

**Consolidated Financial Results for the Year Ended March 31, 2016
(Japan GAAP)**

May 10, 2016

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Stock Code: 6841 (URL: <http://www.yokogawa.com/>)
 Name and Position of the Representative: Takashi Nishijima, President and Chief Executive Officer
 Name and Position of Person in Charge: Sadamu Kawanaka, General Manager of Corporate Communications Department
 Telephone Number: +81-422-52-5530
 Planned Date of the Regular General Meeting of Shareholders: June 23, 2016
 Planned Dividend Payment Starting Date: June 24, 2016
 Planned Annual Report Filing Date: June 23, 2016
 Financial Results Supplemental Materials: Yes
 Financial Results Presentation Meeting: Yes (for institutional investors)

(Any amount less than one million yen is disregarded.)

1. Consolidated business results for the year ended March 31, 2016 (April 1, 2015-March 31, 2016)

(1) Results of operations on a consolidated basis

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended March 31, 2016	413,732	2.0	39,642	32.9	40,717	22.0	30,161	75.1
For the year ended March 31, 2015	405,792	4.5	29,818	15.2	33,366	29.9	17,233	39.6

(Note) Comprehensive income: For the year ended March 31, 2016 17,077 million yen [(49.4)%]
 For the year ended March 31, 2015 33,742 million yen [45.4%]

	Basic Earnings per Share	Diluted Earnings per Share	Return on equity	Ordinary Income to Total Asset Ratio	Operating Income to Net Sales Ratio
	Yen	Yen	%	%	%
For the year ended March 31, 2016	114.01	–	13.2	9.5	9.6
For the year ended March 31, 2015	66.88	–	8.6	8.0	7.3

(Note) Profit or loss from investments accounted for by the equity method: For the year ended March 31, 2016 687 million yen
 For the year ended March 31, 2015 366 million yen

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio	Shareholders’ Equity per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	412,772	246,892	58.3	900.74
As of March 31, 2015	439,957	221,976	49.0	836.94

(Reference) Shareholders’ equity: As of March 31, 2016: 240,444 million yen As of March 31, 2015: 215,542 million yen

(3) Consolidated cash flow status

	Net Cash Provided by Operating Activities	Net Cash Provided by (used in) Investment Activities	Net Cash Provided by (used in) Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2016	31,931	(10,894)	(26,886)	64,922
For the year ended March 31, 2015	38,293	(1,844)	(20,163)	74,722

2. Dividend status

	Dividends per Share					Total Dividends (annual)	Payout Ratio (consol.)	Net Asset Dividend Rate (consol.)
	June 30	September 30	December 31	End of Period	Annual Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
For year ended March 31, 2015	—	6.00	—	6.00	12.00	3,090	17.9	1.5
For year ending March 31, 2016	—	12.50	—	12.50	25.00	6,670	21.9	2.9
For year ending March 31, 2017 (forecast)	—	12.50	—	12.50	25.00		29.0	

(Note) Breakdown of September 30 dividends for year ended March 31, 2016: Ordinary dividend 7.50 yen, commemorative dividend 5.00 yen

3. Business forecast for the year ending March 31, 2017 (April 1, 2016-March 31, 2017)

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Basic Earnings per Share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	407,000	(1.6)	36,000	(9.2)	35,000	(14.0)	23,000	(23.7)	86.16	

<Notes>

(1) Changes to important subsidiaries during the period: No
(changes to consolidated subsidiaries accompanying changes to specific subsidiaries)

(2) Application of special methods for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, restatements

- a. Changes accompanying revision of accounting standards: Yes
- b. Changes other than (a) above: No
- c. Changes in accounting estimates: No
- d. Restatements: No

(4) Number of shares issued (common stock)

- a. Number of shares outstanding at the end of the period (including treasury shares)
 - For the year ended March 31, 2016 268,624,510 shares
 - For the year ended March 31, 2015 268,624,510 shares
- b. Treasury shares at the end of the period
 - For the year ended March 31, 2016 1,683,346 shares
 - For the year ended March 31, 2015 11,088,633 shares
- c. Average number of shares in the period
 - For the year ended March 31, 2016 264,538,256 shares
 - For the year ended March 31, 2015 257,537,546 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2016 (April 1, 2015-March 31, 2016)

(1) Results of operations on a non-consolidated basis

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended March 31, 2016	106,341	4.3	(2,228)	-	25,016	116.9	26,531	413.4
For the year ended March 31, 2015	101,986	2.6	(7,817)	-	11,535	29.3	5,168	(16.9)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For the year ended March 31, 2016	100.29	-
For the year ended March 31, 2015	20.07	-

(2) Financial conditions on a non-consolidated basis

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	224.886	162,666	72.3	609.37
As of March 31, 2015	245.369	132,842	54.1	515.82

(Reference) Shareholders' equity: As of March 31, 2016: 162.666 million yen As of March 31, 2015: 132,842 million yen

Note regarding the implementation of the review procedures

This consolidated financial results report is not subject to the review procedures specified in the Financial Instruments and Exchange Act. A review of the financial statements based on the Act was not completed before the release of the consolidated financial results.

Note concerning appropriate use of business forecasts, etc.

The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors. For premises underlying the assumptions for business forecasts and cautions concerning the use of business forecasts, please refer to (2) Full year business forecast on page 6.

The Company plans to hold a financial results presentation meeting for institutional investors on May 10, 2016. The Company also plans to promptly post to its website the materials that are used at the meeting.

Attachment
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1. Analysis of Business Results and Financial Conditions

(1) Analysis of business results

The Company's understanding regarding the economy, general market conditions, and conditions in its specific markets for the fiscal year under review (April 1, 2015 to March 31, 2016) is as follows.

During the fiscal year, although the employment outlook continued to improve in the U.S. and European markets experienced a moderate recovery, the overall global economy was characterized by a clear slowing of growth, particularly in emerging markets such as China. There were increasing signs of stagnation in resource-rich countries and other Asian markets. The Japanese economy continued its moderate recovery, benefiting from such factors as improving corporate results due mainly to the depreciation of the yen and a pick-up in capital investment by certain companies. However, the manufacturing sector was weak due to a decline in exports that was the result of slowing growth in most emerging nations. (India was one exception to this trend.)

In the energy and materials-related markets, certain companies postponed or halted their investments in resource development projects due to the continued decline in the price of crude oil and other natural resources. Other companies have benefited by being located in regions where raw materials and fuels can be imported or procured locally at a lower cost, and have thus been able to allocate more funds to investment. There is no clear trend in either direction, and the economic outlook has grown more uncertain as the result of a rapid appreciation of the yen that commenced at the beginning of the year. Nevertheless, the energy and materials-related markets saw steady investment in facility upgrades and other measures to improve efficiency as well as continued demand for operation and maintenance services.

<Initiatives by the Yokogawa Group>

In this business environment, the Yokogawa Group ("the Group") focused on establishing a growth platform through business structure reforms and proactive business activities based on its Transformation 2017 mid-term business plan ("TF2017"), which was formulated in May 2015.

As a result, net sales and profits for the fiscal year were up from the previous fiscal year. Net sales increased 7.9 billion yen year due to the firm performance of the mainstay industrial automation and control business. Operating income rose 9.8 billion yen and was at a record high level thanks to the increase in net sales and the impact of the weak yen and the fixed cost reduction measures that were implemented in the previous fiscal year. Profit attributable to owners of parent was also at a record level due to a 12.9 billion yen increase that can be attributed to improved results in the extraordinary income/losses category and the aforementioned increase in operating income.

Business results are as follows.

	Unit: billion yen			
	FY2014	FY2015	Difference	Change
Net Sales	405.792	413.732	7.939	2.0%
Operating Income	29.818	39.642	9.824	32.9%
Ordinary Income	33.366	40.717	7.351	22.0%
Profit Attributable to Owners of Parent	17.223	30.161	12.937	75.1%
(Reference) Average rate to 1 U.S. dollar (Yen)	110.58	119.99	9.41	—

Results by individual segment are outlined below.

<Industrial Automation and Control Business>

	Unit: billion yen			
	FY2014	FY2015	Difference	Change
Net Sales	358.035	366.723	8.688	2.4%
Operating Income	27.089	36.689	9.599	35.4%

Net sales for the industrial automation and control business segment were firm worldwide, increasing 8.6 billion yen year on year and setting a new record high. This was due mainly to increased investment in the resources, energy, and materials sectors for the replacement of plant equipment and other measures to improve efficiency, and increased demand for operation and maintenance services. Furthermore, operating income increased by 9.5 billion yen year on year due to the increase in net sales and other factors such as the impact of the foreign exchange and the effect of measures that were implemented last fiscal year to reduce fixed costs.

<Test and Measurement Business>

Unit: billion yen

	FY2014	FY2015	Difference	Change
Net Sales	23.790	23.372	(0.418)	(1.8)%
Operating Income	1.625	2.389	0.764	47.1%

Although net sales for the test and measurement business segment were nearly unchanged from the previous fiscal year, operating income increased; this was mainly due to the effect of foreign exchange rates.

<Aviation and Other Businesses>

Unit: billion yen

	FY2014	FY2015	Difference	Change
Net Sales	23.967	23.637	(0.330)	(1.4)%
Operating Income	1.104	0.564	(0.540)	(48.9)%

In the aviation and other businesses segment, net sales were nearly unchanged from the previous fiscal year, operating income decreased; this was mainly due to the impact of the other businesses.

(2) Full year business forecast

In the mainstay industrial automation and control business, although the price of crude oil is showing signs of having bottomed out, prices for other energy and materials-related commodities are expected to experience a prolonged slump. Moreover, although the conditions of a relatively strong yen and slow growth in many emerging markets such as China are expected to continue, this will drive investment in resource-importing countries and by companies in sectors that benefit from low material and fuel costs.

The outlook for the Group's business is uncertain. However, it is believed that the long-term trends of rising populations mainly in emerging nations and global economic growth will drive demand for energy and other resources. The Company therefore assesses that the trend of rising capital investment in the energy and materials-related markets will continue.

Orders received, net sales, and operating income for the industrial automation and control business for fiscal year 2016 are projected to decline slightly, mainly due to assumptions concerning the appreciation of the yen. Under these circumstances, the Company will focus on investing to grow its business in its core industries and regions, and on reducing costs to improve profitability.

In the test and measurement business, and the aviation and other businesses, the Company expects orders received, net sales, and operating income to be on par with the figures achieved in fiscal year 2015.

As a result, the Group expects to see a slight year-on-year decline in its net sales and operating income. However, the Group will continue to focus on reforming its business structure with the aim of improving profitability and setting the stage for future growth. Ordinary income and profit attributable to owners of parent are also forecast to decrease, mainly as a result of our assumptions regarding the appreciation of the yen.

Based on the above, the current consolidated business forecasts are as follows. The results for fiscal year 2015 are provided for comparison.

Business forecast for the year ending March 31, 2016 (full year)

Unit: billion yen

	FY2015	FY2016 (forecast)	Difference	Change
Net Sales	413.732	407.0	(6.732)	(1.6)%
Operating Income	39.642	36.0	(3.642)	(9.2)%
Ordinary Income	40.717	35.0	(5.717)	(14.0)%
Profit Attributable to Owners of Parent	30.161	23.0	(7.161)	(23.7)%
(Reference) Average rate to 1 U.S. dollar (Yen)	119.99	110	(9.99)	—

(Reference) Consolidated business forecast by segment

<Orders received (full year)>

Billions of yen

	FY2015	FY2016 (forecast)	Difference	Change
Industrial automation and control business	373.084	366.0	(7.084)	(1.9)%
Test and measurement business	25.149	23.0	(2.149)	(8.5)%
Aviation and other businesses	22.868	19.0	(3.868)	(16.9)%
Total	421.103	408.0	(13.103)	(3.1)%

<Net sales (full year)>

Billions of yen

	FY2015	FY2016 (forecast)	Difference	Change
Industrial automation and control business	366.723	360.0	(6.723)	(1.8)%
Test and measurement business	23.372	24.0	0.627	2.7%
Aviation and other businesses	23.637	23.0	(0.637)	(2.7)%
Total	413.732	407.0	(6.732)	(1.6)%

<Operating income (full year)>

Billions of yen

	FY2015	FY2016 (forecast)	Difference	Change
Industrial automation and control business	36.689	33.0	(3.689)	(10.1)%
Test and measurement business	2.389	2.0	(0.389)	(16.3)%
Aviation and other businesses	0.564	1.0	0.435	77.2%
Total	39.642	36.0	(3.642)	(9.2)%

<Cautions concerning the use of business forecasts>

As the above business forecast is based on certain assumptions judged by the Company to be reasonable at present, actual business results may differ.

The main factors that may cause changes in the results are as follows.

- Changes in foreign exchange rates, particularly the U.S. dollar, the euro, Asian currencies, and the currencies of the Middle East
- Sudden changes in the price of crude oil
- Sudden changes in the political and economic situation in major markets
- Changes in the business environment such as revisions to trade regulations
- Dramatic shifts in product supply and demand
- Changes in Japanese share prices
- Protection of the Company's patents and the licensing of patents held by other companies
- M&A and business alliances with other companies for purposes such as product development
- Occurrences of natural disasters such as earthquakes, floods, and tsunamis

(3) Analysis of financial conditions

1) Conditions of assets, liabilities, and net assets

In comparison to March 31, 2015, total assets as of December 31, 2016 were down 27.185 billion yen, to 412.772 billion yen, due mainly to a decrease in cash and deposits. In addition, total liabilities decreased by 52.101 billion yen, to 165.879 billion yen, due mainly to a reduction in long-term loans payable stemming from a repayment of 25.0 billion yen in subordinated loans and a decrease in accounts payable—other, including expenses associated with the voluntary retirement program. Also during this time period, net assets increased by 24.916 billion yen, to 246.892 billion yen, due mainly to an increase in retained earnings and disposal of treasury shares.

As a result, the shareholders' equity ratio was 58.3%, up 9.3 percentage points from March 31, 2015.

2) Cash flow status

The cash flow from operating activities in the fiscal year under review was a net inflow of 31.931 billion yen, down 6.361 billion yen from the previous fiscal year, mainly due to an increase in profit before income taxes, despite payments of expenses associated with the voluntary retirement program that were made in the previous fiscal year. The cash flow from investing activities was a net outflow of 10.894 billion yen, up 9.050 billion yen, due to the acquisition of property, plant and equipment and intangible assets. Despite an inflow from the disposal of treasury shares, the cash flow from financing activities was a net outflow of 26.886 billion yen, up 6.723 billion yen, mainly because of the repayment of subordinated loans.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review was 64.922 billion yen, down 9.8 billion yen from the end of the previous fiscal year.

[Reference]

Trends in cash flow indicators

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Shareholders' equity ratio (%) (shareholders' equity / total assets)	40.5	44.3	46.9	49.0	58.3
Market value based shareholders' equity ratio (%) (total market value of stock / total assets)	60.0	64.1	107.6	75.8	75.2
Cash flow to interest-bearing debt ratio (interest-bearing debt / cash flow)	8.0	5.7	2.7	1.7	1.0
Interest coverage ratio (multiple) (cash flow / interest payments)	4.2	7.8	13.4	21.5	29.1

- (Notes)
1. All values are calculated using consolidated financial figures.
 2. Market value has been calculated based on the number of shares issued, excluding treasury stock.
 3. Interest-bearing debt includes all debt listed on the consolidated balance sheets for which interest is being paid.
 4. The figures for cash flow and interest payments utilize the "Cash flows from operating activities" and "Interest expenses paid" shown in the consolidated cash flow statements.

(4) Policy on appropriation of profit and dividends for the period under review and subsequent periods

The distribution of earnings to shareholders is a top management priority for the Company. By achieving growth in earnings, we aim to steadily increase our dividend payments.

The calculation of the dividend amount will take into consideration our business results and cash flow, the need to secure an internal reserve for mid- to long-term investment, and the overall financial health of the Company. Our target is a consolidated dividend payout ratio of 30%.

Based on its business plan and financial conditions, the Company plans to pay a year-end dividend of 12.5 yen per share for fiscal year 2015. Accordingly, the dividend payments for the fiscal year will total 25 yen per share.

Based on the policy above, the dividend payments for fiscal year 2016 will total 25 yen per share (interim 12.5 yen, year-end 12.5 yen).

2. Management Policies

(1) Core management policies

Corporate Philosophy

As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate – we take this as our corporate philosophy and make every effort to realize it.

The Group has established a corporate philosophy (the Yokogawa Philosophy) and Standards of Business Conduct for the Yokogawa Group (hereinafter referred to as the “Standards of Business Conduct”) that apply to the entire Group, and based on these principles strives to have appropriate relationships with all stakeholders, aims for sustainable corporate growth, and seeks to increase its corporate value over the medium to long term. In addition, based on the philosophy that “a company is a public entity of society,” the Group positions answering the trust of all stakeholders, including shareholders, customers, business partners, society, and employees, via sound and sustainable growth, as the basic mission of its corporate management.

In order to maximize its corporate value, the Group places a high priority on its efforts to achieve thorough compliance, manage risks, and disclose information that will ensure a constructive dialogue with shareholders and all other stakeholders.

In accordance with the above aims, the Group has formulated the Yokogawa Corporate Governance Guidelines (hereinafter referred to as the “Guidelines”), which serve as its basic policy on this subject.

(The Company’s website) <http://www.yokogawa.com/pr/corporate/governance/index.htm>

(2) Target management indicators

Under its TF2017 mid-term business plan, which commenced in fiscal year 2015, the Group is working to reform its business structure by focusing on customers, creating new value, and maximizing efficiency. These three years will lay the groundwork for the growth that will be needed to achieve the goals of the Company’s long-term business framework. We will focus on improving profitability, and will aim to achieve a return on equity (ROE) of 11% or more and earnings per share (EPS) of 100 yen or more by fiscal year 2017, the final year of TF2017. (Results for fiscal year ended March 31, 2016: ROE 13.2%, EPS:114.01 yen)

(3) Mid- and long-term business strategies

With its long-term business framework, the Group has established goals that are to be achieved within 10 years, and has specified ways to achieve them. This framework provides a vision statement on the direction in which the Company should be heading, states what the core competencies (strengths) are that will allow us to achieve this vision, and specifies target business areas.

By working to achieve the aims of this vision statement, which calls for engagement in process co-innovation, Yokogawa will create new value with its customers, aiming for long-term growth and a brighter future for all.

Moreover, the Group has introduced a corporate brand slogan of “Co-innovating tomorrow,” under which it will work to optimize and streamline the flow of information and things in business and society, and to solve issues for customers and society overall.

Yokogawa will also continue working towards the goal of becoming the global No. 1 company in the industrial automation and control business.

(4) Challenges for the Company

Through its initiatives during the first year of TF2017, the Group achieved record highs in operating income, profit attributable to owners of parent, earnings per share (EPS), and return on sales (ROS). However, in view of the great changes in our business environment such as the decline in oil prices and the economic slowdown in China and other emerging markets, the Company recognizes that it must make significant progress in improving profitability in fiscal year 2016 if it is to achieve the goals of the TF2017 plan.

Therefore, in fiscal year 2016, the Company will focus on establishing a platform for further growth, and will work with a sense of urgency to reform its business structure and improve profitability, in accordance with the basic principle of acquiring funds for investment in growth by improving profitability.

In addition, in fiscal year 2016 the Group will continue working to enhance corporate governance to realize sustainable improvement in corporate value through implementation of the Yokogawa Corporate Governance Guidelines that was formulated in November 2015.

3. Policy on selection of accounting standards

For the time being, the Group will compile its consolidated financial statements based on generally accepted Japanese accounting principles. This is to ensure consistency in our financial statements for different accounting periods and to facilitate comparison with the financial statements of other companies.

We have been monitoring accounting trends in and outside Japan and will consider the adoption of other accounting standards if it is judged that this will enhance our corporate value.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

	Millions of yen	
	(Reference) End of FY2014 (March 31, 2015)	End of FY2015 (March 31, 2016)
Assets		
Current assets		
Cash and deposits	76,093	65,306
Notes and accounts receivable - trade	143,133	136,933
Merchandise and finished goods	14,856	15,216
Work in process	7,513	8,113
Raw materials and supplies	10,889	10,389
Deferred tax assets	4,525	3,722
Other	15,685	15,649
Allowance for doubtful accounts	(2,202)	(2,316)
Total current assets	270,495	253,014
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	50,809	48,603
Machinery, equipment and vehicles, net	7,731	6,934
Tools, furniture and fixtures, net	6,713	6,090
Land	16,830	16,295
Leased assets, net	262	431
Construction in progress	1,906	2,013
Total property, plant and equipment	84,252	80,368
Intangible assets		
Software	17,491	18,887
Goodwill	2,061	4,181
Other	6,610	5,543
Total intangible assets	26,163	28,612
Investments and other assets		
Investment securities	50,082	42,718
Deferred tax assets	2,248	2,427
Other	6,853	5,828
Allowance for doubtful accounts	(138)	(197)
Total investments and other assets	59,046	50,777
Total non-current assets	169,461	159,757
Total assets	439,957	412,772

Millions of yen

	(Reference) End of FY2014 (March 31, 2015)	End of FY2015 (March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,994	34,566
Short-term loans payable	24,373	9,353
Accounts payable - other	26,148	10,939
Income taxes payable	4,930	4,204
Advances received	33,047	31,898
Provision for bonuses	15,311	16,947
Provision for loss on construction contracts	3,175	4,371
Other	22,590	21,318
Total current liabilities	164,573	133,599
Non-current liabilities		
Long-term loans payable	40,898	21,175
Deferred tax liabilities	5,682	3,947
Net defined benefit liability	4,100	4,090
Other	2,726	3,067
Total non-current liabilities	53,407	32,280
Total liabilities	217,981	165,879
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,344	54,473
Retained earnings	114,638	139,919
Treasury shares	(11,019)	(1,673)
Total shareholders' equity	197,364	236,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,325	9,803
Deferred gains or losses on hedges	660	(122)
Foreign currency translation adjustment	3,516	(3,942)
Remeasurements of defined benefit plans	(1,323)	(1,413)
Total accumulated other comprehensive income	18,178	4,323
Non-controlling interests	6,433	6,448
Total net assets	221,976	246,892
Total liabilities and net assets	439,957	412,772

(2) Consolidated statements of income and statements of comprehensive income
Consolidated statements of income for the FY2015

Millions of yen

	(Reference) FY 2014 (April 1, 2014-March 31, 2015)	FY 2015 (April 1, 2015-March 31, 2016)
Net sales	405,792	413,732
Cost of sales	236,578	236,943
Gross profit	169,214	176,789
Selling, general and administrative expenses	139,395	137,146
Operating income	29,818	39,642
Non-operating income		
Interest income	534	616
Dividend income	1,685	1,729
Foreign exchange gains	2,123	–
Share of profit of entities accounted for using equity method	366	687
Miscellaneous income	1,797	785
Total non-operating income	6,506	3,819
Non-operating expenses		
Interest expenses	1,833	927
Commission fee	224	469
Foreign exchange losses	–	307
Miscellaneous loss	901	1,040
Total non-operating expenses	2,959	2,744
Ordinary income	33,366	40,717
Extraordinary income		
Gain on sale of leasehold rights and buildings	9,416	–
Gain on sales of non-current assets	44	817
Gain on sales of investment securities	784	831
Gain on change in equity	311	–
Total extraordinary income	10,558	1,649
Extraordinary losses		
Loss on sales of non-current assets	53	17
Loss on retirement of non-current assets	493	412
Business structure improvement expenses	* 15,951	–
Total extraordinary losses	16,497	430
Profit before income taxes	27,426	41,936
Income taxes - current	9,121	9,428
Income taxes - deferred	(684)	1,035
Total income taxes	8,436	10,463
Profit	18,990	31,472
Profit attributable to non-controlling interests	1,766	1,311
Profit attributable to owners of parent	17,223	30,161

Consolidated statements of comprehensive income for the FY2015

Millions of yen

	(Reference) FY 2014 (April 1, 2014-March 31, 2015)	FY 2015 (April 1, 2015-March 31, 2016)
Profit	18,990	31,472
Other comprehensive income		
Valuation difference on available-for-sale securities	6,763	(5,544)
Deferred gains or losses on hedges	740	(782)
Foreign currency translation adjustment	8,039	(7,911)
Remeasurements of defined benefit plans, net of tax	(616)	(90)
Share of other comprehensive income of entities accounted for using equity method	(175)	(65)
Total other comprehensive income	14,752	(14,394)
Comprehensive income	33,742	17,077
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,347	16,306
Comprehensive income attributable to non-controlling interests	2,394	770

(3) Consolidated statements of changes in net assets
(Reference) FY 2014 (April 1, 2014-March 31, 2015)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	43,401	50,344	100,470	(11,015)	183,201
Changes of items during the period					
Dividends from surplus			(3,090)		(3,090)
Profit attributable to owners of parent			17,223		17,223
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Other			34		34
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	14,167	(4)	14,163
Balance at the end of current period	43,401	50,344	114,638	(11,019)	197,364

Millions of yen

	Total other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Pension liability adjustment	Total other comprehensive income		
Balance at the beginning of current period	8,590	(80)	(3,945)	(511)	4,054	4,851	192,106
Changes of items during the period							
Dividends from surplus							(3,090)
Profit attributable to owners of parent							17,223
Purchase of treasury stock							(4)
Disposal of treasury stock							0
Change in treasury shares of parent arising from transactions with non-controlling shareholders							—
Other							34
Net changes of items other than shareholders' equity	6,734	740	7,461	(812)	14,124	1,582	15,706
Total changes of items during the period	6,734	740	7,461	(812)	14,124	1,582	29,869
Balance at the end of current period	15,325	660	3,516	(1,323)	18,178	6,433	221,976

FY 2015 (April 1, 2015-March 31, 2016)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	43,401	50,344	114,638	(11,019)	197,364
Changes of items during period					
Dividends of surplus			(4,879)		(4,879)
Profit attributable to owners of parent			30,161		30,161
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		4,266		9,350	13,616
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(136)			(136)
Other			(0)		(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	4,129	25,280	9,345	38,755
Balance at end of current period	43,401	54,473	139,919	(1,673)	236,120

	Total other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Pension liability adjustment	Total other comprehensive income		
Balance at beginning of current period	15,325	660	3,516	(1,323)	18,178	6,433	221,976
Changes of items during period							
Dividends of surplus							(4,879)
Profit attributable to owners of parent							30,161
Purchase of treasury shares							(4)
Disposal of treasury shares							13,616
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(136)
Other							(0)
Net changes of items other than shareholders' equity	(5,522)	(782)	(7,459)	(90)	(13,854)	15	(13,839)
Total changes of items during period	(5,522)	(782)	(7,459)	(90)	(13,854)	15	24,916
Balance at end of current period	9,803	(122)	(3,942)	(1,413)	4,323	6,448	246,892

(4) Consolidated cash flow statements

Millions of yen

	(Reference) FY 2014 (April 1, 2014-March 31, 2015)	FY 2015 (April 1, 2015-March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	27,426	41,936
Depreciation	14,485	15,121
Increase (decrease) in allowance for doubtful accounts	(2,246)	419
Increase (decrease) in provision for bonuses	1,430	2,163
Increase (decrease) in net defined benefit liability	817	252
Interest and dividend income	(2,219)	(2,346)
Interest expenses	1,833	927
Share of (profit) loss of entities accounted for using equity method	(366)	(687)
Loss (gain) on sales of investment securities	(784)	(831)
Loss (gain) on change in equity	(311)	-
Loss (gain) on sale of leasehold rights and buildings	(9,416)	-
Loss (gain) on sales of non-current assets	8	(799)
Loss on retirement of non-current assets	493	412
Business structure improvement expenses	15,951	-
Decrease (increase) in notes and accounts receivable - trade	3,880	(843)
Decrease (increase) in inventories	2,348	(2,532)
Increase (decrease) in notes and accounts payable - trade	(1,982)	3,657
Other, net	(1,309)	508
Subtotal	50,039	57,359
Interest and dividend income received	2,266	2,293
Interest expenses paid	(1,795)	(1,096)
Compensation paid to transferred employees	(2,905)	-
Payments for extra retirement payments and other	(131)	(15,852)
Income taxes (paid) refund	(9,178)	(10,772)
Net cash provided by (used in) operating activities	38,293	31,931
Cash flows from investing activities		
Payments into time deposits	(481)	(65)
Proceeds from withdrawal of time deposits	725	971
Purchase of property, plant and equipment	(8,091)	(7,157)
Proceeds from sales of property, plant and equipment	177	2,249
Purchase of intangible assets	(5,655)	(6,735)
Proceeds from sale of leasehold rights and buildings	9,525	-
Proceeds from sales and redemption of investment securities	610	1,621
Payment for the purchase of subsidiary stock	(581)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,485)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	806	-
Other, net	1,119	706
Net cash provided by (used in) investing activities	(1,844)	(10,894)

Millions of yen

	(Reference) FY 2014 (April 1, 2014-March 31, 2015)	FY 2015 (April 1, 2015-March 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,240)	2,230
Proceeds from long-term loans payable	–	10,000
Repayments of long-term loans payable	(12,221)	(46,621)
Proceeds from sales of treasury shares	–	13,362
Purchase of treasury shares	(4)	(4)
Cash dividends paid	(3,085)	(4,876)
Dividends paid to non-controlling interests	(1,237)	(964)
Proceeds from share issuance to non-controlling shareholders	721	274
Other, net	(95)	(287)
Net cash provided by (used in) financing activities	(20,163)	(26,886)
Effect of exchange rate change on cash and cash equivalents	2,579	(3,951)
Net increase (decrease) in cash and cash equivalents	18,865	(9,800)
Cash and cash equivalents at beginning of period	55,857	74,722
Cash and cash equivalents at end of period	74,722	64,922

(5) Notes on Consolidated Financial Statements

Notes for going concern

Not applicable

Important items used as the basis for creation of consolidated financial statements

1. Items related to the range of consolidation

(1) Consolidated subsidiaries: 87 companies

The range of consolidation has been revised due to changes involving the following companies:

(Increase: 5 companies)

Acquisition of Stock: Birlesik Endüstriyel Sistemler Ve Tesisler A.S. (Turkey)

(The company changed its trade name to Yokogawa Turkey Endüstriyel Otomasyon Çözümü A.Ş. in February 2016.)

Birlesik Enternasyonal Endüstriyel Sistemler Ve Tesisler Ticaret Ve Sanayi A.S. (Turkey)

(The company changed its trade name to Yokogawa Turkey Enternasyonal Endüstriyel Otomasyon Çözümü A.Ş. in February 2016.)

Industrial Evolution, Inc. (The United States)

Industrial Evolution Corp. (Canada)

Founding: Yokogawa Venture Group, Inc. (The United States)

(Decrease: 1 company)

Liquidation: Yokogawa Measurement Technologies AB (Sweden)

(2) Non-consolidated subsidiaries: 1 company

(Name of major company) Yokogawa Foundry Corporation

This company does not significantly influence the consolidated financial statements, and has therefore been excluded from the range of consolidation.

2. Items related to application of the equity method

(1) Non-consolidated subsidiaries: 1 company

(Name of the company) Yokogawa Foundry Corporation

(2) Affiliated companies: 3 companies

(Name of major company) Yokogawa Rental & Lease Corporation (Japan)

(3) Financial statements related to a company's most recent fiscal year are used if the equity method is applicable to the company and the company has a closing date that differs from the consolidated closing date.

3. Items related to the fiscal year of consolidated subsidiaries, etc.

Starting with the fiscal year under review, the closing date for Yokogawa Electric China Co., Ltd. and 19 other non-Japan subsidiaries is December 31. For creation of consolidated financial statements, financial statements based on the provisional settlement of accounts implemented on the consolidated closing date are used for these companies.

4. Application of consolidated taxation system

The Company and some of its consolidated subsidiaries have applied a consolidated taxation system.

(Changes in accounting policies)

(Application of the Accounting Standard for Business Combinations, etc.)

Beginning in the fiscal year ended March 31, 2016, the Company is applying the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the difference resulting from changes in the Company’s ownership interests in subsidiaries that are under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the start of the fiscal year ended March 31, 2016, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the consolidated financial statements for the fiscal year in which the business combination occurs. In addition, the Company has changed the presentation of net income and the like, and changed presentation from minority interests to non-controlling interests. In order to reflect these changes in presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of the standard commenced at the start of the fiscal year ended March 31, 2016, and will continue going forward.

The impact of these changes is immaterial.

In the consolidated cash flow statements for the fiscal year ended March 31, 2016, cash flows relating to acquisition or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under “cash flows from financing activities.” Cash flows related to acquisition-related costs relating to acquisition of shares of subsidiaries that result in a change in the scope of consolidation and cash flows related to the costs arising from acquisition or sale of shares of subsidiaries that do not result in a change in the scope of consolidation are recorded under “cash flows from operating activities.”

Comparison information has not been reclassified in the consolidated cash flow statements, in line with the transitional treatment provided in the Paragraph 26-4 of the Guidance on Presentation of Cash Flow Statements within the Consolidated Financial Statements.

(Changes to the method of display)

Consolidated balance sheets

Goodwill that were included in “Other” under “Intangible assets” in the previous fiscal year have been reclassified and are now shown as a separate line item titled “Goodwill.” This was necessitated by the fact that the total amount of such payments was significantly larger in the fiscal year under review.

Note that the goodwill in “Other” for the previous fiscal year amounted to 2,061 million yen.

Provision for loss on construction contracts that were included in “Other” under “Current liabilities” in the previous fiscal year have been reclassified and are now shown as a separate line item titled “Provision for loss on construction contracts.” This was necessitated by the fact that the total amount of such payments was significantly larger in the fiscal year under review.

Note that the provision for loss on construction contracts in “Other” for the previous fiscal year amounted to 3,175 million yen.

Consolidated statements of income

Commission fee that were included in “Miscellaneous expenses” in the previous fiscal year have been reclassified and are now shown as a separate line item titled “Commission fee.” This was necessitated by the fact that the total amount of such payments was significantly larger in the fiscal year under review.

Note that the commission fee in “Other” for the previous fiscal year amounted to 224 million yen.

(Consolidated statements of income)

Business structure improvement expenses

Fiscal year 2014 (from April 1, 2014 to March 31, 2015)

A business structure improvement expense of 15.951 billion yen was recorded. This includes expenses associated with the voluntary retirement program for the Company and certain consolidated subsidiaries.

Fiscal year 2015 (from April 1, 2015 to March 31, 2016)

Not applicable

(Segment information)

1. Overview of reporting segments

The business segments for financial reporting are categorized as the industrial automation and control business, test and measurement business, and aviation and other businesses.

The industrial automation and control business offers comprehensive solutions including field instruments such as flowmeters, differential pressure/pressure transmitters, and process analyzers; control systems and programmable controllers; various types of software that enhance productivity; and services that minimize plant lifecycle costs.

The test and measurement business offers waveform measuring instruments; optical communications measuring instruments; signal generators; electric power, temperature, and pressure measuring instruments; and confocal scanners for observation of live cells.

The aviation and other businesses segment mainly offers cockpit flat-panel displays, engine meters, and other instruments for aviation use; marine navigation equipment such as gyrocompasses and autopilot systems; and meteorological/hydrological monitoring systems equipment.

2. Segment sales and profits (losses)

Millions of yen

		(Reference) FY2014 (April 1, 2014-March 31, 2015)		FY2015 (April 1, 2015-March 31, 2016)		Change
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	
Industrial automation and control business	Net sales to unaffiliated customers	358,035	88.2	366,723	88.6	8,688
	Operating income (loss)	27,089	90.9	36,689	92.6	9,599
Test and measurement business	Net sales to unaffiliated customers	23,790	5.9	23,372	5.7	(418)
	Operating income (loss)	1,625	5.4	2,389	6.0	764
Aviation and other businesses	Net sales to unaffiliated customers	23,967	5.9	23,637	5.7	(330)
	Operating income (loss)	1,104	3.7	564	1.4	(540)
Consolidated	Net sales to unaffiliated customers	405,792	100.0	413,732	100.0	7,939
	Operating income (loss)	29,818	100.0	39,642	100.0	9,824

Note: Effective from the fiscal year 2015, the name of the reportable segment previously known as "Other Businesses" has been changed to the "Aviation and Other Businesses." This change to the name of the reportable segment has no impact on segment information.

3. Sales by geographical location

Millions of yen

	(Reference) FY2014 (April 1, 2014-March 31, 2015)		FY2015 (April 1, 2015-March 31, 2016)		Change Amount
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Japan	124,733	30.7	127,111	30.7	2,378
Outside Japan	281,059	69.3	286,620	69.3	5,561
Asia	103,756	25.6	100,477	24.3	(3,279)
Europe	36,704	9.0	34,821	8.4	(1,882)
North America	34,540	8.5	40,435	9.8	5,895
Middle East	41,142	10.2	46,761	11.3	5,618
Other	64,915	16.0	64,124	15.5	(790)
Consolidated net sales	405,792	100.0	413,732	100.0	7,939

(Note) Sales are based on a customer's geographical location (classified above as a country or region).

The breakdown of countries and regions belonging to groups is as follows.

- (1) Asia China, Singapore, South Korea, India, etc.
- (2) Europe The Netherlands, France, the United Kingdom, Germany, etc.
- (3) North America The United States, Canada, etc.
- (4) Middle East Bahrain, Saudi Arabia, etc.
- (5) Other Russia, Brazil, Australia, etc.

(Per-share information)

	FY2014	FY2015
Net assets per share (yen)	836.94	900.74
Basic earnings per share (yen)	66.88	114.01

(Notes) 1. The amount of the fully diluted earnings per share for the fiscal year under review is not described because there is no residual security.

2. The basis for calculation of basic earnings per share is as follows:

	FY2014	FY2015
Profit attributable to owners of parent (millions of yen)	17,223	30,161
Profit attributable to owners of parent related to common stock (millions of yen)	17,223	30,161
Average number of shares during the period	257,537,546	264,538,256

(Important post-balance sheet events)

1. Acquisition of a company through share acquisition

On February 17, 2016, the Company agreed on a cash acquisition of KBC Advanced Technologies plc (Headquarters: Walton on Thames, Surrey, UK, CEO: Andrew Howell) (hereafter "KBC") and the entire issued and to be issued share capital of KBC, and to commence procedures for making KBC a wholly owned subsidiary. The Company acquired the shares on April 7, 2016.

(1) Objective of the share acquisition

The integration of KBC's premium consulting services and software capabilities with the Company's operational excellence in the industrial automation field, such as control equipment, will enable provision of one-stop solutions to various customers ranging from senior management to engineers at field level.

By providing consultancy and supplying control equipment and so forth seamlessly throughout the customer's asset life-cycle, the Company considers that it can create additional value for its existing and new customers through strengthening technology and product innovation.

(2) Names of the counterparty companies in the share acquisition

Kestrel Partners LLP

AXA Investment Management UK Limited and others

(3) Name, business description, and scale of the acquired company

1. Company name: KBC Advanced Technologies plc

2. Business description: Provides consulting services and software to various customers in the oil and gas industry

3. Issued share capital: GBP 2,216 thousand

(4) Date of the share acquisition

April 7, 2016

(5) Number of shares acquired, acquisition price, and ownership ratio after acquisition

1. Number of shares acquired: 85,812,262

2. Acquisition price: GBP 180 million (27.921 billion yen)

3. Ownership ratio after acquisition: 100%

(6) Method of procurement of funds for payment and method of payment

Funds provided through a bank loan

(7) Amount of goodwill as well as amount of assets received and liabilities incurred on the date of the business combination

Of the acquired assets and incurred liabilities, as the identification of assets and liabilities which can be identified on the date of the business combination and measurement of their current value are not yet complete, the amount of goodwill as well as the amount of assets received and liabilities incurred on the date of the business combination have not yet been established.

[Reference]

May 10, 2016
Yokogawa Electric Corporation

Consolidated Financial Statements for the Year Ended March 31, 2016

Millions of yen

	FY2014		FY2015		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	405,792	–	413,732	–	7,939	–
Operating Income	29,818	7.3%	39,642	9.6%	9,824	2.3%
Ordinary Income	33,366	8.2%	40,717	9.8%	7,351	1.6%
Profit Attributable to Owners of Parent	17,223	4.2%	30,161	7.3%	12,937	3.1%
Comprehensive Income	33,742	8.3%	17,077	4.1%	(16,664)	(4.2)%
Total Assets	439,957		412,772		(27,185)	
Shareholders' Equity	221,976		246,892		24,916	
Return on equity	8.6%		13.2%		4.6%	
Basic Earnings per Share	66.88 yen		114.01 yen		47.13 yen	
Shareholders' Equity per Share	836.94 yen		900.74 yen		63.80 yen	
Capital Investment	14,129		15,377		1,247	
Depreciation	14,485		15,121		636	
Research and Development Expenses	25,787		25,286		(501)	
Average Exchange Rate during the Period (USD)	110.58 yen		119.99 yen		9.41 yen	

Consolidated orders by segment

Millions of yen

	FY2014	FY2015	FY 2016 full year (forecast)
Industrial automation and control business	367,026	373,084	366,000
Test and measurement business	23,133	25,149	23,000
Aviation and other businesses	26,929	22,868	19,000
Total	417,089	421,103	408,000

Consolidated sales by segment

Millions of yen

	FY2014	FY2015	FY 2016 full year (forecast)
Industrial automation and control business	358,035	366,723	360,000
Test and measurement business	23,790	23,372	24,000
Aviation and other businesses	23,967	23,637	23,000
Total	405,792	413,732	407,000

Consolidated operating income by segment

Millions of yen

	FY2014	FY2015	FY 2016 full year (forecast)
Industrial automation and control business	27,089	36,689	33,000
Test and measurement business	1,625	2,389	2,000
Aviation and other businesses	1,104	564	1,000
Total	29,818	39,642	36,000