Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 20, 2010

January 22, 2010

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 the First Three Quarters of the Fiscal Year Ending March 20, 2010 (March 21, 2009 to December 20, 2009)

(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 down.)

(1) Consolidated Statements of Income

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

	Nine months ended December 20, 2009	Change	Nine months ended December 20, 2008	Change
Net sales	150,554	-	272,379	(0.9)%
Operating income	(11,033)	-	20,224	(19.3)%
Ordinary income	(10,553)	-	19,488	(23.4)%
Net income	(8,161)	-	9,807	(32.7)%
Earnings per share (basic, Yen)	(32.43)	-	38.96	-
Earnings per share (diluted, Yen)	-	-	-	-

(2) Consolidated Financial Position

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

	As of December 20, 2009	As of March 20, 2009
Total assets	225,560	249,111
Net assets	90,056	102,421
Shareholders' equity ratio (%)	37.8	39.0
Net assets per share (Yen)	338.53	385.60

Reference: Shareholders' equity
As of December 20, 2009: ¥85,201 million
As of March 20, 2009: ¥97,068 million

2. Dividend Distribution

		Year Ended March 20, 2009	Year Ending March 20, 2010	Year Ending March 20, 2010 (forecast)
Dividend per share (Yen)	End of 1Q	-	-	-
	End of 2Q	6.50	1.50	-
	End of 3Q	-	-	-
	Year-end	6.50	-	1.50
	Annual total	13.00	-	3.00

Note: Change in the estimation of dividend for the fiscal year in this period: None

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2010

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

	Year ending March 20, 2010	Change
Net sales	228,000	(34.9)%
Operating income	(6,500)	-
Ordinary income	(6,500)	-
Net income	(5,000)	-
Earnings per share (Yen)	(19.86)	-

Note: Change in the projected consolidated results in this period: None

4. Other

(1) Change in Scope of Consolidation: None

(2) Use of simplified accounting methods and accounting methods solely for preparation of quarterly consolidated financial statements: Yes

(Note: Please refer to “4.Other” on page 5 for details.)

(3) Change in Accounting Methods and Description

1. Changes related to revision of accounting standards: Yes
2. Other changes: Yes

(Note: Please refer to “4.Other” on page 5 for details.)

(4) Number of Common Shares Outstanding

1. The number of shares outstanding including treasury stock:
   As of December 20, 2009: 252,331,938 shares
   As of March 20, 2009: 252,331,938 shares
2. The number of treasury stocks at the end of the period:
   As of December 20, 2009: 649,313 shares
   As of March 20, 2009: 596,451 shares
3. Average during period (consolidated quarter cumulative):
   Nine months ended December 2009: 251,709,088 shares
   Nine months ended December 2008: 251,723,513 shares

About the Appropriate Use of Business Forecasts

1. 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. Overview on projected consolidated results” on page 5 of the business results and financial statements section.
2. Beginning with the current fiscal year, “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements have been prepared in accordance with “Rules for Quarterly Consolidated Financial Statements.”

Business Results and Financial Statements

1. Overview on Consolidated Business Performance

In the first three quarters (March 21 to December 20, 2009), a gradual upturn in the operating environment for the Yaskawa Group indicated that the worst of the economic downturn has ended. However, the full recovery is yet to come. Companies in the automobile industry, a primary user of the group's products, continue to hold down capital expenditures and the yen appreciated rapidly in the fiscal year's second half.

To succeed in this difficult business climate, the Yaskawa Group has been taking the following actions.

- For AC servomotors, AC drives, industrial robots and other core products, target promising new market sectors and increase market share in existing markets.
- Increase orders by using marketing activities led by top management and creating proposals for customers where there is substantial potential demand.
- Create proposals for new products faster by speeding up the development of technologies and improving skills in using systems to meet customers' needs.
- Rapidly increase sales in China and emerging markets with excellent prospects for growth.
- Offer customers prices that are much more competitive than those of competitors by rigorously cutting costs and establishing an efficient production system.

The benefits of these initiatives along with the slow economic recovery are producing an improvement in orders from customers in China and other Asian countries, led by products in the motion control segment. In addition, signs of an upturn in Japan are beginning to appear.

The Yaskawa Group continued to take steps to cut costs immediately and implement extensive cost-reduction measures with the aim of securing profit. However, the benefits of these actions were outweighed by the negative impact of the decline in sales.

In the first three quarters (March 21 to December 20, 2009), compared with the same period one year earlier, consolidated sales were down 44.7% to ¥150,554 million. There was an operating loss of ¥11,033 million, down ¥31,258 million compared with the operating income in the same period one year earlier, an ordinary loss of ¥10,553 million, down ¥30,041 million compared with the ordinary income in the same period one year earlier, and a net loss of ¥8,161 million, down ¥17,968 million compared with the net income in the same period one year earlier.

The business results of each business segment for the first three quarters are as follows. Please see page 7 (reference) for the main products of each segment.

	Nine months ended December 20, 2009	
Business segment	Net sales (change from the corresponding period previous fiscal year)	Operating income (loss) (change from the corresponding period previous fiscal year)
Motion Control	¥73,300 million (down by ¥57,175 million)	¥(4,223) million (down by ¥16,829 million)
Robotics	¥37,516 million (down by ¥53,244 million)	¥(7,780) million (down by ¥13,024 million)
System Engineering	¥25,167 million (down by ¥4,636 million)	¥1,963 million (up by ¥545 million)
Information Technologies	¥10,412 million (down by ¥5,215 million)	¥(976) million (down by ¥1,422 million)
Other (Logistics service, temporary staffing service, etc.)	¥4,156 million (down by ¥1,552 million)	¥(95) million (down by ¥608 million)

■ Motion Control

There is a recovery in sales of AC servo drives and controllers to companies in the semiconductor and chip mounting industries and to companies in China and other Asian countries.

For AC drives, sales in the second half of the fiscal year is recovering to almost the level recorded in the same period a year earlier due to demand in China, where the economy began recovering ahead of other countries, and economic recoveries elsewhere in Asia and in the United States.

■ Robotics

In the automobile industry, which is the primary market for this segment, sales remained sluggish because the recovery in automobile production in Japan has not yet been sufficient to prompt companies to resume capital expenditures. However, there are signs that a recovery may be starting, particularly the emergence of new investments in China and other areas of Asia.

■ System Engineering

Performance in this segment was relatively steady mainly because of sales to the steel industry.

■ Information Technologies

Demand was weak as declining earnings caused companies to limit their capital expenditures associated with information technologies.

*Comparisons with the previous fiscal year are provided only for reference

2. Overview of Financial Condition

(1) Balance Sheet Highlights

Total assets decreased ¥23,550 million from the end of the previous fiscal year to ¥225,560 million.

The main reason was a ¥20,358 million decline in current assets that was attributable to a decrease in trade notes and accounts receivable and other items.

Total liabilities decreased ¥11,185 million to ¥135,504 million. This was primarily the net result of a ¥15,811 million decrease in trade notes and accounts payable and a ¥7,047 million increase in long-term debt.

Net assets decreased ¥12,364 million to ¥90,056 million mainly because of a ¥11,912 million decrease in retained earnings.

(2) Cash Flows

Cash and cash equivalents totaled ¥20,839 million at the end of the third quarter, a net increase of ¥10,209 million compared with the end of the previous fiscal year.

Net cash provided by operating activities was ¥6,556 million. The major components were a ¥13,075 million loss before income taxes and minority interests, a ¥23,319 million decrease in trade receivables and a ¥15,387 million decrease in trade payables.

Net cash used in investing activities was ¥4,513 million. The major uses of cash were payments of ¥3,809 million for purchases of property, plant and equipment and intangible assets and ¥529 million for purchases of investment securities.

Free cash flows, the sum of operating and investing cash flows, were a positive ¥2,043 million.

Net cash provided by financing activities was ¥8,193 million. The primary sources of cash were proceeds of ¥10,310 million from long-term debt and ¥1,962 million from short-term debt.

3. Overview on projected consolidated results

There are no revisions to the consolidated forecast that was announced on October 16, 2009. This forecast is based on average exchange rates of ¥90 to the U.S. dollar and ¥120 to the euro during the period from December 21, 2009 to March 20, 2010.

4. Other

(1) Change in Scope of Consolidation: None

(2) Use of simplified accounting methods and accounting methods solely for preparation of quarterly consolidated financial statements

1) Calculation of estimate of loan losses for ordinary loans

For some consolidated subsidiaries, the 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 did not differ significantly from the write-off ratio at the end of the previous fiscal year.

2) Valuation method for inventories

Inventories at the end of the third quarter of the fiscal year were calculated using a reasonable method based on the physical count of inventories performed at the end of the previous fiscal year or at the end of the first half of the current fiscal year. No physical count of inventories was performed.

3) 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.

4) Calculation method for accrued items

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

5) Calculation method for income taxes and deferred tax assets and liabilities

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

(3) Changes in Accounting Methods and Description

1) Beginning with the current fiscal year, “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements have been prepared in accordance with “Rules for Quarterly Consolidated Financial Statements.”

2) Beginning with the first quarter of the current fiscal year, “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) has been applied. Adoption of this accounting standard increased the consolidated operating loss and ordinary loss by ¥650 million each and increased the loss before income taxes and minority interests by ¥2,789 million for the first three quarters. For valuations of certain products and raw materials, instead of using the semiannual total average method

as in the past, the total average method is used beginning with the first quarter of the current fiscal year. This change was made to present earnings in each fiscal period more accurately by eliminating the effect of temporary changes in manufacturing expenses on inventory valuations. This change did not have a material effect on earnings.

3) Beginning with the first quarter of the current fiscal year, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied and the consolidated financial statements were revised as necessary. This change reduced retained earnings at the beginning of the fiscal year by ¥1,330 million but did not have a material effect on earnings.

(Reference) The main products of each segment

Segments and Main Products
(Motion Control) AC servomotors and controllers, general-purpose AC drives, AC spindle motors and controllers for machine tools, linear motors and controllers, DC servomotors and controllers, high-speed motors, compact precision motors, hybrid motors, energy-saving motors and AC drives, high-frequency AC drives, programmable controllers, machine controllers, numerical control systems, vision systems, etc.
(Robotics) Arc welding robots, spot welding robots, painting robots, handling robots, clean/vacuum robots for semiconductor and FPD manufacturing equipment, special actuators, transfer systems for clean/vacuum environment, robot-application FA systems, medical care and welfare service robots, etc.
(System Engineering) Electrical systems for steel plants, electrical instrumentation for water supply plants and sewage treatment facilities systems, roadway equipment power supplies systems, electrical systems for environmental plants, power mechatronics systems, control systems for harbor loading and unloading cranes, variable-speed drive systems for printing machines and production equipments of paper, film and fabric, system information control equipment, medium-capacity medium-voltage AC drives, medium-voltage switching devices, control centers, system control panels, electric power distribution equipment, internal permanent magnet motors, medium and large induction motors, small power generators and power generation equipment, rotating machines for industrial uses, etc.
(Information Technologies) Floppy disk drives, 2-dimensional code marking and reading devices, information management software and services, machines for office applications, etc.
(Other) Logistics service, temporary staffing service, etc.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 20, 2009	As of March 20, 2009
Assets		
Current assets		
Cash and time deposits	20,969	10,794
Trade notes and accounts receivable	61,429	88,136
Merchandise and finished goods	31,025	37,365
Goods in process	7,522	6,353
Raw materials and supplies	8,465	10,985
Other	20,678	16,478
Allowance for doubtful accounts	(1,376)	(1,041)
Total current assets	148,714	169,073
Fixed assets		
Property, plant and equipment	37,204	39,871
Intangible assets	5,119	6,824
Investments and other assets		
Other	35,064	34,464
Allowance for doubtful accounts	(542)	(1,122)
Total investments and other assets	34,522	33,341
Total fixed assets	76,845	80,037
Total Assets	225,560	249,111
Liabilities		
Current liabilities		
Trade notes and accounts payable	38,440	54,252
Short-term bank loans	30,227	27,609
Accrued directors' bonus	19	60
Other	21,375	26,025
Total current liabilities	90,063	107,948
Long-term liabilities		
Long-term debt	12,333	5,285
Accrued retirement benefits for employees	31,729	32,034
Accrued retirement benefits for directors	261	266
Other	1,117	1,155
Total long-term liabilities	45,441	38,741
Total liabilities	135,504	146,689
Net assets		
Shareholders’ equity		
Common stock	23,062	23,062
Additional paid-in capital	18,681	18,681
Retained earnings	49,071	60,983
Treasury stock, at cost	(406)	(357)
Total shareholders’ equity	90,408	102,369
Valuation and translation adjustments		
Net unrealized holding gain (loss) on securities	715	(113)
Deferred gains (losses) on hedges	(21)	(67)
Foreign currency translation adjustments	(5,901)	(5,119)
Total valuation and translation adjustments	(5,207)	(5,301)
Minority interests	4,855	5,353
Total net assets	90,056	102,421
Total liabilities and net assets	225,560	249,111

(2) Consolidated Statements of Income

	(Millions of yen)
	Nine Months Ended December 20, 2009
Net sales	150,554
Cost of sales	118,648
Gross profit	31,905
Selling, general and administrative expenses	42,939
Operating income (loss)	(11,033)
Non-operating income	
Interest income	49
Dividends received	222
Government subsidies for employment adjustment	882
Other	750
Total non-operating income	1,903
Non-operating expenses	
Interest expense	537
Equity in losses of associated companies	295
Foreign exchange loss	390
Other	199
Total non-operating expenses	1,422
Ordinary income (loss)	(10,553)
Extraordinary gains	
Gain on sales of fixed assets	45
Total extraordinary gains	45
Extraordinary losses	
Loss on sales and disposal of fixed assets	109
Loss on valuation of inventories	2,138
Other	319
Total extraordinary losses	2,567
Income (Loss) before income taxes and minority interests	(13,075)
Provision for income taxes- current	658
Reversal of income taxes payable for previous periods	(139)
Provision for income taxes- deferred	(5,117)
Total income taxes	(4,598)
Minority interests in income (loss)	(314)
Net income (loss)	(8,161)

(3) Consolidated Statements of Cash Flows

	(Millions of yen)
	Nine Months Ended December 20, 2009
Cash flows from operating activities	
Income (Loss) before income taxes and minority interests	(13,075)
Depreciation and amortization	5,772
Loss on valuation of inventories	2,138
Increase (decrease) in allowance for doubtful accounts	(249)
Provision for employees' retirement benefits, net of payments	(325)
Provision for directors' retirement benefits, net of payments	(4)
Loss (Gain) on sales and disposal of fixed assets	63
Interest and dividend income	(271)
Interest expense	537
(Increase) decrease in trade receivables	23,319
(Increase) decrease in inventories	4,916
Increase (decrease) in trade payables	(15,387)
Increase (decrease) in accrued expenses	(579)
Other, net	(626)
Subtotal	6,227
Interest and dividends received	451
Interest paid	(529)
Income taxes paid	(2,489)
Income taxes refund	2,897
Net cash provided by (used in) operating activities	6,556
Cash flows from investing activities	
Purchase of property, plant and equipment and intangible assets	(3,809)
Proceeds from sales of property, plant and equipment and intangible assets	98
Purchases of investment securities	(529)
Other, net	(273)
Net cash provided by (used in) investing activities	(4,513)
Cash flows from financing activities	
Increase (decrease) in short-term debt	1,962
Proceeds from long-term debt	10,310
Repayments of long-term debt	(1,938)
Dividends paid	(2,015)
Dividends paid to minority shareholders	(116)
Other, net	(7)
Net cash provided by (used in) financing activities	8,193
Effect of exchange rate changes on cash and cash equivalents	(114)
Net increase (decrease) in cash and cash equivalents	10,122
Cash and cash equivalents at beginning of year	10,629
Increase due to inclusion of subsidiaries in consolidation	87
Cash and cash equivalents at end of term	20,839

Beginning with the current fiscal year, “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements have been prepared in accordance with “Rules for Quarterly Consolidated Financial Statements.”

(4) Notes pertaining to the presumption of a going concern

There are no items in the current period.

(5) Segment Information

Business Segments

Nine months ended December 20, 2009 (Millions of yen)

	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
Net sales								
Sales to external customers	73,300	37,516	25,167	10,412	4,156	150,554	-	150,554
Intersegment sales and transfers	4,149	328	1,126	1,318	2,835	9,758	(9,758)	-
Total sales	77,450	37,845	26,293	11,731	6,992	160,312	(9,758)	150,554
Operating income (loss)	(4,223)	(7,780)	1,963	(976)	(95)	(11,112)	78	(11,033)

(Note)

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

Geographical Areas

Nine months ended December 20, 2009 (Millions of yen)

	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
Net sales							
Sales to external customers	88,182	19,906	17,484	24,980	150,554	-	150,554
Intersegment sales and transfers	21,233	231	105	1,855	23,424	(23,424)	-
Total sales	109,415	20,138	17,590	26,835	173,979	(23,424)	150,554
Operating income (loss)	(14,295)	479	(605)	1,352	(13,070)	2,036	(11,033)

(Note)

1. Geographical areas are divided into categories based on their geographical proximity.
2. 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

Overseas Sales

	Nine months ended December 20, 2009				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	21,005	16,878	37,525	768	76,177
Consolidated sales	-	-	-	-	150,554
Percentage of overseas sales in consolidated sales	14%	11%	25%	1%	51%

(Note)
1. Geographical areas are divided into categories based on their geographical proximity.
2. 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
   Other – Australia, etc

(6) Notes on significant change in shareholders' equity

Beginning with the first quarter of the current fiscal year, the " Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied and the consolidated financial statements were revised as necessary. This change reduced retained earnings at the beginning of the fiscal year by ¥1,330 million.