

Consolidated Results for the First Half of the Fiscal Year Ending March 20, 2013

[Japan GAAP]

October 17, 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 Half of the Fiscal Year Ending March 20, 2013 (March 21, 2012 to September 20, 2012)

(1) Consolidated Statements of Income

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

	Six months ended September 20, 2012	Change	Six months ended September 20, 2011	Change
Net sales	150,486	(4.8)%	158,052	13.3%
Operating income	6,139	(33.6)%	9,252	166.0%
Ordinary income	6,354	(31.7)%	9,298	167.3%
Net income	3,498	(46.1)%	6,493	281.7%
Earnings per share (basic, Yen)	13.90	-	25.80	-
Earnings per share (diluted, Yen)	13.19	-	-	-

Note:

	Six months ended September 20, 2012	Change	Six months ended September 20, 2011	Change
Comprehensive income (Millions of yen)	1,076	(78.5)%	5,008	-

(2) Consolidated Financial Position

(Millions of yen, except ratio)

	As of September 20, 2012	As of March 20, 2012
Total assets	271,362	279,072
Net assets	104,349	104,507
Shareholders' equity ratio (%)	36.8	35.9

Reference: Shareholders' equity

As of September 20, 2012: ¥99,747 million

As of March 20, 2012: ¥100,109 million

2. Dividends

	Year ended March 20, 2012	Year ending March 20, 2013	Year ending March 20, 2013 (forecast)
End of 1Q	-	-	-
End of 2Q	5.00	5.00	-
End of 3Q	-	-	-
Year-end	5.00	-	5.00
Annual total	10.00	-	10.00

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

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2013 (March 21, 2012 to March 20, 2013)

	(Millions of yen, except per share data)	
	Year ending March 20, 2013	Change
Net sales	300,000	(2.3)%
Operating income	13,000	(12.3)%
Ordinary income	13,000	(16.8)%
Net income	7,000	(17.0)%
Earnings per share (Yen)	27.82	-

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

***Notes:**

- (1) Change in Scope of Consolidation: None
- (2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements:
 - (a) Changes in accounting policies accompanying revisions in accounting standards: None
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: None
 - (d) Restatements: None
- (4) Number of Common Shares Outstanding
 - (a) The number of shares outstanding including treasury shares:
 - As of September 20, 2012: 252,331,938 shares
 - As of March 20, 2012: 252,331,938 shares
 - (b) The number of treasury shares:
 - As of September 20, 2012: 695,390 shares
 - As of March 20, 2012: 688,631 shares
 - (c) Average during period (quarter cumulative):
 - Six months ended September 20, 2012: 251,640,253 shares
 - Six months ended September 20, 2011: 251,653,543 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 4.

The Yaskawa Group will hold an information meeting for securities analysts and institutional investors on October 19, 2012 (Friday). A summary of the materials distributed at this meeting will be posted on the Yaskawa Group website following the meeting.

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1. Qualitative Information on Quarterly Results

1) Qualitative Information on Consolidated Business Performance

In the first half of the fiscal year, the overseas business environment for the Yaskawa Group was challenging. Although the U.S. economy continued to recover at a moderate pace, Europe struggled with a debt and financial crisis, economic growth slowed in China, and the yen remained strong. Meanwhile in Japan, the economy was recovering because of demand created by reconstruction activity following the East Japan Great Earthquake and other factors. However, markets in Japan for the group's products were weak overall.

In response to these challenges, the Yaskawa Group concentrated on increasing sales by targeting market sectors that are strong even in the current difficult business environment. Among major business segments, the Motion Control segment recorded moderate sales and sales in the Robotics segment were firm.

To attain a high level of profitability as a global corporate group, overseas manufacturing operations were expanded, the cost structure was reexamined and other actions were taken. In addition, numerous initiatives are under way based on the following policies for the current fiscal year.

- Improve the profitability of core businesses
- Channel resources to new businesses
- Constantly upgrade development, manufacturing and sales capabilities

First half sales fell below the strong performance in the first half of the previous fiscal year but decreased only 4.8% to 150,486 million yen. Operating income fell 33.6% to ¥6,139 million, ordinary income was down 31.7% to ¥6,354 million and net income fell 46.1% to ¥3,498 million.

The Yaskawa Group has five separate business segments.

The business results of each segment are as follows.

(Millions of yen, except ratio)

Business segment	Six months ended September 20, 2012	
	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	70,467 (down by 16.4%)	1,996 (down by 4,025)
Robotics	54,461 (up by 12.1%)	4,073 (up by 875)
System Engineering	16,174 (up by 12.7%)	407 (up by 360)
Information Technologies	6,372 (up by 5.2%)	(271) (down by 181)
Other	3,010 (down by 36.3%)	96 (down by 169)

■ Motion Control

Sales of AC servo motors and controllers were relatively healthy despite the effects of the ongoing debt and financial crisis in Europe and slowing economic growth in China and other Asian countries.

AC drive sales were weak in Europe but remained firm in China and the Americas.

The segment sales and operating income, however, were lower than the corresponding period of previous fiscal year when the segment posted a strong performance.

■ Robotics

Sales of welding, handling, painting and other robots remained firm primarily to the automobile industry outside Japan.

As a result, segment sales and operating income were higher than the corresponding period of previous fiscal year..

■ System Engineering

Sales in the water treatment equipment sector decreased but sales were firm in the steel industry. As a result, sales and operating income were higher than the corresponding period of previous fiscal year..

■ Information Technologies

Customers continue to hold down their IT investments. Sales were slightly higher than the corresponding period of previous fiscal year but the operating loss increased.

■ Other

This segment includes logistics services and other business activities.

2) Qualitative Information on Consolidated Financial Condition

(a) Balance Sheet Highlights

Total assets were ¥271,362 million at the end of the first half, ¥7,710 million lower than at the end of the previous fiscal year. The decrease was attributable primarily to a large decrease in trade notes and accounts receivable and other items.

Total liabilities decreased ¥7,552 million to ¥167,012 million mainly because of a decrease in short-term bank loans.

Total net assets decreased ¥158 million to ¥104,349 million mainly because of decreases in net unrealized holding gain on securities and foreign currency translation adjustments.

(b) Cash Flows

Cash and cash equivalents totaled ¥22,863 million at the end of the first half, a net increase of ¥2,657 million compared with the end of the previous fiscal year.

Net cash provided by operating activities increased ¥7,844 million from one year earlier to ¥19,971 million. The major components were an income before income taxes and minority interests of ¥5,884 million, depreciation and amortization of ¥3,864 million, a decrease of ¥4,522 million in provision for employees' retirement benefits, a decrease of ¥6,677 million in trade receivables and a decrease of ¥3,202 million in inventories.

Net cash used in investing activities decreased ¥913 million to ¥5,695 million. The primary use of cash was expenditures of ¥4,519 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 ¥14,276 million.

Net cash used in financing activities increased ¥11,338 million to ¥11,523 million. Major components

were a ¥9,704 million decrease in short-term debt, proceeds of ¥1,714 million from long-term debt, repayments of long-term debt of ¥2,172 million and dividend payments of ¥1,259 million to shareholders of the parent company.

3) Qualitative Information on Projected Consolidated Results

The forecast for consolidated results of operations for the current 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	16,000	16,000	9,000	35.76
Revised forecast (B)	300,000	13,000	13,000	7,000	27.82
Difference (B – A)	(10,000)	(3,000)	(3,000)	(2,000)	
Pct. change (%)	(3.2)	(18.8)	(18.8)	(22.2)	
Reference: Previous fiscal year	307,111	14,818	15,626	8,432	33.51

The consolidated forecast for the fiscal year ending on March 20, 2013 has been revised as shown above because of the volume of orders received in major business segments and for other reasons.

This forecast is based on average yen exchange rates of ¥80 to the U.S. dollar and ¥95 to the euro during the period from September 21, 2012 to March 20, 2013.

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. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 20, 2012	As of September 20, 2012
Assets		
Current assets		
Cash and time deposits	20,343	22,970
Trade notes and accounts receivable	91,411	84,288
Merchandise and finished goods	41,869	37,163
Goods in process	7,793	8,027
Raw materials and supplies	14,136	14,317
Other	25,457	25,278
Allowance for doubtful accounts	(1,440)	(1,518)
Total current assets	199,572	190,526
Fixed assets		
Property, plant and equipment	37,484	37,709
Intangible assets	6,734	7,164
Investments and other assets		
Other	35,658	36,337
Allowance for doubtful accounts	(377)	(376)
Total investments and other assets	35,280	35,961
Total fixed assets	79,499	80,835
Total assets	279,072	271,362
Liabilities		
Current liabilities		
Trade notes and accounts payable	53,073	54,732
Short-term bank loans	34,042	22,751
Accrued directors' bonus	57	26
Other	29,938	32,280
Total current liabilities	117,111	109,790
Long-term liabilities		
Convertible bond	15,000	15,000
Long-term debt	9,029	9,083
Provision for employees' retirement benefits	30,535	25,948
Provision for directors' retirement benefits	299	196
Other	2,589	6,993
Total long-term liabilities	57,453	57,221
Total liabilities	174,564	167,012
Net assets		
Shareholders' equity		
Common stock	23,062	23,062
Additional paid-in capital	18,684	18,684
Retained earnings	63,363	65,624
Treasury stock, at cost	(440)	(444)
Total shareholders' equity	104,669	106,925
Accumulated other comprehensive income		
Net unrealized holding gain on securities	2,547	1,524
Foreign currency translation adjustments	(7,107)	(8,702)
Total accumulated other comprehensive income	(4,559)	(7,178)
Minority interests	4,398	4,602
Total net assets	104,507	104,349
Total liabilities and net assets	279,072	271,362

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income (cumulative)

	(Millions of yen)	
	Six Months Ended September 20, 2011	Six Months Ended September 20, 2012
Net sales	158,052	150,486
Cost of sales	115,596	111,295
Gross profit	42,455	39,191
Selling, general and administrative expenses	33,203	33,052
Operating income	9,252	6,139
Non-operating income		
Interest income	40	34
Dividends received	233	228
Equity in earnings of associated companies	175	374
Government subsidies for employment adjustment	96	88
Other	160	325
Total non-operating income	706	1,051
Non-operating expenses		
Interest expenses	375	325
Foreign exchange losses	158	415
Other	126	95
Total non-operating expenses	660	836
Ordinary income	9,298	6,354
Extraordinary gains		
Gain on sales of fixed assets	2	7
Gain on sales of subsidiaries and affiliates' stocks	-	172
Reversal of allowance for doubtful accounts	323	-
Gain on negative goodwill	1,091	-
Gain on step acquisitions	-	159
Other	15	67
Total extraordinary gains	1,432	407
Extraordinary losses		
Loss on sales and disposal of fixed assets	22	135
Loss on devaluation of investment securities	39	198
Loss on adjustment for changes of accounting standard for asset retirement obligations	332	-
Loss on step acquisitions	146	-
Impairment loss	-	286
Reorganization costs	-	238
Other	28	17
Total extraordinary losses	569	877
Income before income taxes and minority interests	10,161	5,884
Provision for income taxes- current	2,672	2,336
Provision for income taxes- deferred	896	(138)
Total income taxes	3,568	2,198
Income before minority interests	6,592	3,686
Minority interests in income	98	187
Net income	6,493	3,498

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Six Months Ended September 20, 2011	Six Months Ended September 20, 2012
Income before minority interests	6,592	3,686
Other comprehensive income		
Net unrealized holding gain on securities	(514)	(1,006)
Foreign currency translation adjustment	(1,186)	(1,606)
Share of other comprehensive income of associates accounted for using equity method	117	3
Total other comprehensive income	(1,584)	(2,610)
Comprehensive income	5,008	1,076
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	4,931	886
Comprehensive income attributable to minority interests	76	189

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 20, 2011	Six Months Ended September 20, 2012
Cash flows from operating activities		
Income before income taxes and minority interests	10,161	5,884
Depreciation and amortization	3,617	3,864
Loss on adjustment for changes of accounting standard for asset retirement obligations	332	-
Impairment loss	-	286
Loss (gain) on step acquisitions	146	(159)
Gain on negative goodwill	(1,091)	-
Increase (decrease) in allowance for doubtful accounts	(330)	124
Decrease in provision for employees' retirement benefits	(259)	(4,522)
Decrease in provision for directors' retirement benefits	(32)	(103)
Loss on sales and retirement of fixed assets	19	127
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(172)
Loss on valuation of investment securities	39	198
Interest and dividend income	(274)	(262)
Interest expense	375	325
Decrease in trade receivables	6,205	6,677
(Increase) decrease in inventories	(7,742)	3,202
Increase in trade payables	1,992	1,066
Increase (decrease) in accrued expenses	(48)	1,308
Other, net	2,714	3,437
Subtotal	15,826	21,282
Interest and dividends received	372	353
Interest paid	(370)	(331)
Income taxes paid	(3,702)	(1,332)
Net cash provided by operating activities	12,126	19,971
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(5,689)	(4,519)
Proceeds from sales of property, plant and equipment and intangible assets	27	20
Purchase of investment securities	(1,014)	(1,391)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	198	90
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	158
Other, net	(130)	(53)
Net cash used in investing activities	(6,609)	(5,695)
Cash flows from financing activities		
Increase (decrease) in short-term debt	2,791	(9,704)
Proceeds from long-term debt	-	1,714
Repayments of long-term debt	(1,944)	(2,172)
Dividends paid	(1,007)	(1,259)
Dividends paid to minority shareholders	(15)	(83)
Other, net	(7)	(17)
Net cash used in financing activities	(185)	(11,523)
Effect of exchange rate changes on cash and cash equivalents	(237)	(317)
Net increase in cash and cash equivalents	5,095	2,434
Cash and cash equivalents at beginning of year	11,885	20,206
Increase due to inclusion of subsidiaries in consolidation	251	36
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	185
Cash and cash equivalents at the end of period	17,232	22,863

4) Notes Pertaining to the Presumption of a Going Concern

None

5) Notes on Significant Change in Shareholders' Equity

None

6) Segment Information

Segment information

I. For the first half ended September 2011 (March 21, 2011 – September 20, 2011)

Sales, income or loss for each reportable segment

	(Millions of yen)							
	Motion Control	Robotics	System Engineering	Information Technologies	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
<u>Net sales</u>								
Sales to external customers	84,337	48,578	14,356	6,057	4,723	158,052	-	158,052
Intersegment sales and transfers	7,140	246	1,067	1,170	2,474	12,098	(12,098)	-
Total sales	91,477	48,824	15,424	7,227	7,197	170,151	(12,098)	158,052
Segment operating income (loss)	6,022	3,197	46	(90)	265	9,442	(189)	9,252

(Notes)

1. Other is a business segment for activities that are not included in the reportable segments, such as logistics services and temporary staffing services.
2. The deduction of ¥189 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.

II. For the first half ended September 2012 (March 21, 2012 – September 20, 2012)

Sales, income or loss for each reportable segment

	(Millions of yen)							
	Motion Control	Robotics	System Engineering	Information Technologies	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
<u>Net sales</u>								
Sales to external customers	70,467	54,461	16,174	6,372	3,010	150,486	-	150,486
Intersegment sales and transfers	6,401	189	713	1,214	1,626	10,145	(10,145)	-
Total sales	76,868	54,651	16,888	7,587	4,637	160,632	(10,145)	150,486
Segment operating income (loss)	1,996	4,073	407	(271)	96	6,301	(162)	6,139

(Notes)

1. Other is a business segment for activities that are not included in the reportable segments, such as logistics services.
2. The deduction of ¥162 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.

(Reference Information)

Overseas Sales

	Six months ended September 20, 2011				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	21,985	17,573	47,635	663	87,859
Consolidated sales	-	-	-	-	158,052
Percentage of overseas sales in consolidated sales	14%	11%	30%	1%	56%

(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

	Six months ended September 20, 2012				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	23,898	14,184	42,190	1,431	81,704
Consolidated sales	-	-	-	-	150,486
Percentage of overseas sales in consolidated sales	16%	9%	28%	1%	54%

(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

7) Subsequent Events

None