

Consolidated Semi-Annual Financial Results For the Six Months Ended September 30, 2006

Corporate name: FANUC LTD
 Stock code: 6954
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Date of Board of Directors meeting for the semi-annual financial results: October 27, 2006

Adoption of U.S. GAAP: No

1. Consolidated Financial Results for the Six Months Ended September 30, 2006 (April 1–September 30, 2006)

(1) Consolidated Results of Operations

	Net sales		Operating income		Ordinary income	
	Millions of yen	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %
Six months ended September 30, 2006	200,476	9.7	78,244	11.8	85,943	16.2
Six months ended September 30, 2005	182,776	19.1	70,002	23.7	73,991	21.9
Year ended March 31, 2006	381,074		140,589		150,832	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Millions of yen	YoY change %	Yen	Yen
Six months ended September 30, 2006	51,606	17.9	241.01	-
Six months ended September 30, 2005	43,774	16.4	204.33	-
Year ended March 31, 2006	90,437		420.01	-

- Notes:
1. Equity in earnings (losses) of affiliated companies
 - For the six months ended September 30, 2006 : 3,274 million yen
 - For the six months ended September 30, 2005 : 2,119 million yen
 - For the year ended March 31, 2006 : 5,531 million yen
 2. Average number of shares outstanding (consolidated)
 - For the six months ended September 30, 2006 : 214,120,300 shares
 - For the six months ended September 30, 2005 : 214,233,197 shares
 - For the year ended March 31, 2006 : 214,198,454 shares
 3. Change in accounting policy : Not applicable
 4. Percentages above represent changes from the corresponding previous semi-annual period.
 5. Figures for the interim period ended September 2006 are rounded off to the nearest million. Figures for the interim period ended September 2005, and for the FY ended March 2006 are rounded down to the nearest million.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2006	955,207	833,548	84.9	3,784.57
September 30, 2005	840,571	723,658	86.1	3,378.37
March 31, 2006	903,409	774,418	85.7	3,614.17

Note: Number of shares outstanding (consolidated) at end of period:

September 30, 2006	: 214,108,399 shares
September 30, 2005	: 214,203,185 shares
March 31, 2006	: 214,142,228 shares

(3) Consolidated Cash Flow Position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended September 30, 2006	60,991	(8,502)	(14,564)	510,990
Six months ended September 30, 2005	37,295	(6,795)	(7,315)	417,386
Year ended March 31, 2006	100,543	(16,157)	(14,513)	471,340

(4) Number of Consolidated Subsidiaries and Affiliated Companies Accounted for by the Equity Method

Number of consolidated subsidiaries: 44 companies

Number of non-consolidated subsidiaries accounted for under the equity method: 1 company

Number of affiliated companies accounted for under the equity method: 2 companies

(5) Changes of Reporting Entities

Number of consolidated subsidiaries added: 2 companies

Number of consolidated subsidiaries removed: None

Number of companies accounted for under the equity method added: 1 company

Number of companies accounted for under the equity method removed : None

2. Consolidated Financial Results Forecasts for the Year Ending March 31, 2007 (April 1, 2006-March 31, 2007)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ending March 31, 2007	415,600	157,100	171,100	103,200

Reference: Forecast net income per share (Fiscal year ending March 31, 2007): 481.99 yen

Note: The above forecasts are subject to uncertain factors such as supply and demand trends, industry competition and economic conditions in major markets. Actual results may differ from these forecasts.

Outline of Financial Results for the Six Months Ended September 30, 2006

1. Consolidated Financial Results

Millions of yen

Item	Six months ended September 30, 2006	Six months ended September 30, 2005	YoY Change (%)	Year ended March 31, 2006
Net sales	200,476	182,776	9.7	381,074
Operating income	78,244	70,002	11.8	140,589
Ordinary income	85,943	73,991	16.2	150,832
Net income	51,606	43,774	17.9	90,437
Net income per share	241.01 yen	204.33 yen	18.0	420.01 yen

2. Non-Consolidated Financial Results

Millions of yen

Item	Six months ended September 30, 2006	Six months ended September 30, 2005	YoY Change (%)	Year ended March 31, 2006
Net sales	149,297	140,278	6.4	279,622
Operating income	58,558	53,336	9.8	107,899
Ordinary income	63,166	57,818	9.2	116,162
Net income	38,989	35,953	8.4	72,787
Dividends per share	72.50 yen (Interim dividends)	31 yen (Interim dividends)	-	96 yen (Interim dividends: 31 yen Year-end dividends: 65 yen)
Net income per share	182.09	167.82	8.5	337.61 yen

Management Policy

1. Basic Management Policy

FANUC has maintained a consistent management policy since its foundation.

The Company:

- (1) Develops competitive products by emphasizing research and development as the foundation of its management practice.
- (2) Specializes in its core technologies of computer numerical controls (CNCs), servo motors and their application products, including robots, Robomachines (AI electric injection molding machines, wire-cut electric discharge machines, CNC drills and ultra-precision nano machines), and lasers.
- (3) Concentrates its product development and production in Japan.
- (4) Pursues higher efficiency and lower costs in production through automation and robotization of its own production processes by aggressively introducing its own cutting-edge technology products into these processes.
- (5) Closely monitors the financial performance of FANUC and its Group companies to secure their profitability. Follows up and thoroughly resolves any problems that may arise.
- (6) Proactively promotes young and capable persons, and appoints local personnel as president and to other senior positions at overseas subsidiaries to encourage local management, and ensure that management of these companies is rooted in their respective countries.
- (7) Maintains a flat rather than stratified organization to ensure speedy decision-making and problem solving.

2. Basic Policy on Return of Profit to Shareholders

FANUC continues its efforts to enhance its business structure to return profit, which is linked to FANUC's consolidated business results, to its shareholders going forward. While it is our basic policy to provide stable dividend payments to our shareholders, FANUC will also strive to secure a payout ratio of at least 30% of its consolidated net income for the full business year. In addition, FANUC will buy back its own shares as necessary, in consideration of stock market conditions.

As is the case with dividend payments, FANUC maintains a policy to link bonuses to its board members and employees, who strive to secure profitability under severe market competition, to consolidated net income.

Since FANUC operates in a fiercely competitive leading-edge industry—characterized by rapid technological innovation—the Company will use its retained earnings under its medium- to long-term plan to develop new products, robotize its production processes and strengthen its overseas businesses, and to expeditiously undertake merger and acquisition activities for the benefit of its businesses.

3. Medium-Term Management Strategy and Issues

FANUC will expand its sales while securing profit through the following initiatives:

- (1) Maintain and increase the top world market share of FANUC CNCs for machine tools, by launching the next-generation CNC series.
- (2) Promote sales of FANUC robots to European automotive manufacturers and the automotive parts industry to further expand our market share in the automotive sector. Concurrently, expand sales to general industries mainly by cooperating with machine tool builders to promote robotization of machining plants using FANUC intelligent robots.
- (3) Promote sales of FANUC machine tools including ROBOCUT wire-cut electric discharge machines, ROBODRILL CNC drills and ROBONANO ultra-precision nano machines, as well as FANUC industrial machines including ROBOSHOT AI electric injection molding machines to the information technology (IT) industry, and to the automotive-related industry including manufacturers of motorcycles.
- (4) Expand and develop FANUC's sales and service locations, as well as strengthen local support and marketing structures in such areas as China and India, where demand remains strong, and Russia, where significant growth is expected.
- (5) Reduce production costs and increase production capacity by using the FANUC Robot Cell, a machining system using intelligent robots for long hours of unmanned operation, and also by commencing operations at its new factory.

4. Policy on Reducing the Minimum Investment Unit of Its Stock

FANUC recognizes the importance of increasing stock liquidity and expanding its shareholder base. In light of this, FANUC reduced the minimum investment unit for its stock from 1,000 shares to 100 shares in July 1982, which has enhanced the liquidity of its stock.

5. Parent Company

FANUC does not have a parent company.

Results of Operations and Financial Position

Results of Operations

Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2007

During the six months from April to September 2006, the Japanese economy continued to grow strongly, driven by continual improvement in corporate earnings, and an increase in capital investment. The machine tool industry expects to achieve a record number of order intakes by the end of 2006.

Overseas, the economies of China, South Korea, Taiwan, India and the United States continued to expand, while the European economy also made a progressive recovery.

Under these favorable conditions, the FANUC R&D groups committed itself to developing globally competitive products, adhering to FANUC's basic policy of achieving "high reliability," while promoting "intelligence," "ultra precision" and "high functionality" of all FANUC products. The FANUC production group focused on "automation" and "robotization" of its machining and assembly processes. Also, despite the negative effects of rising material purchasing costs, which continued from the previous term, FANUC's R&D, manufacturing and purchasing groups worked closely together to reduce costs. FANUC's performance was also helped by a higher factory operating rate, which has lowered cost rate, stemming from strong orders.

As a result, during the first half of the fiscal year ending March 31, 2007, FANUC posted consolidated net sales totaling ¥200,476 million, a 9.7% increase compared with the corresponding period of the previous fiscal year. Consolidated ordinary income increased 16.2 % to ¥85,943 million, and consolidated net income rose 17.9% to ¥51,606 million, compared with the corresponding period of the previous fiscal year.

Following is a summary of results for each business group:

[FA Group]

In Japan, FANUC CNC sales remained strong, on par with the previous term, driven by vigorous capital investments among a wide range of machining production industries, including automotive, electric appliances, precision devices, and construction machinery, and also supported by resulting demand from the machine tool builders calling for expansion of production capacity. Overseas, CNC sales increased in Europe and the United States where there was robust demand from the construction machinery, aircraft and energy industries. Sales also grew in Asia, driven mainly by significant sales growth in China.

FANUC laser sales were also strong both in Japan and overseas.

As a result, the FA Group posted consolidated sales of ¥115,909 million, a 13.4% increase compared with the corresponding period of the previous fiscal year. FA Group sales accounted for 57.8% of consolidated net sales.

[Robot Group]

FANUC robot sales suffered as a result of the temporary falloff in projects among automotive related industries in Japan, the United States and Europe that followed continued strong investment, but sales have now begun to recover. Sales to general industries, mainly for material handling and machining applications, posted strong

growth. FANUC has also focused on sales promotion of highly automated machining systems, which incorporate FANUC robots with machine tools to enhance manufacturers' global competitiveness in production.

As a result, the Robot Group posted consolidated sales of ¥48,530 million, a 4.6% down compared with the corresponding period of the previous fiscal year. Robot Group sales accounted for 24.2% of consolidated net sales.

[Robomachine Group]

Sales of the ROBOSHOT AI electric injection molding machines to such industries as IT, electronic components, automotive parts and medical equipment showed signs of recovery in Japan, the United States and Europe, and remained strong in China and other areas of Asia.

Sales of the ROBOCUT wire-cut electric discharge machines and ROBODRILL CNC drills remained at high levels in Japan. Sales of these products also increased in the Asian markets, mainly to the automotive, motorcycle and IT industries.

As a result, the Robomachine Group posted consolidated sales of ¥36,037 million, a 21.3% increase compared with the corresponding period of the previous fiscal year. Robomachine Group sales accounted for 18.0% of consolidated net sales.

Financial Position

Balance Sheets

Total assets increased ¥51,798 million to ¥955,207 million compared with the end of the previous fiscal year. This was mainly attributable to the growth in consolidated cash flows described in the following section, which resulted in cash and cash equivalents rising ¥39,657 million, and to increases in notes and accounts receivable-trade of ¥4,164 million, and inventories of ¥3,009 million.

Total liabilities rose ¥13,478 million to ¥121,659 million compared with the end of the previous fiscal year.

Total net assets amounted to ¥833,548 million, due mainly to growth in retained earnings of ¥37,168 million from the end of the previous fiscal year.

Cash Flows

Net cash provided by operating activities totaled ¥60,991million, consisting mainly of income before income taxes and minority interests, less income taxes paid.

Net cash used in investing activities totaled ¥8,502 million, mainly reflecting purchases of property, plant and equipment.

Net cash used in financing activities totaled ¥14,564 million, mainly for dividends paid.

As a result, consolidated cash and cash equivalents at the end of the subject interim period amounted to ¥39,650 million in surplus.

Although business conditions are currently positive, there are areas of uncertainty that could have a negative impact on capital expenditure in the manufacturing industry, including rising material procurement costs stemming from higher prices of crude oil and other resources, inventory adjustments in the IT industry, and a slowdown in the U.S. economy.

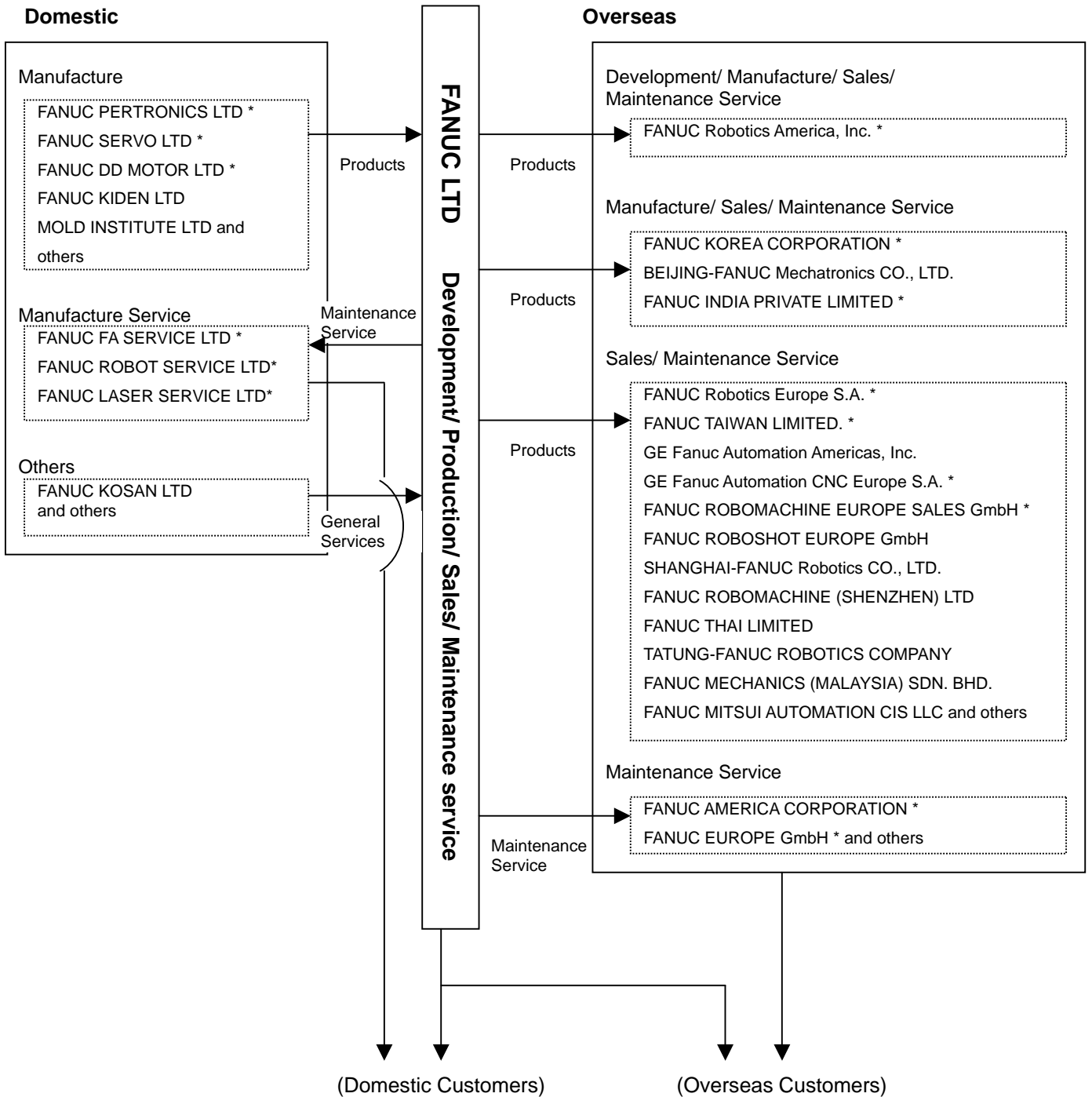
Faced with such conditions, the FANUC Group will work to strengthen the R&D that is the foundation of our business, and bring to market even more highly competitive products that demonstrate the qualities of “high reliability,” “high functionality,” and “low cost.” We will also proactively introduce intelligent robots in our new servo motor and other factories as a means of lowering manufacturing costs for all products, as well as expanding production and shortening delivery periods.

For the fiscal year ending March 31, 2007, FANUC forecasts consolidated net sales totaling ¥415,600million, a 9.1% increase compared with the previous fiscal year. Operating income is forecast to total ¥157,100 million, up 11.7% from the previous fiscal year, and ordinary income is forecast to total ¥171,100 million, up 13.4%. Net income is forecast to total ¥103,200 million, up 14.1%.

Note: The above outlook is subject to change due to uncertain factors, including changes in product supply and demand trends in major markets, competition, and the overall economic climate.

FANUC GROUP STRUCTURE

The FANUC Group is structured as shown below:



*: Consolidated Subsidiaries

Except for FANUC LTD, there is no open entity among its Group companies.

Consolidated Net Sales by Group

Millions of yen

Group	Six months ended September 30, 2006		Six months ended September 30, 2005		YoY Change (%)	Year ended March 31, 2006	
		%		%	%		%
FA Group	115,909	57.8	102,185	55.9	13.4	209,922	55.1
Robot Group	48,530	24.2	50,875	27.8	(4.6)	108,226	28.4
Robomachine Group	36,037	18.0	29,716	16.3	21.3	62,924	16.5
Total	200,476	100.0	182,776	100.0	9.7	381,074	100.0
Overseas sales	130,519	65.1	116,267	63.6	12.3	241,812	63.5

Consolidated Statements of Income

Millions of yen

Item	Six months ended September 30, 2006		Six months ended September 30, 2005		YoY Change (%)	Year ended March 31, 2006	
		%		%	%		%
Net sales	200,476	100.0	182,776	100.0	9.7	381,074	100.0
Cost of sales	94,649	47.2	90,772	49.7	4.3	192,363	50.5
Gross profit	105,827	52.8	92,004	50.3	15.0	188,711	49.5
Selling, general and administrative expenses	27,583	13.8	22,001	12.0	25.4	48,121	12.6
Operating income	78,244	39.0	70,002	38.3	11.8	140,589	36.9
Non-operating income							
Interest and dividends income	2,830		1,449			3,166	
Equity in earnings	3,274		2,119			5,531	
Other	2,257		843			3,026	
Total non-operating income	8,361	4.2	4,412	2.4	89.5	11,724	3.1
Non-operating expenses							
Loss on sale and disposal of fixed assets	295		42			-	
Other	367		381			1,481	
Total non-operating expenses	662	0.3	423	0.2	56.3	1,481	0.4
Ordinary income	85,943	42.9	73,991	40.5	16.2	150,832	39.6
Income before income taxes and minority interests	85,943	42.9	73,991	40.5	16.2	150,832	39.6
Income taxes – current	31,878	15.9	27,606	15.1	15.5	54,814	14.4
Income taxes – deferred	610	0.3	1,212	0.7	(49.7)	2,960	0.8
Minority interest in income	1,849	1.0	1,397	0.8	32.3	2,619	0.7
Net income	51,606	25.7	43,774	23.9	17.9	90,437	23.7

Consolidated Balance Sheets

Millions of yen

Item	September 30, 2006		September 30, 2005		March 31, 2006	
		%		%		%
(Assets)	955,207	100.0	840,571	100.0	903,409	100.0
Current assets	686,637	71.9	589,549	70.1	637,565	70.6
Cash and cash equivalents	511,232		417,601		471,575	
Notes and accounts receivable trade	94,045		90,766		89,881	
Inventories	62,867		62,388		59,858	
Other	21,677		22,108		19,577	
Allowance for doubtful accounts	(3,184)		(3,315)		(3,327)	
Fixed assets	268,570	28.1	251,021	29.9	265,843	29.4
Tangible fixed assets	197,847		192,949		196,092	
Intangible fixed assets	1,553		1,728		1,627	
Investments and other assets	69,170		56,343		68,123	
Total	955,207	100.0	840,571	100.0	903,409	100.0
(Liabilities)	121,659	12.7	98,318	11.7	108,181	12.0
Current liabilities	93,927	9.8	75,682	9.0	82,433	9.1
Notes and accounts payable – trade	26,287		18,226		17,665	
Accrued income taxes	31,708		27,516		30,560	
Provisions for after-sales service	5,315		4,858		4,910	
Other	30,617		25,080		29,297	
Long-term liabilities	27,732	2.9	22,636	2.7	25,747	2.9
Reserve for retirement benefits of employees	17,582		17,350		16,459	
Reserve for retirement benefits of directors and auditors	1,957		1,392		1,535	
Other	8,193		3,893		7,752	
(Net Assets)	833,548	87.3	-	-	-	-
Owners' equity	801,178	83.9	-	-	-	-
Common stock	69,014	7.2	-	-	-	-
Capital surplus	96,222	10.1	-	-	-	-
Retained earnings	790,604	82.8	-	-	-	-
Treasury stock	(154,663)	(16.2)	-	-	-	-
Valuation and translation adjustments	9,131	1.0	-	-	-	-
Unrealized gains on other marketable securities	3,959	0.4	-	-	-	-
Translation adjustments	5,172	0.6	-	-	-	-
Minority interests	23,239	2.4	-	-	-	-
Total	955,207	100.0	-	-	-	-
(Minority interests)						
Minority interests	-	-	18,594	2.2	20,810	2.3
(Shareholders' equity)	-	-	723,658	86.1	774,418	85.7
Common Stock	-	-	69,014	8.2	69,014	7.6
Capital surplus	-	-	96,212	11.4	96,215	10.7
Retained earnings	-	-	713,414	84.9	753,436	83.4
Unrealized gains on other marketable securities	-	-	2,374	0.3	4,791	0.5
Foreign currency translation adjustments	-	-	(3,651)	(0.4)	5,269	0.6
Treasury stock	-	-	(153,705)	(18.3)	(154,309)	(17.1)
Total	-	-	840,571	100.0	903,409	100.0

Consolidated Statements of Cash Flow

Millions of yen

Item	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Cash flows from operating activities			
Income before income taxes and minority interests	85,943	73,991	150,832
Depreciation and amortization	5,056	5,003	10,475
Increase in reserve for doubtful receivables	(175)	27	(21)
Decrease in reserve for employees' retirement benefits	1,064	(1,073)	(2,113)
Interest and dividend income	(2,830)	(1,449)	(3,165)
Equity in earnings of affiliates, net	(3,274)	(2,119)	(5,531)
(Increase) decrease in receivables, trade	(2,506)	(3,227)	606
(Increase) decrease in inventories	(2,551)	(1,532)	2,796
(Decrease) increase in payables, trade	8,398	(799)	(2,222)
Other	(1,438)	(1,560)	1,827
Sub-total	87,687	67,259	153,483
Interest and dividends received	3,320	1,938	3,561
Income taxes paid	(30,702)	(32,000)	(55,660)
Other	686	98	(840)
Net cash provided by operating activities	60,991	37,295	100,543
Cash flows from investing activities			
Purchases of property, plant and equipment	(8,040)	(6,569)	(12,906)
Purchases of investment securities	(247)	(44)	(2,556)
Other	(215)	(181)	694
Net cash used in investing activities	(8,502)	(6,795)	(16,157)
Cash flows from financing activities			
Payment for purchases of treasury stock	(394)	(376)	(983)
Dividends paid	(13,950)	(6,662)	(13,260)
Other	(220)	(276)	269
Net cash used in financing activities	(14,564)	(7,315)	(14,513)
Effect of exchange rate changes on cash and cash equivalents	1,725	3,118	10,384
Net increase (decrease) in cash and cash equivalents	39,650	26,303	(80,257)
Cash and cash equivalents at beginning of year	471,340	391,082	391,082
Cash and cash equivalents at end of the period	510,990	417,386	471,340

Significant Accounting Policies for Preparation of Interim Financial Statements

1. Scope of consolidation

Consolidated subsidiaries, etc.: 44 companies

Principal companies included in the consolidated statutory reports

FANUC Robotics America, Inc.
FANUC Robotics Europe S.A.
GE Fanuc Automation CNC Europe S.A.
FANUC KOREA CORPORATION
FANUC TAIWAN LIMITED
FANUC AMERICA CORPORATION
FANUC EUROPE GmbH
FANUC ROBOMACHINE EUROPE SALES GmbH
FANUC INDIA PRIVATE LIMITED
FANUC FA SERVICE LTD
FANUC ROBOT SERVICE LTD
FANUC LASER SERVICE LTD
FANUC PERTRONICS LTD
FANUC SERVO LTD
FANUC DD MOTOR LTD

Of the subsidiaries, FANUC KIDEN LTD and others are not consolidated.

Total assets, net sales, net income or loss (corresponding to our share) and retained earnings (corresponding to our share) of these non-consolidated subsidiaries are relatively minor and do not have a material effect on the consolidated statutory reports taken as a whole.

2. Application of Equity Method

Number of non-consolidated subsidiaries accounted for under the equity method: 1 company

FANUC KOREA CENTRAL SERVICE CORPORATION

The equity method is applied to the following two companies in their accounting:

GE Fanuc Automation Corporation
BEIJING-FANUC Mechatronics CO., LTD.

Total assets, net sales, net income or loss (corresponding to our share) and retained earnings (corresponding to our share) of non-consolidated subsidiaries (FANUC KIDEN LTD and others) and related companies (FANUC MAGTRONICS LTD and others) to which the equity method does not apply are relatively minor and do not have a material effect on the consolidated financial statements taken as a whole.

3. Balance Sheet Date for Settlement of Consolidated Subsidiaries

The interim closing date of consolidated subsidiaries is June 30.

4. Accounting Standards

(1) Standards and methods of valuation of important assets

(a) Securities

Other securities

Securities with market quotations

Stated at market values as of the balance sheet date. Unrealized gains and losses are accounted for as a separate component of shareholders' equity, and cost of sales is calculated using the moving-average method.)

Securities without market quotations

Stated at cost using the moving-average method.

(b) Inventories

Stated mainly at cost by using the identified cost method and the gross-average method

(2) Depreciation methods of important depreciable properties

(a) Tangible fixed assets

Generally, declining balance method. However, the straight line method is applicable for buildings (except for annexed structures) acquired by the Company and domestic consolidated subsidiaries, since April 1, 1998, and thereafter.

(b) Intangible fixed assets

Generally, straight-line method

(3) Standards used in accounting for important accruals

(a) Allowance for doubtful accounts

Estimated amounts of uncollectible trade receivables, loans, etc. are provided by using historical experience for ordinary receivables and by evaluating specific accounts, including doubtful accounts.

(b) Reserve for retirement benefits of employees

To provide for payment of employees' retirement benefits, the amount considered to accrue at the end of the current interim period is posted based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year.

Past service liability is charged by using the straight line method over a specific number of 10 years within the average service period of employees at the time of its occurrence.

Actuarial differences are charged by using the straight line method over a specific number of 10 years within the average service period of employees at the time of occurrence from the next consolidated fiscal year and thereafter.

(c) Reserve for retirement benefits of directors and auditors

To provide for retirement benefits of Directors and Auditors, the Company and its domestic consolidated subsidiaries provide an accrual of retirement benefits payable at the end of the term under review, pursuant to corporate rules.

(d) Provisions for after-sales service

Estimated amounts of after-sales service costs of our products are provided for the occurrence of such service by using empirical data of past occurrences corresponding to sales during the terms. In addition, where deemed necessary, provisions for after-sales service are made for individual transactions to the appropriate amount.

(4) Standards of translation of important foreign-currency denominated assets and liabilities to Japanese yen
Foreign-currency denominated monetary assets and liabilities are translated into Japanese yen by using the spot exchange rate on the closing day of the term under review, and these types of foreign exchange gains and losses from currency translation are recognized in the statement of income. Assets and liabilities of overseas subsidiaries are translated into Japanese yen by using the spot exchange rate on the closing day of the term under review; revenue and expenses are converted using the average exchange rate for the entire term under review. Foreign exchange gains and losses from these types of currency translations are recorded as "Foreign currency translation adjustments and Minority interests" in Net assets.

(5) Accounting for important leases

Financing leases other than those that are deemed to transfer ownership of the leased property to the lessee at the conclusion of the lease are accounted for as operating leases.

(6) Accounting for consumption tax

All amounts reflected in these statements are exclusive of consumption taxes.

5. Scope of funds in the Consolidated Statements of Cash Flows for interim period

Funds (cash and cash equivalents) in Consolidated Statements of Cash Flows for interim period include only cash, deposits withdrawable at any time, and short-term investments that are easily liquidated and due or mature within three months of the date of acquisition with minimal risk from variation in values.

Notes

Matters related to the Consolidated Balance Sheets

	September 30, 2006	September 30, 2005	<i>Millions of yen</i> March 31, 2006
1. Accumulated depreciation on tangible fixed assets	151,435	144,681	148,712
2. Outstanding guarantee obligation	560	670	624

Items related to Consolidated Statements of Income

	Six months ended September 30, 2006	Six months ended September 30, 2005	<i>Millions of yen</i> Year ended March 31, 2006
Main items and amounts of selling, general and administrative expenses			
Employees' salaries and benefits	7,320	6,748	14,183
Employees' bonuses	3,555	-	-
Packing charge and freight	3,021	2,818	5,518

Matters related to the Consolidated Statements of Cash Flows

Relationship between the balance of cash and cash equivalents at end of period and amounts of items recorded in the Consolidated Balance Sheets

	Six months ended September 30, 2006	Six months ended September 30, 2005	<i>Millions of yen</i> Year ended March 31, 2006
Cash and deposit account	511,232	417,601	471,575
Time deposits with deposit time of 3 months or longer	(242)	(215)	(235)
Cash and cash equivalents	510,990	417,386	471,340

Segment Information

1. Segment Information by Categories of Business

The Group Companies focuses on the development and production of CNC systems and related application products based on FANUC's CNC system technologies. Ultimately, FANUC CNC systems and the related application products are used in automated production systems. The Group Companies concentrates its business activities on the development and production of CNC systems, related application products and their systems and maintains its position as a comprehensive manufacturer supplying those products and systems.

2. Geographic segment information

Six months ended September 30, 2006 (April 1 – September 30, 2006)

Millions of yen

	Japan	America	Europe	Asia	Total	Eliminations and corporate	Consolidated
Sales							
(1) Unaffiliated customers	101,408	31,560	29,615	37,893	200,476	-	200,476
(2) Inter-segment sales	51,786	895	316	147	53,144	(53,144)	-
Total	153,194	32,455	29,931	38,040	253,620	(53,144)	200,476
Operating expenses	91,521	29,088	25,833	28,910	175,352	(53,120)	122,232
Operating income	61,673	3,367	4,098	9,130	78,268	(24)	78,244

Six months ended September 30, 2005 (April 1 – September 30, 2005)

Millions of yen

	Japan	America	Europe	Asia	Total	Eliminations and corporate	Consolidated
Sales							
(1) Unaffiliated customers	91,525	30,340	29,083	31,826	182,776	-	182,776
(2) Inter-segment sales	53,169	947	476	125	54,719	(54,719)	-
Total	144,695	31,288	29,560	31,951	237,496	(54,719)	182,776
Operating expenses	86,817	28,205	25,492	25,234	165,750	(52,975)	112,774
Operating income	57,878	3,083	4,067	6,717	71,745	(1,743)	70,002

Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)

Millions of yen

	Japan	America	Europe	Asia	Total	Eliminations and corporate	Consolidated
Sales							
(1) Unaffiliated customers	191,476	66,554	56,335	66,709	381,074	-	381,074
(2) Inter-segment sales	98,195	2,575	881	294	101,946	(101,946)	-
Total	289,671	69,129	57,216	67,003	483,021	(101,946)	381,074
Operating expenses	173,333	63,384	50,740	52,327	339,786	(99,300)	240,485
Operating income	116,337	5,744	6,476	14,676	143,235	(2,645)	140,589

(Note) Method to categorize countries or regions and principal countries or regions included in each category

(1) Method to categorize countries or regions: geographical proximity

(2) Principal countries or regions included in each category:

America: U.S. and Canada

Europe: Luxembourg and Germany

Asia: Korea, Taiwan and India

3. Overseas Sales

Six months ended September 30, 2006 (April 1 – September 30, 2006)

Millions of yen

	America	Europe	Asia	Other	Total
I Overseas sales	38,248	30,409	60,786	1,076	130,519
II Consolidated net sales					200,476
III Overseas sales as a percentage of consolidated net sales	19.1%	15.2%	30.3%	0.5%	65.1%

Six months ended September 30, 2005 (April 1 – September 30, 2005)

Millions of yen

	America	Europe	Asia	Other	Total
I Overseas sales	37,157	28,445	49,734	929	116,267
II Consolidated net sales					182,776
III Overseas sales as a percentage of consolidated net sales	20.3%	15.6%	27.2%	0.5%	63.6%

Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)

Millions of yen

	America	Europe	Asia	Other	Total
I Overseas sales	79,705	56,591	103,489	2,025	241,812
II Consolidated net sales					381,074
III Overseas sales as a percentage of consolidated net sales	20.9%	14.9%	27.2%	0.5%	63.5%

(Note) Method to categorize countries or regions and principal countries or regions included in each category

(1) Method to categorize countries or regions: geographical proximity

(2) Principal countries or regions included in each category:

America: U.S. and Canada

Europe: Luxembourg, Germany, France, UK and Italy

Asia: Korea, Taiwan, China, Malaysia, India and Singapore

Other: Australia

Lease transactions

Notes to lease transactions are omitted because they are disclosed via EDINET.

Securities

First half of FY2006

1. Other securities with market value (as of September 30, 2006)

Millions of yen

	Acquisition cost	Book value reflected in the consolidated balance sheet for the interim period	Net
Equity securities	5,211	11,660	6,449
Total	5,211	11,660	6,449

2. Details and book value of securities not evaluated at market values (as of September 30, 2006)

Millions of yen

	Book value reflected in the consolidated balance sheet for the interim period	Remarks
Other securities Unlisted stocks (OTC stocks are excluded)	1,122	-

First half of FY2005

1. Other securities with market value (as of September 30, 2005)

Millions of yen

	Acquisition cost	Book value reflected in the consolidated balance sheet for the interim period	Net
Equity securities	4,254	8,212	3,957
Total	4,254	8,212	3,957

2. Details and book value of securities not evaluated at market values (as of September 30, 2005)

Millions of yen

	Book value reflected in the consolidated balance sheet for the interim period	Remarks
Other securities Unlisted stocks (OTC stocks are excluded)	1,122	-

FY2005

1. Other securities with market value (as of March 31, 2006)

Millions of yen

	Acquisition cost	Book value reflected in the consolidated balance sheet for the period	Net
Equity securities	5,211	13,197	7,985
Total	5,211	13,197	7,985

2. Details and book value of securities not evaluated at market values (as of March 31, 2006)

Millions of yen

	Book value reflected in the consolidated balance sheet for the period	Remarks
Other securities Unlisted stocks (OTC stocks are excluded)	1,122	-

<Reference>

Consolidated Net Sales by Group

Millions of yen

Group	Three months ended September 30, 2006		Three months ended September 30, 2005		YoY Change (%)
		%		%	%
FA Group	60,238	58.1	50,702	53.5	18.8
Robot Group	25,130	24.2	28,131	29.7	(10.7)
Robomachine Group	18,380	17.7	15,869	16.8	15.8
Total	103,748	100.0	94,702	100.0	9.6
Overseas sales	67,492	65.1	59,913	63.3	12.7

<Reference>

Consolidated Statements of Income

Millions of yen

Item	Three months ended September 30, 2006		Three months ended September 30, 2005		YoY Change (%)
		%		%	
Net sales	103,748	100.0	94,702	100.0	9.6
Cost of sales	49,081	47.3	47,218	49.9	4.0
Gross profit	54,667	52.7	47,484	50.1	15.1
Selling, general and administrative expenses	14,648	14.1	11,528	12.1	27.1
Operating income	40,019	38.6	35,956	38.0	11.3
Non-operating income					
Interest and dividends income	1,491		680		
Equity in earnings	1,726		1,238		
Other	1,715		584		
Total non-operating income	4,932	4.8	2,502	2.6	97.1
Non-operating expenses					
Other	472		151		
Total non-operating expenses	472	0.5	151	0.1	212.6
Ordinary income	44,479	42.9	38,307	40.5	16.1
Income before income taxes and minority interests	44,479	42.9	38,307	40.5	16.1
Income taxes	16,403	15.8	14,286	15.1	14.8
Minority interest in income	983	1.0	723	0.8	36.0
Net income	27,093	26.1	23,298	24.6	16.3

<Reference>

Overseas Sales

Three months ended September 30, 2006 (July 1 – September 30, 2006)

Millions of yen

	America	Europe	Asia	Other	Total
I Overseas sales	19,906	15,881	31,242	463	67,492
II Consolidated net sales					103,748
III Overseas sales as a percentage of consolidated net sales	19.2%	15.3%	30.1%	0.5%	65.1%

Three months ended September 30, 2005 (July 1 – September 30, 2005)

Millions of yen

	America	Europe	Asia	Other	Total
I Overseas sales	19,708	13,303	26,264	638	59,913
II Consolidated net sales					94,702
III Overseas sales as a percentage of consolidated net sales	20.8%	14.1%	27.7%	0.7%	63.3%

Non-Consolidated Semi-Annual Financial Results For the Six Months Ended September 30, 2006

Corporate name: FANUC LTD
 Stock code: 6954
 URL: <http://www.fanuc.co.jp/>
 President and CEO: Yoshiharu Inaba
 Stock exchange listing: Tokyo Stock Exchange
 Head office: Yamanashi Prefecture
 Contact: Hideo Kojima, Manager, IR Office
 Tel: +81-(0)555-84-5555

Date of Board of Directors meeting for the semi-annual financial results: October 27, 2006

Interim dividend method: Applicable

Interim dividend disbursement date: December 1, 2006

Odd stock method adoption: Applicable (one unit of odd stock: 100 shares)

1. Non-Consolidated Financial Results for the Six Months Ended September 30, 2006 (April 1-September 30, 2006)

(1) Non-consolidated Results of Operations

	Net sales		Operating income		Ordinary income	
	Millions of yen	YoY change %	Millions of yen	YoY change %	Millions of yen	YoY change %
Six months ended September 30, 2006	149,297	6.4	58,558	9.8	63,166	9.2
Six months ended September 30, 2005	140,278	14.0	53,336	19.5	57,818	19.0
Year ended March 31, 2006	279,622		107,899		116,162	

	Net income		Net income per share
	Millions of yen	YoY change %	Yen
Six months ended September 30, 2006	38,989	8.4	182.09
Six months ended September 30, 2005	35,953	19.3	167.82
Year ended March 31, 2006	72,787		337.61

Notes: 1. Average number of shares outstanding (consolidated)

For the six months ended September 30, 2006 : 214,120,300 shares

For the six months ended September 30, 2005 : 214,233,197 shares

For the year ended March 31, 2006 : 214,198,454 shares

2. Changes in accounting policy : Not applicable

3. Percentages above represent changes from the corresponding previous semi-annual period.

4. Figures for the interim period ended September 2006 are rounded off to the nearest million. Figures for the interim period ended September 2005, and for the FY ended March 2006 are rounded down to the nearest million.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2006	783,556	705,802	90.1	3,296.47
September 30, 2005	714,448	650,463	91.0	3,036.66
March 31, 2006	747,435	682,473	91.3	3184.80

Notes: 1. Number of shares outstanding at end of period (non-consolidated)
September 30, 2006 : 214,108,399 shares
September 30, 2005 : 214,203,185 shares
March 31, 2006 : 214,142,228 shares

2. Number of treasury stocks
September 30, 2006 : 25,399,918 shares
September 30, 2005 : 25,305,132 shares
March 31, 2006 : 25,366,089 shares

2. Non-Consolidated Financial Results Forecasts for the Year Ending March 31, 2007 (April 1, 2006-March 31, 2007)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ending March 31, 2007	306,500	118,900	126,900	78,700

Reference: Expected net income per share (Fiscal year ending March 31, 2007): 367.56 yen

3. Dividends

	Dividends per share		
	Interim	Year-end	Full-year
	Yen	Yen	Yen
2006 full year	31.00	65.00	96.00
2007 full year (actual)	72.50	-	to be determined
2007 full year (projection)	-	to be determined	

Note: The above forecasts are subject to uncertain factors such as supply and demand trends, industry competition and economic conditions in major markets. Actual results may differ from these forecasts.

Non-Consolidated Net Sales by Group

Millions of yen

Group	Six months ended September 30, 2006		Six months ended September 30, 2005		YoY Change (%)	Year ended March 31, 2006	
		%		%	%		%
FA Group	91,802	61.4	82,203	58.6	11.7	165,206	59.1
Robot Group	23,892	16.0	29,641	21.1	(19.4)	55,103	19.7
Robomachine Group	33,603	22.6	28,433	20.3	18.2	59,312	21.2
Total	149,297	100.0	140,278	100.0	6.4	279,622	100.0
Overseas sales	83,266	55.8	76,538	54.6	8.8	147,930	52.9

Non-Consolidated Statements of Income

Millions of yen

Item	Six months ended September 30, 2006		Six months ended September 30, 2005		YoY Change (%)	Year ended March 31, 2006	
		%		%			%
Net sales	149,297	100.0	140,278	100.0	6.4	279,622	100.0
Cost of sales	76,703	51.4	75,309	53.7	1.9	148,791	53.2
Gross profit on sales	72,594	48.6	64,968	46.3	11.7	130,831	46.8
Selling, general and administrative expenses	14,036	9.4	11,632	8.3	20.7	22,931	8.2
Operating income	58,558	39.2	53,336	38.0	9.8	107,899	38.6
Non-operating income							
Interest and dividends income	3,381		3,674			6,341	
Other	1,938		1,132			3,290	
Total non-operating income	5,319	3.6	4,807	3.4	10.6	9,631	3.4
Non-operating expenses							
Other	711		325			1,368	
Total non-operating expenses	711	0.5	325	0.2	118.7	1,368	0.5
Ordinary income	63,166	42.3	57,818	41.2	9.2	116,162	41.5
Income before income taxes	63,166	42.3	57,818	41.2	9.2	116,162	41.5
Income taxes - current	25,373	17.0	21,852	15.6	16.1	43,420	15.5
Income taxes - deferred	(1,196)	(0.8)	12	0.0	-	(45)	(0.0)
Net income	38,989	26.1	35,953	25.6	8.4	72,787	26.0
Retained earnings brought forward	-		10,988			10,988	
Interim dividends	-		-			6,640	
Unappropriated retained earnings at the end of the fiscal term	-		46,941			77,135	

Interim dividends

15,522 million yen

6,640 million yen

Non-Consolidated Balance Sheets

Millions of yen

Item	September 30, 2006	September 30, 2005	March 31, 2006
(Assets)	783,556	714,448	747,435
Current assets	501,385	439,423	466,631
Cash and cash equivalents	393,842	335,839	365,680
Notes receivable – trade	26,845	28,405	29,209
Accounts receivable - trade	32,854	30,373	29,883
Inventories	38,644	36,367	34,251
Other	11,083	10,651	9,752
Allowance for doubtful accounts	(1,883)	(2,215)	(2,147)
Fixed assets	282,171	275,025	280,804
Tangible fixed assets	177,311	173,490	175,392
Buildings and other structures	53,907	55,805	54,061
Machinery and equipment	15,226	12,945	15,088
Land	96,616	96,020	96,020
Other	11,562	8,718	10,222
Intangible fixed assets	852	836	833
Investments and other assets	104,008	100,698	104,578
Investment securities	12,780	9,330	14,316
Stocks of subsidiaries and affiliates	83,695	82,312	83,672
Other	7,552	9,077	6,608
Allowance for doubtful accounts	(19)	(21)	(18)
Total	783,556	714,448	747,435
(Liabilities)	77,754	63,985	64,962
Current liabilities	61,172	48,088	49,738
Accounts payable - trade	19,978	13,390	12,735
Accounts payable - other	5,805	5,562	6,141
Accrued income taxes	26,286	22,776	24,469
Provisions for after-sales service	2,140	1,725	1,579
Other	6,963	4,633	4,813
Long-term liabilities	16,582	15,897	15,223
Reserve for retirement benefits of employees	14,624	14,510	13,693
Reserve for retirement benefits of directors and auditors	1,958	1,387	1,529
(Net Assets)	705,802		
Owners' equity	701,932		
Common stock	69,014		
Capital surplus	96,074		
Capital reserve	96,057		
Other additional paid-in capital	17		
Retained earnings	691,507		
Legal reserve	8,252		
Other earned surplus	683,255		
Treasury stock	(154,663)		
Valuation and translation adjustments	3,870		
Unrealized gains on other marketable securities	3,870		
Total	783,556		
(Shareholders' equity)	-	650,463	682,473
Common stock	-	69,014	69,014
Capital surplus	-	96,063	96,067
Capital reserve	-	96,057	96,057
Other additional paid-in capital	-	6	10
Retained earnings	-	636,715	666,909
Legal reserve	-	8,251	8,251
Voluntary reserve	-	581,522	581,522
Unappropriated retained earnings at the end of the fiscal term	-	46,941	77,135

Unrealized gains on other marketable securities	-	2,374	4,791
Treasury stock	-	(153,705)	(154,309)
Total	-	714,448	747,435

Significant Accounting Policies for the Preparation of the Interim Financial Statements

1. Standards and Methods of Valuation of Assets

(1) Securities

Stocks of subsidiaries and affiliates

Stated at cost using the moving-average method

Other securities

Securities with market quotations

Stated at market values as of the balance sheet date. Unrealized gains and losses are accounted for as a separate component of shareholders' equity, and cost of sales is calculated using the moving-average method.

Securities without market quotations

Stated at cost using the moving-average method.

(2) Inventories

Finished goods and work in progress

Stated mainly at cost using the identified cost method and the gross-average method

Materials

Stated at cost using the last-purchase-price method

Supplies

Stated at cost using the first-in, first out method

2. Depreciation Methods for Fixed Assets

(1) Tangible fixed assets

Declining balance method.

However, the straight-line method is applicable for buildings (except for annexed structures) acquired by the Company, since April 1, 1998, and thereafter.

(2) Intangible fixed assets

The straight-line method is applied.

Note that the straight-line method is applied for software for company use over their estimated useful lives (five years).

3. Standards used in Accounting for Accruals

(1) Allowance for doubtful accounts

Estimated amounts of uncollectible trade receivables, loans, etc. are provided by using historical experience for ordinary receivables and by evaluating specific accounts, including doubtful accounts.

(2) Reserve for retirement benefits of employees

To provide for payment of employees' retirement benefits, the amount considered to accrue at the end of the current interim period is posted based on estimated amounts of retirement benefit obligations and pension assets at the end of the fiscal year.

Past service liability is charged by using the straight-line method over a specific number of 10 years within the average service period of employees at the time of its occurrence.

Actuarial differences are charged by using the straight-line method over a specific number of 10 years within the average service period of employees at the time of occurrence from the next consolidated financial term and thereafter.

(3) Reserve for retirement benefits of directors and auditors

To provide for retirement benefits of Directors and Auditors, the Company provides an accrual of retirement benefits payable at the end of the term under review, pursuant to corporate rules.

(4) Provisions for after-sales service

Estimated amounts of after-sales service costs of our products are provided for the occurrence of such service by using empirical data of past occurrences corresponding to sales during the terms. In addition,

where deemed necessary, provisions for after-sales service are made for individual transactions to the appropriate amount.

4. Standards of Translation of Foreign-Currency Denominated Assets and Liabilities to Japanese Yen

Foreign-currency denominated monetary assets and liabilities are translated into Japanese yen by using the spot exchange rate on the closing day of the term under review, and these types of foreign exchange gains and losses from currency translation are recognized in the statement of income.

5. Accounting for Leases

Financing leases other than those that are deemed to transfer ownership of the leased property to the lessee at the conclusion of the lease are accounted for as operating leases.

6. Accounting for Consumption Tax

All amounts reflected in these statements are exclusive of consumption taxes.

Notes

Matters related to the Non-Consolidated Balance Sheets

	September 30, 2006	September 30, 2005	<i>Millions of yen</i>
			March 31, 2006
1. Accumulated depreciation of tangible fixed assets	136,102	130,696	134,027
2. Outstanding guarantee obligation			
Guarantee obligation for employees' mortgage loan	560	670	624

Matters related to the Non-Consolidated Statements of Income

	Six months ended September 30, 2006	Six months ended September 30, 2005	<i>Millions of yen</i>
			Year ended March 31, 2006
Depreciation amount			
Tangible fixed assets	4,067	3,716	8,018
Intangible fixed assets	152	131	265
Total	4,219	3,848	8,279

Lease transactions

Notes to lease transactions are omitted because they are disclosed via EDINET.