

## Summary of Third Quarter Consolidated Results for the Period Ended December 20, 2004

(Quarterly financial statements are unaudited)

February 4, 2005

Listed company name: Yaskawa Electric Corporation

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

President: Koji Toshima

Stock exchange listings: Tokyo, Fukuoka

Stock ticker number: 6506

### 1. Summary of Results for the Third Quarter of Fiscal Year 2004 (March 21, 2004 to December 20, 2004)

(Quarterly results were released beginning this year, meaning previous year results and ratios are currently unavailable)

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

	(Millions of yen, except ratio and per share data)		
	Nine months ended December 20, 2004	Nine months ended December 20, 2003	Year ended March 20, 2004
Net sales	219,332	-	263,045
Operating income	10,810	-	12,407
Ordinary income	10,873	-	12,010
Net income	4,662	-	5,819
Earnings per share (basic)	20.15	-	24.80
Earnings per share (diluted)	18.52	-	23.32

The Japanese economy in the first three quarters of FY 2004 experienced, among other things, an increase in exports and domestic capital expenditures, leading to improved corporate results. While the recovering trends in business conditions continued, rising prices in raw materials, most notably oil, a continued appreciation of the yen and inventory adjustments in the semiconductor field contributed to a sense of a slowdown in business conditions since the beginning of the fall season.

In the midst of these conditions, the Yaskawa Group will implement all of the planned policies and is planning this year to be one of increased added value and expanded business through market strategy and innovation. Markets related to machine tools, metal working machinery, inverters and automobiles grew steadily in the first half of the fiscal year, but entering the second half, results were influenced by a decrease in the semiconductor-, LCD- and electronic component-related markets.

Results, as shown above, were net sales of 219,332 million yen, ordinary income of 10,873 million yen and net income of 4,662 million yen. The projected consolidated results for the fiscal year have been lowered accordingly.

Results by segments are as follows:

#### Motion Control

In the first half of the fiscal year, the markets related to semiconductors, LCD and electronic components showed strong growth, and domestic sales as well as sales to North America and Asia increased. However, the growth in domestic orders slowed entering into the second half. There was steady growth in the markets related to machine tools, metal working machinery and inverters. Sales for this segment totaled 93,616 million yen and operating income totaled 7,950 million yen.

### Robotics Automation

New robots that were introduced in the previous fiscal year experienced strong growth. Included in these were two of our core products that we increased market share in, which were our robots for arc welding and spot welding for large automobile and parts manufacturers. Also, new generation robots for the market related to the transferring of larger LCD panels were timely introduced to the market. Sales for this segment totaled 75,075 million yen and operating income totaled 4,770 million yen.

### System Engineering

As a result of a slowdown in public investment and intense competition, sales totaled 24,693 million yen and there was an operating loss of 3,251 million yen.

### Information Technologies

In the information services industry, there was a downturn in investments related to IT and demand for information appliances, which had both been growing slowly up until now. Also, there were limited investments related to IT and intense market competition, and the intense market competition from the previous fiscal year continued in the computer peripherals business. Sales for this segment totaled 16,731 million yen and there was an operating loss of 91 million yen.

### Other

Sales for this segment totaled 9,215 million yen and operating income totaled 1,369 million yen.

## (2) Summary of Consolidated Financial Position

	(Millions of yen, except ratio and per share data)		
	Nine months ended December 20, 2004	Nine months ended December 20, 2003	Year ended March 20, 2004
Total assets	268,246	-	249,829
Shareholders' equity	40,383	-	36,715
Shareholders' equity ratio (%)	15.1	-	14.7
Shareholders' equity per share	174.56	-	158.35

(3) Summary of Consolidated Statements of Cash Flows

	(Millions of yen)		
	Nine months ended December 20, 2004	Nine months ended December 20, 2003	Year ended March 20, 2004
Net cash provided by (used in)			
operating activities	(9,609)	-	18,504
Net cash provided by (used in)			
investing activities	(3,888)	-	1,118
Net cash provided by (used in)			
financing activities	11,990	-	(18,877)
Cash and cash equivalents at end of period	15,612	-	17,098

Cash flows from operating activities ended at a negative 9,609 million yen. Trade receivables increased due to a decrease in discounted bills, and inventories expanded to meet predicted sales after the third quarter.

Cash flows from investing activities ended at a negative 3,888 million yen. While proceeds from sales of property, plant and equipment totaled 2,484 million yen, expenditures such as purchases of property, plant and equipment and intangible assets totaled 4,866 million yen and purchases of investment securities totaled 1,168 million yen.

Combining cash flows from operating activities with cash flows from investing activities, free cash flow ended at a negative 13,497 million yen.

Cash flows from financing activities ended at a positive 11,990 million yen. Although repayments of long-term debt totaled 3,706 million yen, proceeds from the issuance of convertible bonds totaled 14,903 million yen.

As a result of these activities, cash and cash equivalents slightly decreased from the end of last fiscal year by 1,486 million yen to end the third quarter at 15,612 million yen.

## 2. Projected Consolidated Results for the Fiscal Year Ending March 20, 2005 (Revision)

	(Millions of yen)				
	Prior forecast (A) (October 28, 2004)	Forecast revision (B)	Difference (B-A)	Difference as a percentage	Results for year ended March 20, 2004
Net sales	310,000	300,000	(10,000)	(3.2%)	263,045
Ordinary income	20,000	17,000	(3,000)	(15.0%)	12,010
Net income	8,000	6,000	(2,000)	(25.0%)	5,819

### 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.

(Attachment)

1. Third Quarter Consolidated Balance Sheet (summary)

(Millions of yen)						
	As of December 20, 2004		As of September 20, 2004		As of March 20, 2004	
	% of Total		% of Total		% of Total	
<b>Assets</b>						
Current assets						
Cash and time deposits	15,685		16,054		16,194	
Trade notes and accounts receivable	90,335		91,461		84,186	
Short-term investments	152		1,152		1,142	
Inventories	64,837		60,500		54,345	
Deferred tax assets	4,892		6,147		5,337	
Other current assets	10,702		11,342		9,235	
Allowance for doubtful accounts	(628)		(790)		(830)	
Total current assets	185,978	69.3	185,869	69.4	169,611	67.9
Fixed assets						
Property, plant and equipment	37,348		37,644		36,844	
Intangible fixed assets	12,949		13,707		13,997	
Investments	16,851		15,994		14,857	
Deferred tax assets	11,976		11,547		10,784	
Investments and other assets	3,486		3,391		4,029	
Allowance for doubtful accounts	(344)		(351)		(295)	
Total fixed assets	82,267	30.7	81,933	30.6	80,217	32.1
Total Assets	268,246	100.0	267,802	100.0	249,829	100.0
<b>Liabilities</b>						
Current liabilities						
Trade notes and accounts payable	63,902		64,765		63,382	
Short-term bank loans	41,222		39,161		40,372	
Current portion of convertible notes	15,000		15,000		15,000	
Accrued expenses	3,081		16,147		14,812	
Other current liabilities	29,864		19,953		19,097	
Total current liabilities	153,071	57.1	155,027	57.9	152,664	61.1
Long-term liabilities						
Corporate bonds	10,000		10,000		10,000	
Convertible bonds	15,000		15,000		-	
Long-term debt	11,324		12,396		14,590	
Accrued retirement benefits for employees	32,041		30,883		29,276	
Other long-term liabilities	2,747		2,702		2,320	
Total long-term liabilities	71,113	26.4	70,983	26.5	56,188	22.5
Total liabilities	224,184	83.5	226,010	84.4	208,852	83.6
Minority interests	3,678	1.4	3,858	1.4	4,261	1.7
<b>Shareholders' equity</b>						
Common stock	15,540	5.8	15,540	5.8	15,540	6.2
Additional paid-in capital	14,000	5.2	14,000	5.2	13,999	5.6
Retained earnings	10,092	3.8	7,589	2.9	6,171	2.5
Net unrealized holding gain on securities	1,301	0.5	1,008	0.4	1,040	0.4
Foreign currency translation adjustments	(284)	(0.1)	53	0.0	154	0.1
Treasury stock, at cost	(268)	(0.1)	(257)	(0.1)	(191)	(0.1)
Total shareholders' equity	40,383	15.1	37,933	14.2	36,715	14.7
Total liabilities, shareholders' equity	268,246	100.0	267,802	100.0	249,829	100.0

(Attachment)

## 2. Third Quarter Consolidated Statements of Income (summary)

(Millions of yen)

	Nine months ended December 20, 2004		Three months ended December 20, 2004		Year ended March 20, 2004	
		% of Total		% of Total		% of Total
Net sales	219,332	100.0	73,279	100.0	263,045	100.0
Cost of sales	162,390	74.0	54,642	74.6	192,786	73.3
Gross profit	56,941	26.0	18,636	25.4	70,259	26.7
Selling, general and administrative expenses	46,131	21.0	14,874	20.4	57,851	22.0
Operating income	10,810	4.9	3,761	5.1	12,407	4.7
Non-operating income	1,408	0.6	358	0.6	2,333	0.9
Non-operating expenses	1,344	0.6	446	0.6	2,730	1.0
Ordinary income	10,873	5.0	3,672	5.0	12,010	4.6
Extraordinary gains	2,014	0.8	1,654	2.3	5,481	2.0
Extraordinary losses	4,385	2.0	1,117	1.5	6,402	2.4
Income before income taxes and minority interests	8,502	3.9	4,210	5.7	11,089	4.2
Provision for income taxes- current	4,811	2.2	1,352	1.8	4,206	1.6
Provision for income taxes- deferred	(806)	(0.4)	544	0.8	796	0.3
Minority interests	(164)	0.0	(188)	(0.3)	265	0.1
Net income	4,662	2.1	2,501	3.4	5,819	2.2

(Attachment)

3. Third Quarter Consolidated Statements of Cash Flows (summary)

(Millions of yen)

	Nine months ended December 20, 2004	Year ended March 20, 2004
Cash flows from operating activities		
Income before income taxes and minority interests	8,502	11,089
Depreciation and amortization	4,782	6,047
Gain on sales of investment securities	(338)	(1,883)
(Increase) decrease in trade receivables	(6,431)	(13,226)
(Increase) decrease in inventories	(10,876)	(202)
Increase (decrease) in trade payables	729	14,253
Income taxes paid	(4,393)	(3,978)
Other, net	(1,584)	6,405
Net cash provided by (used in) operating activities	<u>(9,609)</u>	<u>18,504</u>
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(4,866)	(6,178)
Proceeds from sales of property, plant and equipment	2,484	1,359
Purchases of investment securities	(1,168)	(1,404)
Proceeds from sales of investment securities	459	3,254
Other, net	(796)	4,087
Net cash provided by (used in) investing activities	<u>(3,888)</u>	<u>1,118</u>
Cash flows from financing activities		
Increase (decrease) in short-term debt	996	(14,071)
Proceeds from long-term debt	672	7,846
Repayments of long-term debt	(3,706)	(12,210)
Proceeds from issuance of convertible bonds, net	14,903	-
Other, net	(875)	(441)
Net cash provided by (used in) financing activities	<u>11,990</u>	<u>(18,877)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>21</u>	<u>(31)</u>
Net increase (decrease) in cash and cash equivalents	(1,486)	714
Cash and cash equivalents at beginning of year	17,098	16,267
Increase due to inclusion of subsidiaries in consolidation	-	148
Decrease due to exclusion of subsidiaries from consolidation	<u>-</u>	<u>(32)</u>
Cash and cash equivalents at end of year	<u>15,612</u>	<u>17,098</u>

(Attachment)

#### 4. Segment Information

(Business Segments)

(Millions of yen)

Nine months ended December 20, 2004								
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	93,616	75,075	24,693	16,731	9,215	219,332	-	219,332
Intersegment sales and transfers	11,780	1,506	1,240	2,080	15,019	31,626	(31,626)	-
Total sales	105,396	76,581	25,934	18,811	24,234	250,958	(31,626)	219,332
Operating costs and expenses	97,446	71,810	29,186	18,903	22,865	240,211	(31,689)	208,521
Operating income (loss)	7,950	4,770	(3,251)	(91)	1,369	10,747	63	10,810
Three months ended December 20, 2004								
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	32,284	24,562	8,691	5,033	2,707	73,279	-	73,279
Intersegment sales and transfers	3,969	518	600	581	5,387	11,056	(11,056)	-
Total sales	36,254	25,080	9,291	5,614	8,094	84,336	(11,056)	73,279
Operating costs and expenses	33,291	23,071	10,384	6,318	7,513	80,580	(11,062)	69,517
Operating income (loss)	2,962	2,009	(1,093)	(703)	581	3,756	5	3,761
Year ended March 20, 2004								
	Motion Control	Robotics Automation	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to third parties	105,069	80,478	40,373	24,414	12,709	263,045	-	263,045
Intersegment sales and transfers	11,195	4,669	2,007	2,933	15,274	36,079	(36,079)	-
Total sales	116,265	85,147	42,380	27,347	27,983	299,124	(36,079)	263,045
Operating costs and expenses	112,227	79,881	41,421	26,175	26,911	286,618	(35,980)	250,637
Operating income (loss)	4,037	5,266	958	1,172	1,071	12,506	(98)	12,407

(Geographical Areas)

(Millions of yen)

Nine months ended December 20, 2004							
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	148,960	31,926	24,765	13,679	219,332	-	219,332
Intersegment sales and transfers	31,455	85	364	3,808	35,715	(35,715)	-
Total sales	180,416	32,012	25,130	17,488	255,047	(35,715)	219,332
Operating costs and expenses	174,909	29,445	23,484	16,286	244,126	(35,604)	208,521
Operating income (loss)	5,507	2,566	1,645	1,201	10,920	(110)	10,810
Three months ended December 20, 2004							
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	49,312	9,448	9,310	5,207	73,279	-	73,279
Intersegment sales and transfers	9,646	10	124	1,275	11,057	(11,057)	-
Total sales	58,958	9,459	9,434	6,483	84,336	(11,057)	73,279
Operating costs and expenses	57,221	8,681	8,424	6,103	80,430	(10,913)	69,517
Operating income (loss)	1,737	777	1,010	380	3,905	(143)	3,761
Year ended March 20, 2004							
	Japan	North America	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to third parties	184,113	34,915	31,300	12,715	263,045	-	263,045
Intersegment sales and transfers	34,990	239	1,189	4,127	40,547	(40,547)	-
Total sales	219,104	35,154	32,490	16,843	303,593	(40,547)	263,045
Operating costs and expenses	211,705	33,762	30,145	15,650	291,264	(40,626)	250,637
Operating income	7,398	1,392	2,344	1,192	12,328	79	12,407