. In addition, promotion efforts were exerted for new products such as high-voltage inverters, compressor drive systems and electric products for elevators in order to cultivate new markets.

The overall results for the segment were an increase in sales by 20.9% to ¥16,002 million and an operating loss that totaled ¥2,158 million.

### Information Technologies

Information processing services experienced steady growth during the first half of the fiscal year. Intense market competition in computer peripherals continued, but through promoting counter activities such as cost reduction measures, sales in the Information Technologies segment increased by 3.4% to ¥11,697 million and operating income increased by 86.2% to ¥611 million.

### Other

Sales in this segment increased by 18.6% to ¥6,507 million and operating income increased by 153.8% to ¥787 million.

## **6. Balance Sheet Highlights**

### Assets

Under current assets, trade notes and accounts receivable increased by ¥24,822 million and inventories increased by ¥7,973 million. As a result, current assets increased from the previous period by ¥32,516 million to ¥185,869 million.

Due to changes such as an increase of ¥1,503 million in investments and other assets, fixed assets increased by ¥1,941 million to ¥81,933 million.

Total assets increased from the previous period by ¥34,453 million, ending the first half of the fiscal year at ¥267,802 million.

### Liabilities

Current liabilities increased by ¥25,169 million for the period. This was primarily due to an increase in trade notes and accounts payable of ¥17,631 million.

Long-term liabilities increased from the previous period by a total of ¥2,859 million, which was primarily the result of an increase in accrued retirement benefits of ¥3,511 million.



Total liabilities increased from the previous period by ¥28,027 million, ending the first half of the fiscal year at ¥226,010 million.

#### Equity

Shareholders' equity, partially as a result of retained earnings increasing to ¥7,767 million, increased from the previous period by ¥6,760 million, ending the first half of the fiscal year at ¥37,933 million.

### **7. Cash Flow**

Cash flows from operating activities ended at a negative ¥5,994 million. Trade receivables increased by ¥7,391 million due to increased sales and decreased discounts on trade notes receivable, inventories increased by ¥6,301 million and income taxes were paid in the amount of ¥2,875 million. Income before income taxes and minority interests totaled ¥4,292 million.

Cash flows from investing activities finished the period at a negative ¥4,716 million. This result was mainly due to a cash outflow of ¥3,909 million for the acquisition of fixed assets through capital expenditure and factory reallocation and a cash outflow of ¥1,146 million for the acquisition of investment securities. Free cash flow ended at a negative ¥10,710 million for the period.

Cash flows from financing activities ended at a positive ¥10,621 million. Although short-term bank loans decreased by ¥1,336 million and repayments of long-term debt totaled ¥2,682 million, proceeds from the issuance of convertible bonds totaled ¥14,903 million.

Total cash flows as a result of these activities ended at ¥16,982 million for the first half of the fiscal year.

## 8. Cash Flow Indicator Trends

Cash Flow Indicator Trends for the Group are shown below.

	Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2004
	End of first half	End of full year	End of first half	End of full year	End of first half
Shareholders' equity ratio (%)	11.8	12.9	13.4	14.7	14.2
Shareholders' equity ratio based on market value (%)	33.1	24.8	75.0	75.8	48.6
Repayment of debt (years)	13.6	11.7	6.8	4.3	-
Interest coverage ratio (times)	<u>3.5</u>	<u>3.6</u>	<u>7.8</u>	<u>12.2</u>	<u>-</u>

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.

## 9. Outlook for Fiscal Year 2004

The forecast as of now is a further rise in oil prices, a slowdown in the Chinese economy and negative growth in the markets related to semiconductor and LCD. Given these conditions, it appears that the unpredictable condition of the world economy will continue.

Forecasted business results for the fiscal year 2004 shown below.

Note: All figures are in millions of yen.

### Fiscal Year 2004 Consolidated

	Fiscal Year 2004 (forecast)	Year-on-year Change
Net Sales	310,000	46,955
Operating Income	19,800	7,393
Ordinary Income	20,000	7,990
Net Income	8,000	2,181

### Fiscal Year 2004 Unconsolidated

	Fiscal Year 2004 (forecast)	Year-on-year Change
Net Sales	193,000	37,499
Operating Income	6,500	4,412
Ordinary Income	9,000	4,499
Net Income	3,000	1,277

#### Notes:

1. Exchange rates for the second half of the fiscal year are set in advance at 110 yen/dollar and 130 yen/euro.
2. The Company expects to pay a dividend of ¥5 per share for fiscal year 2004.

#### **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.

## (Attachment)

## 1. First Half Consolidated Balance Sheet (summary)

(Millions of yen)

	As of September 20, 2004		As of September 20, 2003		Change	As of March 20, 2004	
		% of Total		% of Total			% of Total
<b>Assets</b>							
Current assets							
Cash and time deposits	16,054		13,528		2,526	16,194	
Trade notes and accounts receivable	91,461		66,638		24,822	84,186	
Inventories	60,500		52,527		7,973	54,345	
Other current assets	17,852		20,661		(2,809)	14,885	
Total current assets	185,869	69.4	153,356	65.7	32,513	169,611	67.9
Fixed assets							
Property, plant and equipment	37,644		37,003		641	36,844	
Intangible fixed assets	13,707		13,910		(204)	13,997	
Investments and other assets	30,581		29,078		1,503	29,375	
Total fixed assets	81,933	30.6	79,993	34.3	1,941	80,217	32.1
Total Assets	267,802	100.0	233,349	100.0	34,453	249,829	100.0

(Millions of yen)

	As of September 20, 2004		As of September 20, 2003		Change	As of March 20, 2004	
		% of Total		% of Total			% of Total
<b>Liabilities</b>							
Current liabilities							
Trade notes and accounts payable	64,765		47,133		17,631	63,382	
Short-term bank loans	39,161		53,711		(14,549)	40,372	
Current portion of convertible notes	15,000		-		15,000	15,000	
Accrued expenses	16,147		13,164		2,983	14,812	
Other current liabilities	19,953		15,848		4,104	19,097	
Total current liabilities	155,027	57.9	129,858	55.6	25,169	152,664	61.1
Long-term liabilities	70,983	26.5	68,124	29.2	2,859	56,188	22.5
Total liabilities	226,010	84.4	197,983	84.8	28,027	208,852	83.6
Minority interests	3,858	1.4	4,192	1.8	(334)	4,261	1.7
<b>Shareholders' equity</b>							
Common stock	15,540	5.8	15,540	6.7	-	15,540	6.2
Additional paid-in capital	14,000	5.2	13,999	6.0	0	13,999	5.6
Retained earnings	7,589	2.9	(178)	(0.1)	7,767	6,171	2.5
Net unrealized holding gain on securities	1,008	0.4	1,420	0.6	(412)	1,040	0.4
Foreign currency translation adjustments	53	0.0	604	0.3	(551)	154	0.1
Treasury stock, at cost	(257)	(0.1)	(213)	(0.1)	(44)	(191)	(0.1)
Total shareholders' equity	37,933	14.2	31,173	13.4	6,760	36,715	14.7
Total liabilities, shareholders' equity	267,802	100.0	233,349	100.0	34,453	249,829	100.0

(Attachment)

## 2. First Half Consolidated Statements of Income (summary)

(Millions of yen)

	Six Months Ended September 20, 2004		Six Months Ended September 20, 2003		Change	Year Ended March 20, 2004	
		% of Total		% of Total			% of Total
Net sales	146,053	100.0	117,091	100.0	28,961	263,045	100.0
Cost of sales	<u>107,747</u>	<u>73.8</u>	<u>86,757</u>	<u>74.1</u>	<u>20,990</u>	<u>192,786</u>	<u>73.3</u>
Gross profit	38,305	26.2	30,334	25.9	7,970	70,259	26.7
Selling, general and administrative expenses	<u>31,256</u>	<u>21.4</u>	<u>28,426</u>	<u>24.3</u>	<u>2,829</u>	<u>57,851</u>	<u>22.0</u>
Operating income	7,048	4.8	1,907	1.6	5,141	12,407	4.7
Non-operating income	1,049	0.7	796	0.7	253	2,333	0.9
Non-operating expenses	<u>898</u>	<u>0.6</u>	<u>1,338</u>	<u>1.1</u>	<u>(440)</u>	<u>2,730</u>	<u>1.0</u>
Ordinary income	7,200	4.9	1,365	1.2	5,834	12,010	4.6
Extraordinary gains	359	0.2	3,452	2.9	(3,092)	5,481	2.0
Extraordinary losses	<u>3,268</u>	<u>2.2</u>	<u>3,574</u>	<u>3.1</u>	<u>(306)</u>	<u>6,402</u>	<u>2.4</u>
Income before income taxes and minority interests	4,292	2.9	1,243	1.0	3,048	11,089	4.2
Provision for income taxes- current	3,458	2.3	1,591	1.3	1,867	4,206	1.6
Provision for income taxes- deferred	(1,351)	(0.9)	127	0.1	(1,478)	796	0.3
Minority interests	<u>24</u>	<u>0.0</u>	<u>82</u>	<u>0.1</u>	<u>(58)</u>	<u>265</u>	<u>0.1</u>
Net income (loss)	<u>2,160</u>	<u>1.5</u>	<u>(557)</u>	<u>(0.5)</u>	<u>2,718</u>	<u>5,819</u>	<u>2.2</u>

(Attachment)

### 3. First Half Consolidated Statements of Cash Flows (summary)

(Millions of yen)	Six Months Ended September 20, 2004	Six Months Ended September 20, 2003	Year Ended March 20, 2004
Cash flows from operating activities			
Income before income taxes and minority interests	4,292	1,243	11,089
Depreciation and amortization	3,102	2,612	6,047
Interest and dividend income	(235)	(123)	(230)
Interest expense	683	878	1,506
Increase (decrease) in employee retirement allowance	1,614	2,366	4,255
(Increase) decrease in trade receivables	(7,391)	4,407	(13,226)
(Increase) decrease in inventories	(6,301)	1,639	(202)
Increase (decrease) in trade payables	1,444	(2,131)	14,253
Loss on devaluation of investment securities	4	50	33
Gain on sales of investment securities	(338)	(318)	(1,883)
Increase (decrease) in other accounts payable	(1,776)	(221)	1,088
Other, net	2,193	(471)	1,027
Subtotal	(2,706)	9,931	23,757
Interest and dividends received	255	138	237
Interest paid	(667)	(873)	(1,512)
Income taxes paid	(2,875)	(2,375)	(3,978)
Net cash provided by (used in) operating activities	(5,994)	6,821	18,504
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(3,909)	(2,307)	(6,178)
Proceeds from sales of property, plant and equipment	132	359	1,359
Purchases of investment securities	(1,146)	(1,274)	(1,404)
Proceeds from sales of investment securities	418	1,105	3,476
Other, net	(210)	(8)	3,865
Net cash provided by (used in) investing activities	(4,716)	(2,125)	1,118
Cash flows from financing activities			
Increase (decrease) in short-term debt	(1,336)	(4,248)	(14,071)
Proceeds from long-term debt	626	4,121	7,846
Repayments of long-term debt	(2,682)	(6,863)	(12,210)
Proceeds from issuance of convertible bonds, net	14,903	-	-
Other, net	(890)	(60)	(441)
Net cash provided by (used in) financing activities	10,621	(7,051)	(18,877)
Effect of exchange rate changes on cash and cash equivalents	(26)	35	(31)
Net increase (decrease) in cash and cash equivalents	(116)	(2,319)	714
Cash and cash equivalents at beginning of year	17,098	16,267	16,267
Increase due to inclusion of subsidiaries in consolidation	-	148	148
Decrease due to exclusion of subsidiaries from consolidation	-	-	(32)
Cash and cash equivalents at end of year	16,982	14,096	17,098

(Attachment)

#### 4. Segment Information

(Business Segment Information)

(Millions of yen)

	Six months ended September 20, 2004							Consolidated
	<u>Motion Control</u>	<u>Robotics Automation</u>	<u>System Engineerin</u>	<u>Information Technologies</u>	<u>Other</u>	<u>Total</u>	<u>Eliminations &amp; Corporate</u>	
Net sales								
Sales to third parties	61,331	50,513	16,002	11,697	6,507	146,053	-	146,053
Intersegment sales and transfers	<u>7,810</u>	<u>987</u>	<u>640</u>	<u>1,499</u>	<u>9,631</u>	<u>20,569</u>	<u>(20,569)</u>	<u>-</u>
Total sales	69,142	51,500	16,642	13,196	16,139	166,622	(20,569)	146,053
Operating costs and expenses	<u>64,154</u>	<u>48,739</u>	<u>18,801</u>	<u>12,585</u>	<u>15,351</u>	<u>159,631</u>	<u>(20,627)</u>	<u>139,004</u>
Operating income (loss)	<u>4,987</u>	<u>2,761</u>	<u>(2,158)</u>	<u>611</u>	<u>787</u>	<u>6,991</u>	<u>57</u>	<u>7,048</u>
	Six months ended September 20, 2003							
	<u>Motion Control</u>	<u>Robotics Automation</u>	<u>System Engineerin</u>	<u>Information Technologies</u>	<u>Other</u>	<u>Total</u>	<u>Eliminations &amp; Corporate</u>	<u>Consolidated</u>
Net sales								
Sales to third parties	49,637	37,417	13,237	11,312	5,487	117,091	-	117,091
Intersegment sales and transfers	<u>3,979</u>	<u>3,918</u>	<u>1,436</u>	<u>1,361</u>	<u>7,030</u>	<u>17,727</u>	<u>(17,727)</u>	<u>-</u>
Total sales	53,617	41,335	14,674	12,673	12,518	134,818	(17,727)	117,091
Operating costs and expenses	<u>51,928</u>	<u>39,633</u>	<u>16,586</u>	<u>12,345</u>	<u>12,207</u>	<u>132,700</u>	<u>(17,516)</u>	<u>115,184</u>
Operating income (loss)	<u>1,688</u>	<u>1,702</u>	<u>(1,912)</u>	<u>328</u>	<u>310</u>	<u>2,118</u>	<u>(210)</u>	<u>1,907</u>
	Year ended March 20, 2004							
	<u>Motion Control</u>	<u>Robotics Automation</u>	<u>System Engineerin</u>	<u>Information Technologies</u>	<u>Other</u>	<u>Total</u>	<u>Eliminations &amp; Corporate</u>	<u>Consolidated</u>
Net sales								
Sales to third parties	105,069	80,478	40,373	24,414	12,709	263,045	-	263,045
Intersegment sales and transfers	<u>11,195</u>	<u>4,669</u>	<u>2,007</u>	<u>2,933</u>	<u>15,274</u>	<u>36,079</u>	<u>(36,079)</u>	<u>-</u>
Total sales	116,265	85,147	42,380	27,347	27,983	299,124	(36,079)	263,045
Operating costs and expenses	<u>112,227</u>	<u>79,881</u>	<u>41,421</u>	<u>26,175</u>	<u>26,911</u>	<u>286,618</u>	<u>(35,980)</u>	<u>250,637</u>
Operating income (loss)	<u>4,037</u>	<u>5,266</u>	<u>958</u>	<u>1,172</u>	<u>1,071</u>	<u>12,506</u>	<u>(98)</u>	<u>12,407</u>

(Geographical Area Information)

(Millions of yen)

	Six months ended September 20, 2004					Eliminations & Corporate	Consolidated
	<u>Japan</u>	<u>North America</u>	<u>Europe</u>	<u>Asia</u>	<u>Total</u>		
Net sales							
Sales to third parties	99,647	22,478	15,455	8,471	146,053	-	146,053
Intersegment sales and transfers	<u>21,809</u>	<u>75</u>	<u>240</u>	<u>2,532</u>	<u>24,658</u>	<u>(24,658)</u>	<u>-</u>
Total sales	121,457	22,553	15,695	11,004	170,711	(24,658)	146,053
Operating costs and expenses	<u>117,687</u>	<u>20,764</u>	<u>15,060</u>	<u>10,183</u>	<u>163,695</u>	<u>(24,691)</u>	<u>139,004</u>
Operating income	<u>3,769</u>	<u>1,788</u>	<u>635</u>	<u>820</u>	<u>7,015</u>	<u>33</u>	<u>7,048</u>

## Six months ended September 20, 2003

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	79,455	16,649	14,544	6,442	117,091	-	117,091
Intersegment sales and transfers	16,035	115	627	1,813	18,591	(18,591)	-
Total sales	95,490	16,764	15,171	8,255	135,683	(18,591)	117,091
Operating costs and expenses	95,901	16,371	13,923	7,548	133,744	(18,560)	115,184
Operating income (loss)	(410)	393	1,248	707	1,938	(30)	1,907

## Year ended March 20, 2004

	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	184,113	34,915	31,300	12,715	263,045	-	263,045
Intersegment sales and transfers	34,990	239	1,189	4,127	40,547	(40,547)	-
Total sales	219,104	35,154	32,490	16,843	303,593	(40,547)	263,045
Operating costs and expenses	211,705	33,762	30,145	15,650	291,264	(40,626)	250,637
Operating income	7,398	1,392	2,344	1,192	12,328	79	12,407

(Overseas sales)  
(Millions of yen)

## Six months ended September 20, 2004

	North America	Europe	Asia	Other	Total
Overseas sales	21,682	15,618	24,449	1,264	63,015
Consolidated net sales	-	-	-	-	146,053
Overseas sales as a percentage of consolidated net sales	15%	11%	16%	1%	43%

## Six months ended September 20, 2003

	North America	Europe	Asia	Other	Total
Overseas sales	16,563	14,582	13,039	1,948	46,133
Consolidated net sales	-	-	-	-	117,091
Overseas sales as a percentage of consolidated net sales	14%	13%	11%	1%	39%

## Year ended March 20, 2004

	North America	Europe	Asia	Other	Total
Overseas sales	34,456	31,233	30,356	2,437	98,483
Consolidated net sales	-	-	-	-	263,045
Overseas sales as a percentage of consolidated net sales	13%	12%	11%	1%	37%

- 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.