

Summary of Consolidated Results for the Six Months Ended September 20, 2006

October 31, 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 the First Half of Fiscal Year 2006 (March 21, 2006 to September 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 for per share data)				
	6 months ended September 20, 2006	Change	6 months ended September 20, 2005	Change	Year ended March 20, 2006
Net sales	179,732	23.0%	146,101	0.0%	322,916
Operating income	15,101	85.0%	8,161	15.8%	24,486
Ordinary income	15,166	85.2%	8,189	13.7%	24,331
Net income	8,722	217.3%	2,748	27.2%	10,157
Earnings per share (basic, Yen)	37.55		11.88		43.18
Earnings per share (diluted, Yen)	34.67		10.93		39.72

Notes: 1. Equity in earnings of affiliated companies

6 months ended 9/20/06: ¥410 million

6 months ended 9/20/05: ¥375 million

Year ended 3/20/06: ¥873 million

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

6 months ended 9/20/06: 232,259,448 shares

6 months ended 9/20/05: 231,309,613 shares

Year ended 3/20/06: 231,473,575 shares

3. Changes in accounting methods: Yes

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

(2) Summary of Consolidated Financial Position

	(Millions of yen, except ratio and per share data)		
	6 months ended September 20, 2006	6 months ended September 20, 2005	Year ended March 20, 2006
Total assets	261,916	246,849	255,222
Shareholders' equity	66,423	42,120	52,750
Shareholders' equity ratio (%)	23.4	17.1	20.7
Shareholders' equity per share (Yen)	285.96	182.10	226.51

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

As of 9/20/06: 232,279,515 shares

As of 9/20/05: 231,304,469 shares

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

(3) Summary of Consolidated Statements of Cash Flows

	(Millions of yen)		
	6 months ended September 20, 2006	6 months ended September 20, 2005	Year ended March 20, 2006
Net cash provided by (used in)			
operating activities	5,701	7,850	18,724
Net cash provided by (used in)			
investing activities	(1,329)	(3,576)	(9,729)
Net cash provided by (used in)			
financing activities	(4,282)	(6,027)	(14,934)
Cash and cash equivalents at end of period	<u>13,272</u>	<u>16,275</u>	<u>12,102</u>

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

Total consolidated subsidiaries: 65 companies

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

Affiliated companies to which equity method accounting is applied: 12 companies

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

Consolidation: (new): 8 (eliminated): 4

Equity method: (new): 0 (eliminated): 7

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

	(Millions of yen)
	Year ending March 20, 2007
Net sales	364,000
Ordinary income	33,000
Net income	<u>18,000</u>

Notes: Projected earnings per share for the year are ¥77.49.

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

3. Management Policies

(1) 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.

(2) 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. The dividend for the year ended in March 2006 was ¥6 per share, including ¥5 as regular payment and ¥1 as commemorative payment related to Yaskawa Electric Corporation's 90th anniversary. The amendment of the articles of incorporation related to the introduction of interim dividends was resolved at the 90th shareholders' meeting on June 16, 2006. On October 31, 2006, the board of directors decided to pay an interim dividend of ¥3 per share.

(3) 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.

(4) Management Goals

Our business performance is evaluated mainly by the following indicators: ordinary income ratio, shareholders' equity ratio, and 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.

(5) 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 contributes 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 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 by 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

* Shareholders’ equity ratio =
$$\frac{\text{Total shareholders’ equity} + \text{Total evaluation and translation adjustments}}{\text{Total assets}}$$

(6) Management Initiatives and Challenges

In order to realize the targets set in the mid-term business plan “DASH100” as soon as possible, Yaskawa Group will execute necessary measures in line with the basic objectives and the action plans, while we keep up on the market transitions and pay attention to the risk of economic fluctuation.

Firstly, we will expand sales in the automobile and semiconductor/LCD markets, and also in Asia, Europe and the U.S., and accelerate the development and the launch of new products. Also, we will strengthen sales and service operations of our competitive semiconductor wafer transfer robots with the newly established joint venture, Yaskawa Brooks Automation, Inc., which began operation in September.

Meanwhile, we will continue the corporate-wide thorough pursuit of further improvement of the quality of our products and of our work, which determine our brand value. In order to develop and start up new businesses, we will start market creation and development by means of alliance and collaboration with our partners in the field of service robots for non-manufacturing purposes with growth potential.

Also, a flexible marketing strategy that suits each region in the world is implemented, thus maximizing

our strength as a corporate group to enable growth of our business.

Our continuous reform of the profit structure includes enhancement of added value by focusing on the competitive products, regions and markets, as well as cost reductions in products and control of expenditures.

Furthermore, internal control system is enhanced by ensuring compliance and risk management, while we work on standardization of our business, and build highly objective and transparent business processes.

4. Business Performance During the First Half of Fiscal Year 2006

During the first half of fiscal year 2006, even though there was some concern over the rising prices of crude oil and raw materials, the economic conditions of our main markets in Europe, North America, and Asia were generally positive. The Japanese economy also continued to recover by increased corporate capital expenditures, and improvements in employment conditions.

In the midst of this economic environment, Yaskawa Group began implementation of the mid-term business plan “DASH100” this fiscal year, aimed at conducting growth-oriented management. The three basic goals of “DASH100” are to establish businesses that are truly global No.1 in market share, size, and profitability, to develop and start up new businesses, and to realize ordinary income ratio of 10% as soon as possible. In the first half-year of “DASH100”, we worked on penetrating further and developing the markets that we have focused on, namely, automobile, semiconductor and LCD markets. We also expanded sales in the growing markets in Asia, especially China, and in Europe and North America. All these efforts had the aim of reinforcing existing businesses and expanding the business domain. In order to further strengthen the business of semiconductor wafer-handling robots, a joint company, Yaskawa Brooks Automation, Inc. was established in partnership with Brooks Automation, Inc. Synetics Solutions Inc., our former subsidiary in North America, was transferred to Brooks.

As a result, sales in the first six months of fiscal year 2006 rose by 23.0% to ¥179,732 million compared to the corresponding period last year, operating income was up by 85.0% at ¥15,101 million, and ordinary income was also up by 85.2% at ¥15,166 million. Net income of the same period was ¥8,722 million, which was 3.2 times higher than the corresponding period last year. All of these results showed significant growth and marked record highs.

The non-consolidated half-year results of Yaskawa Electric also marked record highs, with sales increasing by 17.9% to ¥103,729 million compared to the corresponding period last year, operating income increasing 2.8-fold to ¥4,716 million, ordinary income doubling to ¥8,316 million, and net income increasing by ¥5,663 million to ¥6,203 million.

In consideration of the above, the interim dividend was set at ¥3 per share.

Results by Business Segment

Motion Control

The Motion Control segment experienced positive conditions in the semiconductor and electronic component markets for its AC servomotors and controllers, while the overseas air conditioning market remained positive for the inverters. We worked on further developing these markets by strengthening sales

operations, expanded sales of new products, and improved the product lineup. We also focused on increasing added value, and made cost reductions in order to raise profitability.

The overall results for the Motion Control segment, when compared to the corresponding period last year, show sales increasing by 28.0% to ¥78,733 million and operating income increasing 2.2 times to ¥10,179 million. Both marked record highs as half-year results.

Robotics

The demand in the Japanese automobile market is gradually recovering from the slowdown caused by capital expenditure adjustments started in the second half of last fiscal year. On the other hand, we worked on sales expansion in the European and North American markets while there was a sign of restrained capital expenditures in those markets. Meanwhile, the demand in the LCD and semiconductor markets recovered. For these existing markets in general, we worked on market expansion by providing products optimized for each purpose and market. For the automobile market, we worked on market creation by dual arm robots and seven-axis robots that were developed to meet the need for new robot application to support and coexist with humans on production lines.

As a result, sales in the Robotics segment rose by 16.1% to ¥63,088 million compared to the corresponding period last year, however operating income was down by 8.5% at ¥4,034 million, as sales of high-value added products for the automobile market decreased and competition intensified in the European and North American markets.

(Note: The name of the segment was changed from the former “Robotics Automation” to “Robotics” this fiscal year.)

System Engineering

The System Engineering segment progressed with a reform in the profit structure by specializing in its strong businesses and by cost reductions. Also, efforts were made to take in the increasing demand for electrical systems for steel plants. Sales of control systems for loading and unloading cranes for the Chinese market increased.

As a result, sales in System Engineering increased by 46.4% to ¥21,097 million compared to the corresponding period last year. An operating loss of ¥757 million occurred, however it improved by ¥1,103 million from the corresponding period last year.

Information Technologies

As for the Information Technologies segment, positive market conditions continued for YE DATA INC. since the second half of the previous fiscal year for its multimedia equipments, especially card readers. Also, the demand was robust for businesses of YASKAWA INFORMATION SYSTEMS Corporation including its system integration for telecommunication businesses, and control software for semiconductor/LCD equipment manufacturers.

As a result, sales in Information Technologies increased by 18.8% to ¥13,101 million, compared to the corresponding period last year, and operating income increased 3.3 times to ¥644 million.

Other

Sales in the Other segment decreased by 22.7% to ¥3,711 million, however operating income increased by 20.9% to ¥994 million compared to the corresponding period last year.

5. Balance Sheet Highlights

Assets

At the end of the first half of this fiscal year, current assets increased by ¥12,743 million to ¥178,460 million compared to the corresponding date of last year, as trade notes and accounts receivable increased by ¥10,826 million.

As for fixed assets, intangible fixed assets decreased by ¥1,038 million, while tangible fixed assets, and investments and other assets increased by ¥1,115 million and ¥2,245 million respectively. Total fixed assets increased by ¥2,322 million to ¥83,455 million.

Total assets therefore increased by ¥15,066 million at ¥261,916 million compared to the corresponding date of last year.

Liabilities

Current liabilities decreased by ¥2,856 million to ¥125,106 million, while trade notes and accounts payable increased by ¥6,906 million, and short-term bank loans decreased by ¥10,972 million.

Regarding long-term liabilities, long-term debt decreased by ¥1,934 million and accrued retirement benefits increased by ¥1,428 million. As a result, total long-term liabilities at the end of the first half of this fiscal year decreased by ¥2,392 million to ¥70,386 million.

Total liabilities at the end of the first half of this fiscal year therefore decreased by ¥5,248 million to ¥195,492 million compared to the corresponding date last year.

Net Assets

Total net assets amounted to ¥66,423, as retained earnings increased by ¥16,148 million.

6. Cash Flow

Even though there was an increase in trade payables and income tax, income before income taxes and minority interests contributed to cash flows from operating activities ending at a positive ¥5,701 million.

Cash flows from investing activities ended at a negative ¥1,329 million because purchases of tangible fixed assets amounted to ¥4,146 million even though there were proceeds from sales of property, plant and equipment, and securities of affiliates.

Free cash flow, which is a sum of cash flows from operating and investing activities, was at a positive ¥4,372 million.

Cash flows from financing activities ended at a negative ¥4,282 million as repayments were made for interest-incurring debt and dividends were paid.

As a result of these activities, the balance of cash and cash equivalents at the end of the first half of this fiscal year was ¥13,272 million, up by ¥1,170 million compared to the corresponding date of last year.

Cash Flow Indicator Trends

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

	Fiscal Year 2004		Fiscal Year 2005		Fiscal Year 2006
	End of first half	End of full year	End of first half	End of full year	End of first half
Shareholders' equity ratio (%)	14.2	15.1	17.1	20.7	23.4
Shareholders' equity ratio based on market value (%)	48.6	56.5	81.0	118.2	105.2
Repayment of debt (years)	-	13.4	9.2	3.3	10.3
Interest coverage ratio (times)	-	4.9	12.8	12.8	9.2

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

Shareholders' equity ratio 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 "cash flows from operating activities" and "interest expense" reported in consolidated statements of cash flows.

7. Outlook for Fiscal Year 2006

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

<u>Fiscal Year 2006 Consolidated</u>	(millions of yen)	
	Fiscal Year 2006 (forecast)	Year-on-year Change
Net Sales	364,000	41,084
Operating Income	33,000	8,514
Ordinary Income	33,000	8,669
Net Income	18,000	7,843

<u>Fiscal Year 2006 Non-consolidated</u>	(millions of yen)	
	Fiscal Year 2006 (forecast)	Year-on-year Change
Net Sales	214,000	24,482
Operating Income	13,000	4,854
Ordinary Income	18,000	4,953
Net Income	11,000	7,197

Notes:

- Exchange rates for the second half of the fiscal year are set in advance at 110 yen/dollar and 135 yen/euro.

2. At the moment, the Company expects to pay a dividend of ¥3 per share at the end of the fiscal year.
As a result, the total dividend for this fiscal year is expected to be ¥6 per share.

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

Interim Consolidated Balance Sheet (summary)

	As of September 20, 2006		As of September 20, 2005		Change	(Millions of yen) As of March 20, 2006	
		% of Total		% of Total			% of Total
Assets							
Current assets							
Cash and time deposits	13,418		16,317		(2,899)	12,147	
Trade notes and accounts receivable	87,315		76,488		10,826	85,012	
Short-term investments	38		68		(30)	53	
Inventories	58,820		59,092		(271)	58,177	
Other current assets	19,713		14,674		5,039	14,534	
Allowance for doubtful accounts	(845)		(925)		79	(732)	
Total current assets	<u>178,460</u>	<u>68.1</u>	<u>165,716</u>	<u>67.1</u>	<u>12,743</u>	<u>169,192</u>	<u>66.3</u>
Fixed assets							
Tangible fixed assets							
Buildings and structures	17,767		16,162		1,605	17,727	
Other tangible fixed assets	<u>21,384</u>		<u>21,875</u>		<u>(490)</u>	<u>21,928</u>	
Total tangible fixed assets	<u>39,152</u>		<u>38,037</u>		<u>1,115</u>	<u>39,656</u>	
Intangible fixed assets	7,760		8,799		(1,038)	8,422	
Investments and other assets							
Investments	21,479		19,609		1,869	23,840	
Deferred tax assets	11,908		11,681		227	11,051	
Other investments	3,583		3,442		140	3,450	
Allowance for doubtful accounts	<u>(429)</u>		<u>(437)</u>		<u>8</u>	<u>(391)</u>	
Total investments and other assets	<u>36,542</u>		<u>34,296</u>		<u>2,245</u>	<u>37,952</u>	
Total fixed assets	<u>83,455</u>	<u>31.9</u>	<u>81,133</u>	<u>32.9</u>	<u>2,322</u>	<u>86,030</u>	<u>33.7</u>
Total Assets	<u>261,916</u>	<u>100.0</u>	<u>246,849</u>	<u>100.0</u>	<u>15,066</u>	<u>255,222</u>	<u>100.0</u>

Appendix I

Interim Consolidated Balance Sheet (summary) Continued

	As of September 20, 2006		As of September 20, 2005		Change	(Millions of yen) As of March 20, 2006	
		% of Total		% of Total			% of Total
Liabilities							
Current liabilities							
Trade notes and accounts payable	67,322		60,415		6,906	65,082	
Short-term bank loans	24,987		35,960		(10,972)	30,274	
Accrued expenses	18,278		14,733		3,544	16,951	
Other current liabilities	14,517		16,852		(2,335)	16,664	
Total current liabilities	125,106	47.7	127,962	51.8	(2,856)	128,973	50.5
Long-term liabilities							
Corporate bonds	10,000		10,000		0	10,000	
Convertible bonds	14,268		15,000		(732)	14,368	
Long-term debt	9,370		11,305		(1,934)	7,914	
Accrued retirement benefits for employees	35,583		34,154		1,428	35,774	
Other long-term liabilities	1,164		2,318		(1,154)	1,351	
Total long-term liabilities	70,386	26.9	72,778	29.5	(2,392)	69,408	27.2
Total liabilities	195,492	74.6	200,741	81.3	(5,248)	198,382	77.7
Minority interests							
Minority interests	-		3,988	1.6	(3,988)	4,090	1.6
Shareholders' equity							
Common stock	-		15,541	6.3	(15,541)	15,858	6.2
Additional paid-in capital	-		11,012	4.5	(11,012)	11,329	4.4
Retained earnings	-		12,959	5.2	(12,959)	20,367	8.0
Net unrealized holding gain on securities	-		2,656	1.1	(2,656)	4,739	1.9
Foreign currency translation adjustments	-		242	0.1	(242)	764	0.3
Treasury stock, at cost	-		(292)	(0.1)	292	(309)	(0.1)
Total shareholders' equity	-		42,120	17.1	(42,120)	52,750	20.7
Total liabilities, minority interests, and shareholders' equity	-		246,849	100.0	(246,849)	255,222	100.0
Net assets							
Shareholders' equity							
Common stock	15,908		-		15,908	-	
Additional paid-in capital	11,379		-		11,379	-	
Retained earnings	29,107		-		29,107	-	
Treasury stock, at cost	(332)		-		(332)	-	
Total shareholders' equity	56,053		-		56,063	-	
Evaluation and translation adjustments							
Net unrealized holding gain on securities	3,827		-		3,827	-	
Deferred hedge income	(31)		-		(31)	-	
Foreign currency translation adjustments	1,411		-		1,411	-	
Total evaluation and translation adjustments	5,208		-		5,208	-	
Minority interests	5,151		-		5,151	-	
Total net assets	66,423		-		66,423	-	
Total liabilities and net assets	261,916		-		261,916	-	

Appendix II

Interim Consolidated Statements of Income (summary)

	Six Months Ended		Six Months Ended		Change	(Millions of yen) Year Ended	
	September 20, 2006	% of Total	September 20, 2005	% of Total		March 20, 2006	% of Total
Net sales	179,732	100.0	146,101	100.0	33,630	322,916	100.0
Cost of sales	128,815	71.7	106,948	73.2	21,867	232,052	71.9
Gross profit	50,916	28.3	39,152	26.8	11,763	90,864	28.1
Selling, general and administrative expenses	35,815	19.9	30,991	21.2	4,823	66,377	20.5
Operating income	15,101	8.4	8,161	5.6	6,940	24,486	7.6
Non-operating income							
Interest received	92		48		43	98	
Dividends received	234		148		85	194	
Currency exchange profits	117		231		(113)	273	
Equity in earnings of associated companies	410		375		35	873	
Miscellaneous income	357		213		143	602	
Total non-operating income	1,213	0.7	1,018	0.7	195	2,042	0.6
Non-operating expenses							
Interest expense	590		625		(34)	1,469	
Miscellaneous expenses	557		364		193	728	
Total non-operating expenses	1,148	0.7	989	0.7	158	2,198	0.7
Ordinary income	15,166	8.4	8,189	5.6	6,977	24,331	7.5
Extraordinary gains							
Proceeds from sales of investment securities	3		77		(74)	80	
Proceeds from sales of securities of affiliates	1,856		-		1,856	-	
Proceeds from sales of fixed assets	1,048		5		1,043	222	
Other extraordinary gains	89		8		81	144	
Total extraordinary gains	2,998	1.7	91	0.0	2,906	447	0.1
Extraordinary losses							
Loss on disposal of fixed assets	136		108		28	251	
Loss from one-off alteration to pension account	-		1,788		(1,788)	3,576	
Loss on structural business reforms	586		862		(296)	2,649	
Impairment loss	2,030		-		2,030	-	
Other extraordinary losses	1,491		622		890	1,016	
Total extraordinary losses	4,245	2.4	3,381	2.3	864	7,492	2.3
Income before income taxes and minority interests	13,919	7.7	4,900	3.3	9,018	17,286	5.3
Provision for income taxes- current	3,253	1.8	3,109	2.1	143	9,617	3.0
Provision for income taxes- deferred	1,325	0.7	(1,026)	(0.7)	2,351	(2,803)	(0.9)
Minority interests	617	0.3	67	0.0	550	314	0.1
Net income	8,722	4.9	2,748	1.9	5,973	10,157	3.1

Appendix III

Interim Consolidated Statements of Cash Flows (summary)

	Six Months Ended September 20, 2006	Six Months Ended September 20, 2005	(Millions of yen) Year Ended March 20, 2006
Cash flows from operating activities			
Income before income taxes and minority interests	13,919	4,900	17,286
Depreciation and amortization	3,359	3,307	6,699
Impairment loss	2,030	-	-
Increase (decrease) in employee retirement allowance	(477)	1,736	3,351
Gain on sales of investment securities	(3)	(77)	(80)
Gain on sales of securities of affiliates	(1,856)	-	-
Loss on devaluation of investment securities	596	0	12
Interest and dividend income	(327)	(197)	(293)
Interest expense	590	625	1,469
(Increase) decrease in trade receivables	(5,530)	15,160	9,069
(Increase) decrease in inventories	(554)	(5,872)	(4,505)
Increase (decrease) in trade payables	(197)	(5,736)	(1,742)
Increase (decrease) in accrued expenses	50	(325)	(2,416)
Other, net	(1,295)	1,635	2,705
Subtotal	<u>10,305</u>	<u>15,156</u>	<u>31,556</u>
Interest and dividends received	513	217	307
Interest paid	(622)	(613)	(1,461)
Income taxes paid	<u>(4,494)</u>	<u>(6,910)</u>	<u>(11,677)</u>
Net cash provided by (used in) operating activities	<u>5,701</u>	<u>7,850</u>	<u>18,724</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	(4,146)	(3,747)	(9,300)
Proceeds from sales of property, plant and equipment	1,066	179	433
Purchases of investment securities	(506)	(54)	(645)
Proceeds from sales of investment securities	34	174	231
Purchases of securities of affiliates	-	-	(257)
Proceeds from sales of securities of affiliates	1,781	-	-
Other, net	442	(129)	(191)
Net cash provided by (used in) investing activities	<u>(1,329)</u>	<u>(3,576)</u>	<u>(9,729)</u>
Cash flows from financing activities			
Increase (decrease) in short-term debt	(3,449)	(3,065)	(8,951)
Proceeds from long-term debt	3,680	-	30
Repayments of long-term debt	(2,987)	(2,849)	(5,877)
Dividends paid to shareholders of the Company	(1,394)	-	-
Dividends paid to minority shareholders	(108)	(88)	-
Other, net	(22)	(24)	(136)
Net cash provided by (used in) financing activities	<u>(4,282)</u>	<u>(6,027)</u>	<u>(14,934)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>104</u>	<u>122</u>	<u>309</u>
Net increase (decrease) in cash and cash equivalents	194	(1,630)	(5,630)
Cash and cash equivalents at beginning of year	12,102	17,906	17,906
Increase due to inclusion of subsidiaries in consolidation	975	-	-
Decrease due to exclusion of subsidiaries from consolidation	-	-	(173)
Cash and cash equivalents at end of term	<u><u>13,272</u></u>	<u><u>16,275</u></u>	<u><u>12,102</u></u>

Appendix IV

Segment Information

Business Segments

(Millions of yen)

	Six months ended September 20, 2006							
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	78,733	63,088	21,097	13,101	3,711	179,732	-	179,732
Intersegment sales and transfers	9,577	287	1,616	1,621	8,747	21,849	(21,849)	-
Total sales	88,310	63,315	22,714	14,722	12,458	201,581	(21,849)	179,732
Operating costs and expenses	78,131	59,340	23,471	14,078	11,463	186,485	(21,854)	164,630
Operating income (loss)	10,179	4,034	(757)	644	994	15,096	5	15,101

	Six months ended September 20, 2005							
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	61,520	54,342	14,413	11,025	4,799	146,101	-	146,101
Intersegment sales and transfers	8,558	638	1,331	1,288	11,160	22,977	(22,977)	-
Total sales	70,079	54,980	15,744	12,314	15,960	169,079	(22,977)	146,101
Operating costs and expenses	65,467	50,572	17,604	12,116	15,137	160,898	(22,958)	137,940
Operating income (loss)	4,611	4,408	(1,860)	197	822	8,180	(19)	8,161

	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

Geographical Areas

(Millions of yen)

	Six months ended September 20, 2006						
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	116,657	27,689	21,196	14,189	179,732	-	179,732
Intersegment sales and transfers	27,481	111	201	5,059	32,853	(32,853)	-
Total sales	144,138	27,800	21,397	19,248	212,585	(32,853)	179,732
Operating costs and expenses	134,607	25,135	20,446	17,536	197,726	(33,095)	164,630
Operating income	9,531	2,665	951	1,711	14,859	242	15,101

Six months ended September 20, 2005

	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	95,451	22,901	17,082	10,666	146,101	-	146,101
Intersegment sales and transfers	24,208	167	138	3,730	28,245	(28,245)	-
Total sales	119,659	23,068	17,221	14,396	174,346	(28,245)	146,101
Operating costs and expenses	115,497	21,092	15,876	13,351	165,817	(27,877)	137,940
Operating income	4,162	1,976	1,344	1,044	8,529	(367)	8,161

Year ended March 20, 2006

	Japan	The Americas	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

Overseas Sales

(Millions of yen)

	Six months ended September 20, 2006				
	The Americas	Europe	Asia	Other	Total
Overseas sales	28,020	22,173	31,679	691	82,565
Consolidated net sales	-	-	-	-	179,732
Overseas sales as a percentage of consolidated net sales	16%	12%	18%	0%	46%
	Six months ended September 20, 2005				
	The Americas	Europe	Asia	Other	Total
Overseas sales	22,795	17,596	25,706	680	66,779
Consolidated net sales	-	-	-	-	146,101
Overseas sales as a percentage of consolidated net sales	16%	12%	17%	1%	46%
	Year ended March 20, 2006				
	The Americas	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	16%	12%	18%	1%	47%

- 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) The Americas - U.S.A., Brazil
(2) Europe - Germany, Sweden, The United Kingdom
(3) Asia - The People's Republic of China, Singapore, Korea,
(4) Other - Australia
3) Overseas sales consist of all sales in countries and regions outside of Japan.