Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 20, 2012

[Japan GAAP]

January 23, 2012

Listed company name: YASKAWA Electric Corporation
http://www.yaskawa.co.jp/en/
President: Junji Tsuda
Stock exchange listings: Tokyo (First section), Fukuoka
Stock ticker number: 6506

(Note: This document was translated from the financial statement submitted to the Tokyo Stock Exchange for the period stated above. Figures under ¥1 million are rounded down.)

1. Summary of Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 20, 2012 (March 21, 2011 to December 20, 2011)

(1) Consolidated Statements of Income

(Millions of yen, except ratio and per share data)

	Nine months ended December 20, 2011	Change	Nine months ended December 20, 2010	Change
Net sales	226,212	6.4%	212,518	41.2%
Operating income	11,221	46.0%	7,684	-
Ordinary income	11,482	48.7%	7,719	-
Net income	6,974	61.4%	4,321	-
Earnings per share (basic, Yen)	27.71	-	17.17	-
Earnings per share (diluted, Yen)	-	-	-	-

(2) Consolidated Financial Position

(Millions of yen, except ratio and per share data)

	As of December 20, 2011	As of March 20, 2011
Total assets	268,243	264,594
Net assets	100,267	98,029
Shareholders' equity ratio (%)	35.8	35.2
Net assets per share (Yen)	381.48	370.42

Reference: Shareholders' equity
As of December 20, 2011: ¥95,998 million
As of March 20, 2011: ¥93,220 million

2. Dividends

		Year ended March 20, 2011	Year ending March 20, 2012	Year ending March 20, 2012 (forecast)
Dividends per share (Yen)	End of 1Q	-	-	-
	End of 2Q	2.00	5.00	-
	End of 3Q	-	-	-
	Year-end	4.00	-	5.00
	Annual total	6.00	-	10.00

Note: Revisions to the most recently announced dividend forecast: None

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2012

(March 21, 2011 to March 20, 2012)

(Millions of yen, except ratio and per share data)

	Year ending March 20, 2012	Change
Net sales	310,000	4.4%
Operating income	14,000	8.7%
Ordinary income	14,000	4.2%
Net income	8,000	22.2%
Earnings per share (Yen)	31.79	-

Note: Revisions to the most recently announced sales and earnings forecast: Yes

4. **Other** (*Please refer to "2. Other Information" on page 6 for details.)

(1) Change in Scope of Consolidation: None

(2) Use of Simplified Accounting Methods and Particular Accounting Methods: Yes

(3) Change in Accounting Methods and Description

1. Changes related to revision of accounting standards: Yes
2. Other changes: None

(4) Number of Common Shares Outstanding

1. The number of shares outstanding including treasury shares:
   As of December 20, 2011: 252,331,938 shares
   As of March 20, 2011: 252,331,938 shares
2. The number of treasury shares:
   As of December 20, 2011: 685,813 shares
   As of March 20, 2011: 671,388 shares
3. Average during period (quarter cumulative):
   Nine months ended December 20, 2011: 251,651,736 shares
   Nine months ended December 20, 2010: 251,673,717 shares

*Information concerning implementation status of quarterly review procedure
This quarterly financial report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Act. The review procedure for the quarterly consolidated financial statements had not been completed when this report was released.

*About the appropriate use of business forecasts
Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the assumptions used for forecasts and precautions concerning the use of forecasts, please see "3) Qualitative Information on Projected Consolidated Results" on page 5.

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1. Qualitative Information on Quarterly Results

1) Qualitative Information on Consolidated Business Performance

In the first three quarters of the fiscal year, the operating environment for the Yaskawa Group changed in the summer of 2011.

Up to the summer of 2011, demand in overseas markets was generally firm, backed by strength mainly in China and other Asian countries. In Japan, demand was weak because of the widespread and massive damage from the East Japan Great Earthquake despite the rapid progress in restoring disrupted supply chains for parts and products.

However, the operating environment subsequently became more challenging. One cause was a slowdown in orders in the core Motion Control segment. The extreme and prolonged strength of the yen, the higher cost of rare earth metals, and other issues are also creating difficulties.

In response to these challenges, the Yaskawa Group is focusing on capturing orders, reducing costs by making extensive use of overseas factories, matching expenses with the volume of orders and other initiatives.

The group companies are also working together to take numerous actions during the current fiscal year to achieve the following goals.

- Increase and secure orders in established businesses
- Have new businesses contribute to earnings
- Constantly upgrade development, manufacturing and sales capabilities

Although the operating environment became more difficult in the summer of 2011, the Yaskawa Group achieved growth in sales and earnings from one year earlier due in part to the initiatives outlined above. By region, performance was strong in Europe and the United States, and by business segment, the Robotics segment performed well. Sales increased 6.4% to ¥226,212 million, operating income increased 46.0% to ¥11,221 million, ordinary income increased 48.7% to ¥11,482 million and net income increased 61.4% to ¥6,974 million.

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

(Millions of yen, except ratio)

	Nine months ended December 20, 2011			
Business segment	Net sales (change from the corresponding period of previous fiscal year)		Operating income (loss) (change from the corresponding period of previous fiscal year)	
Motion Control	117,786	(up by 1.3%)	6,616	(down by 8.3%)
Robotics	72,242	(up by 21.3%)	4,936	(up by 795.6%) Approximately nine times
System Engineering	20,673	(down by 0.5%)	(117)	(down by 327)
Information Technologies	8,910	(down by 9.4%)	(328)	(less by 422)
Other	6,598	(up by 8.6%)	424	(up by 10.1%)

(Note)

Beginning with the first quarter of the current fiscal year, "Accounting Standard for Segment Information Disclosures" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Segment Information Disclosures" (ASBJ Guidance No. 20, March 21, 2008) have been applied. However, comparisons with prior-year business segments are shown because the application of this standard did not result in any change in business segments in the current fiscal year.

■ Motion Control

Sales of AC servo motors and controllers were robust because of substantial orders mainly in overseas markets, particularly until the summer of 2011, and higher sales of new products. However, orders subsequently began to weaken.

AC drives performed well until the summer of 2011 but orders then started to decline. Strength early in the fiscal year was attributable to demand for use in energy-conserving applications primarily in China and other Asian countries.

As a result, sales were slightly higher than one year earlier and there was a small decrease in operating income.

■ Robotics

Orders for welding, handling, painting and other robots increased due to measures to increase sales in the automobile industry, chiefly outside Japan. In Japan, sales activities focused on capturing orders for robots in other industries.

In addition, activities that placed priority on profitability contributed to the growth in earnings.

As a result, there were large increases in sales and operating income that made a big contribution to the improvement in consolidated performance.

■ System Engineering

Although the earthquake had a negative impact on orders from the steel industry and water treatment equipment sector, the core markets for this segment, sales and operating income were about the same as one year earlier.

■ Information Technologies

IT investments have been delayed even more by the earthquake. Although this caused sales to decrease from one year earlier, the operating loss was smaller as the Yaskawa Group continued to take extensive actions to reduce costs.

■ Other

This segment includes logistics services, temporary staffing services and other business activities.

2) Qualitative Information on Consolidated Financial Condition

1. <u>Balance Sheet Highlights</u>

Total assets were ¥268,243 million at the end of the third quarter, ¥3,648 million higher than at the end of the previous fiscal year. There was a large decrease in trade notes and accounts receivable and increases in cash and time deposits, merchandise and finished goods, and other items.

Total liabilities increased ¥1,410 million to ¥167,975 million mainly because of an increase in long-term bank loans.

Total net assets increased ¥2,237 million to ¥100,267million mainly because of an increase in retained earnings.

2. Cash Flows

Cash and cash equivalents totaled ¥14,340 million at the end of the third quarter, a net increase of ¥2,454 million compared with the end of the previous fiscal year.

Net cash provided by operating activities increased ¥7,152 million from one year earlier to ¥10,256 million. The major components were an income before income taxes and minority interests of ¥12,040 million, depreciation and amortization of ¥5,608 million, a decrease of ¥11,419 million in trade receivables, an increase of ¥11,964 million in inventories and a decrease of ¥2,078 in trade payables.

Net cash used in investing activities increased ¥4,703 million to ¥9,352 million. The primary use of cash was expenditures of ¥8,035 million for purchases of property, plant and equipment and intangible assets.

Free cash flows, the sum of cash flows from operating and investing activities, were a positive ¥903 million.

Net cash provided by financing activities increased ¥1,484 million to ¥1,639 million. Major components were a ¥620 million increase in short-term debt, proceeds of ¥5,397 million from long-term debt, repayments of long-term debt of ¥2,025 million and dividend payments of ¥2,267 million to shareholders of the parent company.

3) Qualitative Information on Projected Consolidated Results

The forecast for the fiscal year has been revised as follows.

(Millions of yen, except ratio and per share data)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (yen)
Previous forecast (A)	310,000	14,000	14,000	9,000	35.76
Revised forecast (B)	310,000	14,000	14,000	8,000	31.79
Difference (B) – (A)	0	0	0	(1,000)	-
Pct. change (%)	0	0	0	(11.1)	-
Reference: Previous fiscal year	296,847	12,874	13,429	6,544	26.00

In Japan, two new laws were officially announced on December 2, 2011: Act for Partial Amendment of Income Tax Law, Etc. to Establish a Tax System in Response to Changes in the Economic Social Structure (Act No. 114 of 2011) and Act on Special Measures Concerning Securing Required Financial Resources for Initiatives for the East Japan Great Earthquake Reconstruction (Act No. 117 of 2011). As a result, there will be a change in the corporate income tax rate and other items starting in corporate fiscal years that begin on or after April 1, 2012.

Consequently, for temporary differences that are expected to be eliminated in the fiscal year starting on March 21, 2013 or subsequent fiscal years, the provision for income taxes-deferred will increase in association with the change in the normal effective statutory tax rate used for recognizing deferred tax assets and deferred tax liabilities. As a result, the consolidated forecast for the fiscal year ending on March 20, 2012 has been revised as shown above.

This forecast is based on average yen exchange rates of ¥76 to the U.S. dollar and ¥100 to the euro during the period from December 21, 2011 to March 20, 2012.

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.

2. Other Information

1) Change in Scope of Consolidation

None

2) Use of Simplified Accounting Methods and Particular Accounting Methods

a. Calculation of estimate of loan losses for ordinary loans

The actual write-off ratio at the end of the previous fiscal year was used to calculate the estimate for write-offs because the write-off ratio at the end of the third quarter of the current fiscal year did not differ significantly from the write-off ratio at the end of the previous fiscal year.

b. Valuation method for inventories

To calculate inventories at the end of the third quarter, instead of performing a physical count, inventories were calculated by using a reasonable method based on the physical count of inventories at the end of the previous fiscal year or the end of the first half of the current fiscal year.

c. Method of calculating depreciation for fixed assets

For assets where depreciation is calculated using the declining-balance method, quarterly depreciation expenses are determined by using the proportional amount of annual depreciation expenses.

d. Calculation method for accrued items

An estimate is used that was determined using a reasonable calculation method.

e. Calculation method for income taxes and deferred tax assets and liabilities

When calculating accrued income taxes, only major additions and deductions are used.

3) Change in Accounting Methods and Description

a. Application of “Accounting Standard for Asset Retirement Obligations”

Starting with the first quarter of the current fiscal year, “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.

This change reduced first three quarters operating income and ordinary income by ¥6 million each and reduced first three quarters income before income taxes and minority interests by ¥339 million.

b. Application of “Accounting Standard for Equity-Method Accounting” and “Practical Solution on Accounting Treatment for Equity-Method Affiliates”

Starting with the first quarter of the current fiscal year, “Accounting Standard for Equity-Method Accounting” (ASBJ Statement No. 16, March 10, 2008) and “Practical Solution on Accounting Treatment for Equity-Method Affiliates” (PITF No. 24, March 10, 2008) have been applied.

This change had no effect on earnings.

3. Consolidated Financial Statements

1) Consolidated Balance Sheet

(Millions of yen)

	As of December 20, 2011	As of March 20, 2011
Assets		
Current assets		
Cash and time deposits	14,477	12,032
Trade notes and accounts receivable	79,310	93,073
Merchandise and finished goods	45,715	36,783
Goods in process	11,003	8,494
Raw materials and supplies	14,968	12,787
Other	27,458	26,668
Allowance for doubtful accounts	(1,546)	(1,691)
Total current assets	191,387	188,148
Fixed assets		
Property, plant and equipment	37,091	35,729
Intangible assets	6,338	5,849
Investments and other assets		
Other	33,860	35,377
Allowance for doubtful accounts	(434)	(509)
Total investments and other assets	33,425	34,867
Total fixed assets	76,855	76,446
Total assets	268,243	264,594
Liabilities		
Current liabilities		
Trade notes and accounts payable	60,158	63,235
Short-term bank loans	34,744	33,697
Accrued directors' bonuses	43	56
Other	29,316	29,768
Total current liabilities	124,263	126,758
Long-term liabilities		
Long-term debt	10,525	7,742
Provision for employees' retirement benefits	30,468	30,662
Provision for directors' retirement benefits	275	293
Other	2,442	1,109
Total long-term liabilities	43,712	39,807
Total liabilities	167,975	166,565
Net assets		
Shareholders' equity		
Common stock	23,062	23,062
Additional paid-in capital	18,684	18,682
Retained earnings	61,904	57,281
Treasury shares, at cost	(437)	(425)
Total shareholders' equity	103,213	98,600
Valuation and translation adjustments		
Net unrealized holding gain on securities	1,289	1,731
Foreign currency translation adjustments	(8,503)	(7,111)
Total valuation and translation adjustments	(7,214)	(5,380)
Minority interests	4,269	4,808
Total net assets	100,267	98,029
Total liabilities and net assets	268,243	264,594

2) Consolidated Statements of Income

(Millions of yen)

	Nine Months Ended December 20, 2010	Nine Months Ended December 20, 2011
Net sales	212,518	226,212
Cost of sales	157,668	166,144
Gross profit	54,849	60,067
Selling, general and administrative expenses	47,165	48,845
Operating income	7,684	11,221
Non-operating income		
Interest income	64	60
Dividends received	259	323
Equity in earnings of associated companies	60	363
Government subsidies for employment adjustment	239	122
Other	442	263
Total non-operating income	1,066	1,134
Non-operating expenses		
Interest expenses	490	554
Foreign exchange losses	306	154
Other	234	164
Total non-operating expenses	1,032	873
Ordinary income	7,719	11,482
Extraordinary gains		
Gain on sales of fixed assets	44	19
Reversal of allowance for doubtful accounts	-	198
Gain on negative goodwill	-	1,091
Other	3	22
Total extraordinary gains	47	1,331
Extraordinary losses		
Loss on sales and disposal of fixed assets	62	35
Loss on devaluation of investment securities	389	172
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	332
Loss on step acquisitions	-	146
Other	113	86
Total extraordinary losses	565	773
Income before income taxes and minority interests	7,201	12,040
Provision for income taxes- current	2,939	3,126
Provision for income taxes- deferred	(26)	1,905
Total income taxes	2,913	5,031
Income before minority interests	-	7,008
Minority interests in income (loss)	(32)	33
Net income	4,321	6,974

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine Months Ended December 20, 2010	Nine Months Ended December 20, 2011
Cash flows from operating activities		
Income before income taxes and minority interests	7,201	12,040
Depreciation and amortization	5,003	5,608
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	332
Loss on step acquisitions	-	146
Gain on negative goodwill	-	(1,091)
Increase (decrease) in allowance for doubtful accounts	43	(247)
Decrease in provision for employees' retirement benefits, net of payments	(162)	(160)
Decrease in provision for directors' retirement benefits, net of payments	(7)	(17)
Loss on sales and retirement of fixed assets	18	16
Loss on valuation of investment securities	389	172
Interest and dividend income	(324)	(384)
Interest expense	490	554
(Increase) decrease in trade receivables	(9,979)	11,419
Increase in inventories	(15,749)	(11,964)
Increase (decrease) in trade payables	14,287	(2,078)
Increase in accrued expenses	171	126
Other, net	2,059	514
Subtotal	3,440	14,987
Interest and dividends received	400	483
Interest paid	(448)	(501)
Income taxes paid	(1,408)	(4,713)
Income taxes refund	1,120	-
Net cash provided by operating activities	3,104	10,256
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,263)	(8,035)
Proceeds from sales of property, plant and equipment and intangible assets	227	46
Purchases of investment securities	(537)	(1,402)
Proceeds from purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	-	198
Other, net	(75)	(159)
Net cash used in investing activities	(4,648)	(9,352)
Cash flows from financing activities		
Increase in short-term debt	2,591	620
Proceeds from long-term debt	959	5,397
Repayments of long-term debt	(2,496)	(2,025)
Dividends paid	(881)	(2,267)
Dividends paid to minority shareholders	(7)	(68)
Other, net	(8)	(16)
Net cash provided by financing activities	155	1,639
Effect of exchange rate changes on cash and cash equivalents	(301)	(341)
Net increase (decrease) in cash and cash equivalents	(1,690)	2,202
Cash and cash equivalents at beginning of year	16,296	11,885
Increase due to inclusion of subsidiaries in consolidation	926	251
Cash and cash equivalents at the end of period	15,532	14,340

4) Notes Pertaining to the Presumption of a Going Concern

None

5) Segment Information

Business Segments

Nine months ended December 20, 2010 (Millions of yen)

	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to external customers	116,259	59,575	20,774	9,835	6,074	212,518	-	212,518
Intersegment sales and transfers	10,018	639	1,093	2,171	3,740	17,663	(17,663)	-
Total sales	126,277	60,215	21,867	12,006	9,814	230,182	(17,663)	212,518
Operating income (loss)	7,215	551	209	(750)	385	7,611	73	7,684

(Note)

Business segments are divided according to the classification adopted for internal management.

Geographical Areas

Nine months ended December 20, 2010 (Millions of yen)

	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to external customers	127,294	25,130	21,280	38,813	212,518	-	212,518
Intersegment sales and transfers	45,381	291	177	4,262	50,112	(50,112)	-
Total sales	172,675	25,421	21,458	43,075	262,631	(50,112)	212,518
Operating income	4,231	1,493	804	3,171	9,701	(2,016)	7,684

(Notes)

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, Republic of Korea, etc

Overseas Sales

	Nine months ended December 20, 2010				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	28,254	21,147	62,248	533	112,183
Consolidated sales	-	-	-	-	212,518
Percentage of overseas sales in consolidated sales	13%	10%	30%	0%	53%

(Notes)

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, Republic of Korea, etc

(4) Other – Australia, etc

Segment Information

1. Description of reporting segments

Segments used for financial reporting are the constituent components of the Yaskawa Group for which separate financial information is available and for which the board of directors conducts periodic examinations in order to determine the distribution of resources and evaluate result of operations.

The Yaskawa Group is basically organized into four business units: Motion Control, Robotics, System Engineering and Information Technologies. Each unit establishes comprehensive strategies for its operations in Japan and overseas and conducts its own business activities.

Consequently, the Yaskawa Group has four reporting segments: Motion Control, Robotics, System Engineering and Information Technologies.

Motion Control includes development, manufacturing, sales and service activities involving AC servo motors and controllers and AC drives. Robotics includes development, manufacturing, sales and service activities involving industrial robots. System Engineering includes development, manufacturing, sales and service activities involving primarily electrical systems at steel mills and electrical instrumentation used in water and sewerage systems. Information Technologies includes development, manufacturing, sales and service activities involving IT products and IT software.

2. Sales, income or loss for each reporting segment

Nine months ended December 20, 2011 (Millions of yen)

	Motion Control	Robotics	System Engineering	Information Technologies	Other *1	Total	Adjustment *2	Amounts in consolidated statement of income *3
Net sales								
Sales to external customers	117,786	72,242	20,673	8,910	6,598	226,212	-	226,212
Intersegment sales and transfers	10,827	290	1,580	1,564	3,524	17,787	(17,787)	-
Total sales	128,614	72,532	22,253	10,474	10,123	243,999	(17,787)	226,212
Segment operating income (loss)	6,616	4,936	(117)	(328)	424	11,531	(309)	11,221

(Notes)

1. Other is a business segment for activities that are not included in the reporting segments, such as logistics services and temporary staffing services.
2. The deduction of ¥309 million for Adjustment includes eliminations of inter-segment transactions and other items.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

(Additional Information)

Starting with the first quarter of the current fisical year, the Yaskawa Group has applied “Accounting Standard for Segment Information Disclosures” (ASBJ Statement No. 17, March 27, 2009), and “Guidance on Accounting Standard for Segment Information Disclosures” (ASBJ Guidance No. 20, March 21, 2008).

(Reference Information)

Overseas Sales

Nine months ended December 20, 2011 (Millions of yen)

	The Americas	Europe	Asia	Other	Total
Overseas sales	32,250	25,435	65,814	854	124,354
Consolidated sales	-	-	-	-	226,212
Percentage of overseas sales in consolidated sales	14%	11%	29%	1%	55%

(Notes)

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, Republic of Korea, etc
   (4) Other – Australia, etc

6) Notes on Significant Change in Shareholders' Equity

None