

# Summary of Consolidated Results for the Fiscal Year Ended March 20, 2005

April 27, 2005

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 2004 (March 21, 2004 to March 20, 2005)

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

(Millions of yen, except ratio and per share data)

	Year ended March 20, 2005	Year ended March 20, 2004	Change
Net sales	309,615	263,045	17.7%
Operating income	17,527	12,407	41.3%
Ordinary income	17,414	12,010	45.0%
Net income	1,860	5,819	(68.0%)
Earnings per share (basic)	7.80	24.80	(68.5%)
Earnings per share (diluted)	<u>7.30</u>	<u>23.32</u>	<u>(68.7%)</u>

Notes: 1. Equity in earnings of affiliated companies

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

Fiscal year ended 3/20/04: 1,032 million yen

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

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

Fiscal year ended 3/20/04: 231,398,161 shares

3. Changes in accounting methods: None

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

### (2) Summary of Consolidated Financial Position

(Millions of yen, except ratio and per share data)

	Year ended March 20, 2005	Year ended March 20, 2004
Total assets	254,438	249,829
Shareholders' equity	38,366	36,715
Shareholders' equity ratio (%)	15.1	14.7
Shareholders' equity per share	<u>165.63</u>	<u>158.35</u>

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

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

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

(3) Summary of Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended March 20, 2005	Year ended March 20, 2004
Net cash provided by (used in) operating activities	5,789	18,504
Net cash provided by (used in) investing activities	(2,242)	1,118
Net cash provided by (used in) financing activities	(2,823)	(18,877)
Cash and cash equivalents at End of period	<u>17,906</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: 3 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): 3 companies (eliminated): 3 companies  
Affiliated companies (new): 2 companies (eliminated): 3 companies

**2. Projected Consolidated Results for the Fiscal Year Ending March 20, 2006**

	(Millions of yen)	
	Year ending March 20, 2006	6 months ending September 20, 2005
Net sales	314,000	145,000
Ordinary income	20,000	5,500
Net income	<u>7,000</u>	<u>900</u>

Notes: Projected earnings per share for the year are 30.26 yen.

(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.

Efforts focused on turning the company into a high-earning and high-efficiency enterprise are being made this fiscal year through the quicker realization and progression of successful structural reforms, which are based on the Win21 Plus plan.

### Policy on Profit Distribution

Our goal is to continually provide shareholders with a stable and continuing dividend while reserving enough profit to enrich our operating base and expand business. This will be done in conjunction with 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 examine our options while considering the value to shareholders and the time period of the change.

### 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

The Yaskawa Group is currently carrying out the three-year Win21 Plus mid-term plan, which will end in fiscal year 2005.

The plan aims 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 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

	Fiscal Year 2005 Target (consolidated)	Fiscal Year 2005 Target (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

With the Win21 Plus mid-term plan in its final fiscal year, we will continue to advance the structural reforms in the four target areas and establish a solid infrastructure, working towards a successful completion of Win21 Plus.

There was a large increase in consolidated sales over last year and the Win21 Plus sales target of 300,000 million yen was reached one year in advance. We will continue to focus efforts on promotion to the automobile-related market, which is expected to stably grow, and markets in Europe, U.S. and Asia. Also, we will work towards successfully realizing a high-earnings enterprise and implement policies that will reliably allow us to take advantage of the recoveries in the semiconductor- and LCD-related markets.

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 markets and products.

In the second half of this fiscal year, we increased our production capacity and strengthened our production management in our efforts to construct a stable and sturdy production structure. Combined with the reduction in lead time (the time it takes from when an order is received to when it is shipped), cost reduction measures were promoted and strengthened, such as through the increase of low cost production overseas and procurement cost reduction. Also, we are striving to make further profitability improvements and continually maximize earnings.

To promote business expansion, we reorganized Yaskawa's headquarters in order to strategically boost our sales, production and product development strengths. Through the new structure, coordination between the strategies for marketing and product development will be strengthened, and increased market share along with the timely introduction of strategic, new products will be carried out through corporate-wide marketing efforts.

Also, efforts are being made to improve financial results in Synetics Solutions, Inc., our subsidiary in the U.S. that makes systems for semiconductor equipment manufacturers.

Concerning our policies implemented with a mid-term view, we are developing, fostering and advancing next-generation new core technology and strengthening our brand value, which is dependent upon quality as well as technology, in order to ensure future growth and competitiveness. This will lead the company towards its goal of realizing a high-earnings enterprise.

In addition to further strengthening an internal control system for risk control and legal compliance, Disclosure Committee meetings will be held and information will be publicized in a proper and timely manner.

## **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.

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 individual information through establishing a privacy policy.

During the past fiscal year, we fully implemented our corporate governance program. The Board of Directors met a total of 12 times to handle business matters of material importance and items required by law as well as to carry out business decisions. In May and November 2004, we held analyst presentations as part of our Investor Relations program.

#### **4. Business Performance for 2004**

In the first half of the past fiscal year, the business recovery trends in Japan strengthened due to increased exports to the steadily growing Europe, U.S. and Asia, a recovery in corporate profits brought upon by increases in capital expenditures and improvements in employment conditions, and a pick up in personal consumption. In the second half, a slowdown was observed as the result of a sudden rise in the price of raw materials such as oil and steel, the continuation of a weak dollar and inventory adjustments in the semiconductor field.

In the markets that Yaskawa Electric and its consolidated subsidiaries included in the Yaskawa Group focuses on, the automobile-related market experienced stable, even steady growth, and the semiconductor- and LCD-related markets grew until the first half of the fiscal year. By region, high growth continued in Asian markets, most notably China, and Europe and the U.S. also experienced steady growth.

In the midst of these economic conditions, the Yaskawa Group actively promoted Win21 Plus, which ends in fiscal year 2005 and focuses on structure reforms in the four areas of business, corporate, management and finance in order to become a high-earnings enterprise. The Win21 Plus plan aims to realize stronger business competitiveness and greater efficiency of business operations.

This fiscal year we implemented policies and positioned the Yaskawa Group for a year of greater added value and business expansion through market strategy and innovation.

Core products that have a competitive advantage and large market share, such as industrial robots, AC servomotors and controllers and inverters, received concentrated promotion in our specialty fields like the automobile, semiconductor, LCD and air conditioning and elevator fields. While planning for increased orders, efforts were made for improved profits through cost reductions in each product. Furthermore, efforts for profitability improvements were made through the quick introduction of new products with cost reductions and promotion to high-profit markets and customers.

As a result, sales greatly increased 17.7% from last fiscal year to 309,615 million yen. While the influence of intense competition and sudden increases in the prices of raw materials contributed to some losses, the increase of sales resulted in operating income increasing 41.3% to 17,527 million yen and ordinary income increasing 45.0% to 17,414 million yen, setting record highs for sales, operating income and ordinary income.

However, as the result of the incurrence of an extraordinary loss due to the impairment of goodwill at Synetics Solutions, Inc., a subsidiary of Yaskawa that makes systems for semiconductor equipment manufacturers, net income decreased 68.0% to 1,860 million yen.

## **Results by Segment**

### Motion Control

AC servomotor and controller domestic sales as well as sales in North America and Asia increased during the first half of the fiscal year compared to the corresponding period in the previous fiscal year. This was the result of the active promotion of new products and increased demand from the semiconductor- and LCD-related markets as well as the stably growing machine tools and metal working machinery markets. However, since the fall season of last year, demand has decreased in the domestic semiconductor- and LCD-related markets. In the case of inverters, sales continued to steadily grow for the air conditioning and elevator markets, particularly in China and the rest of Asia.

As a result, sales for this segment increased 17.0% to 122,944 million yen over the previous fiscal year and operating income increased 125.9% to 9,121 million yen.

### Robotics Automation

In the automobile-related industry, many large car manufacturers and parts suppliers employed painting robots and new robots designed for optimum end-user use, such as in arc and spot welding. This contributed to increased market share domestically and in the U.S. and Europe.

Also, transfer robots for LCD panels showed strong growth especially in Korea and Taiwan due to the increased demand for LCD televisions and cell phones and the timely introduction of new robots for handling large panels.

While focusing on clean and vacuum robots for semiconductor manufacturing devices, one of our specialty fields, we promoted cooperative development with existing customers and continued to cultivate relationships with new customers.

Due to the increase in orders, we strengthened our production capacity and better equipped and advanced our production structure.

As a result, sales for this segment increased 30.7% to 105,164 million yen and operating income increased 38.3% to 7,282 million yen.

### System Engineering

While steel plant-related renovation demand increased as the result of growth in exports of steel materials, promotion efforts were exerted for new products such as high-voltage inverters, compressor drive systems and electric products for elevators. Although we implemented cost reduction measures in automation systems for wastewater process equipment, a slowdown in public investment and intense competition had an impact on sales and profits.

As a result, sales for this segment increased 11.3% to 44,930 million yen, but there was an operating loss of 2,092 million yen.

### Information Technologies

In the information services industry, steadily growing investments related to IT and demand for information appliances experienced a downturn entering the second half of the fiscal year, and market competition became more intense. Intense market competition also continued in the market for computer peripherals.

As a result, sales for this segment increased 4.1% to 25,421 million yen and operating income increased 28.0% to 1,500 million yen.

#### Other

Sales for this segment decreased 12.2% to 11,154 million yen and operating income increased 62.4% to 1,739 million yen.

### **5. Balance Sheet Highlights**

#### Assets

Current assets increased from the previous period by 5,894 million yen, ending at 175,505 million yen. Trade notes and accounts receivable increased by 6,942 million yen and inventories decreased by 1,664 million yen. While investments and other assets increased by 2,770 million yen, intangible fixed assets decreased by 4,669 million yen due to the impairment of goodwill at Synetics Solutions, Inc. Fixed assets decreased by 1,284 million yen to end the period at 78,933 million yen

Total Assets increased from the previous period by 4,609 million yen to end the fiscal year at 254,438 million yen.

#### Liabilities

Although there were increases in trade notes and accounts payable and accrued income taxes, current liabilities decreased by 13,827 million yen as the result of, among other things, bond repayments totaling 15,000 million yen. Long-term liabilities increased by 16,976 million yen due to the issuance of convertible bonds totaling 15,000 million yen, an increase in accrued retirement benefits by 3,147 million yen and other increases.

Total Liabilities increased from the previous period by 3,150 million yen to end the fiscal year at 212,002 million yen.

#### Equity

Shareholders' Equity, partially as a result of an increase in retained earnings, increased from the previous period by 1,651 million yen to end the fiscal year at 38,366 million yen.

### **6. Cash Flow**

Cash flows from operating activities ended at a positive 5,789 million yen. This was due to earnings before taxes of 9,222 million yen, non-cash expenses such as depreciation and retirement allowances which totaled 13,695 million yen, an increase of 6,859 million yen in trade notes and accounts receivable due to increased sales and the payment of income taxes totaling 5,447 million yen.

Cash flows from investing activities ended at a negative 2,242 million yen. While there was a cash inflow of 2,775 million yen from sales of tangible fixed assets, the acquisition of tangible fixed assets totaled 6,889 million yen and purchases of investment securities totaled 2,812 million yen. Free Cash Flow ended at a positive 3,547 million yen.



Cash flows from financing activities ended at a negative 2,823 million yen. Although there were cash inflows of 5,391 million yen from proceeds from long-term debt and 14,903 million yen from the issuance of bonds, short-term debt decreased by 1,901 million yen, repayments of long-term debt totaled 5,356 million yen and the redemption of bonds totaled 14,998 million yen.

Cash and cash equivalents as a result of these activities ended at 17,906 million yen for the 2004 fiscal year.

## 7. Cash Flow Indicator Trends

Cash Flow Indicator Trends for the Group are shown below.

	Fiscal Year 2002		Fiscal Year 2003		Fiscal Year 2004	
	mid-year	year-end	mid-year	year-end	mid-year	year-end
Shareholders' equity ratio (%)	11.8	12.9	13.4	14.7	14.2	15.1
Shareholders' equity ratio based on market value (%)	33.1	24.8	75.0	75.8	48.6	56.5
Repayment of debt (years)	13.6	11.7	6.8	4.3	-	13.4
Interest coverage ratio (times)	<u>3.5</u>	<u>3.6</u>	<u>7.8</u>	<u>12.2</u>	<u>-</u>	<u>4.9</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.

## 8. Outlook for Fiscal Year 2005

The unpredictable economic conditions are expected to continue in the near future. Domestically, varied outlooks exist concerning a recovery period in the semiconductor-related market, which was experiencing a downturn since the fall season of last year. Also, rising prices in raw materials and the continuation of a strong yen/weak dollar are expected. Concerning overseas business conditions, the U.S. and China are expected to steadily improve while conditions in Europe are expected to continue a downward trend.

Forecasted business results for the fiscal year 2005 are shown below in millions of yen.

### Fiscal Year 2005 Consolidated

	Fiscal Year 2005 (forecast)	Year-on-year Change
Net Sales	314,000	4,385
Operating Income	20,500	2,973
Ordinary Income	20,000	2,586
Net Income	7,000	5,140

Fiscal Year 2005 Unconsolidated

	Fiscal Year 2005 (forecast)	Year-on-year Change
Net Sales	192,000	619
Operating Income	7,800	4,023
Ordinary Income	10,000	1,967
Net Income	2,600	6,582

Notes:

1. Assumed exchange rates for fiscal year 2005 are 105 yen/dollar and 135 yen/euro.
2. Dividends for fiscal year 2005 are undecided at the current time.

**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. Consolidated Balance Sheet (summary)

(Millions of yen)

	As of March 20, 2005		As of March 20, 2004		Change
		% of Total		% of Total	
<b>Assets</b>					
Current assets					
Cash and time deposits	17,976		16,194		
Trade notes and accounts receivable	91,128		84,186		
Short-term investments	152		1,142		
Inventories	52,681		54,345		
Deferred tax assets	5,689		5,337		
Other current assets	8,646		9,235		
Allowance for doubtful accounts	(770)		(830)		
Total current assets	175,505	69.0	169,611	67.9	5,894
Fixed assets					
Tangible fixed assets					
Buildings and structures	16,198		16,335		
Machines and transportation devices	7,812		7,004		
Land	9,040		9,103		
Other tangible fixed assets	4,407		4,400		
Total tangible fixed assets	37,459	14.7	36,844	14.7	615
Intangible fixed assets					
Goodwill	1,658		5,858		
Software	7,064		6,147		
Other intangible fixed assets	605		1,991		
Total intangible fixed assets	9,328	3.7	13,997	5.6	(4,669)
Investments and other assets					
Investments	18,006		14,857		
Long-term loans	194		265		
Deferred tax assets	11,488		10,784		
Other investments	2,792		3,763		
Allowance for doubtful accounts	(337)		(295)		
Total investments and other assets	32,145	12.6	29,375	11.8	2,770
Total fixed assets	78,933	31.0	80,217	32.1	(1,284)
Total Assets	254,438	100.0	249,829	100.0	4,609
<b>Liabilities</b>					
Current liabilities					
Trade notes and accounts payable	65,478		63,382		
Short-term bank loans	39,067		40,372		
Current portion of convertible notes	-		15,000		
Accrued expenses	15,423		14,812		
Accrued income taxes	6,292		2,791		
Other current liabilities	12,575		16,306		
Total current liabilities	138,837	54.6	152,664	61.1	(13,827)

Long-term liabilities					
Corporate bonds	10,000		10,000		
Convertible bonds	15,000		-		
Long-term debt	13,740		14,590		
Accrued retirement benefits for employees	32,423		29,276		
Other long-term liabilities	<u>2,000</u>		<u>2,320</u>		
Total long-term liabilities	<u>73,164</u>	<u>28.7</u>	<u>56,188</u>	<u>22.5</u>	<u>16,976</u>
Total liabilities	<u>212,002</u>	<u>83.3</u>	<u>208,852</u>	<u>83.6</u>	<u>3,150</u>
Minority interests	4,069	1.6	4,261	1.7	(192)
<b>Shareholders' equity</b>					
Common stock	15,541	6.1	15,540	6.2	1
Additional paid-in capital	14,001	5.5	13,999	5.6	2
Retained earnings	7,291	2.9	6,171	2.5	1,120
Net unrealized holding gain on securities	1,933	0.7	1,040	0.4	893
Foreign currency translation adjustments	(115)	(0.0)	154	0.1	(269)
Treasury stock, at cost	<u>(286)</u>	<u>(0.1)</u>	<u>(191)</u>	<u>(0.1)</u>	<u>(95)</u>
Total shareholders' equity	<u>38,366</u>	<u>15.1</u>	<u>36,715</u>	<u>14.7</u>	<u>1,651</u>
Total liabilities, shareholders' equity	<u><u>254,438</u></u>	<u><u>100.0</u></u>	<u><u>249,829</u></u>	<u><u>100.0</u></u>	<u><u>4,609</u></u>

(Attachment)

2. Consolidated Statements of Income (summary)

(Millions of yen)

	Year ended March 20, 2005		Year ended March 20, 2004		Change
		% of Total		% of Total	
Net sales	309,615	100.0	263,045	100.0	46,570
Cost of sales	<u>229,498</u>	<u>74.1</u>	<u>192,786</u>	<u>73.3</u>	<u>36,712</u>
Gross profit	80,116	25.9	70,259	26.7	9,858
Selling, general and administrative expenses	<u>62,589</u>	<u>20.2</u>	<u>57,851</u>	<u>22.0</u>	<u>4,738</u>
Operating income	<u>17,527</u>	<u>5.7</u>	<u>12,407</u>	<u>4.7</u>	<u>5,120</u>
Non-operating income					
Interest and dividends received	328		230		
Equity in earnings of associated companies	268		1,032		
Miscellaneous income	<u>837</u>		<u>1,070</u>		
Total non-operating income	1,433	0.4	2,333	0.9	(900)
Non-operating expenses					
Interest expense	1,170		1,506		
Miscellaneous expenses	<u>376</u>		<u>1,223</u>		
Total non-operating expenses	1,546	0.5	2,730	1.0	(1,184)
Ordinary income	<u>17,414</u>	<u>5.6</u>	<u>12,010</u>	<u>4.6</u>	<u>5,404</u>
Extraordinary gains					
Proceeds from sales of fixed assets	1,790		1,055		
Proceeds from sales of investment securities	1,029		1,883		
Other extraordinary gains	<u>40</u>		<u>2,542</u>		
Total extraordinary gains	2,861	0.9	5,481	2.0	(2,620)
Extraordinary losses					
Loss from disposal of fixed assets	392		678		
Loss on devaluation of investment securities	29		33		
Loss from one-off alteration to pension accounts	3,576		3,576		
Impairment of goodwill	4,055		-		
Other extraordinary losses	<u>3,000</u>		<u>2,114</u>		
Total extraordinary losses	11,053	3.6	6,402	2.4	4,651
Income before income taxes and minority interests	9,222	2.9	11,089	4.2	(1,867)
Provision for income taxes- current	8,968	2.9	4,206	1.6	
Provision for income taxes- deferred	(1,753)	(0.6)	796	0.3	
Minority interests	147	0.0	265	0.1	
Net income	<u>1,860</u>	<u>0.6</u>	<u>5,819</u>	<u>2.2</u>	<u>(3,959)</u>

(Attachment)

3. Consolidated Statements of Cash Flows (summary)

(Millions of yen)

	<u>Year ended March 20, 2005</u>	<u>Year ended March 20, 2004</u>
Cash flows from operating activities		
Income before income taxes and minority interests	9,222	11,089
Depreciation and amortization	6,499	6,047
Provision for employees' retirement benefits, net of payments	3,140	4,255
Gain on sales of investment securities	(1,029)	(1,883)
Loss on devaluation of investment securities	29	33
Impairment of goodwill	4,055	-
Gain on expropriation of property, plant and equipment	-	(2,420)
Interest and dividend income	(328)	(230)
Interest expense	1,170	1,506
(Increase) decrease in trade receivables	(6,859)	(13,226)
(Increase) decrease in inventories	1,440	(202)
Increase (decrease) in trade payables	2,255	14,253
Increase (decrease) in accrued expenses	(3,159)	1,088
Other, net	<u>(4,376)</u>	<u>3,447</u>
Subtotal	12,059	23,757
Interest and dividends received	355	237
Interest paid	(1,178)	(1,512)
Income taxes paid	<u>(5,447)</u>	<u>(3,978)</u>
Net cash provided by (used in) operating activities	<u>5,789</u>	<u>18,504</u>
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(6,889)	(6,178)
Proceeds from sales of property, plant and equipment	2,775	1,359
Purchases of investment securities	(2,812)	(1,404)
Proceeds from sales of investment securities	938	3,254
Purchases of stock of affiliated companies	(133)	-
Proceeds from sales of stock of affiliated companies	870	221
Proceeds from expropriation of property, plant and equipment	3,555	3,555
Other, net	<u>(548)</u>	<u>309</u>
Net cash provided by (used in) investing activities	<u>(2,242)</u>	<u>1,118</u>
Cash flows from financing activities		
Increase (decrease) in short-term debt	(1,901)	(14,071)
Proceeds from long-term debt	5,391	7,846
Repayments of long-term debt	(5,356)	(12,210)
Proceeds from issuance of convertible bonds, net	14,903	-
Redemption of bonds	(14,998)	-
Other, net	<u>(861)</u>	<u>(441)</u>
Net cash provided by (used in) financing activities	<u>(2,823)</u>	<u>(18,877)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>84</u>	<u>(31)</u>
Net increase (decrease) in cash and cash equivalents	808	714
Cash and cash equivalents at beginning of year	17,098	16,267
Increase due to inclusion of subsidiaries in consolidation	-	148
Decrease due to exclusion of subsidiaries from consolidation	<u>-</u>	<u>(32)</u>
Cash and cash equivalents at end of year	<u>17,906</u>	<u>17,098</u>

(Attachment)

#### 4. Segment Information

(Business Segments)

(Millions of yen)

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

Year ended March 20, 2004								
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	105,069	80,478	40,373	24,414	12,709	263,045	-	263,045
Intersegment sales and transfers	11,195	4,669	2,007	2,933	15,274	36,079	(36,079)	-
Total sales	116,265	85,147	42,380	27,347	27,983	299,124	(36,079)	263,045
Operating costs and expenses	112,227	79,881	41,421	26,175	26,911	286,618	(35,980)	250,637
Operating income (loss)	4,037	5,266	958	1,172	1,071	12,506	(98)	12,407

(Geographical Areas)

(Millions of yen)

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

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)

	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	13%	11%	17%	1%	42%

	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%

Notes: 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.