

Harmonic Drive Systems Inc.

Presentation on Business Results for the 1st-Half of Fiscal Year Ending March 31, 2013

November 21, 2012

The title is centered on the page and surrounded by several decorative, hand-drawn blue swirls that create a sense of motion and focus around the text.

Performance Summary

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

(millions of yen)

	Original forecasts (announced May 15)		1st-half FY ending Mar.31,2013		Vs. original forecasts for the period	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate(%)
Net sales	9,900	100.0	9,847	100.0	▲52	▲0.5
Operating income	2,000	20.2	2,216	22.5	216	10.8
Ordinary income	2,080	21.0	2,208	22.4	128	6.2
Net income	1,180	11.9	1,202	12.2	22	1.9

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

(millions of yen)

	1st-half FY ended Mar.31,2012		1st-half FY ending Mar.31,2013		Year-on-year change	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	11,104	100.0	9,847	100.0	▲1,257	▲11.3
Gross profit	4,783	43.1	4,188	42.5	▲595	▲12.5
Operating income	2,771	25.0	2,216	22.5	▲554	▲20.0
Ordinary income	2,925	26.3	2,208	22.4	▲716	▲24.5
Net income	1,495	13.5	1,202	12.2	▲292	▲19.6
EPS (yen)	48.98		39.39		▲9.59	▲19.6
Capital investment	710		393		▲316	▲44.6
Depreciation costs	455		506		51	11.2
R&D costs	625		547		▲78	▲12.5

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, 2013

(millions of yen)

	Equity stake	Net sales		Net income	
		Amount	Change(%)	Amount	Change(%)
Harmonic Drive Systems Inc.	—	8,680	▲13.7	1,161	▲16.9
*1 *4 HD Systems Inc. (Harmonic Drive L.L.C.) (U.S.A.)	100% (51%)	1,494	▲9.0	*3 63	20.9
Harmonic AD, Inc.	100%	870	▲21.6	38	▲35.3
*2 *4 Harmonic Drive AG (Germany)	35%	3,140	▲17.1	350	▲54.6

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

*1 Exchange rates: Jan. – Jun., 2011 1US\$ = 82.04 yen, Jan. – Jun., 2012 1US\$ = 79.74 yen

*2 Exchange rates: Jan. – Jun., 2011 1€ = 114.98 yen, Jan. – Jun., 2012 1€ = 103.45 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

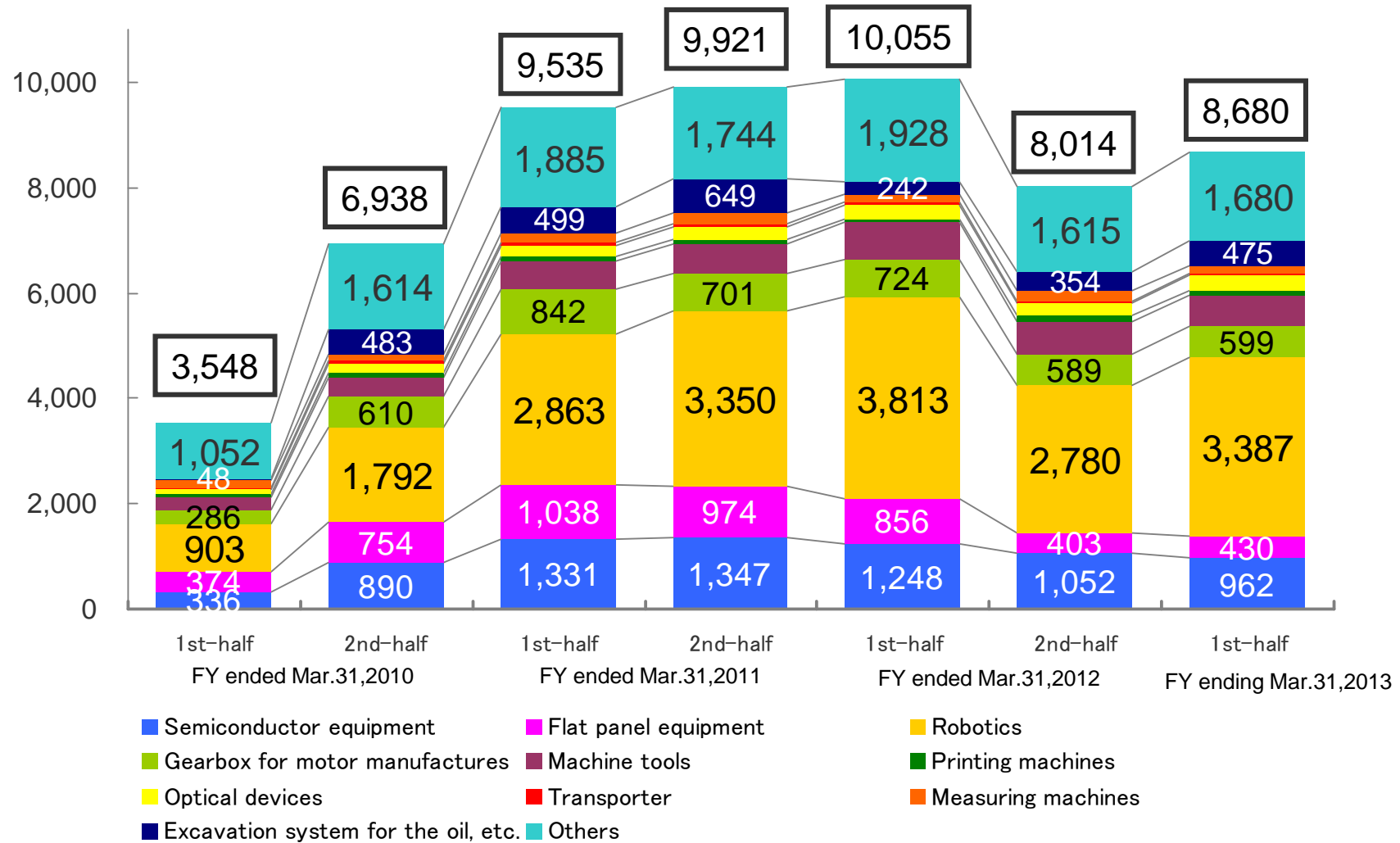
(millions of yen)

	1st-half FY ended Mar.31,2012		1st-half FY ending Mar.31,2013		Year-on-year change	
	Amount	Percent(%)	Amount	Percent(%)	Change	Rate(%)
Net sales	10,055	100.0	8,680	100.0	▲1,375	▲13.7
Gross profit	3,953	39.3	3,519	40.6	▲433	▲11.0
Operating income	2,266	22.5	1,816	20.9	▲450	▲19.9
Ordinary income	2,461	24.5	1,991	22.9	▲470	▲19.1
Net income	1,397	13.9	1,161	13.4	▲235	▲16.9
EPS (yen)	45.78		38.06		▲7.72	▲16.9
Capital investment	401		286		▲114	▲28.6
Depreciation costs	316		322		5	1.7
R&D costs	591		592		1	0.2

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

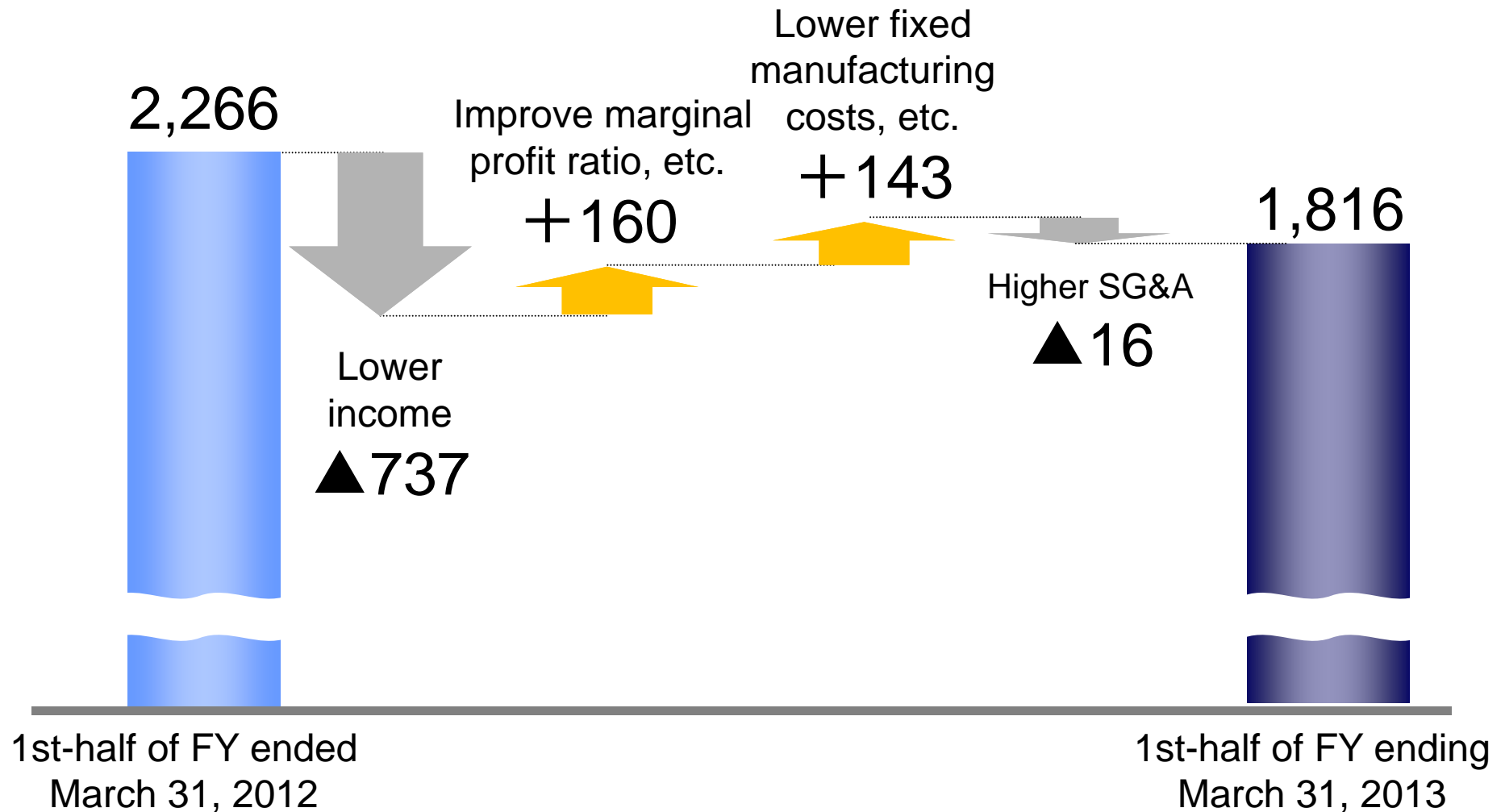
Net sales by application (non-consolidated)

(millions of yen)



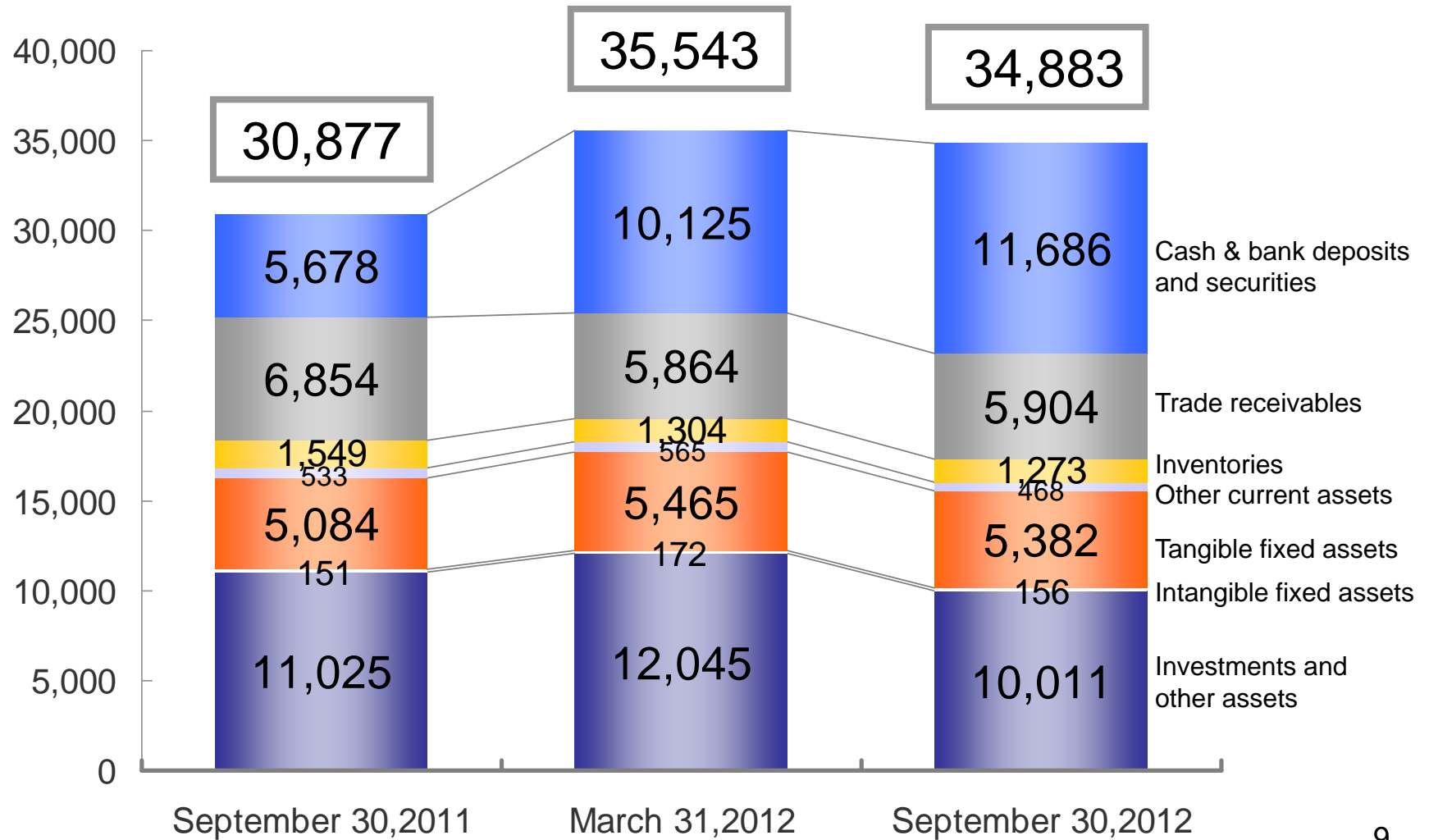
Factors in year-on-year change in 1st-half non-consolidated operating income

(millions of yen)



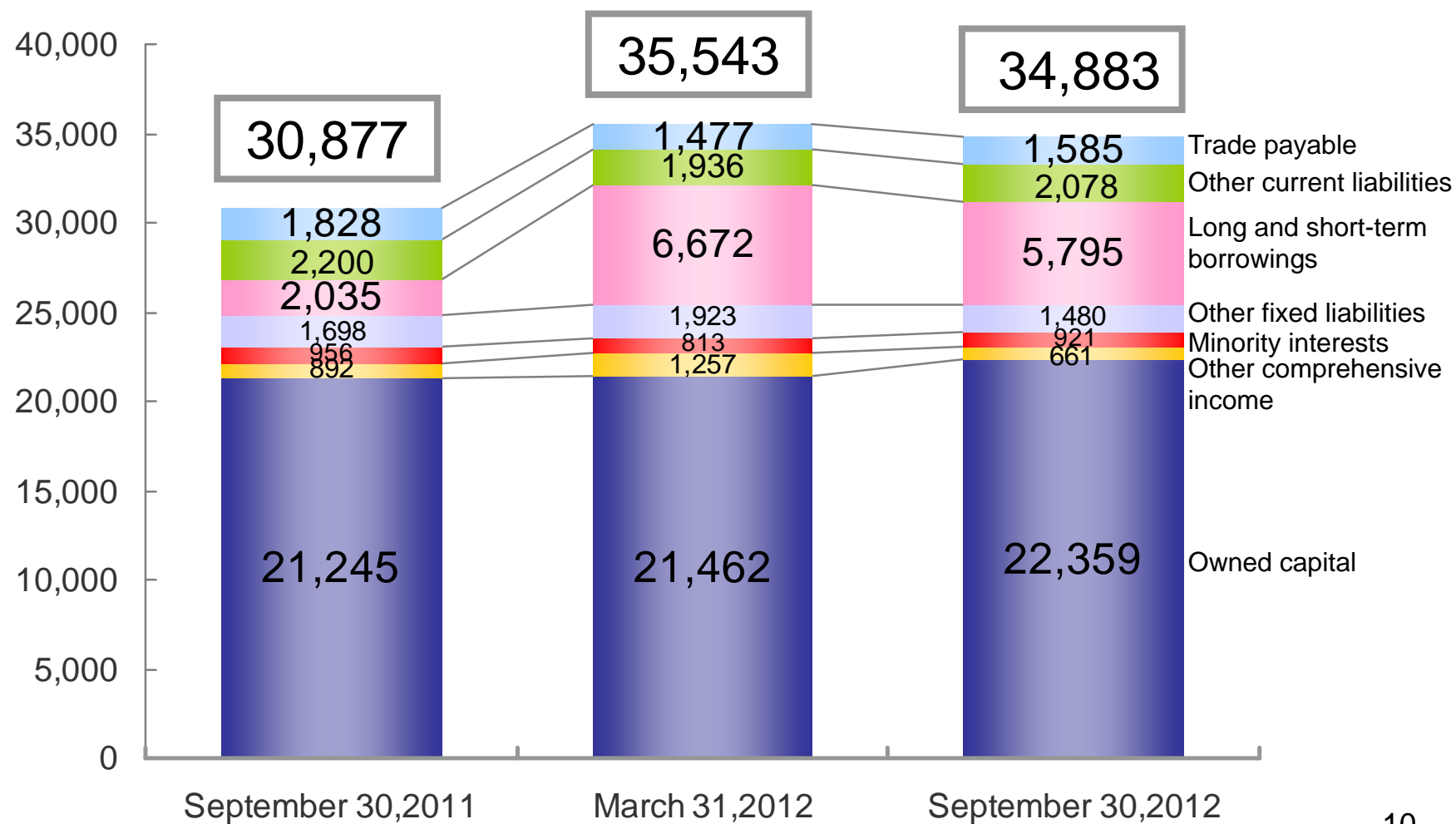
Status of consolidated assets

(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.31,2012	1st-half of FY ending Mar.31,2013
Cash flow from operating activities	310	2,493
Cash flow from investing activities	130	2,885
Cash flow from financing activities	▲772	▲1,224
Effect of exchange rate changes on cash and cash equivalents	▲6	18
Net increase (decrease) in cash and cash equivalents	▲337	4,173
Cash and cash equivalents at end of year	4,013	8,353