

Harmonic Drive Systems Inc.

**Presentation on Business Results
for the 1st-Half of Fiscal Year
Ending March 31, 2014**

November 21, 2013



Performance Summary

1st-half consolidated results (versus original forecasts for the period)

(millions of yen)

	Original forecasts (announced May 14)		1st-half FY ending Mar.31,2014		Vs. original forecasts for the period	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate(%)
Net sales	10,000	100.0	10,411	100.0	411	4.1
Operating income	2,040	20.4	2,404	23.1	364	17.9
Ordinary income	2,170	21.7	2,557	24.6	387	17.8
Net income	1,280	12.8	1,629	15.6	349	27.3

1st-half consolidated results (year-on-year change)

(millions of yen)

	1st-half FY ended Mar.31,2013		1st-half FY ending Mar.31,2014		Year-on-year change	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	9,847	100.0	10,411	100.0	564	5.7
Gross profit	4,188	42.5	4,602	44.2	414	9.9
Operating income	2,216	22.5	2,404	23.1	188	8.5
Ordinary income	2,208	22.4	2,557	24.6	348	15.8
Net income	1,202	12.2	1,629	15.6	426	35.5
EPS (yen)	39.39		53.36		13.97	35.5
Capital investment	393		418		25	6.4
Depreciation costs	506		537		32	6.2
R&D costs	547		595		48	8.8

Capital investment amounts are the amounts of tangible and intangible fixed assets acquired in the term.

Performance of main group companies for 1st-half of fiscal year ending March 31, 2014

(millions of yen)

	Equity stake	Net sales		Net income	
		Amount	Change(%)	Amount	Change(%)
Harmonic Drive Systems Inc.	—	9,089	4.7	1,379	18.7
*1 *4 HD Systems Inc. (Harmonic Drive L.L.C.) (U.S.A.)	100% (51%)	1,616	8.2	*3 87	36.7
Harmonic AD, Inc.	100%	909	4.5	27	▲28.7
*2 *4 Harmonic Drive AG (Germany)	35%	3,934	25.3	714	103.8

Percent change(%) indicates increase or decrease from same period of previous fiscal year.

*1 Exchange rates: Jan. – Jun., 2012 1US\$ = 79.74 yen, Jan. – Jun., 2013 1US\$ = 95.59 yen

*2 Exchange rates: Jan. – Jun., 2012 1€ = 103.45 yen, Jan. – Jun., 2013 1€ = 125.50 yen

*3 Net income of US subsidiaries (consolidated) is after excluding minority interests.

*4 For overseas subsidiaries and affiliates, the fiscal year ends December 31.

1st-half non-consolidated results

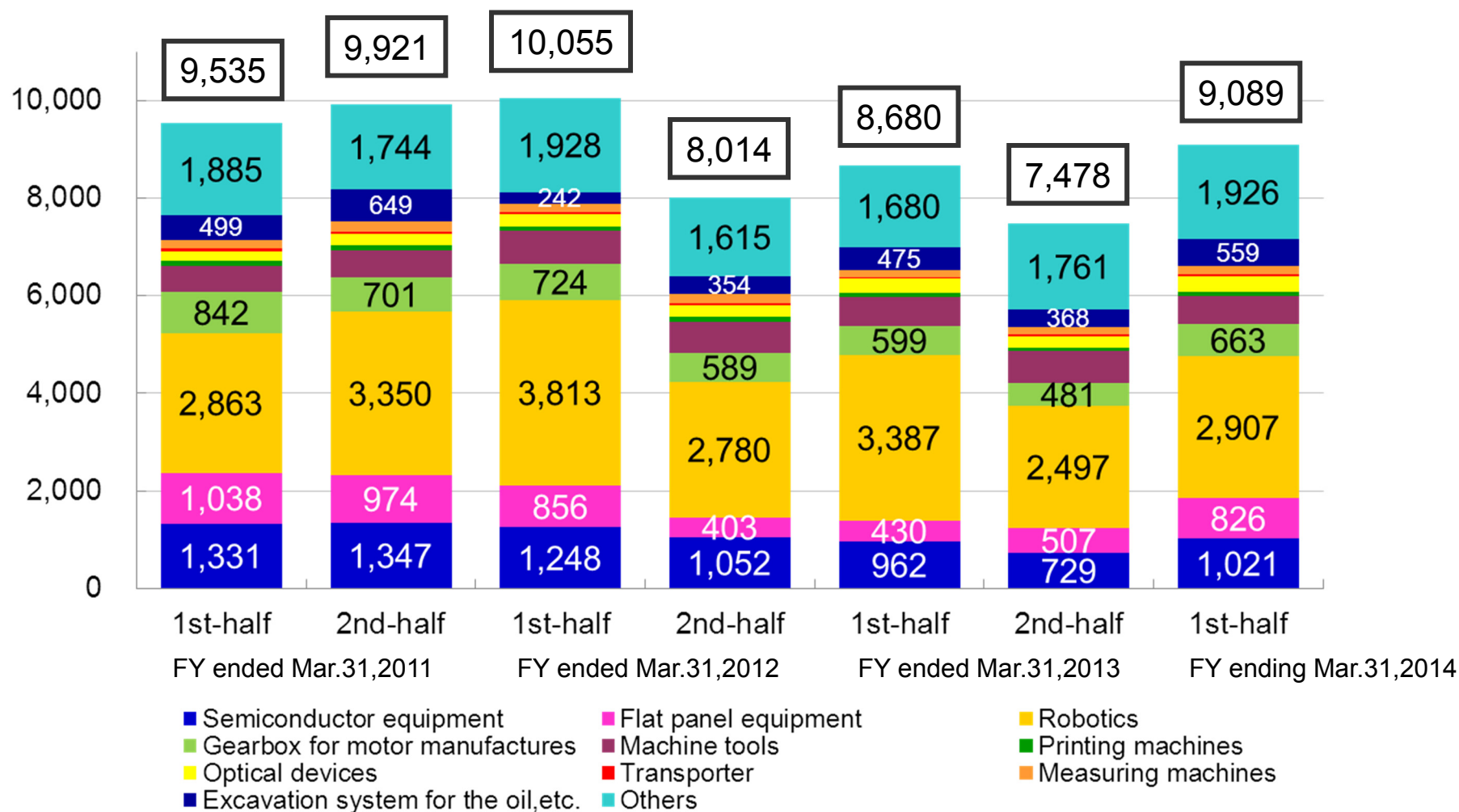
(millions of yen)

	1st-half FY ended Mar.31,2013		1st-half FY ending Mar.31,2014		Year-on-year change	
	Amount	Percent(%)	Amount	Percent(%)	Change	Rate(%)
Net sales	8,680	100.0	9,089	100.0	409	4.7
Gross profit	3,519	40.6	3,733	41.1	213	6.1
Operating income	1,816	20.9	1,969	21.7	152	8.4
Ordinary income	1,991	22.9	2,118	23.3	127	6.4
Net income	1,161	13.4	1,379	15.2	217	18.7
EPS (yen)	38.06		45.17		7.11	18.7
Capital investment	286		235		▲51	▲17.7
Depreciation costs	322		325		3	1.1
R&D costs	592		581		▲11	▲1.8

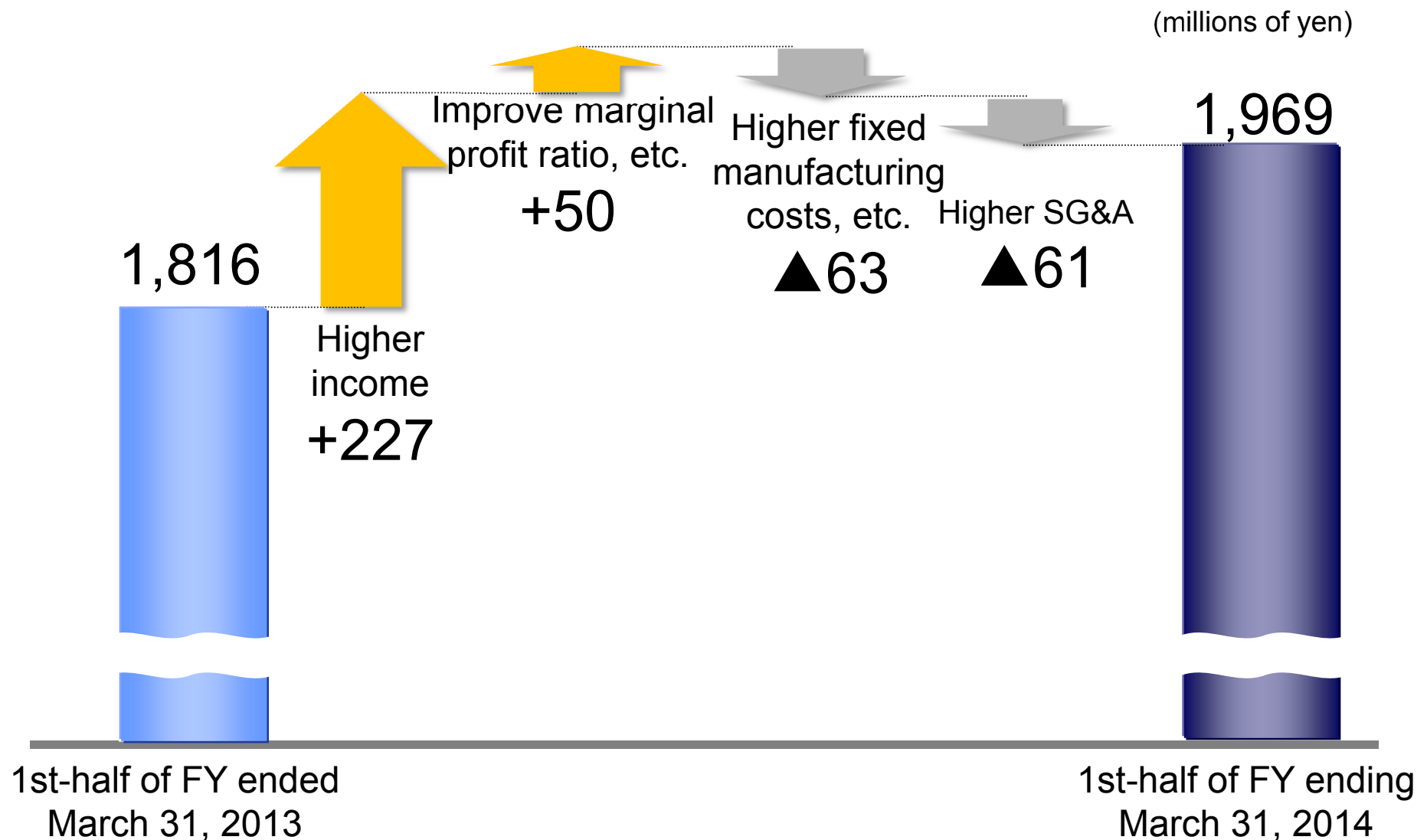
Capital investment amounts are the amounts of tangible and intangible fixed assets acquired in the term.

Net sales by application (non-consolidated)

(millions of yen)

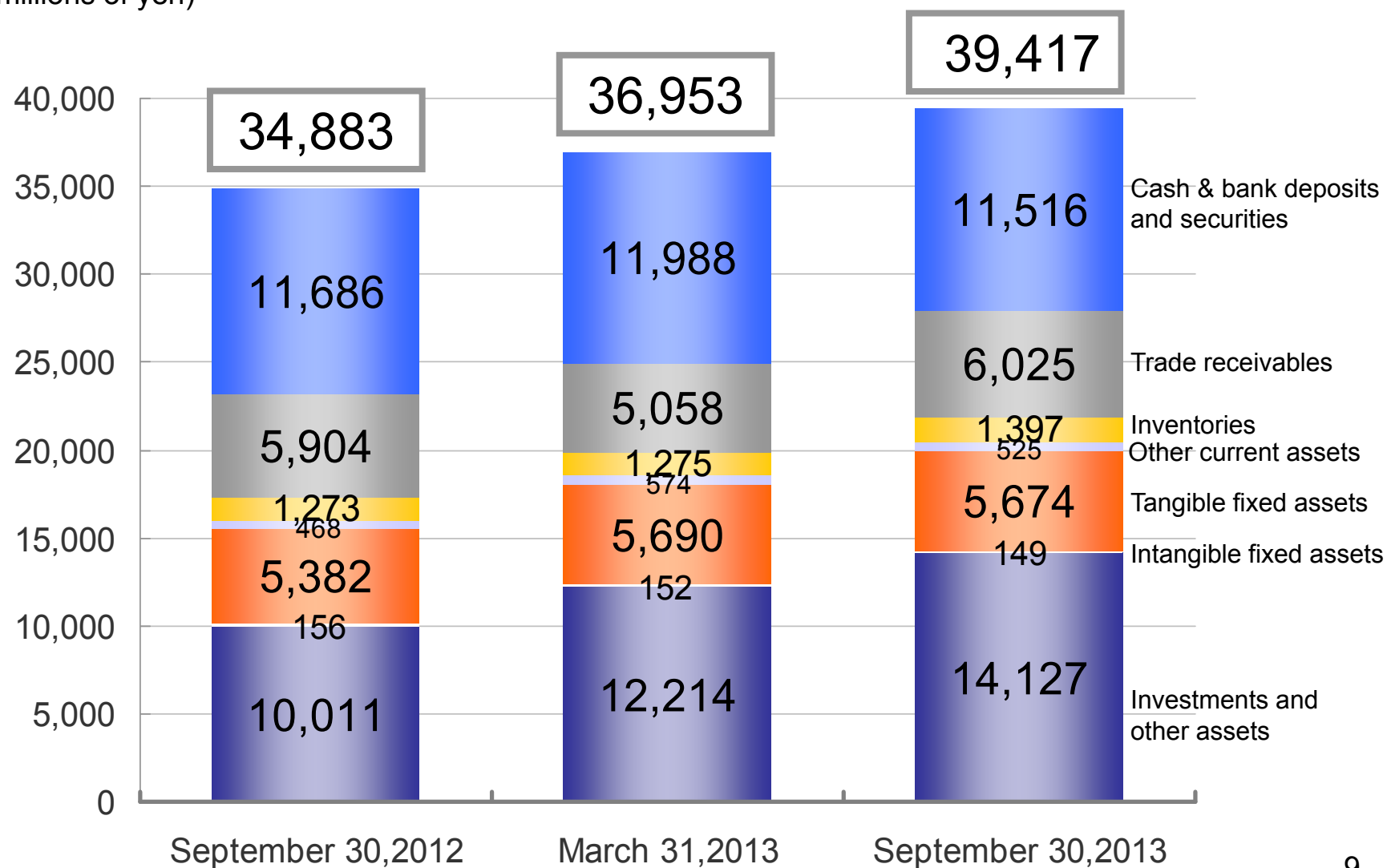


Factors in year-on-year change in 1st-half non-consolidated operating income



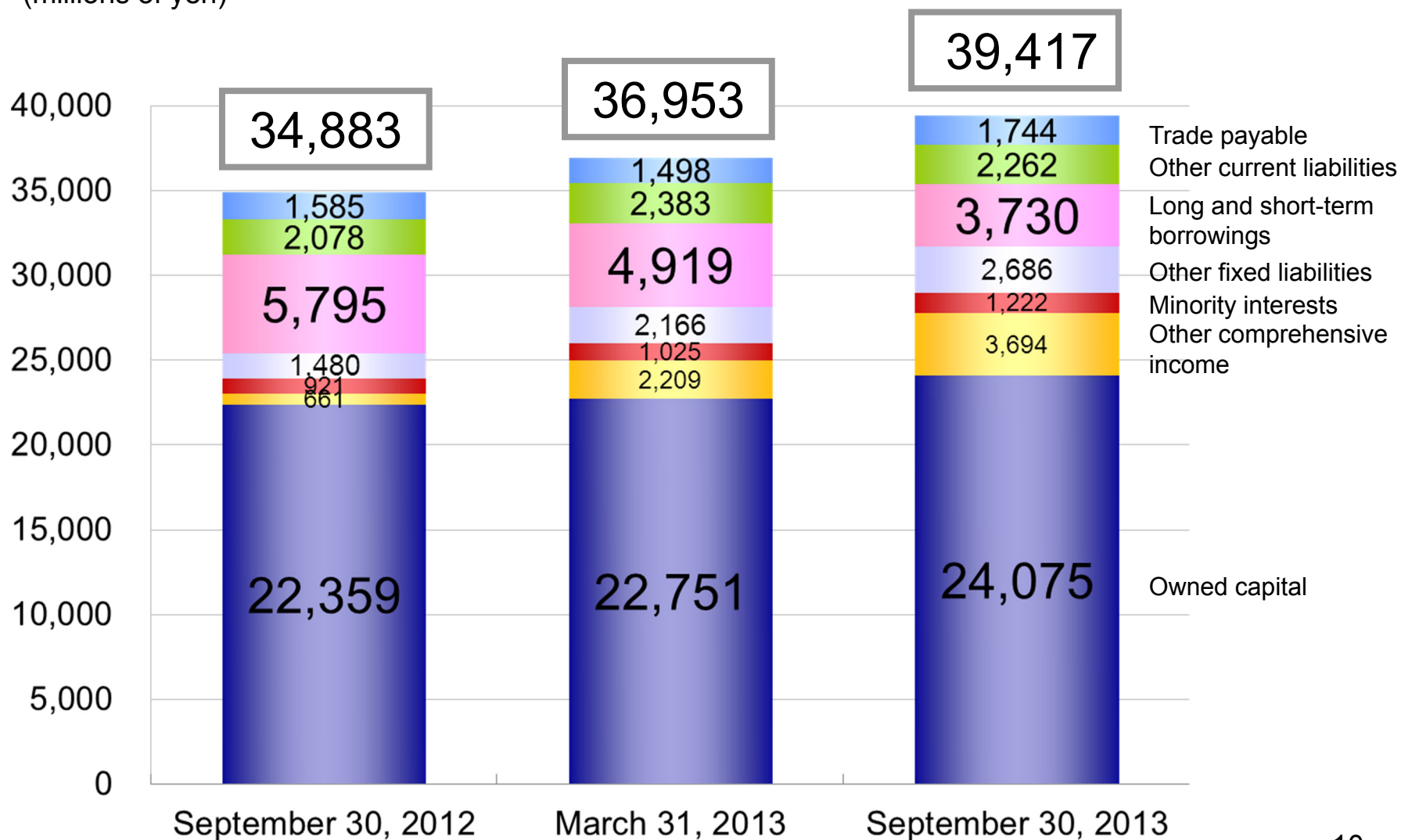
Status of consolidated assets

(millions of yen)



Status of consolidated liabilities and net assets

(millions of yen)



Status of consolidated cash flows

(millions of yen)	1st-half of FY ended Mar.31,2013	1st-half of FY ending Mar.31,2014
Cash flow from operating activities	2,493	1,544
Cash flow from investing activities	2,885	▲449
Cash flow from financing activities	▲1,224	▲1,536
Effect of exchange rate changes on cash and cash equivalents	18	143
Net increase (decrease) in cash and cash equivalents	4,173	▲298
Cash and cash equivalents at end of year	8,353	9,415