

## Summary of First Quarter Results for the Period Ended June 20, 2007

July 18, 2007

Listed company name: YASKAWA Electric Corporation

<http://www.yaskawa.co.jp/en/>

President: Koji Toshima

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

### 1. Summary of Consolidated Results for the First Quarter of Fiscal Year 2007 (March 21, 2007 to June 20, 2007)

(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) Consolidated Statements of Income

	(Millions of yen, except per share data)				
	3 months ended June 20, 2007	Change	3 months ended June 20, 2006	Change	Year ended March 20, 2007
Net sales	86,288	2.7%	83,982	25.6%	368,971
Operating income	7,425	12.4%	6,605	144.8%	33,564
Ordinary income	7,976	23.3%	6,469	170.6%	33,383
Net income	3,651	407.7%	719	27.7%	18,982
Earnings per share (basic, Yen)	14.97		3.10		81.12
Earnings per share (diluted, Yen)	14.85		3.03		75.29

#### (2) Consolidated Financial Position

	(Millions of yen, except ratio and per share data)		
	As of June 20, 2007	As of June 20, 2006	As of March 20, 2007
Total assets	269,666	251,239	273,180
Net assets	91,140	55,794	86,242
Shareholders' equity ratio (%)	31.8	20.5	29.6
Net assets per share (Yen)	351.05	221.75	331.94

#### (3) Consolidated Statements of Cash Flows

	(Millions of yen)		
	3 months ended June 20, 2007	3 months ended June 20, 2006	Year ended March 20, 2007
Net cash provided by (used in) operating activities	1,856	6,148	14,990
Net cash provided by (used in) investing activities	(1,239)	(1,297)	(6,119)
Net cash provided by (used in) financing activities	(3,543)	(2,543)	(8,960)
Cash and cash equivalents at end of period	10,501	14,373	13,214

## 2. Projected Consolidated Results for the Fiscal Year Ending March 20, 2008

Projected consolidated results for the fiscal year 2007 disclosed on April 19, 2007 remain unchanged.

(Millions of yen, except for per share data)				
	Six months ending September 20, 2007	Change	Year ending March 20, 2008	Change
Net sales	182,000	1.3%	382,000	3.5%
Operating income	15,500	2.6%	36,000	7.3%
Ordinary income	15,500	2.2%	36,000	7.8%
Net income	8,500	(2.5%)	19,000	0.1%
Earnings per share (Yen)	34.84	-	77.89	-

## 3. Other

- (1) Changes in scope of consolidation: None
- (2) Simplification of accounting methods: Yes
- (3) Changes in accounting methods from the most recent fiscal year: Yes

Note: Please refer to "4.Other" in "Business Results and Financial Statements" on page 5.

### (Reference)

## 1. Summary of Non-Consolidated Results for Fiscal Year 2007 (March 21, 2007 to June 20, 2007)

### (1) Non-Consolidated Statements of Income

(Millions of yen, except for per share data)					
	3 months ended June 20, 2007	Change	3 months ended June 20, 2006	Change	Year ended March 20, 2007
Net sales	49,661	5.5%	47,081	17.1%	216,268
Operating income	3,261	40.5%	2,321	837.4%	14,139
Ordinary income	5,230	32.0%	3,963	152.3%	19,828
Net income	3,509	-	(1,410)	-	12,860
Earnings per share (basic, Yen)	14.37		(6.1)		54.86

### (2) Non-Consolidated Financial Position

(Millions of yen, except ratio and per share data)			
	As of June 20, 2007	As of June 20, 2006	As of March 20, 2007
Total assets	180,735	169,753	185,651
Net assets	58,321	32,033	54,215
Shareholders' equity ratio (%)	32.3	18.9	29.2
Net assets per share (Yen)	238.27	137.68	222.14

## 2. Projected Non-Consolidated Results for the Fiscal Year Ending March 20, 2008

Projected non-consolidated results for the fiscal year 2007 disclosed on April 19, 2007 remain unchanged.

(Millions of yen, except for per share data)				
	Six months ending September 20, 2007	Change	Year ending March 20, 2008	Change
Net sales	105,000	1.2%	222,000	2.7%
Operating income	5,000	6.0%	15,000	6.1%
Ordinary income	8,500	2.2%	21,000	5.9%
Net income	5,500	(11.3%)	13,000	1.1%
Earnings per share (Yen)	22.52	-	53.23	-

**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.

## **Business Results and Financial Statements**

### **1. Overview on Business Performance**

The Japanese economy during the first quarter of this fiscal year was gradually expanding as capital expenditures continued to increase while corporate earnings grew steadily, and as brisk consumer spending continued.

The Yaskawa Group is implementing the necessary measures, as we position the fiscal year 2007, the second year of the mid-term business plan "DASH 100", as the year to build a firm basis toward achieving its goals.

Net sales in the first quarter were 86,288 million yen (up by 2.7% compared to the corresponding period last year). Operating income was 7,425 million yen (up by 12.4%) and ordinary income was 7,976 million yen (up by 23.3%). Net income was 3,651 million yen, approximately five times more than the corresponding period last year when impairment loss on fixed assets was recorded.

The business results of each segment are as follows.

#### **[Motion Control]**

Overseas air conditioning industry remained strong particularly for our inverter products, and semiconductor and electronic component industries also continued to be robust for our AC servomotors.

As a result, net sales in the first quarter were 41,294 million yen (up by 13.6% from the corresponding period last year). Operating income was 4,924 million yen (up by 4.8%).

#### **[Robotics]**

Sales of robots for welding, handling, and painting for automobile industry, and wafer handling robots for semiconductor industry were positive, however we were affected by the production cutback of automobile manufacturers in the U.S. The business result also includes the influence of transfer of Synetics Solutions, Inc., formerly a U.S. subsidiary of Yaskawa Electric Corporation, in July last year. As a result, net sales in the first quarter were 28,206 million yen (down by 6.5% from the corresponding period last year). Operating income was 1,864 million yen (down by 6.9%).

#### **[System Engineering]**

Sales of electrical systems for steel plants were robust as steel industry is increasing its capital expenditures. Also with the effect of structural reforms, net sales were 10,882 million yen (up by 8.8% from the corresponding period last year), and operating income was 658 million yen (up by 925 million yen).

#### **[Information Technologies]**

Although sales of data recovery services, system integration for telecommunication businesses, and production/sales management systems for manufacturers were robust, the demand of FPD (flat panel display) industry and FPD equipment manufacturers decreased. As a result, net sales in the first quarter were 4,208 million yen (down by 24.0% from the corresponding period last year). The segment made operating loss of 524 million yen.

[Other]

The Other segment made net sales of 1,696 million yen (down by 11.9% from the corresponding period last year) and operating income of 375 million yen (down by 22.0%).

## 2. Overview on Financial Condition

### (1) Balance Sheet Highlights

Total assets decreased by ¥3,514 million to ¥269,666 million from the end of the previous fiscal year, as trade notes and accounts receivable as well as cash and time deposits decreased by ¥6,419 million and ¥2,713 million respectively. Meanwhile, inventories increased by ¥6,004 million.

Total liabilities decreased by ¥8,412 million to ¥178,525 million from the end of the previous fiscal year, as trade notes and accounts payable decreased by ¥2,160 million. Debt, and convertible bonds also decreased by ¥1,898 million and ¥830 million respectively.

Total net assets increased by ¥4,898 million to ¥91,140 million yen from the end of the previous fiscal year, as retained earnings increased by ¥2,920 million, and as common stock and additional paid-in capital increased because of conversion of bonds.

### (2) Cash Flows

The balance of cash and cash equivalents at the end of the first quarter was ¥10,501 million yen, down by ¥2,713 million yen from the end of the previous year.

Net cash provided by operating activities was ¥1,856 million. Its rough breakdown is income before income taxes and minority interests of ¥7,813 million, decrease of trade receivables by ¥5,791 million, increase in inventories of ¥5,286 million, and income taxes paid of ¥4,788 million.

Net cash used in investing activities was ¥1,239 million as a result of purchases of property, plant and equipment of ¥1,696 million.

Free cash flow, which is a sum of cash flows from operating and investing activities, resulted in an increase of ¥617 million.

Net cash used in financing activities was ¥3,543 million as repayments were made for the debt, and cash dividends were paid.

## 3. Overview on projected consolidated results

Projected business results for the fiscal year 2007 disclosed on April 19, 2007 remain unchanged.

## 4. Other

(1) Changes in scope of consolidation: N/A

(2) Simplification of accounting methods:

Some simplified methods are applied in depreciation of fixed assets and in valuation of inventory.

(3) Changes in accounting methods from the most recent fiscal year:

Depreciation of the property, plant and equipment acquired after April 1, 2007 are carried out according to the revised corporation tax law. This change had minor effect on operating income, ordinary income, and income before income taxes and minority interests.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheet (Summary)

	(Millions of Yen)						
	As of March 20, 2007		As of June 20, 2007		Difference	As of June 20, 2006	
	(A)	% of Total	(B)	% of Total	(B) - (A)	Amount	% of Total
<b>Assets</b>							
Current assets							
Cash and time deposits	13,356		10,643		(2,713)	14,419	
Trade notes and accounts receivable	99,231		92,812		(6,419)	76,232	
Inventories	58,136		64,141		6,004	63,828	
Other current assets	17,035		16,321		(714)	13,425	
Total current assets	187,760	68.7	183,918	68.2	(3,842)	167,905	66.8
Fixed assets							
Property, plant and equipment	39,795		40,112		316	37,866	
Intangible fixed assets	7,679		7,205		(473)	7,928	
Investments and other assets	37,945		38,430		485	37,538	
Total fixed assets	85,419	31.3	85,747	31.8	327	83,333	33.2
Total Assets	273,180	100.0	269,666	100.0	(3,514)	251,239	100.0
<b>Liabilities</b>							
Current liabilities							
Trade notes and accounts payable	69,318		67,158		(2,160)	68,955	
Short-term bank loans	23,111		21,801		(1,310)	30,218	
Corporate bonds redeemable within a year	10,000		10,000		-	-	
Other current liabilities	34,848		31,520		(3,328)	28,085	
Total current liabilities	137,278	50.2	130,480	48.4	(6,798)	127,259	50.7
Long-term liabilities							
Corporate bonds	-		-		-	10,000	
Convertible bonds	6,200		5,370		(830)	14,268	
Long-term debt	7,439		6,850		(588)	6,924	
Accrued retirement benefits for employees	34,912		34,683		(229)	35,615	
Other long-term liabilities	1,108		1,141		33	1,377	
Total long-term liabilities	49,659	18.2	48,044	17.8	(1,614)	68,185	27.1
Total liabilities	186,938	68.4	178,525	66.2	(8,412)	195,444	77.8
<b>Net assets</b>							
Shareholders' equity							
Common stock	19,953		20,369		416	15,908	
Additional paid-in capital	15,489		15,904		415	11,379	
Retained earnings	38,736		41,657		2,920	19,523	
Treasury stock, at cost	(282)		(292)		(10)	(320)	
Total shareholders' equity	73,897	27.1	77,639	28.8	3,741	46,491	18.5
Evaluation and translation adjustments							
Net unrealized holding gain on securities	4,619		5,212		593	4,121	
Deferred hedge income	(8)		(0)		8	(16)	
Foreign currency translation adjustments	2,280		2,981		700	882	
Total evaluation and translation adjustments	6,890	2.5	8,193	3.0	1,302	4,987	2.0
Minority interests	5,454	2.0	5,308	2.0	(145)	4,315	1.7

Total net assets	<u>86,242</u>	<u>31.6</u>	<u>91,140</u>	<u>33.8</u>	<u>4,898</u>	<u>55,794</u>	<u>22.2</u>
Total liabilities and net assets	<u><u>273,180</u></u>	<u><u>100.0</u></u>	<u><u>269,666</u></u>	<u><u>100.0</u></u>	<u><u>(3,514)</u></u>	<u><u>251,239</u></u>	<u><u>100.0</u></u>

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

(Millions of yen)

	Three Months Ended 20 June, 2006		Three Months Ended 20 June, 2007		Difference (B) - (A)	(%) (B) / (A)
	(A)	% of Total	(B)	% of Total		
Net sales	83,982	100.0	86,288	100.0	2,305	102.7
Cost of sales	60,112	71.6	60,969	70.7	857	101.4
Gross profit	23,870	28.4	25,318	29.3	1,448	106.1
Selling, general and administrative expenses	17,264	20.5	17,893	20.7	629	103.6
Operating income	6,605	7.9	7,425	8.6	819	112.4
Non-operating income						
Interest and dividends received	86		112		26	
Currency exchange profits	-		604		604	
Equity in earnings of associated companies	216		179		(36)	
Miscellaneous income	125		107		(17)	
Total non-operating income	428	0.5	1,004	1.1	575	234.3
Non-operating expenses						
Interest expense	281		291		9	
Miscellaneous expenses	283		160		(122)	
Total non-operating expenses	564	0.7	452	0.5	(112)	80.1
Ordinary income	6,469	7.7	7,976	9.2	1,507	123.3
Extraordinary gains	1,075	1.3	15	0.0	(1,060)	1.4
Extraordinary losses	3,115	3.7	178	0.1	(2,936)	5.7
Income before income taxes and minority interests	4,429	5.3	7,813	9.1	3,384	176.4
Provision for income taxes- current	1,438	1.7	2,048	2.4	609	142.4
Provision for income taxes- deferred	1,781	2.1	2,143	2.5	362	120.4
Minority interests	490	0.6	(29)	(0.0)	(520)	-
Net income	719	0.9	3,651	4.2	2,932	507.7



## (3) Consolidated Statements of Cash Flows (Summary)

	(Millions of yen)		
	Three Months Ended	Three Months Ended	
	20 June, 2006	20 June, 2007	Difference
	(A)	(B)	(B) - (A)
Cash flows from operating activities			
Income before income taxes and minority interests	4,429	7,813	3,384
Depreciation and amortization	1,644	1,672	28
Impairment loss on fixed assets	2,030	-	(2,030)
(Increase) decrease in trade receivables	8,942	5,791	(3,151)
(Increase) decrease in inventories	(5,554)	(5,286)	267
Increase (decrease) in trade payables	3,888	(2,865)	(6,754)
Income taxes paid	(3,455)	(4,788)	(1,332)
Other, net	(5,777)	(479)	5,297
Net cash provided by (used in) operating activities	<u>6,148</u>	<u>1,856</u>	<u>(4,291)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(2,138)	(1,696)	442
Proceeds from sales of property, plant and equipment	1,080	140	(940)
Purchases of investment securities	(221)	(100)	120
Proceeds from sales of investment securities	7	11	4
Other, net	(24)	405	429
Net cash provided by (used in) investing activities	<u>(1,297)</u>	<u>(1,239)</u>	<u>57</u>
Cash flows from financing activities			
Increase (decrease) in short-term debt	(30)	(1,085)	(1,055)
Proceeds from long-term debt	-	124	124
Repayments of long-term debt	(1,009)	(1,722)	(712)
Dividends paid to shareholders of the Company	(1,396)	(730)	665
Dividends paid to minority shareholders	(98)	(121)	(22)
Other, net	(9)	(8)	0
Net cash provided by (used in) financing activities	<u>(2,543)</u>	<u>(3,543)</u>	<u>(999)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(36)</u>	<u>185</u>	<u>221</u>
Net increase (decrease) in cash and cash equivalents	2,271	(2,740)	(5,012)
Cash and cash equivalents at beginning of year	12,102	13,214	1,112
Increase due to inclusion of subsidiaries in consolidation	-	27	27
Decrease due to exclusion of subsidiaries from consolidation	-	-	-
Cash and cash equivalents at June 20, 2007	<u><u>14,373</u></u>	<u><u>10,501</u></u>	<u><u>(3,872)</u></u>

#### (4) Segment Information

##### Business Segments

	Three months ended June 20, 2006					(Millions of yen)		
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	36,353	30,162	9,999	5,540	1,925	83,982	-	83,982
Intersegment sales and transfers	4,861	145	647	522	4,260	10,436	(10,436)	-
Total sales	41,215	30,308	10,646	6,062	6,186	94,419	(10,436)	83,982
Operating costs and expenses	36,516	28,305	10,914	6,389	5,704	87,830	(10,454)	77,376
Operating income (loss)	4,698	2,002	(267)	(326)	481	6,588	17	6,605

(Note) 1. The name of the “Robotics Automation” segment was changed to “Robotics”. This change has no effect.

2. Changes in accounting methods

The earnings and expenses of overseas subsidiaries had previously been calculated using the spot exchange rate on the record date, however the Company decided to use the average exchange rate during the accounting period. This change had minor effect on net sales and operating income (loss).

	Three months ended June 20, 2007					(Millions of yen)		
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	41,294	28,206	10,882	4,208	1,696	86,288	-	86,288
Intersegment sales and transfers	4,249	120	624	599	4,391	9,985	(9,985)	-
Total sales	45,543	28,327	11,507	4,808	6,087	96,274	(9,985)	86,288
Operating costs and expenses	40,619	26,462	10,848	5,333	5,711	88,975	(10,112)	78,862
Operating income (loss)	4,924	1,864	658	(524)	375	7,298	126	7,425

(Note) 1. Changes in accounting methods

Depreciation method of depreciable assets is changed according to the revision of corporation tax law.

This change had minor effect on operating income (loss).

## Geographical Areas

	Three months ended June 20, 2006					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	52,277	14,739	10,370	6,594	83,982	-	83,982
Intersegment sales and transfers	12,220	80	151	2,294	14,746	(14,746)	-
Total sales	64,497	14,819	10,522	8,889	98,728	(14,746)	83,982
Operating costs and expenses	60,737	13,454	9,849	8,006	92,047	(14,671)	77,376
Operating income	3,760	1,364	673	883	6,681	(75)	6,605

### (Note) 1. Changes in accounting methods

The earnings and expenses of overseas subsidiaries had previously been calculated using the spot exchange rate on the record date, however the Company decided to use the average exchange rate during the accounting period. This change had minor effect on net sales and operating income.

	Three months ended June 20, 2007					(Millions of yen)	
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	54,800	11,140	12,529	7,816	86,288	-	86,288
Intersegment sales and transfers	12,703	31	94	2,774	15,603	(15,603)	-
Total sales	67,504	11,172	12,624	10,591	101,891	(15,603)	86,288
Operating costs and expenses	63,088	10,163	11,638	9,792	94,683	(15,820)	78,862
Operating income	4,415	1,008	985	799	7,208	216	7,425

### (Note) 1. Changes in accounting methods

Depreciation method of depreciable assets is changed according to the revision of corporation tax law. This change had minor effect on operating income.

## Overseas Sales

	Three months ended June 20, 2006				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	14,779	10,994	15,707	286	41,768
Consolidated sales	-	-	-	-	83,982
Percentage of overseas sales in consolidated sales	18%	13%	19%	0%	50%

(Note) 1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

- (1) The Americas - U.S.A., etc
- (2) Europe – Germany, Sweden, The United Kingdom, etc
- (3) Asia – The People’s Republic of China, Singapore, Korea, etc
- (4) Other – Australia, etc

3. Overseas sales are sales made by Yaskawa Electric and its subsidiaries to countries and regions excluding Japan.

4. Changes in accounting methods

The earnings and expenses of overseas subsidiaries had previously been calculated using the spot exchange rate on the record date, however the Company decided to use the average exchange rate during the accounting period. This change had minor effect on net sales.

	Three months ended June 20, 2007				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	12,129	13,454	16,617	396	42,598
Consolidated sales	-	-	-	-	86,288
Percentage of overseas sales in consolidated sales	14%	16%	19%	1%	50%

(Note) 1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

- (1) The Americas - U.S.A., etc
- (2) Europe – Germany, Sweden, The United Kingdom, etc
- (1) Asia – The People’s Republic of China, Singapore, Korea, etc
- (2) Other – Australia, etc

3. Overseas sales are sales made by Yaskawa Electric and its subsidiaries to countries and regions excluding Japan.