

## Consolidated Results for the First Quarter of the Fiscal Year Ending March 20, 2011 [Japan GAAP]

July 15, 2010

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. The figures under one million are rounded down.)

### 1. Summary of Consolidated Results for the First Quarter of the Fiscal Year Ending March 20, 2011 (March 21, 2010 to June 20, 2010)

#### (1) Consolidated Statements of Income

	(Millions of yen, except ratio and per share data)			
	Three months ended June 20, 2010	Change	Three months ended June 20, 2009	Change
Net sales	63,364	36.7%	46,350	-
Operating income	(612)	-	(4,612)	-
Ordinary income	(702)	-	(4,970)	-
Net income	(1,063)	-	(4,775)	-
Earnings per share (basic, Yen)	(4.22)	-	(18.97)	-
Earnings per share (diluted, Yen)	-	-	-	-

#### (2) Consolidated Financial Position

	(Millions of yen, except ratio and per share data)	
	As of June 20, 2010	As of March 20, 2010
Total assets	243,488	241,649
Net assets	91,733	93,289
Shareholders' equity ratio (%)	35.7	36.6
Net assets per share (Yen)	345.58	351.47

Reference: Shareholders' equity

As of June 20, 2010: ¥86,974 million

As of March 20, 2010: ¥88,459 million

### 2. Dividend Distribution

		Year Ended March 20, 2010	Year Ending March 20, 2011	Year Ending March 20, 2011 (forecast)
Dividend per share (Yen)	End of 1Q	-	-	-
	End of 2Q	1.50	-	2.00
	End of 3Q	-	-	-
	Year-end	1.50	-	2.00
	Annual total	3.00	-	4.00

Note: Change in the forecast of dividend in this period: None

### 3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2011

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

	Six months ending September 20, 2010	Change	Year ending March 20, 2011	Change
Net sales	137,000	39.3%	270,000	20.2%
Operating income	3,000	-	8,000	-
Ordinary income	3,000	-	8,000	-
Net income	1,500	-	4,000	-
Earnings per share (Yen)	5.96	-	15.89	-

Note: Change in the projected consolidated results in this period: Yes

### 4. Other (\*Please refer to “2. Other Information” on page 4 for details.)

(1) Change in Scope of Consolidation: None

(2) Use of simplified accounting methods and special accounting methods: Yes

(3) Change in Accounting Methods and Description

1. Changes related to revision of accounting standards: Yes
2. Other changes: No

(4) Number of Common Shares Outstanding

1. The number of shares outstanding including treasury stock:  
As of June 20, 2010: 252,331,938 shares  
As of March 20, 2010: 252,331,938 shares
2. The number of treasury stocks:  
As of June 20, 2010: 653,788 shares  
As of March 20, 2010: 649,178 shares
3. Average during period (quarter cumulative):  
Three months ended June 2010: 251,679,854  
Three months ended June 2009: 251,732,871

\*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 3.

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## 1. Qualitative Information on Quarterly Results

### 1) Qualitative Information on Consolidated Business Performance

In the first quarter of the fiscal year, the economy began to stage a recovery that was supported primarily by external demand, mostly in China and other Asian countries. To achieve a recovery and growth in sales and earnings, the Yaskawa Group took the following actions in line with the growth strategy in its “Challenge 100” mid-term business plan.

- Increase sales even faster in the growing markets of China, other Asian countries and countries with emerging economies.
- Grow in the environmental & energy business domain.
- Continue to cut costs rigorously.

In the motion control segment, orders from the semiconductor and electronic components industries were strong, mainly in China and other Asian countries. There was a recovery in orders in the robotics segment, too. As a result, sales were much higher than one year earlier and there was a big improvement in profitability. Despite this improvement, the Yaskawa Group ran a deficit in the first quarter.

First quarter sales increased 36.7% to ¥63,364 million, the operating loss decreased by ¥4,000 million to ¥612 million, the ordinary loss decreased by ¥4,267 million to ¥702 million, and the net loss decreased by ¥3,712 million to ¥1,063 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	Three months ended June 20, 2010			
	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	34,814	(up by 62.4%)	864	(up by 2,744)
Robotics	17,243	(up by 29.3%)	(1,159)	(less by 1,222)
System Engineering	6,375	(down by 15.5%)	(76)	(down by 363)
Information Technologies	3,079	(up by 12.1%)	(414)	(less by 261)
Other	1,851	(up by 43.9%)	112	(up by 130)

#### ■ Motion Control

Orders recovered rapidly as demand rebounded due to the resumption of capital expenditures by customers and the completion of inventory reductions, and sales were much higher than one year earlier. As a result, this segment returned to profitability.

Demand for AC servo motors and controllers is strong in the semiconductor and electronic components industries and in China and other Asian countries.

There is also a recovery in orders for AC drives in China as well as in other Asian countries and the United States.

■ Robotics

Capital expenditures are slowly recovering despite weakness in these expenditures in the automobile industry in Japan. As a result, sales were higher than one year earlier and profitability improved.

Demand for welding, handling and other robots is recovering. One reason is growth in robotics investments in the automobile industry in China and other Asian countries. In Japan, in addition to targeting the automobile industry, the Yaskawa Group took actions aimed at capturing orders from companies in other industries. Performance also benefited from a recovery in demand for robotics in the FPD and semiconductor industries.

■ System Engineering

Despite ongoing efforts to hold down expenses wherever possible, sales and earnings declined from one year earlier due to a downturn in investments in the steel industry.

■ Information Technologies

Sales increased from one year earlier and profitability improved as companies resumed making capital expenditures associated with information technologies.

■ Other

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

2) Overview on Consolidated Financial Condition

Total assets were ¥243,488 million at the end of the first quarter. This was ¥1,838 million more than at the end of the previous fiscal year mainly because of an increase in current assets.

Total liabilities increased ¥3,394 million to ¥151,754 million mainly because of an increase in current liabilities.

Net assets decreased ¥1,555 million to ¥91,733 million mainly because of a decrease in retained earnings.

3) Overview on Projected Consolidated Results

The forecast for consolidated results of operations for the first half of the fiscal year has been revised as follows due to the volume of orders in major business segments and other factors. For more information, please see the press release dated today (July 15, 2010) concerning this forecast revision.

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

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (yen)
Previous forecast (A)	127,000	1,000	1,000	500	1.99
Revised forecast (B)	137,000	3,000	3,000	1,500	5.96
Difference (B-A)	10,000	2,000	2,000	1,000	-
Pct. change (%)	7.9	200.0	200.0	200.0	-
First half results of previous fiscal year	98,355	(8,374)	(8,098)	(6,262)	(24.88)

There are no revisions to the forecast for consolidated full-year performance of the fiscal year ending in March 2011 that was announced on April 20, 2010 with results of operations for the fiscal year that ended in March 2010.

## 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 first 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

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

#### 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.

To determine the likelihood of recovering deferred tax assets, the earnings forecast and tax planning items that were used at the end of the previous fiscal year were used because there have been no major changes in temporary differences and other items since then.

### 3) Change in Accounting Methods and Description

(Change in standard for recognition of sales and cost of sales for completed construction projects)

Previously, sales and the cost of sales for construction contracts were recognized by using the completed-contract method. Beginning with the first quarter of the current fiscal year, "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007) have been applied. For construction contracts where work was started during the first quarter of the current fiscal year, the percentage-of-completion method (rate of progress estimated by the cost-ratio method) is used for contracts where the outcome with regard to progress made by the end of the first quarter is deemed to be certain and the completed-contract method is used for all other contracts.

This change had no effect on earnings.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

	(Millions of yen)	
	As of June 20, 2010	As of March 20, 2010
<b>Assets</b>		
Current assets		
Cash and time deposits	19,661	16,430
Trade notes and accounts receivable	75,875	81,024
Merchandise and finished goods	31,130	30,747
Goods in process	7,284	5,935
Raw materials and supplies	11,737	9,517
Other	21,512	19,931
Allowance for doubtful accounts	(1,450)	(1,550)
Total current assets	165,750	162,036
Fixed assets		
Property, plant and equipment	36,646	36,390
Intangible assets	5,433	5,202
Investments and other assets		
Other	36,206	38,509
Allowance for doubtful accounts	(548)	(489)
Total investments and other assets	35,657	38,019
Total fixed assets	77,737	79,612
Total Assets	243,488	241,649
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	55,563	51,082
Short-term bank loans	31,348	31,830
Accrued directors' bonus	14	44
Other	22,117	22,294
Total current liabilities	109,043	105,252
Long-term liabilities		
Long-term debt	10,128	10,405
Provision for employees' retirement benefits	31,403	31,337
Provision for directors' retirement benefits	231	278
Other	947	1,085
Total long-term liabilities	42,710	43,107
Total liabilities	151,754	148,359
<b>Net assets</b>		
Shareholders' equity		
Common stock	23,062	23,062
Additional paid-in capital	18,682	18,682
Retained earnings	50,178	51,534
Treasury stock, at cost	(410)	(407)
Total shareholders' equity	91,511	92,871
Valuation and translation adjustments		
Net unrealized holding gain (loss) on securities	1,366	1,241
Deferred gains (losses) on hedges	(2)	(11)
Foreign currency translation adjustments	(5,901)	(5,641)
Total valuation and translation adjustments	(4,537)	(4,412)
Minority interests	4,759	4,830
Total net assets	91,733	93,289
Total liabilities and net assets	243,488	241,649

## (2) Consolidated Statements of Income

(Millions of yen)

	Three Months Ended June 20, 2009	Three Months Ended June 20, 2010
Net sales	46,350	63,364
Cost of sales	36,255	48,879
Gross profit	10,095	14,485
Selling, general and administrative expenses	14,708	15,097
Operating income (loss)	(4,612)	(612)
Non-operating income		
Interest income	24	21
Dividends received	24	18
Government subsidies for employment adjustment	-	144
Gain on valuation of derivatives	63	135
Other	115	255
Total non-operating income	226	575
Non-operating expenses		
Interest expense	193	159
Foreign exchange loss	-	297
Equity in losses of associated companies	212	162
Other	177	47
Total non-operating expenses	583	666
Ordinary income (loss)	(4,970)	(702)
Extraordinary gains		
Gain on sales of fixed assets	0	5
Reversal of allowance for doubtful accounts	-	30
Total extraordinary gains	0	35
Extraordinary losses		
Loss on sales and disposal of fixed assets	69	29
Loss on valuation of inventories	2,138	-
Loss on devaluation of investment securities	-	139
Other	48	-
Total extraordinary losses	2,256	169
Income (Loss) before income taxes and minority interests	(7,226)	(836)
Provision for income taxes- current	195	733
Reversal of income taxes payable for previous periods	(139)	-
Provision for income taxes- deferred	(2,278)	(427)
Total income taxes	(2,223)	305
Minority interests in income (loss)	(227)	(78)
Net income (loss)	(4,775)	(1,063)



(3) Notes Pertaining to the Presumption of a Going Concern

None

(4) Segment Information

Business Segments

	Three months ended June 20, 2009					(Millions of yen)		
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
<u>Net sales</u>								
Sales to external customers	21,442	13,332	7,540	2,748	1,286	46,350	-	46,350
Intersegment sales and transfers	1,066	100	338	321	946	2,773	(2,773)	-
Total sales	22,508	13,433	7,879	3,069	2,232	49,123	(2,773)	46,350
Operating income (loss)	(1,879)	(2,382)	287	(676)	(18)	(4,670)	57	(4,612)

(Note)

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

	Three months ended June 20, 2010					(Millions of yen)		
	Motion Control	Robotics	System Engineering	Information Technologies	Other	Total	Eliminations & Corporate	Consolidated
<u>Net sales</u>								
Sales to external customers	34,814	17,243	6,375	3,079	1,851	63,364	-	63,364
Intersegment sales and transfers	2,279	395	336	579	1,155	4,746	(4,746)	-
Total sales	37,094	17,638	6,712	3,659	3,006	68,111	(4,746)	63,364
Operating income (loss)	864	(1,159)	(76)	(414)	112	(674)	61	(612)

(Note)

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

## Geographical Areas

	Three months ended June 20, 2009					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
<u>Net sales</u>							
Sales to external customers	25,782	7,426	6,048	7,092	46,350	-	46,350
Intersegment sales and transfers	4,564	95	19	510	5,190	(5,190)	-
Total sales	30,347	7,522	6,068	7,603	51,541	(5,190)	46,350
Operating income (loss)	(6,845)	107	(217)	399	(6,556)	1,943	(4,612)

### (Notes)

- 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

	Three months ended June 20, 2010					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
<u>Net sales</u>							
Sales to external customers	37,045	7,893	6,620	11,805	63,364	-	63,364
Intersegment sales and transfers	13,381	89	43	1,390	14,905	(14,905)	-
Total sales	50,427	7,982	6,663	13,196	78,269	(14,905)	63,364
Operating income (loss)	(789)	372	248	919	750	(1,362)	(612)

### (Notes)

- 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

	Three months ended June 20, 2009				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	7,520	5,975	10,568	215	24,279
Consolidated sales	-	-	-	-	46,350
Percentage of overseas sales in consolidated sales	16%	13%	23%	0%	52%

### (Notes)

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

	Three months ended June 20, 2010				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	9,073	6,695	18,800	148	34,717
Consolidated sales	-	-	-	-	63,364
Percentage of overseas sales in consolidated sales	14%	11%	30%	0%	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.

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

(5) Notes on Significant Change in Shareholders' Equity

None