

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

[Japan GAAP]

January 23, 2013

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, 2013 (March 21, 2012 to December 20, 2012)

(1) Consolidated Statements of Income

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

	Nine months ended December 20, 2012	Change	Nine months ended December 20, 2011	Change
Net sales	219,118	(3.1)%	226,212	6.4%
Operating income	6,798	(39.4)%	11,221	46.0%
Ordinary income	7,506	(34.6)%	11,482	48.7%
Net income	3,862	(44.6)%	6,974	61.4%
Earnings per share (basic, Yen)	15.35	-	27.71	-
Earnings per share (diluted, Yen)	14.57	-	-	-

Note:

	Nine months ended December 20, 2012	Change	Nine months ended December 20, 2011	Change
Comprehensive income (Millions of yen)	4,518	(12.2)%	5,144	-

(2) Consolidated Financial Position

(Millions of yen, except ratio)

	As of December 20, 2012	As of March 20, 2012
Total assets	282,264	279,072
Net assets	106,476	104,507
Shareholders' equity ratio (%)	36.0	35.9

Reference: Shareholders' equity

As of December 20, 2012: ¥101,700 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)
Dividends per share (Yen)			
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: None

***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 December 20, 2012: 252,331,938 shares
 - As of March 20, 2012: 252,331,938 shares
 - (b) The number of treasury shares:
 - As of December 20, 2012: 700,111 shares
 - As of March 20, 2012: 688,631 shares
 - (c) Average during period (quarter cumulative):
 - Nine months ended December 20, 2012: 251,638,343 shares
 - Nine months ended December 20, 2011: 251,651,736 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.

Supplementary materials on 3Q results will be available on our website.

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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 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 trend of the strong yen continued. In Japan, the economy has been recovering because of demand created by reconstruction activity following the East Japan Great Earthquake and other factors. However, the Japanese economy was weak overall because of slowing growth of the global economy.

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 marked lower sales than one year earlier but 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
- Allocate more resources to new businesses
- Constantly upgrade development, manufacturing and sales capabilities

Sales in the first three quarters fell below the strong performance in the corresponding period of the previous fiscal year but decreased only 3.1% to 219,118 million yen. Operating income fell 39.4% to ¥6,798 million, ordinary income was down 34.6% to ¥7,506 million and net income fell 44.6% to ¥3,862 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	Nine months ended December 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	104,191 (down by 11.5%)	1,997 (down by 4,618)
Robotics	77,416 (up by 7.2%)	4,752 (down by 184)
System Engineering	24,302 (up by 17.6%)	514 (up by 632)
Information Technologies	8,734 (down by 2.0%)	(573) (down by 244)
Other	4,473 (down by 32.2%)	251 (down by 172)

■ Motion Control

Sales of AC servo motors and controllers were weaker than one year earlier because of the stagnation of major markets for these products in Japan, the effects of the ongoing debt and financial crisis in Europe and the slowing economic growth in China.

AC drive sales were weak in Europe and China but were firm in the Americas. In addition, there were increasing orders for power conditioners for photovoltaic power generation with the growing demand in Japan.

However, segment sales and operating income were lower than one year earlier when the segment results were solid overall.

■ Robotics

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

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

■ 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 one year earlier.

■ Information Technologies

Customers continue to hold down their IT investments. Sales were slightly lower than one year earlier and the operating loss increased.

■ Other

This segment includes logistics services and other business activities.

2) Qualitative Information on Consolidated Financial Condition

1. Balance Sheet Highlights

Total assets were ¥282,264 million at the end of the third quarter, ¥3,192 million higher than at the end of the previous fiscal year mainly because of a large increase in goods in process.

Total liabilities increased ¥1,223 million to ¥175,788 million mainly because of an increase in long-term bank loans.

Total net assets increased ¥1,968 million to ¥106,476 million mainly because of an increase in retained earnings.

2. Cash Flows

Cash and cash equivalents totaled ¥26,424 million at the end of the third quarter, a net increase of ¥6,218 million compared with the end of the previous fiscal year.

Net cash provided by operating activities increased ¥10,938 million from one year earlier to ¥21,195 million. The major components were income before income taxes and minority interests of ¥6,607 million, depreciation and amortization of ¥5,833 million, a decrease of ¥4,438 million in provision for employees' retirement benefits, a decrease of ¥12,844 million in trade receivables and an increase of ¥1,524 million in accrued expenses.

Net cash used in investing activities decreased ¥480 million from one year earlier to ¥8,872 million. The primary use of cash was expenditures of ¥6,686 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 ¥12,322

million.

Net cash used in financing activities was ¥6,688 million, while net cash provided in financing activities was ¥1,639 million one year earlier. Major components were a ¥7,220 million decrease in short-term debt, proceeds of ¥6,015 million from long-term debt, repayments of long-term debt of ¥2,852 million and dividend payments of ¥2,519 million to shareholders of the parent company.

3) Qualitative Information on Projected Consolidated Results

There are no revisions to the forecast for consolidated results of operations for the current fiscal year that was announced on October 17, 2012. This forecast is based on average yen exchange rates of ¥85 to the U.S. dollar and ¥115 to the euro during the period from December 21, 2012 to March 20, 2013.

2. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 20, 2012	As of December 20, 2012
Assets		
Current assets		
Cash and time deposits	20,343	26,531
Trade notes and accounts receivable	91,411	81,140
Merchandise and finished goods	41,869	41,242
Goods in process	7,793	10,258
Raw materials and supplies	14,136	14,760
Other	25,457	26,655
Allowance for doubtful accounts	(1,440)	(1,332)
Total current assets	199,572	199,256
Fixed assets		
Property, plant and equipment	37,484	38,096
Intangible assets	6,734	8,078
Investments and other assets		
Other	35,658	37,211
Allowance for doubtful accounts	(377)	(378)
Total investments and other assets	35,280	36,833
Total fixed assets	79,499	83,007
Total assets	279,072	282,264
Liabilities		
Current liabilities		
Trade notes and accounts payable	53,073	54,648
Short-term bank loans	34,042	27,072
Accrued directors' bonus	57	38
Other	29,938	33,323
Total current liabilities	117,111	115,083
Long-term liabilities		
Convertible bond	15,000	15,000
Long-term debt	9,029	12,041
Provision for employees' retirement benefits	30,535	26,074
Provision for directors' retirement benefits	299	216
Other	2,589	7,372
Total long-term liabilities	57,453	60,705
Total liabilities	174,564	175,788
Net assets		
Shareholders' equity		
Common stock	23,062	23,062
Additional paid-in capital	18,684	18,684
Retained earnings	63,363	64,660
Treasury stock, at cost	(440)	(447)
Total shareholders' equity	104,669	105,958
Accumulated other comprehensive income		
Net unrealized holding gain on securities	2,547	2,233
Deferred gains or losses on hedges	-	(144)
Foreign currency translation adjustments	(7,107)	(6,347)
Total accumulated other comprehensive income	(4,559)	(4,258)
Minority interests	4,398	4,775
Total net assets	104,507	106,476
Total liabilities and net assets	279,072	282,264

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

(Millions of yen)

	Nine Months Ended December 20, 2011	Nine Months Ended December 20, 2012
Net sales	226,212	219,118
Cost of sales	166,144	162,253
Gross profit	60,067	56,865
Selling, general and administrative expenses	48,845	50,066
Operating income	11,221	6,798
Non-operating income		
Interest income	60	73
Dividends received	323	317
Equity in earnings of associated companies	363	564
Government subsidies for employment adjustment	122	105
Other	263	386
Total non-operating income	1,134	1,446
Non-operating expenses		
Interest expenses	554	475
Foreign exchange losses	154	130
Other	164	132
Total non-operating expenses	873	738
Ordinary income	11,482	7,506
Extraordinary gains		
Gain on sales of fixed assets	19	26
Gain on sales of subsidiaries and affiliates' stocks	-	172
Reversal of allowance for doubtful accounts	198	-
Gain on negative goodwill	1,091	-
Gain on step acquisitions	-	160
Other	22	69
Total extraordinary gains	1,331	428
Extraordinary losses		
Loss on sales and disposal of fixed assets	35	158
Loss on devaluation of investment securities	172	198
Impairment loss	-	286
Loss on adjustment for changes of accounting standard for asset retirement obligations	332	-
Loss on step acquisitions	146	-
Reorganization costs	-	664
Other	86	19
Total extraordinary losses	773	1,328
Income before income taxes and minority interests	12,040	6,607
Provision for income taxes- current	3,126	2,777
Provision for income taxes- deferred	1,905	(322)
Total income taxes	5,031	2,455
Income before minority interests	7,008	4,152
Minority interests in income	33	289
Net income	6,974	3,862

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Nine Months Ended December 20, 2011	Nine Months Ended December 20, 2012
Income before minority interests	7,008	4,152
Other comprehensive income		
Net unrealized holding gain on securities	(439)	(299)
Deferred gains or losses on hedges	-	(144)
Foreign currency translation adjustment	(1,493)	805
Share of other comprehensive income of associates accounted for using equity method	68	4
Total other comprehensive income	(1,863)	365
Comprehensive income	5,144	4,518
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	5,159	4,162
Comprehensive income attributable to minority interest	(14)	355

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine Months Ended December 20, 2011	Nine Months Ended December 20, 2012
Cash flows from operating activities		
Income before income taxes and minority interests	12,040	6,607
Depreciation and amortization	5,608	5,833
Impairment loss	-	286
Loss on adjustment for changes of accounting standard for asset retirement obligations	332	-
Loss (gain) on step acquisitions	146	(160)
Gain on negative goodwill	(1,091)	-
Decrease in allowance for doubtful accounts	(247)	(117)
Decrease in provision for employees' retirement benefits	(160)	(4,438)
Decrease in provision for directors' retirement benefits	(17)	(83)
Loss on sales and retirement of fixed assets	16	132
Gain on sales of stocks of subsidiaries and affiliates	-	(172)
Loss on valuation of investment securities	172	198
Interest and dividend income	(384)	(391)
Interest expense	554	475
Decrease in trade receivables	11,419	12,844
Increase in inventories	(11,964)	(808)
Decrease in trade payables	(2,078)	(990)
Increase in accrued expenses	126	1,524
Other, net	514	2,793
Subtotal	14,987	23,535
Interest and dividends received	483	840
Interest paid	(501)	(475)
Income taxes paid	(4,713)	(2,705)
Net cash provided by operating activities	10,256	21,195
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(8,035)	(6,686)
Proceeds from sales of property, plant and equipment and intangible assets	46	30
Purchase of investment securities	(1,402)	(1,859)
Proceeds from purchase of investments, etc. 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	(159)	(605)
Net cash used in investing activities	(9,352)	(8,872)
Cash flows from financing activities		
Increase (decrease) in short-term debt	620	(7,220)
Proceeds from long-term debt	5,397	6,015
Repayments of long-term debt	(2,025)	(2,852)
Dividends paid	(2,267)	(2,519)
Dividends paid to minority shareholders	(68)	(83)
Other, net	(16)	(27)
Net cash provided by (used in) financing activities	1,639	(6,688)
Effect of exchange rate changes on cash and cash equivalents	(341)	269
Net increase in cash and cash equivalents	2,202	5,904
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	-	277
Cash and cash equivalents at the end of period	14,340	26,424

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. The first three quarters ended December 2011 (March 21, 2011 – December 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 statements of income *3
<u>Net sales</u>								
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.

II. The first three quarters ended December 2012 (March 21, 2012 – December 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 statements of income *3
<u>Net sales</u>								
Sales to external customers	104,191	77,416	24,302	8,734	4,473	219,118	-	219,118
Intersegment sales and transfers	8,951	262	973	1,738	2,360	14,285	(14,285)	-
Total sales	113,143	77,678	25,275	10,472	6,834	233,404	(14,285)	219,118
Segment operating income (loss)	1,997	4,752	514	(573)	251	6,943	(144)	6,798

(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 ¥144 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

	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

	Nine months ended December 20, 2012				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	36,729	21,963	60,377	2,148	121,218
Consolidated sales	-	-	-	-	219,118
Percentage of overseas sales in consolidated sales	17%	10%	27%	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 – South Africa, Australia, etc

7) Subsequent Events

None