

Summary of First Quarter Consolidated Results for the Period Ended June 20, 2005

(Quarterly financial statements are not audited.)

July 27, 2005

Listed company name: Yaskawa Electric Corporation

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

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Stock exchange listings: Tokyo, Fukuoka

Stock ticker number: 6506

1. Summary of Results for the First Quarter of Fiscal Year 2005 (March 21, 2005 to June 20, 2005)

(1) Summary of Consolidated Statements of Income

	(Millions of yen, except for per share data)		
	3 months ended June 20, 2005	3 months ended June 20, 2004	Year ended March 20, 2005
Net sales	66,861	64,035	309,615
Operating income	2,697	1,165	17,527
Ordinary income	2,391	1,013	17,414
Net income (loss)	563	(386)	1,860
Basic earnings (losses) per share	2.44	(1.67)	7.80
Diluted earnings per share	2.34	-	7.30

The Japanese economy during the first quarter showed a continued trend of moderate recovery. Capital expenditures are steadily increasing and the decline in personal consumption came to a halt, but some concerns arose over the slowdown of exports and soaring crude oil prices.

As for the Yaskawa Group, mainly due to growing investments in the automobile-related market, earnings in the Robotics Automation segment showed a strong increase. Regarding the Motion Control segment, the markets for machine tools and metal working machinery continued to be strong.

As a result, net sales in the first quarter rose by 4.4% from the corresponding period last year to 66,861 million yen. Ordinary income rose by 136.0% to 2,391 million yen, and net income also rose by 949 million yen to 563 million yen. Both sales and income in this quarter were higher than those in the corresponding period last year.

Segment Results

- Motion Control

Regarding the Motion Control segment, the Japanese markets for machine tools and metal working machinery continued to be strong, and the sales to other Asian markets were robust.

As a result, net sales in this segment rose by 2.0% to 28,537 million yen, compared to the corresponding period last year, however operating income was down by 11.2% at 1,798 million yen due to reduced sales of products with high added value.

- Robotics Automation

As for the Robotics Automation segment, sales to the automobile-related market remained robust as Japanese car manufacturers increased capital expenditure to improve their production capacity. The sales of robots for handling liquid-crystal glass panels are also increasing for markets in Taiwan and Korea. The sales of robots for applications in semiconductor production as well are on the increase outside Japan.

As a result, net sales in this segment rose by 7.7% to 25,394 million yen, compared to the corresponding period last year, and operating income was up by 188.7% at 1,937 million yen.

- System Engineering

Net sales in the System Engineering segment during this quarter increased by 8.6% to 6,194 million yen, compared to the corresponding period last year. Although operating income was up by 431 million yen as a result of restructuring this segment, an operating loss of 1,033 million yen occurred.

- Information Technologies

The Information Technologies segment made an effort to expand the existing markets and develop new markets. The growth of Data Recovery Services contributed to net sales increasing by 13.7% to 4,392 million yen, compared to the corresponding period last year. However, operating income fell by 24 million yen due to worsening price conditions. An operating loss of 410 million yen resulted.

- Other

Net sales for the Other segment fell by 19.2% to 2,342 million yen, and operating income was 407million yen, down by 5.1% compared to the corresponding period last year.

(2) Summary of Consolidated Financial Position

	(Millions of yen, except for ratio and per share data)		
	3 months ended June 20, 2005	3 months ended June 20, 2004	Year ended March 20, 2005
Total assets	245,984	252,011	254,438
Shareholders' equity	38,830	35,698	38,366
Shareholders' equity ratio (%)	15.8	14.2	15.1
Shareholders' equity per share	167.88	154.32	165.63

(3) Summary of Consolidated Statements of Cash Flows

	(Millions of yen)		
	3 months ended June 20, 2005	3 months ended June 20, 2004	Year ended March 20, 2005
Net cash provided by (used in) operating activities	(9,682)	(92)	5,789
Net cash provided by (used in) investing activities	(1,697)	(3,543)	(2,242)
Net cash provided by (used in) financing activities	3,618	3,752	(2,823)
Cash and cash equivalents at end of period	10,172	17,198	17,906

Cash flows from operating activities during the first quarter of fiscal year 2005 showed a decrease in trade receivables as they were collected. Trade payables also decreased as payments were made for the materials purchased in the last fiscal year. Inventories increased in order to meet the sales expected in the second quarter. Due to these factors and the payment of income taxes, cash flows in the first quarter were at a negative 9,682 million yen.

Cash flows from investing activities were at a negative 1,697 million yen because of the acquisition of property, plant and equipment and intangible assets.

As a result, free cash flows, which is a sum of cash flows from operating activities and investing activities, amounted to a negative 11,379 million yen.

As for cash flows from financing activities, repayments of long-term debt and an increase in short-term debt by 4,635 million yen resulted in an inflow of 3,618 million yen.

As a result, cash and cash equivalents totaled 10,172 million yen at the end of the first quarter, a decrease of 7,733 million yen from the end of fiscal year 2004.

2. Projected Consolidated Business Results

(1) Revision of Projected Consolidated Results for the First Half of Fiscal Year 2005 Ending September 20, 2005

	(Millions of yen)				
	Previous forecast April 27, 2005	Revised forecast	Difference	(%)	6 months ended September 20, 2004
	(A)	(B)	(B) - (A)	(B) / (A)	
Net sales	145,000	146,000	1,000	0.7	146,053
Ordinary income	5,500	7,200	1,700	30.9	7,200
Net income	900	2,200	1,300	144.4	2,160

In addition to the growing capital expenditure in the automobile-related market, which contributed to higher earnings in the Robotics Automation segment, the markets for machine tools and metal working machinery grew steadily for the Motion Control segment. Revision of the previous forecast for the first half of this fiscal year was necessary given these factors. At this time, the 2005 full-year financial forecast remains unchanged from the one presented on April 27, 2005.

(2) Projected Consolidated Results for the Fiscal Year 2005 Ending March 20, 2006

	(Millions of yen)
	Year ending March 20, 2006
Net sales	314,000
Ordinary income	20,000
Net income	7,000

Note: Earnings per share are projected to be 30.26 yen at the end of the fiscal year

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

First Quarter Consolidated Balance Sheet (Summary)

	As of June 20, 2005		As of March 20, 2005		Difference
	(A)	% of Total	(B)	% of Total	(A) - (B)
(Millions of Yen)					
Assets					
Current assets					
Cash and time deposits	10,223		17,976		(7,753)
Trade notes and accounts receivable	73,134		91,128		(17,994)
Inventories	57,899		52,681		5,217
Other current assets	25,322		13,717		11,604
Total current assets	166,579	67.7	175,505	69.0	(8,926)
Fixed assets					
Property, plant and equipment	37,533		37,459		73
Intangible fixed assets	9,098		9,328		(229)
Investments and other assets	32,773		32,145		627
Total fixed assets	79,405	32.3	78,933	31.0	471
Total Assets	245,984	100.0	254,438	100.0	(8,454)
Liabilities					
Current liabilities					
Trade notes and accounts payable	58,627		65,478		(6,851)
Short-term bank loans	43,705		39,067		4,638
Other current liabilities	28,339		34,291		(5,951)
Total current liabilities	130,672	53.1	138,837	54.6	(8,164)
Long-term liabilities					
Corporate bonds	10,034		10,000		34
Convertible bonds	15,000		15,000		-
Long-term debt	12,908		13,740		(831)
Accrued retirement benefits for employees	33,321		32,423		897
Other long-term liabilities	1,364		2,000		(635)
Total long-term liabilities	72,628	29.5	73,164	28.7	(536)
Total liabilities	203,300	82.6	212,002	83.3	(8,701)
Minority interests	3,853	1.6	4,069	1.6	(216)
Shareholders' equity					
Common stock	15,541	6.3	15,541	6.1	-
Additional paid-in capital	11,012	4.5	14,001	5.5	(2,989)
Retained earnings	10,774	4.4	7,291	2.9	3,483
Net unrealized holding gain on securities	1,872	0.7	1,933	0.7	(61)
Foreign currency translation adjustments	(80)	(0.0)	(115)	(0.0)	34
Treasury stock, at cost	(289)	(0.1)	(286)	(0.1)	(3)
Total shareholders' equity	38,830	15.8	38,366	15.1	463
Total liabilities, shareholders' equity	245,984	100.0	254,438	100.0	(8,454)

Appendix II

First Quarter Consolidated Statements of Income (Summary)

(Millions of yen)

	Three Months Ended 20-Jun-05		Three Months Ended 20-Jun-04		Difference (A) - (B)	(% (A) / (B)
	(A)	% of Total	(B)	% of Total		
Net sales	66,861	100.0	64,035	100.0	2,825	104.4
Cost of sales	49,339	73.8	47,883	74.8	1,455	103.0
Gross profit	17,522	26.2	16,152	25.2	1,369	108.5
Selling, general and administrative expenses	14,824	22.2	14,986	23.4	(162)	98.9
Operating income	2,697	4.0	1,165	1.8	1,532	231.5
Non-operating income						
Interest and dividends received	49		44		4	
Miscellaneous income	126		260		(134)	
Total non-operating income	175	0.3	304	0.5	(129)	57.5
Non-operating expenses						
Interest expense	304		319		(14)	
Miscellaneous expenses	177		138		39	
Total non-operating expenses	482	0.7	457	0.7	24	105.5
Ordinary income	2,391	3.6	1,013	1.6	1,377	236.0
Extraordinary gains	8	0.0	328	0.5	(319)	2.7
Extraordinary losses	1,432	2.2	1,271	2.0	160	112.6
Income before income taxes and minority interests	967	1.4	70	0.1	897	1,378.3
Provision for income taxes- current	1,022	1.5	826	1.2	196	-
Provision for income taxes- deferred	(516)	(0.8)	(213)	(0.3)	(302)	-
Minority interests	(101)	(0.1)	(155)	(0.2)	53	-
Net income (loss)	563	0.8	(386)	(0.6)	950	-

Appendix III

First Quarter Consolidated Statements of Cash Flows (Summary)

	(Millions of yen)		
	Three Months Ended 20 June 2005	Three Months Ended 20 June 2004	Difference
	(A)	(B)	(A) - (B)
Cash flows from operating activities			
Income before income taxes and minority interests	967	70	897
Depreciation and amortization	1,624	1,493	130
Gain on sales of investment securities	-	(324)	324
(Increase) decrease in trade receivables	7,890	7,851	39
(Increase) decrease in inventories	(5,116)	(8,458)	3,342
Increase (decrease) in trade payables	(7,056)	(492)	(6,563)
Income taxes paid	(6,044)	(2,351)	(3,693)
Other, net	(1,948)	2,119	(4,067)
Net cash provided by (used in) operating activities	<u>(9,682)</u>	<u>(92)</u>	<u>(9,590)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(1,712)	(2,101)	389
Proceeds from sales of property, plant and equipment	143	29	114
Purchases of investment securities	(14)	(1,821)	1,807
Proceeds from sales of investment securities	76	396	(320)
Other, net	(191)	(47)	(143)
Net cash provided by (used in) investing activities	<u>(1,697)</u>	<u>(3,543)</u>	<u>1,846</u>
Cash flows from financing activities			
Increase (decrease) in short-term debt	4,635	5,425	(789)
Proceeds from long-term debt	-	402	(402)
Repayments of long-term debt	(976)	(1,216)	240
Other, net	(40)	(859)	818
Net cash provided by (used in) financing activities	<u>3,618</u>	<u>3,752</u>	<u>(133)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>27</u>	<u>(15)</u>	<u>43</u>
Net increase (decrease) in cash and cash equivalents	(7,733)	99	(7,833)
Cash and cash equivalents at beginning of year	17,906	17,098	808
Increase due to inclusion of subsidiaries in consolidation	-	-	-
Decrease due to exclusion of subsidiaries from consolidation	-	-	-
Cash and cash equivalents at end of year	<u><u>10,172</u></u>	<u><u>17,198</u></u>	<u><u>(7,025)</u></u>

Appendix IV Segment Information

Business Segments

(Millions of yen)

	Three months ended June 20, 2005							
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	28,537	25,394	6,194	4,392	2,342	66,861	-	66,861
Intersegment sales and transfers	3,765	331	660	293	5,384	10,436	(10,436)	-
Total sales	32,303	25,725	6,854	4,686	7,726	77,297	(10,436)	66,861
Operating costs and expenses	30,504	23,788	7,888	5,096	7,319	74,597	(10,434)	64,163
Operating income (loss)	1,798	1,937	(1,033)	(410)	407	2,700	(2)	2,697

	Three months ended June 20, 2004							
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	27,990	23,576	5,704	3,864	2,900	64,035	-	64,035
Intersegment sales and transfers	3,872	202	391	412	5,042	9,920	(9,920)	-
Total sales	31,863	23,778	6,095	4,276	7,942	73,956	(9,920)	64,035
Operating costs and expenses	29,837	23,107	7,559	4,662	7,513	72,680	(9,810)	62,870
Operating income	2,025	671	(1,464)	(386)	429	1,275	(110)	1,165

Geographical Areas

(Millions of yen)

	Three months ended June 20, 2005						
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	43,469	10,638	8,140	4,612	66,861	-	66,861
Intersegment sales and transfers	11,645	45	84	1,674	13,449	(13,449)	-
Total sales	55,114	10,684	8,224	6,286	80,310	(13,449)	66,861
Operating costs and expenses	53,925	9,810	7,761	5,816	77,313	(13,150)	64,163
Operating income	1,188	874	463	470	2,997	(299)	2,697

	Three months ended June 20, 2004						
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	41,479	11,379	7,402	3,774	64,035	-	64,035
Intersegment sales and transfers	9,326	28	146	1,313	10,815	(10,815)	-
Total sales	50,806	11,408	7,549	5,087	74,851	(10,815)	64,035
Operating costs and expenses	51,317	10,546	7,147	4,599	73,610	(10,740)	62,870
Operating income	(511)	862	401	487	1,240	(74)	1,165