

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

October 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 Two Quarters of the Fiscal Year Ending March 20, 2011 (March 21, 2010 to September 20, 2010)

(1) Consolidated Statements of Income

	(Millions of yen, except ratio and per share data)			
	Six months ended September 20, 2010	Change	Six months ended September 20, 2009	Change
Net sales	139,464	41.8%	98,355	-
Operating income	3,478	-	(8,374)	-
Ordinary income	3,478	-	(8,098)	-
Net income	1,701	-	(6,262)	-
Earnings per share (basic, Yen)	6.76	-	(24.88)	-
Earnings per share (diluted, Yen)	-	-	-	-

(2) Consolidated Financial Position

	(Millions of yen, except ratio and per share data)	
	As of September 20, 2010	As of March 20, 2010
Total assets	254,478	241,649
Net assets	92,918	93,289
Shareholders' equity ratio (%)	34.6	36.6
Net assets per share (Yen)	350.34	351.47

Reference: Shareholders' equity

As of September 20, 2010: ¥88,169 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)

	Year ending March 20, 2011	Change
Net sales	295,000	31.3%
Operating income	12,500	-
Ordinary income	12,500	-
Net income	6,500	-
Earnings per share (Yen)	25.83	-

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

4. Other (*Please refer to “2. Other Information” on page 4 of the attachment 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: No

(4) Number of Common Shares Outstanding

1. The number of shares outstanding including treasury stock:
As of September 20, 2010: 252,331,938 shares
As of March 20, 2010: 252,331,938 shares
2. The number of treasury stocks:
As of September 20, 2010: 661,774 shares
As of March 20, 2010: 649,178 shares
3. Average during period (quarter cumulative):
Six months ended September 2010: 251,676,411
Six months ended September 2009: 251,718,007

*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 of the attachment.

(Attachment)

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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 yen appreciated rapidly during the second quarter but sales and earnings at the Yaskawa Group increased because of strong external demand in China and other Asian countries and a recovery in earnings at major customers in Japan.

To achieve a recovery in performance along with growth in this environment, 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 and other Asian countries and countries with emerging economies
- Grow in the environmental & energy business domain
- Continue to cut costs rigorously

Due to the improvement in the operating environment as well as our implementation of the above measures, there were large increases and improvements in first half sales and earnings from one year earlier, chiefly in the key motion control and robotics segments.

First half sales increased 41.8% to ¥139,464 million, operating income increased ¥11,853 million to ¥3,478 million, ordinary income increased ¥11,577 million to ¥3,478 million, and net income increased ¥7,963 million to ¥1,701 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, 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	76,698	(up by 70.4%)	4,166	(up by 8,119)
Robotics	37,934	(up by 50.6%)	(551)	(less by 4,746)
System Engineering	13,885	(down by 23.7%)	119	(down by 1,374)
Information Technologies	7,076	(down by 4.1%)	(538)	(less by 73)
Other	3,869	(up by 49.2%)	275	(up by 359)

■ Motion Control

Orders for AC servo motors and controllers were strong as demand increased along with the resumption of capital expenditures by customers. To meet the rapid upturn in orders, the Yaskawa Group focused on increasing sales by strengthening manufacturing operations.

Orders and sales for AC drives remained strong because of demand for use in energy-conserving applications and demand associated with infrastructure projects in China and other Asian countries.

As a result, segment sales were higher than one year earlier and there was operating income compared with a loss one year earlier.

■ Robotics

Orders for welding, handling and other robots increased as the Yaskawa Group worked on increasing sales overseas, particularly in the automobile industry and other market sectors. In Japan, the recovery in demand from the automobile industry has been delayed but the Yaskawa Group concentrated on targeting demand for robots in other industries. In addition, sales remained firm to customers in the FPD industry and in other industries.

As a result, sales and earnings increased and improved from one year earlier.

■ System Engineering

Sales were lower than one year earlier because of a downturn in demand from the steel industry. But the segment was profitable because of rigorous cost-cutting and profitability management measures.

■ Information Technologies

Although capital expenditures associated with information technologies have been recovering, sales were slightly lower than one year earlier due to intense competition. The segment loss decreased because of extensive measures to cut costs.

■ Other

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

2) Qualitative Information on Consolidated Financial Condition

Total assets were ¥254,478 million at the end of the first half, ¥12,828 million higher than at the end of the previous fiscal year. The increase was attributable primarily to growth in current assets.

Total liabilities increased ¥13,200 million to ¥161,559 million mainly because of growth in current liabilities.

Net assets decreased ¥371 million to ¥92,918 million.

3) Qualitative Information on Projected Consolidated Results

The forecast for consolidated results of operations for the fiscal year ending March 20, 2011 has been revised as follows due to the volume of orders in major business segments and other factors. This forecast is based on average exchange rates of ¥85 to the U.S. dollar and ¥110 to the euro during the second half of the current fiscal year.

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

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (yen)
Previous forecast (A)	270,000	8,000	8,000	4,000	15.89
Revised forecast (B)	295,000	12,500	12,500	6,500	25.83
Difference (B-A)	25,000	4,500	4,500	2,500	-
Pct. change (%)	9.3	56.3	56.3	62.5	-
Previous fiscal year	224,710	(6,977)	(6,049)	(5,699)	(22.64)

This forecast is based on decisions made by Yaskawa Electric based on information that was available on the announcement date of this material. Actual performance may differ from this forecast 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 first half 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

Some consolidated subsidiaries did not perform a physical count to calculate inventories at the end of the first half. Instead, inventories were calculated by using a reasonable method based on the physical count of inventories at the end of the previous 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.

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 half is deemed to be certain and the completed-contract method is used for all other contracts.

This change had only a negligible effect on sales or earnings.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	(Millions of yen)	
	As of September 20, 2010	As of March 20, 2010
Assets		
Current assets		
Cash and time deposits	18,180	16,430
Trade notes and accounts receivable	83,344	81,024
Merchandise and finished goods	32,681	30,747
Goods in process	8,826	5,935
Raw materials and supplies	12,152	9,517
Other	23,481	19,931
Allowance for doubtful accounts	(1,612)	(1,550)
Total current assets	<u>177,054</u>	<u>162,036</u>
Fixed assets		
Property, plant and equipment	36,298	36,390
Intangible assets	5,484	5,202
Investments and other assets		
Other	36,189	38,509
Allowance for doubtful accounts	(549)	(489)
Total investments and other assets	<u>35,639</u>	<u>38,019</u>
Total fixed assets	<u>77,423</u>	<u>79,612</u>
Total assets	<u>254,478</u>	<u>241,649</u>
Liabilities		
Current liabilities		
Trade notes and accounts payable	61,467	51,082
Short-term bank loans	32,268	31,830
Accrued directors' bonus	25	44
Other	26,077	22,294
Total current liabilities	<u>119,839</u>	<u>105,252</u>
Long-term liabilities		
Long-term debt	9,201	10,405
Provision for employees' retirement benefits	31,176	31,337
Provision for directors' retirement benefits	254	278
Other	1,088	1,085
Total long-term liabilities	<u>41,720</u>	<u>43,107</u>
Total liabilities	<u>161,559</u>	<u>148,359</u>
Net assets		
Shareholders' equity		
Common stock	23,062	23,062
Additional paid-in capital	18,682	18,682
Retained earnings	52,942	51,534
Treasury stock, at cost	(416)	(407)
Total shareholders' equity	<u>94,269</u>	<u>92,871</u>
Valuation and translation adjustments		
Net unrealized holding gain (loss) on securities	1,163	1,241
Deferred gains (losses) on hedges	(0)	(11)
Foreign currency translation adjustments	(7,263)	(5,641)
Total valuation and translation adjustments	<u>(6,100)</u>	<u>(4,412)</u>
Minority interests	4,748	4,830
Total net assets	<u>92,918</u>	<u>93,289</u>
Total liabilities and net assets	<u>254,478</u>	<u>241,649</u>

(2) Consolidated Statements of Income

(Millions of yen)

	Six Months Ended September 20, 2009	Six Months Ended September 20, 2010
Net sales	98,355	139,464
Cost of sales	77,901	105,022
Gross profit	20,454	34,442
Selling, general and administrative expenses	28,828	30,963
Operating income (loss)	(8,374)	3,478
Non-operating income		
Interest income	33	61
Dividends received	131	178
Government subsidies for employment adjustment	451	185
Other	619	393
Total non-operating income	1,235	819
Non-operating expenses		
Interest expense	370	321
Equity in losses of associated companies	163	10
Foreign exchange loss	260	306
Other	166	181
Total non-operating expenses	959	819
Ordinary income (loss)	(8,098)	3,478
Extraordinary gains		
Gain on sales of fixed assets	24	42
Total extraordinary gains	24	42
Extraordinary losses		
Loss on sales and disposal of fixed assets	88	37
Loss on valuation of inventories	2,138	-
Loss on devaluation of investment securities	-	358
Other	83	106
Total extraordinary losses	2,311	502
Income (Loss) before income taxes and minority interests	(10,385)	3,018
Provision for income taxes- current	321	2,056
Reversal of income taxes payable for previous periods	(139)	-
Provision for income taxes- deferred	(4,087)	(685)
Total income taxes	(3,905)	1,370
Minority interests in income (loss)	(216)	(54)
Net income (loss)	(6,262)	1,701

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

None

(4) Segment Information

Business Segments

	Six months ended September 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	44,999	25,196	18,188	7,378	2,592	98,355	-	98,355
Intersegment sales and transfers	2,075	209	738	837	1,848	5,709	(5,709)	-
Total sales	47,075	25,405	18,927	8,215	4,441	104,065	(5,709)	98,355
Operating income (loss)	(3,952)	(5,297)	1,493	(611)	(83)	(8,452)	78	(8,374)

(Note)

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

	Six months ended September 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	76,698	37,934	13,885	7,076	3,869	139,464	-	139,464
Intersegment sales and transfers	6,092	439	694	1,522	2,360	11,109	(11,109)	-
Total sales	82,790	38,374	14,580	8,598	6,229	150,574	(11,109)	139,464
Operating income (loss)	4,166	(551)	119	(538)	275	3,471	7	(3,478)

(Note)

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

Geographical Areas

	Six months ended September 20, 2009					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
<u>Net sales</u>							
Sales to external customers	58,135	13,889	10,700	15,629	98,355	-	98,355
Intersegment sales and transfers	12,103	162	55	1,082	13,402	(13,402)	-
Total sales	70,238	14,052	10,755	16,711	111,758	(13,402)	98,355
Operating income (loss)	(10,769)	257	(725)	770	(10,467)	2,093	(8,374)

(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

	Six months ended September 20, 2010					(Millions of yen)	
	Japan	The Americas	Europe	Asia	Total	Eliminations & Corporate	Consolidated
<u>Net sales</u>							
Sales to external customers	83,528	16,988	13,080	25,867	139,464	-	139,464
Intersegment sales and transfers	28,566	221	103	2,892	31,784	(31,784)	-
Total sales	112,094	17,209	13,184	28,759	171,248	(31,784)	139,464
Operating income (loss)	1,777	1,067	388	1,963	5,197	(1,718)	3,478

(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

	Six months September 20, 2009				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	14,416	10,329	22,877	630	48,254
Consolidated sales	-	-	-	-	98,355
Percentage of overseas sales in consolidated sales	15%	11%	23%	0%	49%

(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

	Six months ended September 20, 2010				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	19,237	13,118	41,038	374	73,768
Consolidated sales	-	-	-	-	139,464
Percentage of overseas sales in consolidated sales	14%	9%	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.

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