

## Summary of Consolidated Results for the Fiscal Year Ended March 20, 2007

April 19, 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 Fiscal Year 2006 (March 21, 2006 to March 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) Summary of Consolidated Statements of Income

	(Millions of yen, except for per share data)			
	Year ended March 20, 2007	Change	Year ended March 20, 2006	Change
Net sales	368,971	14.3%	322,916	4.3%
Operating income	33,564	37.1%	24,486	39.7%
Ordinary income	33,383	37.2%	24,331	39.7%
Net income	18,982	86.9%	10,157	446.1%
Earnings per share (basic, Yen)	81.12	-	43.18	-
Earnings per share (diluted, Yen)	75.29	-	39.72	-
Return on shareholders' equity (%)	28.4	-	22.3	-
Return on assets (%)	12.6	-	9.5	-
Operating income ratio (%)	9.1	-	7.6	-

Reference: Equity in earnings of affiliated companies

Year ended March 20, 2007: ¥523 million

Year ended March 20, 2006: ¥873 million

#### (2) Summary of Consolidated Financial Position

	(Millions of yen, except ratio and per share data)	
	Year ended March 20, 2007	Year ended March 20, 2006
Total assets	273,180	255,222
Net assets	86,242	56,840
Shareholders' equity ratio (%)	29.6	20.7
Net assets per share (Yen)	331.94	226.51

Reference: Shareholders' equity

Year ended March 20, 2007: ¥80,787 million

Year ended March 20, 2006: ¥52,750 million

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

	(Millions of yen)	
	Year ended March 20, 2007	Year ended March 20, 2006
Net cash provided by (used in) operating activities	14,990	18,724
Net cash provided by (used in) investing activities	(6,119)	(9,729)
Net cash provided by (used in) financing activities	(8,960)	(14,934)
Cash and cash equivalents at end of period	13,214	12,102

## 2. Dividend Distribution

	Year Ended March 20, 2006	Year Ended March 20, 2007	Year Ending March 20, 2008 (forecast)
Dividend per share (Yen)			
Interim	-	3.00	5.00
Year-end	6.00	3.00	5.00
Annual total	6.00	6.00	10.00
Annual cash dividends paid (millions of yen)	1,396	1,428	-
Dividend payout ratio (consolidated)	13.9%	7.4%	12.8%
Dividend on net assets (consolidated)	3.1%	2.1%	-

Note: Interim dividend was introduced in the fiscal year ended March 20, 2007.

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

	(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)	34.92	-	78.07	-

## 4. Other

### (1) Changes in Scope of Consolidation

New: 0 Eliminated: 1 (Synetics Solutions Inc.)

### (2) Changes in Accounting Methods and Description

- Changes related to revision of accounting standards: Yes
- Other changes: None

### (3) Number of Common Shares Outstanding

- The number of shares outstanding including treasury stock:  
Year ended March 20, 2007: 243,953,569 shares  
Year ended March 20, 2006: 232,915,735 shares
- The number of treasury stocks at the end of the period:  
Year ended March 20, 2007: 292,770 shares  
Year ended March 20, 2006: 247,319 shares

Note: Per Share Information

	Year Ended March 20, 2006	Year Ended March 20, 2007 (Millions of yen)
Net income	10,157	18,982
Amount not attributable to common shareholders (Directors' bonus as an appropriation of income)	163	-
Net income on common shares: A	9,994	18,982
		(Thousands of shares)
Average number of common shares outstanding: B	231,473	234,012
Diluted effect of:		
Convertible bonds: C	20,136	18,105
Earnings per share (basic, Yen)	43.18	81.12
Earnings per share (diluted, Yen)*	39.72	75.29

\*Earnings per share (diluted, Yen) = A\*1000 / (B+C)

## (Reference) Non-Consolidated Information

### 1. Summary of Non-Consolidated Results for Fiscal Year 2006 (March 21, 2006 to March 20, 2007)

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

	(Millions of yen, except for per share data)			
	Year ended March 20, 2007	Change	Year ended March 20, 2006	Change
Net sales	216,268	14.1%	189,518	(1.0%)
Operating income	14,139	73.6%	8,146	115.7%
Ordinary income	19,828	52.0%	13,047	62.4%
Net income	12,860	238.1%	3,803	-
Earnings per share (basic, Yen)	54.86	-	16.04	-
Earnings per share (diluted, Yen)	50.93	-	14.76	-

#### (2) Summary of Non-Consolidated Financial Position

	(Millions of yen, except ratio and per share data)	
	Year ended March 20, 2007	Year ended March 20, 2006
Total assets	185,651	176,219
Net assets	54,125	35,399
Shareholders' equity ratio (%)	29.2	20.1
Net assets per share (Yen)	222.14	152.14

#### Reference: Shareholders' equity

Year ended March 20, 2007: ¥54,125 million

Year ended March 20, 2006: ¥35,399 million

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

	(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)	22.57	-	53.35	-

#### 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.

## 1. Business Results

### (1) Overview on Business Performance

#### 1. Business Performance of Fiscal Year 2006

The economic conditions in Europe, North America, and Asia during the fiscal year 2006 were generally positive, even though there was some concern over the rising prices of crude oil and raw materials. The Japanese economy also continued to gradually expand by increased corporate capital expenditures, and improvements in employment conditions.

In the midst of this economic environment, the Yaskawa Group began implementation of the mid-term business plan “DASH100”, aimed at conducting growth-oriented management. The three basic goals of “DASH100” are to establish businesses that are truly global No.1 in market share, size, and profitability, to start up and develop new businesses, and to realize ordinary income ratio of 10% as soon as possible. In the first year of “DASH100”, we worked on sales expansion in the markets that we have focused on, namely, automobile, semiconductor and LCD markets, as well as the markets in Asia, Europe and North America. We also focused our efforts on developing new products and their marketing. All these efforts had the aim of reinforcing existing businesses and expanding the business domain.

As a result, all of the business results of the Yaskawa Group hit record highs as the following table indicates. Net sales, operating income and ordinary income grew for five consecutive years.

	Year Ended March 20, 2007 (percentage change from the previous fiscal year)
Net sales	¥368,971 million (up by 14.3%)
Operating income	¥33,564 million (up by 37.1%)
Ordinary income	¥33,383 million (up by 37.2%)
Net income	¥18,982 million (up by 86.9%)

#### 2. Results by Business Segment

The Yaskawa Group has five separate business segments. The business results of each segment are as follows.

Business segment	Year Ended March 20, 2007	
	Net sales (percentage change from the previous fiscal year)	Operating income (percentage change from the previous fiscal year)
Motion Control	¥159,601 million (up by 19.2%)	¥19,832 million (up by 61.5%)
Robotics	¥126,723 million (up by 11.7%)	¥8,983 million (down by 8.8%)
System Engineering	¥49,487 million (up by 18.0%)	¥1,814 million (up by ¥2,073 million)
Information Technologies	¥26,472 million (up by 6.8%)	¥1,192 million (up by 14.4%)
Other	¥6,686 million (down by 24.3%)	¥1,875 million (up by 11.2%)

#### ■ Motion Control

We focused on developing markets by strengthening sales operations, while we expanded sales of new products, and improved the product lineup. We also focused on increasing added value, and made cost reductions in order to raise profitability. The Motion Control segment experienced positive conditions in the semiconductor and electronic component markets for its AC servomotors and controllers, while the overseas air conditioning market remained positive for the inverter drives. As a result, both sales and operating income rose compared to the previous fiscal year.

#### ■ Robotics

We continuously worked on expansion of existing markets by providing products optimized for each purpose and market. The demand for welding, handling, and painting robots in the Japanese automobile market has recovered as capital expenditure adjustments came to an end, however the Robotics segment was affected by restrained capital expenditures in European and North American markets. Although there was robust demand for the panel-transfer robots for the LCD industry in the first half of the fiscal year, capital expenditure was postponed in the second half of the fiscal year. Meanwhile, the demand for wafer-handling robots for the semiconductor industry recovered. As a result, although sales rose compared to the previous fiscal year, operating income decreased by 8.8% due to a decrease in sales of high value-added products.

(Note: The name of the segment was changed from the former “Robotics Automation” to “Robotics” this fiscal year.)

#### ■ System Engineering

The System Engineering segment progressed with a reform in the profit structure by specializing in its strong businesses and by cost reductions. Also, efforts were made to take in the increasing demand for electrical systems for steel plants. Sales of control systems for loading and unloading cranes for the Chinese market increased. As a result, sales rose compared to the previous fiscal year, and the segment turned profitable.

#### ■ Information Technologies

As for the Information Technologies segment, there was robust demand for its multimedia equipments, especially card readers, as well as for its system integration for telecommunication businesses, and control software for semiconductor/LCD manufacturers.

#### ■ Other

The Other segment includes businesses such as logistic services and temporary staffing services.

#### (Reference) Non-Consolidated Information

The non-consolidated business results are as follows. All of these marked record highs.

	Year ended March 20, 2007 (percentage change from the previous fiscal year)
Net sales	¥216,268 million (up by 14.1%)
Operating income	¥14,139 million (up by 73.6%)
Ordinary income	¥19,828 million (up by 52.0%)
Net income	¥12,860 million (up by 238.1%)

### 3. Outlook for Fiscal Year 2007

Although steady economic growth is expected to continue, some concerns remain over higher interest rates, economic slowdown in the U.S., and fluctuations in exchange rates. Based on the conditions mentioned above, the business outlook for the fiscal year 2007 is as follows.

Assumed exchange rates for the fiscal year 2007 are 110 yen/dollar and 145 yen/euro.

### Fiscal Year 2007 Consolidated

	Fiscal Year 2007 (forecast)	Year-on-year Change
Net sales	¥382,000 million	Up by ¥13,029 million (3.5%)
Operating income	¥36,000 million	Up by ¥2,436 million (7.3%)
Ordinary income	¥36,000 million	Up by ¥2,617 million (7.8%)
Net income	¥19,000 million	Up by ¥18 million (0.1%)

### (Reference) Fiscal Year 2007 Non-Consolidated

	Fiscal Year 2007 (forecast)	Year-on-year Change
Net sales	¥222,000 million	Up by ¥5,732 million (2.7%)
Operating income	¥15,000 million	Up by ¥861 million (6.1%)
Ordinary income	¥21,000 million	Up by ¥1,172 million (5.9%)
Net income	¥13,000 million	Up by ¥140 million (1.1%)

## (2) Overview on Financial Condition

### 1. Balance Sheet Highlights

Total assets increased by ¥17,957 million to ¥273,180 million, as trade notes and accounts receivable increased by ¥14,219 million.

Total liabilities decreased by ¥11,444 million to ¥186,938 million, as trade notes and accounts payable increased by ¥4,236 million, and short-term bank loans and convertible bonds decreased by ¥7,163 million and ¥8,168 million respectively.

Total net assets amounted to ¥86,242 million, as common stock increased by ¥4,095 million because of conversion of bonds. Additional paid-in capital and retained earnings also increased by ¥4,160 million and ¥18,369 million respectively.

### 2. Cash Flow

The balance of cash and cash equivalents at the end of the fiscal year was ¥13,214 million yen, up by ¥1,112 million yen from the corresponding date of the previous year.

Net cash provided by operating activities was ¥14,990 million. Its rough breakdown is income before income taxes and minority interests of ¥29,973 million, depreciation and amortization of ¥6,962 million, increase of trade receivables by ¥12,016 million, and income taxes paid of ¥10,147 million.

Net cash used in investing activities was ¥6,119 million as a result of purchases of property, plant and equipment of ¥8,429 million, and sales of securities of affiliates of ¥1,848 million.

Free cash flow, which is a sum of cash flows from operating and investing activities, resulted in an increase of ¥8,871 million.

Net cash used in financing activities was ¥8,960 million as repayments were made for the interest-bearing debt, and cash dividends were paid.

### 3. Cash Flow Indicator Trends

Cash Flow Indicator Trends for the Yaskawa Group are shown below.

	Fiscal Year 2004		Fiscal Year 2005		Fiscal Year 2006	
	End of first half	End of full year	End of first half	End of full year	End of first half	End of full year
Shareholders' equity ratio (%)	14.2	15.1	17.1	20.7	23.4	29.6
Shareholders' equity ratio based on market value (%)	48.6	56.5	81.0	118.2	105.2	118.9
Ratio of interest-bearing debt against cash flow	-	13.4	9.2	3.3	10.3	3.1
Interest coverage ratio (times)	-	4.9	12.8	12.8	9.2	11.8

Notes: Shareholders' equity ratio= shareholders' equity/total assets

Shareholders' equity ratio based on market value = market value of total shares/total assets

Ratio of interest-bearing debt against cash flow = interest-bearing debt/operating cash flow

Interest coverage ratio = operating cash flow/interest expense

\*All calculations were made on a consolidated base.

\*Market value of total shares is calculated based on the number of shares issued except treasury stock.

\*Interest incurring debt consists of all debt appearing on the balance sheet that incurs interest.

\*Amounts used for operating cash flow and interest expense were taken from "cash flows from operating activities" and "interest expense" reported in consolidated statements of cash flows.

### (3) Policy on Profit Distribution and Dividends for Fiscal Year 2006 and 2007

Regarding profit distribution, our goal is to secure stable and continuous cash dividends to our shareholders as well as some in reserve to enrich our business base and to enable future business expansion. We base our decision of profit distribution on the integrated consideration of our business performance, the business environment, and the financial conditions.

The dividend at the end of the fiscal year is ¥3 per share. Together with the interim dividend of ¥3 paid previously, total annual cash dividend for the fiscal year 2006 is ¥6 per share.

As for the projected cash dividend for the fiscal year 2007, the Company expects to pay the interim dividend of ¥5 per share, the year-end dividend of ¥5 per share, and therefore total annual dividend of ¥10 per share.

## **2. Management Policies**

### (1) Fundamental Management Policies

### (2) Management Goals

### (3) Mid- to Long-term Business Strategies

As for the above-mentioned items, disclosure is omitted as no significant changes were made to the corresponding items in “Summary of Consolidated Results for the Six Months Ended September 20, 2006” disclosed on October 31, 2006. This document can be obtained from the URL below.

< Yaskawa Electric Corporation Website >

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

### (4) Management Initiatives and Challenges

The Yaskawa Group positions 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. We will accelerate the implementation of the following measures.

Firstly, we will strongly carry out new product launches of such core products as AC servomotors and controllers, inverter drives and robots. We will also expand our business and market share while we increase sales by enhancing collective strength in sales, technology development (creativity), and production. Meanwhile, we will further expand our business areas with such products as new generation robots.

Also, the new inverter factory will go into operation in July, which will increase production capacity and improve production efficiency.

We will also continue the corporate-wide thorough pursuit of enhancing customer satisfaction by improving further the product quality, which determine our brand value. As for the quality of our work, internal control system is continuously being strengthened by ensuring compliance, while we work on standardization of our business, and build highly transparent business processes.

Furthermore, on the basis of the idea that exercising maximum organizational strength by enhancing the ability of each employee is essential for permanent development of the Yaskawa Group, we will work on human resource development by introducing new methods to the previously taken measures.



### 3. Consolidated Financial Statements

#### Consolidated Balance Sheet

	As of March 20, 2006		As of March 20, 2007		(Millions of yen ) Change
		% of Total		% of Total	
<b>Assets</b>					
<b>Current assets</b>					
Cash and time deposits	12,147		13,356		
Trade notes and accounts receivable	85,012		99,231		
Short-term investments	53		26		
Inventories	58,177		58,136		
Deferred tax assets	7,169		6,944		
Other current assets	7,364		11,063		
Allowance for doubtful accounts	(732)		(998)		
Total current assets	<u>169,192</u>	<u>66.3</u>	<u>187,760</u>	<u>68.7</u>	<u>18,568</u>
<b>Fixed assets</b>					
<b>Tangible fixed assets</b>					
Buildings and structures	17,727		17,703		
Machines and transportation devices	8,506		9,481		
Land	9,425		7,767		
Other tangible fixed assets	<u>3,997</u>		<u>4,843</u>		
Total tangible fixed assets	<u>39,656</u>	<u>15.5</u>	<u>39,795</u>	<u>14.6</u>	<u>139</u>
<b>Intangible fixed assets</b>					
Goodwill	1,779		1,766		
Software	6,088		5,389		
Other intangible fixed assets	<u>553</u>		<u>522</u>		
Total intangible fixed assets	<u>8,422</u>	<u>3.3</u>	<u>7,679</u>	<u>2.8</u>	<u>(743)</u>
<b>Investments and other assets</b>					
Investments	23,840		23,011		
Long-term loans	298		284		
Deferred tax assets	11,051		11,790		
Other investments	3,152		3,183		
Allowance for doubtful accounts	<u>(391)</u>		<u>(324)</u>		
Total investments and other assets	<u>37,952</u>	<u>14.9</u>	<u>37,945</u>	<u>13.9</u>	<u>(7)</u>
Total fixed assets	<u>86,030</u>	<u>33.7</u>	<u>85,419</u>	<u>31.3</u>	<u>(610)</u>
Total Assets	<u><u>255,222</u></u>	<u><u>100.0</u></u>	<u><u>273,180</u></u>	<u><u>100.0</u></u>	<u><u>17,957</u></u>

## Consolidated Balance Sheet (Continued)

	(Millions of yen)				
	As of March 20, 2006		As of March 20, 2007		Change
		% of Total		% of Total	
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade notes and accounts payable	65,082		69,318		
Short-term bank loans	30,274		23,111		
Corporate bonds redeemable within a year	-		10,000		
Accrued expenses	16,951		19,083		
Accrued income taxes	4,797		5,600		
Directors' Bonus	-		153		
Other current liabilities	11,867		10,010		
<b>Total current liabilities</b>	<b>128,973</b>	<b>50.5</b>	<b>137,278</b>	<b>50.2</b>	<b>8,304</b>
<b>Long-term liabilities</b>					
Corporate bonds	10,000		-		
Convertible bonds	14,368		6,200		
Long-term debt	7,914		7,439		
Accrued retirement benefits for employees	35,774		34,912		
Accrued directors' retirement benefits	118		701		
Other long-term liabilities	1,232		406		
<b>Total long-term liabilities</b>	<b>69,408</b>	<b>27.2</b>	<b>49,659</b>	<b>18.2</b>	<b>(19,748)</b>
<b>Total liabilities</b>	<b>198,382</b>	<b>77.7</b>	<b>186,938</b>	<b>68.4</b>	<b>(11,444)</b>
<b>Minority interests</b>					
Minority interests	4,090	1.6	-	-	(4,090)
<b>Shareholders' equity</b>					
Common stock	15,858	6.2	-	-	(15,858)
Additional paid-in capital	11,329	4.4	-	-	(11,329)
Retained earnings	20,367	8.0	-	-	(20,367)
Net unrealized holding gain on securities	4,739	1.9	-	-	(4,739)
Foreign currency translation adjustments	764	0.3	-	-	(764)
Treasury stock, at cost	(309)	(0.1)	-	-	309
<b>Total shareholders' equity</b>	<b>52,750</b>	<b>20.7</b>	<b>-</b>	<b>-</b>	<b>(52,750)</b>
<b>Total liabilities, minority interests, and shareholders' equity</b>	<b>255,222</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>(255,222)</b>
<b>Net assets</b>					
<b>Shareholders' equity</b>					
Common stock	-	-	19,953	7.3	19,953
Additional paid-in capital	-	-	15,489	5.7	15,489
Retained earnings	-	-	38,736	14.2	38,736
Treasury stock, at cost	-	-	(282)	(0.1)	(282)
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>73,897</b>	<b>27.1</b>	<b>73,897</b>
<b>Evaluation and translation adjustments</b>					
Net unrealized holding gain on securities	-	-	4,619	1.7	4,619
Deferred hedge income (loss)	-	-	(8)	0.0	(8)
Foreign currency translation adjustments	-	-	2,280	0.8	2,280
<b>Total evaluation and translation adjustments</b>	<b>-</b>	<b>-</b>	<b>6,890</b>	<b>2.5</b>	<b>6,890</b>
<b>Minority interests</b>	<b>-</b>	<b>-</b>	<b>5,454</b>	<b>2.0</b>	<b>5,454</b>
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>86,242</b>	<b>31.6</b>	<b>86,242</b>
<b>Total liabilities and net assets</b>	<b>-</b>	<b>-</b>	<b>273,180</b>	<b>100.0</b>	<b>273,180</b>

## Consolidated Statements of Income

(Millions of yen)

	Year Ended March 20, 2006		Year Ended March 20, 2007		Change
		% of Total		% of Total	
Net sales	322,916	100.0	368,971	100.0	46,054
Cost of sales	<u>232,052</u>	<u>71.9</u>	<u>264,084</u>	<u>71.6</u>	<u>32,031</u>
Gross profit	90,864	28.1	104,886	28.4	14,022
Selling, general and administrative expenses	<u>66,377</u>	<u>20.5</u>	<u>71,322</u>	<u>19.3</u>	<u>4,944</u>
Operating income	24,486	7.6	33,564	9.1	9,077
Non-operating income					
Interest and dividends received	293		512		
Equity in earnings of associated companies	873		523		
Miscellaneous income	<u>876</u>		<u>830</u>		
Total non-operating income	2,042	0.6	1,867	0.5	(175)
Non-operating expenses					
Interest expense	1,469		1,207		
Miscellaneous expenses	<u>728</u>		<u>841</u>		
Total non-operating expenses	2,198	0.7	2,048	0.6	(149)
Ordinary income	<u>24,331</u>	<u>7.5</u>	<u>33,383</u>	<u>9.0</u>	<u>9,051</u>
Extraordinary gains					
Proceeds from sales of fixed assets	222		1,069		
Proceeds from sales of securities of affiliates	-		1,856		
Proceeds from sales of investment securities	80		120		
Other extraordinary gains	<u>144</u>		<u>29</u>		
Total extraordinary gains	447	0.1	3,076	0.8	2,628
Extraordinary losses					
Loss from disposal of fixed assets	251		398		
Loss on devaluation of investment securities	12		727		
Loss from one-off alteration to pension accounts	3,576		-		
Impairment loss	-		2,167		
Loss on structural business reforms	2,649		1,845		
Other extraordinary losses	<u>1,003</u>		<u>1,346</u>		
Total extraordinary losses	7,492	2.3	6,486	1.7	(1,006)
Income before income taxes and minority interests	17,286	5.3	29,973	8.1	12,686
Provision for income taxes- current	9,617	3.0	10,654	2.9	
Additional income tax for previous periods	-	-	842	0.2	
Reversal of income taxes payable for previous periods	-	-	(549)	(0.1)	
Provision for income taxes- deferred	(2,803)	(0.9)	(794)	(0.2)	
Minority interests	314	0.1	836	0.2	
Net income	<u>10,157</u>	<u>3.1</u>	<u>18,982</u>	<u>5.1</u>	<u>8,825</u>

## Consolidated Statement of Changes in Net Assets

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 20, 2006	15,858	11,329	20,367	(309)	47,246
Changes in the fiscal year 2006					
Exercise of share warrant	4,095	4,072			8,167
Cash dividends			(2,093)		(2,093)
Board members' bonus			(169)		(169)
Net income			18,982		18,982
Acquisition of own shares				(62)	(62)
Disposal of treasury stock		87		89	176
Increase due to increase of subsidiaries			1,246		1,246
Decrease due to increase of subsidiaries			(21)		(21)
Increase due to decrease of subsidiaries			1,602		1,602
Decrease due to decrease of subsidiaries			(141)		(141)
Increase due to increase of companies to which equity method is applied			141		141
Increase due to decrease of companies to which equity method is applied			89		89
Decrease due to decrease of companies to which equity method is applied			(1,268)		(1,268)
Net changes in the items other than shareholders' equity					
Net changes	4,095	4,160	18,368	26	26,650
Balance at March 20, 2007	19,953	15,489	38,736	(282)	73,897

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain on securities	Deferred hedge income	Foreign currency translation adjustments	Total evaluation and translation adjustments		
Balance at March 20, 2006	4,739	-	764	5,503	4,090	56,840
Changes in the fiscal year 2006						
Exercise of share warrant						8,167
Cash dividends						(2,093)
Board members' bonus						(169)
Net income						18,982
Acquisition of own shares						(62)
Disposal of treasury stock						176
Increase due to increase of subsidiaries						1,246
Decrease due to increase of subsidiaries						(21)
Increase due to decrease of subsidiaries						1,602
Decrease due to decrease of subsidiaries						(141)
Increase due to increase of companies to which equity method is applied						141
Increase due to decrease of companies to which equity method is applied						89
Decrease due to decrease of companies to which equity method is applied						(1,268)
Net changes in the items other than shareholders' equity	(120)	(8)	1,516	1,387	1,364	2,751
Net changes	(120)	(8)	1,516	1,387	1,364	29,401
Balance at March 20, 2007	4,619	(8)	2,280	6,890	5,454	86,242

## Consolidated Statements of Cash Flows

	Year ended March 20, 2006	(Millions of yen) Year ended March 20, 2007
Cash flows from operating activities		
Income before income taxes and minority interests	17,286	29,973
Depreciation and amortization	6,699	6,962
Impairment loss	-	2,167
Provision for employees' retirement benefits, net of payments	3,351	(1,122)
Gain on sales of investment securities	(80)	(120)
Proceeds from sales of securities of affiliates	-	(1,856)
Loss on devaluation of investment securities	12	727
Interest and dividend income	(293)	(512)
Interest expense	1,469	1,207
(Increase) decrease in trade receivables	9,069	(12,016)
(Increase) decrease in inventories	(4,505)	802
Increase (decrease) in trade payables	(1,742)	1,100
Increase (decrease) in accrued expenses	(2,416)	(298)
Other, net	2,705	(1,300)
Subtotal	31,556	25,713
Interest and dividends received	307	694
Interest paid	(1,461)	(1,270)
Income taxes paid	(11,677)	(10,147)
Net cash provided by (used in) operating activities	18,724	14,990
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(9,300)	(8,429)
Proceeds from sales of property, plant and equipment	433	1,103
Purchases of investment securities	(645)	(585)
Proceeds from sales of investment securities	231	207
Purchases of stock of affiliated companies	(257)	-
Proceeds from sales of stock of affiliated companies	-	1,848
Other, net	(191)	(264)
Net cash provided by (used in) investing activities	(9,729)	(6,119)
Cash flows from financing activities		
Increase (decrease) in short-term debt	(8,951)	(4,517)
Proceeds from long-term debt	30	3,715
Repayments of long-term debt	(5,877)	(6,062)
Dividends paid	-	(2,093)
Cash dividends paid for minority shareholders	(187)	(161)
Other, net	51	158
Net cash provided by (used in) financing activities	(14,934)	(8,960)
Effect of exchange rate changes on cash and cash equivalents	309	226
Net increase (decrease) in cash and cash equivalents	(5,630)	137
Cash and cash equivalents at beginning of year	17,906	12,102
Increase due to change in scope of consolidation	-	975
Decrease due to change in scope of consolidation	(173)	-
Cash and cash equivalents at end of year	12,102	13,214

## Segment Information

### Business Segments

	Year ended March 20, 2006						(Millions of yen)	
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
<u>Net sales and operating income</u>								
Sales to third parties	133,909	113,458	41,932	24,783	8,833	322,916	-	322,916
Intersegment sales and transfers	17,003	1,254	2,841	2,745	22,122	45,967	(45,967)	-
Total sales	150,912	114,713	44,773	27,529	30,955	368,884	(45,967)	322,916
Operating costs and expenses	138,634	104,862	45,032	26,486	29,269	344,286	(45,855)	298,430
Operating income (loss)	12,278	9,850	(259)	1,042	1,686	24,597	(111)	24,486
<u>Assets, depreciation, and capital expenditure</u>								
Assets	96,641	74,525	31,851	21,870	14,884	239,772	15,450	255,222
Depreciation	4,210	1,436	799	203	201	6,851	(152)	6,699
Capital expenditure	4,320	3,262	1,045	233	413	9,276	(121)	9,154

- (Note)
1. Business segments are divided according to the similarity in their products, production methods and sales methods.
  2. Corporate assets included in "Eliminations & Corporate" amounted to 29,331 million yen. Those assets principally consisted of excess funds (cash and cash equivalents and short-term investments) and long-term investments (investment securities) of the Company.
  3. Depreciation and capital expenditures include amortisation of and additions to long-term prepaid expenses.
  4. License fees had previously been included in non-operating income, however the Company decided to include them in net sales. This change had minor effect on net sales and operating income.

	Year Ended March 20, 2007						(Millions of yen)	
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
<u>Net sales and operating income</u>								
Sales to third parties	159,601	126,723	49,487	26,472	6,686	368,971	-	368,971
Intersegment sales and transfers	18,331	432	2,681	3,363	18,559	43,369	(43,369)	-
Total sales	177,932	127,156	52,169	29,836	25,246	412,340	(43,369)	368,971
Operating costs and expenses	158,100	118,172	50,355	28,643	23,370	378,642	(43,236)	335,406
Operating income	19,832	8,983	1,814	1,192	1,875	33,697	(133)	33,564
<u>Assets, depreciation, impairment loss, and capital expenditure</u>								
Assets	104,021	84,052	35,125	22,754	13,260	259,214	13,966	273,180
Depreciation	4,300	1,566	793	215	196	7,071	(109)	6,962
Impairment loss	-	-	-	-	-	-	2,167	2,167
Capital expenditure	5,657	1,776	757	280	149	8,621	(169)	8,452

- (Note)
1. Business segments are divided according to the similarity in their products, production methods and sales methods.
  2. Corporate assets included in "Eliminations & Corporate" amounted to 26,817 million yen. Those assets principally consisted of excess funds (cash and cash equivalents and short-term investments) and long-term investments (investment securities) of the Company.
  3. Depreciation and capital expenditures include amortisation of and additions to long-term prepaid expenses.
  4. The name of the "Robotics Automation" segment was changed to "Robotics". This change has no effect.

## 5. Changes in accounting methods

(1)The Company has adopted “Accounting Standard for Directors' Bonus”. As a result of this change, operating costs and expenses for the fiscal year 2006 increased for Motion Control by 66 million yen, Robotics by 35 million yen, System Engineering by 19 million yen, Information Technologies by 13 million yen, and Other by 21 million yen. Operating income decreased as much for each segment.

(2)Directors' retirement benefits had previously been recognized when actual payment was made, however the company decided to make an allowance for directors' retirement benefits as necessary according to the provisions of the Company's bylaw at the end of the period. As a result of this change, operating costs and expenses increased for Motion Control by 56 million yen, Robotics by 36 million yen, System Engineering by 24 million yen, and Other by 7 million yen. Operating income decreased as much for each segment.

(3) 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. As a result of this change, net sales decreased for Motion Control by 2,759 million yen, Robotics by 1,485 million yen, and Information Technologies by 5 million yen. Operating costs and expenses decreased for Motion Control by 2,479 million yen, Robotics by 1,453 million yen, and Information Technologies by 4 million yen. Operating income decreased for Motion Control by 280 million yen, Robotics by 32 million yen, and Information Technologies by 1 million yen.

## Geographical Areas

	Year Ended March 20, 2006					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
<u>Net sales and operating income</u>							
Sales to third parties	208,728	50,353	38,235	25,600	322,916	-	322,916
Intersegment sales and transfers	47,865	311	371	8,286	56,834	(56,834)	-
Total sales	256,593	50,664	38,606	33,886	379,751	(56,834)	322,916
Operating costs and expenses	242,634	46,135	35,017	30,907	354,695	(56,264)	298,430
Operating income	13,959	4,529	3,589	2,978	25,056	(569)	24,486
<u>Assets</u>	174,642	26,419	23,488	19,021	243,571	11,651	255,222

(Note)

- Geographical areas are divided into categories based on their geographical proximity.
- The regions that belong to each area are as follows.
  - The Americas - U.S.A., etc
  - Europe – Germany, Sweden, The United Kingdom, etc
  - Asia – The People’s Republic of China, Singapore, Korea, etc
- The geographical area of “North America” has been changed to “The Americas.” This change had no effect.
- License fees had previously been included in non-operating income, however the Company decided to include them in net sales. This change had minor effect on net sales and operating income.

	Year Ended March 20, 2007					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
<u>Net sales and operating income</u>							
Sales to third parties	243,127	50,635	45,505	29,703	368,971	-	368,971
Intersegment sales and transfers	53,816	514	288	10,717	65,336	(65,336)	-
Total sales	296,944	51,149	45,794	40,420	434,307	(65,336)	368,971
Operating costs and expenses	274,481	46,191	43,350	36,482	400,504	(65,098)	335,406
Operating income	22,462	4,958	2,443	3,938	33,803	(238)	33,564
<u>Assets</u>	195,475	22,479	27,929	22,901	268,785	4,395	273,180

(Note)

- Geographical areas are divided into categories based on their geographical proximity.
- The regions that belong to each area are as follows.
  - The Americas - U.S.A., etc
  - Europe – Germany, Sweden, The United Kingdom, etc
  - Asia – The People’s Republic of China, Singapore, Korea, etc
- Changes in accounting methods
  - The Company has adopted “Accounting Standard for Directors' Bonus”. As a result of this change, operating costs and expenses for the fiscal year 2006 increased for Japan by 156 million yen. Operating income decreased as much.
  - Directors’ retirement benefits had previously been recognized when actual payment was made, however the company decided to make an allowance for directors’ retirement benefits as necessary according to the provisions of the Company’s bylaw at the end of the period. As a result of this change, operating costs and expenses increased for Japan by 125 million yen. Operating income decreased as much.
  - 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. As a result of this change, net sales decreased for The Americas by 641 million yen, Europe by 2,435 million yen, and Asia by 1,334 million yen. Operating costs and expenses decreased for The Americas by 579 million yen, Europe by 2,297 million yen, and Asia by 1,219 million yen. Operating income decreased for The Americas by 61 million yen, Europe by 137 million yen, and Asia by 114 million yen.



## Overseas Sales

	Year Ended March 20, 2006				(Millions of yen)
	<u>The Americas</u>	<u>Europe</u>	<u>Asia</u>	<u>Other</u>	<u>Total</u>
Overseas sales	51,286	39,766	58,310	1,985	151,348
Consolidated sales	-	-	-	-	322,916
Percentage of overseas sales in consolidated sales	<u>16%</u>	<u>12%</u>	<u>18%</u>	<u>1%</u>	<u>47%</u>

(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

4. Changes in accounting methods

In connection with the change in the geographical area of "North America" to "The Americas", sales in Brazil have been included in "The Americas" instead of "Other." This change had minor effect.

	Year Ended March 20, 2007				(Millions of yen)
	<u>The Americas</u>	<u>Europe</u>	<u>Asia</u>	<u>Other</u>	<u>Total</u>
Overseas sales	55,343	46,566	65,249	1,538	168,698
Consolidated sales	-	-	-	-	368,971
Percentage of overseas sales in consolidated sales	<u>15%</u>	<u>13%</u>	<u>18%</u>	<u>0%</u>	<u>46%</u>

(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

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. As a result of this change, overseas sales decreased for The Americas by 613 million yen, Europe by 2,372 million yen, Asia by 1,095 million yen, and Other by 29 million yen. Consolidated sales decreased by 4,114 million yen. This change had minor effect on percentage of overseas sales against consolidated sales.