

Consolidated Results for the First Half of the Fiscal Year Ending March 20, 2014

[Japan GAAP]

October 18, 2013

Listed company name: YASKAWA Electric Corporation

<http://www.yaskawa.co.jp/en/>

Representative Director, Chairman and 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 and Fukuoka 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, 2014 (March 21, 2013 to September 20, 2013)

(1) Consolidated Statements of Income

| | (Millions of yen, except ratio and per share data) | | | |
|-----------------------------------|--|--------|--|---------|
| | Six months ended September 20, 2013 | Change | Six months ended September 20, 2012 | Change |
| Net sales | 177,158 | 17.7% | 150,486 | (4.8)% |
| Operating income | 12,635 | 105.8% | 6,139 | (33.6)% |
| Ordinary income | 13,407 | 111.0% | 6,354 | (31.7)% |
| Net income | 7,256 | 107.4% | 3,498 | (46.1)% |
| Earnings per share (basic, Yen) | 28.84 | - | 13.90 | - |
| Earnings per share (diluted, Yen) | 27.36 | - | 13.19 | - |

Note:

| | Six months ended September 20, 2013 | Change | Six months ended September 20, 2012 | Change |
|---|--|--------|--|---------|
| Comprehensive income (Millions of yen) | 12,223 | -% | 1,076 | (78.5)% |

(2) Consolidated Financial Position

| | (Millions of yen, except ratio) | |
|--------------------------------|---------------------------------|-------------------------|
| | As of September 20, 2013 | As of March 20, 2013 |
| Total assets | 320,783 | 302,518 |
| Net assets | 128,300 | 117,465 |
| Shareholders' equity ratio (%) | 38.3 | 37.1 |

Reference: Shareholders' equity

As of September 20, 2013: ¥122,908 million

As of March 20, 2013: ¥112,218 million

2. Dividends

| | | Year ended March 20, 2013 | Year ending March 20, 2014 | Year ending March 20, 2014 (forecast) |
|------------------------------|--------------|------------------------------|-------------------------------|---|
| Dividends per share (Yen) | End of 1Q | - | - | - |
| | End of 2Q | 5.00 | 6.00 | - |
| | End of 3Q | - | - | - |
| | Year-end | 5.00 | - | 6.00 |
| | Annual total | 10.00 | - | 12.00 |

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

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2014 (March 21, 2013 to March 20, 2014)

| | (Millions of yen, except per share data) | |
|--------------------------|--|--------|
| | Year ending March 20, 2014 | Change |
| Net sales | 360,000 | 16.0% |
| Operating income | 25,500 | 95.1% |
| Ordinary income | 26,000 | 85.0% |
| Net income | 15,500 | 127.9% |
| Earnings per share (Yen) | 61.60 | - |

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

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 98 JPY and 1 EUR = 130 JPY during the period from September 21, 2013 to March 20, 2014.

*Notes:

- (1) Major 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: Yes
 - (b) Changes other than in (a): None
 - (c) Changes in accounting estimates: Yes
 - (d) Restatements: None
- (4) Number of common shares outstanding
 - (a) The number of shares outstanding including treasury shares:
 - As of September 20, 2013: 252,331,938 shares
 - As of March 20, 2013: 252,331,938 shares
 - (b) The number of treasury shares:
 - As of September 20, 2013: 715,165 shares
 - As of March 20, 2013: 703,075 shares
 - (c) Average during period (quarter cumulative):
 - Six months ended September 20, 2013: 251,622,119 shares
 - Six months ended September 20, 2012: 251,640,253 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.

The Yaskawa Group will hold an information meeting for securities analysts and institutional investors on October 21, 2013 (Monday). A summary of the materials distributed at this meeting will be posted on the Yaskawa Group website following the meeting.

4. Qualitative Information on Quarterly Results

Qualitative Information on Consolidated Business Performance

- Chinese markets were bearish except for such sectors as the automobile and smartphone which were in high demand, while the markets in the Americas saw gradual recovery. Japanese markets were also recovering due to the effects of a weaker Japanese yen.
- The Yaskawa Group has focused its sales promotion efforts on favorable markets outside of Japan, aided by a weaker Japanese yen. The sales of the Motion Control segment have been firm in Japan, China and the rest of Asia.

Considering the above, the Yaskawa Group is currently implementing the following policies and measures:

- Increase bookings in favorable and growth markets.
- Develop R&D, production and sales capabilities to quickly respond to rapid changes in the business environment.
- Shift resources to new business areas in order to speed up new business development.

The business performance of each business segment for the first half of fiscal 2013 is as follows.

The divisions of the reportable segments changed starting this first quarter. The changes from the corresponding period of previous fiscal year are calculated based on the new segment divisions.

(Millions of yen, except ratio)

| Business segment | Six months ended September 20, 2013 | |
|--------------------|--|--|
| | 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 | 82,291 (up by 30.5%) | 8,531 (up by 6,984) |
| Robotics | 58,637 (up by 7.9%) | 4,825 (up by 880) |
| System Engineering | 16,216 (down by 7.2%) | (414) (down by 884) |
| Other | 20,012 (up by 28.3%) | 317 (up by 51) |

Motion Control

- Strong growth in sales of AC servo motors and controllers in Japan, China and the rest of Asia. The growth of production at Yaskawa Electric(Shenyang)Co.,Ltd contributed to the strong performance.
- The sales of photovoltaic power conditioners increased significantly, and the business was firm also for the general-purpose AC drives.
- Both net sales and operating income have significantly increased compared to FY2012 1H due to the above.

Robotics

- Steady growth of sales to automobile industry segment outside of Japan.
- Both net sales and operating income have increased compared to FY2012 1H due to the above.

System Engineering

- The demand for steel plants experienced a drop-off period and the business performance did not reach the level achieved in FY2012 1H.

Other

- The Group's information technology and logistics business, among others are included in this segment.

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 20, 2013 | As of September 20, 2013 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and time deposits | 19,493 | 27,779 |
| Trade notes and accounts receivable | 99,729 | 95,279 |
| Merchandise and finished goods | 39,208 | 42,978 |
| Goods in process | 9,530 | 11,720 |
| Raw materials and supplies | 15,586 | 17,882 |
| Other | 26,261 | 28,636 |
| Allowance for doubtful accounts | (1,306) | (1,238) |
| Total current assets | 208,505 | 223,037 |
| Fixed assets | | |
| Property, plant and equipment | 40,866 | 46,398 |
| Intangible assets | 13,607 | 14,209 |
| Investments and other assets | | |
| Other | 39,911 | 37,426 |
| Allowance for doubtful accounts | (372) | (289) |
| Total investments and other assets | 39,539 | 37,137 |
| Total fixed assets | 94,013 | 97,746 |
| Total assets | 302,518 | 320,783 |
| Liabilities | | |
| Current liabilities | | |
| Trade notes and accounts payable | 58,718 | 65,213 |
| Short-term bank loans | 24,262 | 22,997 |
| Accrued directors' bonus | 47 | 25 |
| Other | 37,436 | 41,042 |
| Total current liabilities | 120,464 | 129,278 |
| Long-term liabilities | | |
| Convertible bonds | 15,000 | 15,000 |
| Long-term debt | 14,899 | 13,818 |
| Provision for employees' retirement benefits | 25,741 | 26,018 |
| Provision for directors' retirement benefits | 227 | 214 |
| Other | 8,719 | 8,152 |
| Total long-term liabilities | 64,588 | 63,204 |
| Total liabilities | 185,052 | 192,482 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 23,062 | 23,062 |
| Additional paid-in capital | 18,684 | 18,685 |
| Retained earnings | 67,599 | 73,234 |
| Treasury stock | (449) | (465) |
| Total shareholders' equity | 108,896 | 114,517 |
| Accumulated other comprehensive income | | |
| Net unrealized holding gain on securities | 3,749 | 5,131 |
| Foreign currency translation adjustments | (427) | 3,259 |
| Total accumulated other comprehensive income | 3,322 | 8,391 |
| Minority interests | 5,247 | 5,392 |
| Total net assets | 117,465 | 128,300 |
| Total liabilities and net assets | 302,518 | 320,783 |

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

| | (Millions of yen) | |
|--|--|--|
| | Six Months Ended September 20, 2012 | Six Months Ended September 20, 2013 |
| Net sales | 150,486 | 177,158 |
| Cost of sales | 111,295 | 124,844 |
| Gross profit | 39,191 | 52,314 |
| Selling, general and administrative expenses | 33,052 | 39,678 |
| Operating income | 6,139 | 12,635 |
| Non-operating income | | |
| Interest income | 34 | 70 |
| Dividends received | 228 | 252 |
| Equity in earnings of associated companies | 374 | 248 |
| Foreign exchange gains | - | 314 |
| Subsidy income | 88 | 276 |
| Other | 325 | 158 |
| Total non-operating income | 1,051 | 1,321 |
| Non-operating expenses | | |
| Interest expenses | 325 | 346 |
| Foreign exchange losses | 415 | - |
| Other | 95 | 203 |
| Total non-operating expenses | 836 | 549 |
| Ordinary income | 6,354 | 13,407 |
| Extraordinary gains | | |
| Gain on sales of fixed assets | 7 | 11 |
| Gain on sales of subsidiaries and affiliates' stocks | 172 | - |
| Gain on step acquisitions | 159 | - |
| Other | 67 | - |
| Total extraordinary gains | 407 | 11 |
| Extraordinary losses | | |
| Loss on sales and disposal of fixed assets | 135 | 200 |
| Loss on devaluation of investment securities | 198 | 1 |
| Impairment loss | 286 | 374 |
| Business structure improvement expenses | 238 | 840 |
| Other | 17 | - |
| Total extraordinary losses | 877 | 1,417 |
| Income before income taxes and minority interests | 5,884 | 12,001 |
| Provision for income taxes- current | 2,336 | 3,092 |
| Provision for income taxes- deferred | (138) | 1,324 |
| Total income taxes | 2,198 | 4,417 |
| Income before minority interests | 3,686 | 7,584 |
| Minority interests in income | 187 | 328 |
| Net income | 3,498 | 7,256 |

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

| | Six Months Ended September 20, 2012 | Six Months Ended September 20, 2013 |
|--|--|--|
| Income before minority interests | 3,686 | 7,584 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,006) | 1,383 |
| Foreign currency translation adjustment | (1,606) | 3,086 |
| Share of other comprehensive income of associates accounted for using equity method | 3 | 169 |
| Total other comprehensive income | (2,610) | 4,638 |
| Comprehensive income | 1,076 | 12,223 |
| (Breakdown) | | |
| Comprehensive income attributable to shareholders of the Company | 886 | 11,786 |
| Comprehensive income attributable to minority interests | 189 | 437 |

3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Six Months Ended September 20, 2012 | Six Months Ended September 20, 2013 |
|---|--|--|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 5,884 | 12,001 |
| Depreciation and amortization | 3,864 | 4,178 |
| Impairment loss | 286 | 374 |
| Gain on step acquisitions | (159) | - |
| Increase (decrease) in allowance for doubtful accounts | 124 | (201) |
| Increase (decrease) in provision for retirement benefits | (4,522) | 226 |
| Decrease in provision for directors' retirement benefits | (103) | (12) |
| Loss on sales and retirement of fixed assets | 127 | 188 |
| Gain on sales of stocks of subsidiaries and affiliates | (172) | - |
| Loss on valuation of investment securities | 198 | 1 |
| Interest and dividend income | (262) | (323) |
| Interest expense | 325 | 346 |
| Decrease in trade receivables | 6,677 | 8,563 |
| (Increase) decrease in inventories | 3,202 | (4,801) |
| Increase in trade payables | 1,066 | 2,816 |
| Increase (decrease) in accrued expenses | 1,308 | (207) |
| Other, net | 3,437 | (2,176) |
| Subtotal | 21,282 | 20,973 |
| Interest and dividends received | 353 | 533 |
| Interest paid | (331) | (360) |
| Income taxes paid | (1,332) | (2,974) |
| Net cash provided by operating activities | 19,971 | 18,172 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (4,519) | (5,743) |
| Proceeds from sales of property, plant and equipment and intangible assets | 20 | 261 |
| Purchase of investment securities | (1,391) | (146) |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | - | (99) |
| Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation | 90 | - |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | 158 | - |
| Other, net | (53) | (79) |
| Net cash used in investing activities | (5,695) | (5,807) |
| Cash flows from financing activities | | |
| Decrease in short-term debt | (9,704) | (2,905) |
| Proceeds from long-term debt | 1,714 | 857 |
| Repayments of long-term debt | (2,172) | (2,756) |
| Dividends paid | (1,259) | (1,259) |
| Dividends paid to minority shareholders | (83) | (4) |
| Other, net | (17) | (38) |
| Net cash used in financing activities | (11,523) | (6,107) |
| Effect of exchange rate changes on cash and cash equivalents | (317) | 749 |
| Net increase in cash and cash equivalents | 2,434 | 7,006 |
| Cash and cash equivalents at beginning of year | 20,206 | 19,389 |
| Increase due to inclusion of subsidiaries in consolidation | 36 | 1,183 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | 185 | 58 |
| Cash and cash equivalents at the end of period | 22,863 | 27,636 |

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 half ended September 2012 (March 21, 2012 – September 20, 2012)

Sales, income or loss for each reportable segment

Please see "2. Change in the reportable segments" in "II. The first half ended September 2013 (March 21, 2013- September 20, 2013)"

II. The first half ended September 2013 (March 21, 2013– September 20, 2013)

1. Sales, income or loss for each reportable segment

| | (Millions of yen) | | | | | | |
|--|-------------------|---------------|--------------------|---------------|----------------|-----------------|---|
| | Motion Control | Robotics | System Engineering | Other *1 | Total | Adjustment *2 | Amounts in consolidated financial statements *3 |
| Net sales | | | | | | | |
| Sales to external customers | 82,291 | 58,637 | 16,216 | 20,012 | 177,158 | - | 177,158 |
| Intersegment sales and transfers | 6,774 | 206 | 701 | 9,877 | 17,559 | (17,559) | - |
| Total sales | 89,065 | 58,844 | 16,917 | 29,890 | 194,718 | (17,559) | 177,158 |
| Segment operating income (loss) | 8,531 | 4,825 | (414) | 317 | 13,260 | (625) | 12,635 |

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income includes expenses in basic research and other activities that do not belong to any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated income.

2. Change in the reportable segments

There were previously four reportable segments of "Motion Control", "Robotics", "System Engineering", and "Information Technologies". Starting this first quarter, development, production, sales and after-sales services of the IT-related products and IT software, which were included in the "Information Technologies", are included in the "Other" segment. Because of this change, there are three reportable segments of "Motion Control", "Robotics", and "System Engineering", and at the same time, partial change has been applied to the managerial segmentation. Sales, income or loss for each reportable segment of the first half of the previous fiscal year reflecting this change are as follows.

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 | Other *1 | Total | Adjustment *2 | Amounts in consolidated financial statements *3 |
| Net sales | | | | | | | |
| Sales to external customers | 63,045 | 54,358 | 17,481 | 15,602 | 150,486 | - | 150,486 |
| Intersegment sales and transfers | 6,246 | 140 | 378 | 9,187 | 15,952 | (15,952) | - |
| Total sales | 69,292 | 54,498 | 17,859 | 24,789 | 166,439 | (15,952) | 150,486 |
| Segment operating income (loss) | 1,547 | 3,944 | 470 | 266 | 6,229 | (89) | 6,139 |

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. The deduction of ¥89 million of Adjustment in the segment operating income 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, 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

| | Six months ended September 20, 2013 | | | | (Millions of yen) |
|---|-------------------------------------|--------|--------|-------|-------------------|
| | The Americas | Europe | Asia | Other | Total |
| Overseas sales | 29,038 | 20,274 | 54,037 | 1,839 | 105,190 |
| Consolidated sales | - | - | - | - | 177,158 |
| Percentage of overseas sales in consolidated sales | 16% | 11% | 31% | 1% | 59% |

(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