

**Consolidated Financial Results for the Year Ended March 31, 2018  
(Japan GAAP)**

May 8, 2018

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: <https://www.yokogawa.com/>)  
 Name and Position of the Representative: Takashi Nishijima, President and Chief Executive Officer  
 Name and Position of Person in Charge: Hirohiko Nakatani, Department Manager Treasury and IR Department  
 Telephone Number: +81-422-52-6845  
 Planned Date of the Regular General Meeting of Shareholders: June 26, 2018  
 Planned Dividend Payment Starting Date: June 27, 2018  
 Planned Annual Report Filing Date: June 26, 2018  
 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, 2018 (April 1, 2017-March 31, 2018)

(1) Results of operations on a consolidated basis

(Percentages show the change from the same period of 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, 2018	406,590	3.9	32,696	3.5	33,333	1.0	21,449	(16.7)
For the year ended March 31, 2017	391,433	(5.4)	31,582	(20.3)	32,988	(19.0)	25,748	(14.6)

(Note) Comprehensive income: For the year ended March 31, 2018 24,097 million yen [5.2%]  
 For the year ended March 31, 2017 22,916 million yen [34.2%]

	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, 2018	80.27	–	8.1	7.5	8.0
For the year ended March 31, 2017	96.40	–	10.4	7.7	8.1

(Note) Profit or loss from investments accounted for by the equity method: For the year ended March 31, 2018 869 million yen  
 For the year ended March 31, 2017 580 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, 2018	448,809	278,673	60.6	1,017.40
As of March 31, 2017	440,695	262,503	58.2	959.54

(Reference) Shareholders’ equity: As of March 31, 2018: 271,876 million yen As of March 31, 2017: 256,396 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, 2018	31,980	(6,648)	(22,428)	75,836
For the year ended March 31, 2017	39,245	(36,498)	6,489	73,563

(Note) For the fiscal year ended March 31, 2018, a tentative accounting treatment for the merger of businesses was finalized for Soteica Visual Mesa, LLC and 4 other companies. The results of operations on a consolidated basis for the fiscal year ended March 31, 2017 and the financial conditions on a consolidated basis as of March 31, 2017 have been restated to reflect the revision of the initially allocated acquired costs that was decided upon finalization of the tentative accounting treatment.

## 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, 2017	–	12.50	–	12.50	25.00	6,680	25.9	2.7
For year ended March 31, 2018	–	15.00	–	15.00	30.00	8,016	37.4	3.0
For year ending March 31, 2019 (forecast)	–	15.00	–	15.00	30.00		37.3	

## 3. Business forecast for the year ending March 31, 2019 (April 1, 2018-March 31, 2019)

(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	405,000	(0.4)	33,000	0.9	32,000	(4.0)	21,500	0.2	80.46	

<Notes>

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

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

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

(3) 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, 2018 268,624,510 shares

For the year ended March 31, 2017 268,624,510 shares

b. Treasury shares at the end of the period

For the year ended March 31, 2018 1,397,149 shares

For the year ended March 31, 2017 1,416,623 shares

c. Average number of shares in the period

For the year ended March 31, 2018 267,223,255 shares

For the year ended March 31, 2017 267,097,184 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2018 (April 1, 2017-March 31, 2018)

(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, 2018	104,385	6.9	(1,986)	–	18,521	28.1	8,696	(46.3)
For the year ended March 31, 2017	97,683	(8.1)	(5,916)	–	14,459	(42.2)	16,202	(38.9)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For the year ended March 31, 2018	32.54	–
For the year ended March 31, 2017	60.66	–

(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, 2018	246,751	176,205	71.4	659.39
As of March 31, 2017	249,793	173,353	69.4	648.76

(Reference) Shareholders' equity: As of March 31, 2018: 176,205 million yen As of March 31, 2017: 173,353 million yen

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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 “1. Overview of Business Results and Others (4) Future forecast” on page 6.

The Company plans to hold a quarterly financial results presentation meeting for institutional investors on May 8, 2018. The Company also plans to promptly post to its website the materials that are used at the meeting.

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## 1. Overview of Business Results and Others

### (1) Overview of business results for the fiscal year under review

For the fiscal year under review (April 1, 2017 to March 31, 2018), the Yokogawa Group (“the Group”) worked on “expanding orders and sales,” “promoting policies for improving profitability” through improving the production and engineering costs and reducing selling, general and administrative expenses, and “executing strategic investment” aimed at achieving dramatic growth for the future based on the mid-term business plan Transformation 2017, which ended in the fiscal year under review.

The Group’s net sales for the fiscal year under review increased by 15.1 billion yen, owing to sales recovery in foreign subsidiaries and the effect of yen depreciation. Also, although we recorded 2.1 billion yen in allowance for doubtful accounts for certain notes and accounts receivable - trade whose collection has been delayed, operating income increased 1.1 billion yen due to the impact of increased revenues, etc. On the other hand, the profit attributable to owners of parent decreased 4.3 billion yen year on year due to the recording of impairment loss including goodwill, etc., despite the recording of extraordinary income primarily from sales of investment securities.

Business results are as follows.

	FY2016	FY2017	Difference	Change
Net Sales	391.433	406.590	15.156	3.9%
Operating Income	31.582	32.696	1.114	3.5%
Ordinary Income	32.988	33.333	0.344	1.0%
Profit Attributable to Owners of Parent	25.748	21.449	(4.298)	(16.7)%
(Reference) Average rate to 1 U.S. dollar (Yen)	108.95	110.70	1.75	—

Results by individual segment are outlined below.

#### <Industrial Automation and Control Business>

	FY2016	FY2017	Difference	Change
Net Sales	348.047	363.290	15.243	4.4%
Operating Income	30.610	30.389	(0.221)	(0.7)%

Net sales for the industrial automation and control business segment increased 15.2 billion yen year on year due to the demand recovery in capital investment in overseas, an increase in the replacement of plant equipment and higher demand for operation and maintenance services, as well as the depreciation of the yen and our initiatives in the solution businesses in Japan. On the other hand, partly due to recording an allowance for doubtful accounts of 2.1 billion yen for certain notes and accounts receivable - trade whose collection has been delayed, operating income remained about level year on year.

#### <Test and Measurement Business>

	FY2016	FY2017	Difference	Change
Net Sales	22.242	22.260	0.017	0.1%
Operating Income	0.898	2.533	1.635	182.1%

In the test and measurement business segment, net sales were about level year on year, but operating income greatly increased, mainly due to improvements in the gross profit margin ratio.

#### <Aviation and Other Businesses>

	FY2016	FY2017	Difference	Change
Net Sales	21.144	21.039	(0.104)	(0.5)%
Operating Income	0.073	(0.225)	(0.299)	—

In the aviation and other businesses segment, net sales were about level year on year, but operating income decreased due to a change in sales composition.

(2) Overview of financial conditions for the fiscal year under review

In comparison to March 31, 2017, total assets as of March 31, 2018 were up 8.1 billion yen to 448.8 billion yen, due mainly to increases in notes and accounts receivable – trade, despite a decrease in goodwill, etc., owing to the recognition of impairment loss. In addition, total liabilities decreased by 8.0 billion yen over the same period to 170.1 billion yen, due mainly to decreases in notes and accounts payable – trade and short-term loans payable. Also during this time period, net assets increased 16.1 billion yen to 278.6 billion yen due mainly to an increase in retained earnings. As a result, the shareholders’ equity ratio was 60.6%, up 2.4 percentage points from March 31, 2017.

(3) Cash flow status for the fiscal year under review

The cash flow from operating activities in the fiscal year under review was a net inflow of 31.9 billion yen, down 7.2 billion yen from the previous fiscal year. Following 29.3 billion yen in profit before income taxes, this is a consequence of positive factors such as depreciation of 16.5 billion yen, and negative factors such as increase in notes and accounts receivable - trade of 11.8 billion yen. The cash flow from investing activities was a net outflow of 6.6 billion yen, 29.8 billion yen less than the previous fiscal year, mainly reflecting purchase of shares of subsidiaries. The cash flow from financing activities was a net outflow of 22.4 billion yen, compared to a net inflow of 6.4 billion yen in the previous fiscal year, mainly due to the repayments of long-term loans payable of 10.0 billion yen.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review was 75.8 billion yen, up 2.2 billion yen from the end of the previous fiscal year.

[Reference]

Trends in cash flow indicators

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Shareholders’ equity ratio (%) (shareholders’ equity / total assets)	46.9	49.0	58.2	58.2	60.6
Market value based shareholders’ equity ratio (%) (total market value of stock / total assets)	107.6	75.8	75.2	106.3	130.9
Cash flow to interest-bearing debt ratio (year) (interest-bearing debt / cash flow)	2.7	1.7	1.0	1.1	0.9
Interest coverage ratio (multiple) (cash flow / interest payments)	13.4	21.5	29.1	71.7	94.0

- (Notes)
1. All values are calculated using consolidated financial figures.
  2. Total market value of stock has been calculated based on the number of shares issued, excluding treasury shares.
  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) Future forecast

The Company’s operating environment is changing dramatically, due to a number of factors including a change in the positioning of petroleum among energy resources, innovations in digital technologies, as well as an increase in needs addressing social issue solutions such as environmental issues and demographic changes.

The Group regards these changes in the business environment as opportunities for new transformation and growth that will enable it to realize continuous increases in profitability. To realize these opportunities, we consider it important to leverage the strong and diverse customer base and problem-solving capabilities that we have built up to create growth opportunities and establish a growth foundation centered mainly in Asia, including Japan, where we have a large number of systems installed. We are ready for the challenge of moving on to the next transformation.

In the next fiscal year (ending March 31, 2019), the Yokogawa Group is forecasting a slight decline in net sales projecting an appreciation of the yen. However, operating income is forecast to increase by a small amount mainly due to an improved gross profit margin and a decrease in allowance for doubtful accounts, despite plans for a certain level of increase in expenses for upfront investments. Ordinary income is expected to decline, assuming an impact from an appreciation of the yen and other factors. However, profit attributable to owners of parent is forecast to remain roughly unchanged year on year, assuming factors such as an improvement in extraordinary losses due to a decrease in impairment loss.

The operating results forecast assumes a foreign exchange rate of 1 USD = 105 yen (compared to 1 USD = 110.70 in the fiscal year ended March 31, 2018).

The forecast by segment is as follows.

In the mainstay industrial automation and control business segment, orders received are expected to increase on the assumption of continued investments by customers, due to an increase in demand in the OPEX business centered on solutions and operation maintenance targeting increased productivity at existing facilities, as well as efforts in the social issue solution business such as new initiatives in the service business for the overall value chain in the pharmaceuticals and food industries where the Company’s strengths can be leveraged. However, due to the expected appreciation of the yen, net sales and operating income are expected to remain roughly flat year on year.

In the test and measurement business segment, orders received, net sales, and operating income are all forecast to be about level year on year.

In the aviation and other businesses segment, orders received and net sales are expected to be about level year on year, but operating income is forecast to increase mainly due to changes in sales composition.

Based on the above, the current consolidated business forecasts are as follows. The results for fiscal year 2017 are provided for comparison.

Business forecast for the year ending March 31, 2019 (full year)

Unit: billion yen

	FY2017	FY2018 (forecast)	Difference	Change
Net Sales	406.590	405.0	(1.590)	(0.4)%
Operating Income	32.696	33.0	0.303	0.9%
Ordinary Income	33.333	32.0	(1.333)	(4.0)%
Profit Attributable to Owners of Parent	21.449	21.5	0.050	0.2%
(Reference) Average rate to 1 U.S. dollar (Yen)	110.70	105	(5.70)	—

(Reference) Consolidated business forecast by segment

<Orders received (full year)>

Unit: billion yen

	FY2017	FY2018 (forecast)	Difference	Change
Industrial automation and control business	358.961	367.0	8.038	2.2%
Test and measurement business	22.408	23.0	0.591	2.6%
Aviation and other businesses	18.946	20.0	1.053	5.6%
Total	400.317	410.0	9.682	2.4%

<Net sales (full year)>

Unit: billion yen

	FY2017	FY2018 (forecast)	Difference	Change
Industrial automation and control business	363.290	361.0	(2.290)	(0.6)%
Test and measurement business	22.260	23.0	0.739	3.3%
Aviation and other businesses	21.039	21.0	(0.039)	(0.2)%
Total	406.590	405.0	(1.590)	(0.4)%

<Operating income (full year)>

Unit: billion yen

	FY2017	FY2018 (forecast)	Difference	Change
Industrial automation and control business	30.389	30.5	0.111	0.4%
Test and measurement business	2.533	2.0	(0.533)	(21.1)%
Aviation and other businesses	(0.225)	0.5	0.725	—
Total	32.696	33.0	0.304	0.9%

<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
- Geopolitical risks in Middle East and East Asia, etc.
- 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

(5) 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. While giving overall consideration to our business results, the need to secure investment funds for maximizing mid- to long-term shareholder value, and maintain the financial base supporting growth investment, we will strive to secure a consolidated dividend payout ratio in excess of 30%. Furthermore, we will maintain a stable dividend based on the shareholders' equity ratio, even when business results deteriorate due to temporary factors.

Based on its business plan and financial conditions, the Company plans to pay a year-end dividend of 15 yen per share for fiscal year 2017. Accordingly, the dividend payments for the fiscal year will total 30 yen per share.

Based on the policy above, the dividend payments for fiscal year 2018 will total 30 yen per share (interim 15.00 yen, year-end 15.00 yen).

2. 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.



3. Consolidated Financial Statements

(1) Consolidated balance sheets

Millions of yen

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	74,746	78,264
Notes and accounts receivable - trade	141,288	153,646
Merchandise and finished goods	11,738	12,475
Work in process	8,218	8,573
Raw materials and supplies	10,773	11,206
Deferred tax assets	3,377	7,579
Other	16,286	15,706
Allowance for doubtful accounts	(2,622)	(3,534)
Total current assets	263,807	283,917
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,248	45,730
Machinery, equipment and vehicles, net	6,935	7,000
Tools, furniture and fixtures, net	5,880	5,729
Land	16,235	15,811
Leased assets, net	411	318
Construction in progress	2,119	2,141
Total property, plant and equipment	78,830	76,731
Intangible assets		
Software	18,428	17,780
Goodwill	16,461	8,124
Other	13,721	11,567
Total intangible assets	48,611	37,472
Investments and other assets		
Investment securities	41,848	43,692
Deferred tax assets	2,133	1,910
Other	5,659	7,823
Allowance for doubtful accounts	(194)	(2,737)
Total investments and other assets	49,446	50,687
Total non-current assets	176,888	164,891
Total assets	440,695	448,809

Millions of yen

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,363	25,466
Electronically recorded obligations - operating	–	10,569
Short-term loans payable	15,536	1,539
Accounts payable - other	11,340	12,058
Income taxes payable	4,872	4,947
Advances received	31,637	32,173
Provision for bonuses	14,625	14,791
Provision for loss on construction contracts	4,417	5,881
Other	23,116	21,982
Total current liabilities	136,909	129,411
Non-current liabilities		
Long-term loans payable	29,024	28,936
Deferred tax liabilities	5,971	6,612
Net defined benefit liability	3,924	3,586
Other	2,360	1,588
Total non-current liabilities	41,281	40,725
<b>Total liabilities</b>	<b>178,191</b>	<b>170,136</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	54,494	54,560
Retained earnings	158,901	173,002
Treasury shares	(1,409)	(1,393)
Total shareholders' equity	255,386	269,570
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,450	11,873
Deferred gains or losses on hedges	2	(29)
Foreign currency translation adjustment	(8,286)	(8,426)
Remeasurements of defined benefit plans	(1,156)	(1,112)
Total accumulated other comprehensive income	1,009	2,305
Non-controlling interests	6,107	6,796
<b>Total net assets</b>	<b>262,503</b>	<b>278,673</b>
<b>Total liabilities and net assets</b>	<b>440,695</b>	<b>448,809</b>

(2) Consolidated statements of income and statements of comprehensive income  
Consolidated statements of income for the FY2017

	Millions of yen	
	(Reference) FY2016 (April 1, 2016-March 31, 2017)	FY2017 (April 1, 2017-March 31, 2018)
Net sales	391,433	406,590
Cost of sales	222,322	231,262
Gross profit	169,111	175,328
Selling, general and administrative expenses	137,528	142,631
Operating income	31,582	32,696
Non-operating income		
Interest income	557	575
Dividend income	1,693	1,757
Share of profit of entities accounted for using equity method	580	869
Miscellaneous income	1,180	922
Total non-operating income	4,011	4,125
Non-operating expenses		
Interest expenses	522	312
Commission fee	360	188
Foreign exchange losses	286	1,913
Miscellaneous loss	1,435	1,074
Total non-operating expenses	2,604	3,488
Ordinary income	32,988	33,333
Extraordinary income		
Gain on sales of non-current assets	31	2,085
Gain on sales of investment securities	1,803	3,731
Gain on sales of shares of subsidiaries and associates	929	-
Gain on step acquisitions	648	-
Total extraordinary income	3,412	5,816
Extraordinary losses		
Loss on sales of non-current assets	7	6
Loss on retirement of non-current assets	253	213
Impairment loss	-	9,199
Loss on sales of investment securities	8	39
Loss on valuation of investment securities	-	86
Restructuring loss	634	-
Loss on employees' pension fund withdrawal	-	223
Total extraordinary losses	903	9,768
Profit before income taxes	35,497	29,381
Income taxes - current	8,923	10,737
Income taxes - deferred	30	(4,103)
Total income taxes	8,954	6,633
Profit	26,542	22,747
Profit attributable to non-controlling interests	794	1,297
Profit attributable to owners of parent	25,748	21,449

Consolidated statements of comprehensive income for the FY2017

	(Reference) FY2016 (April 1, 2016-March 31, 2017)	Millions of yen FY2017 (April 1, 2017-March 31, 2018)
Profit	26,542	22,747
Other comprehensive income		
Valuation difference on available-for-sale securities	643	1,398
Deferred gains or losses on hedges	124	(31)
Foreign currency translation adjustment	(4,608)	(112)
Remeasurements of defined benefit plans, net of tax	257	124
Share of other comprehensive income of entities accounted for using equity method	(43)	(27)
Total other comprehensive income	(3,626)	1,350
Comprehensive income	22,916	24,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,434	22,745
Comprehensive income attributable to non-controlling interests	481	1,352

(3) Consolidated statements of changes in net assets  
(Reference) FY 2016 (April 1, 2016-March 31, 2017)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	43,401	54,473	139,922	(1,673)	236,123
Cumulative effects of changes in accounting policies			27		27
Restated balance	43,401	54,473	139,949	(1,673)	236,150
Changes of items during period					
Dividends of surplus			(6,676)		(6,676)
Profit attributable to owners of parent			25,748		25,748
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		78		267	346
Change of scope of consolidation			(120)		(120)
Change in ownership interest of parent due to transactions with non-controlling interests		(58)			(58)
Other					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	20	18,951	263	19,236
Balance at end of current period	43,401	54,494	158,901	(1,409)	255,386

	Accumulated 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	9,803	(122)	(3,943)	(1,413)	4,323	6,448	246,895
Cumulative effects of changes in accounting policies					—		27
Restated balance	9,803	(122)	(3,943)	(1,413)	4,323	6,448	246,922
Changes of items during period							
Dividends of surplus							(6,676)
Profit attributable to owners of parent							25,748
Purchase of treasury shares							(3)
Disposal of treasury shares							346
Change of scope of consolidation							(120)
Change in ownership interest of parent due to transactions with non-controlling interests							(58)
Other							—
Net changes of items other than shareholders' equity	647	124	(4,343)	256	(3,313)	(341)	(3,655)
Total changes of items during period	647	124	(4,343)	256	(3,313)	(341)	15,580
Balance at end of current period	10,450	2	(8,286)	(1,156)	1,009	6,107	262,503

FY 2017 (April 1, 2017-March 31, 2018)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	43,401	54,494	158,901	(1,409)	255,386
Cumulative effects of changes in accounting policies					-
Restated balance	43,401	54,494	158,901	(1,409)	255,386
Changes of items during period					
Dividends of surplus			(7,348)		(7,348)
Profit attributable to owners of parent			21,449		21,449
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		18		22	40
Change of scope of consolidation					-
Change in ownership interest of parent due to transactions with non-controlling interests		48			48
Other					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	66	14,101	16	14,184
Balance at end of current period	43,401	54,560	173,002	(1,393)	269,570

	Accumulated 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	10,450	2	(8,286)	(1,156)	1,009	6,107	262,503
Cumulative effects of changes in accounting policies					-		-
Restated balance	10,450	2	(8,286)	(1,156)	1,009	6,107	262,503
Changes of items during period							
Dividends of surplus							(7,348)
Profit attributable to owners of parent							21,449
Purchase of treasury shares							(6)
Disposal of treasury shares							40
Change of scope of consolidation							-
Change in ownership interest of parent due to transactions with non-controlling interests							48
Other							-
Net changes of items other than shareholders' equity	1,422	(31)	(139)	44	1,295	689	1,985
Total changes of items during period	1,422	(31)	(139)	44	1,295	689	16,169
Balance at end of current period	11,873	(29)	(8,426)	(1,112)	2,305	6,796	278,673

(4) Consolidated cash flow statements

Millions of yen

	(Reference) FY2016 (April 1, 2016-March 31, 2017)	FY2017 (April 1, 2017-March 31, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	35,497	29,381
Depreciation	16,334	16,590
Amortization of goodwill	1,701	1,729
Increase (decrease) in allowance for doubtful accounts	174	3,443
Increase (decrease) in provision for bonuses	(2,073)	321
Increase (decrease) in net defined benefit liability	(187)	(290)
Interest and dividend income	(2,250)	(2,333)
Interest expenses	522	312
Share of loss (profit) of entities accounted for using equity method	(580)	(869)
Loss (gain) on sales of investment securities	(1,794)	(3,691)
Loss (gain) on valuation of investment securities	–	86
Loss (gain) on sales of shares of subsidiaries and associates	(929)	–
Loss (gain) on step acquisitions	(648)	–
Loss (gain) on sales of non-current assets	(24)	(2,078)
Loss on retirement of non-current assets	253	213
Impairment loss	–	9,199
Loss on business restructuring	634	–
Decrease (increase) in notes and accounts receivable - trade	757	(11,885)
Decrease (increase) in inventories	2,542	(1,521)
Increase (decrease) in notes and accounts payable - trade	(3,860)	3,753
Other, net	546	(2,568)
<b>Subtotal</b>	<b>46,617</b>	<b>39,793</b>
Interest and dividend income received	2,244	2,334
Interest expenses paid	(547)	(358)
Income taxes (paid) refund	(9,068)	(9,787)
<b>Net cash provided by (used in) operating activities</b>	<b>39,245</b>	<b>31,980</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(756)	(111)
Proceeds from withdrawal of time deposits	–	417
Purchase of property, plant and equipment	(6,484)	(6,565)
Proceeds from sales of property, plant and equipment	349	3,202
Purchase of intangible assets	(7,217)	(7,018)
Proceeds from sales and redemption of investment securities	4,112	4,660
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27,563)	(1,391)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,173	–
Other, net	(112)	158
<b>Net cash provided by (used in) investing activities</b>	<b>(36,498)</b>	<b>(6,648)</b>

Millions of yen

	(Reference) FY2016 (April 1, 2016-March 31, 2017)	FY2017 (April 1, 2017-March 31, 2018)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	867	(3,935)
Proceeds from long-term loans payable	18,416	–
Repayments of long-term loans payable	(5,113)	(10,088)
Cash dividends paid	(6,672)	(7,344)
Dividends paid to non-controlling interests	(715)	(637)
Other, net	(294)	(423)
Net cash provided by (used in) financing activities	6,489	(22,428)
Effect of exchange rate change on cash and cash equivalents	(595)	(631)
Net increase (decrease) in cash and cash equivalents	8,641	2,273
Cash and cash equivalents at beginning of period	64,922	73,563
Cash and cash equivalents at end of period	73,563	75,836



(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: 109 companies

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

(Increase: 2 companies)

Acquisition of Shares: TechInvent2 AS (Norway)  
Yokogawa Oman Limited Liability Company (Oman)

(Decrease: 2 companies)

Liquidation: Yokogawa MAT Corporation (Japan)  
Yokogawa Industrial Safety Systems B.V. (The United Kingdom)

(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: 2 companies

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

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 18 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.

Consolidated statements of income

\* Impairment loss

Fiscal year 2016 (from April 1, 2016 to March 31, 2017)

Not applicable

Fiscal year 2017 (from April 1, 2017 to March 31, 2018)

An impairment loss was recorded for the following asset groups for the fiscal year 2017.

Millions of yen

Location	Use	Category	Impairment loss
United Kingdom	Business assets	Goodwill	7,050
		Tools, furniture and fixtures	118
		Software	171
United States and Canada	Business assets	Machinery and equipment	50
		Software	98
		Goodwill	1,103
		Other intangible assets	444
Shinagawa-ku, Tokyo	Assets planned to be sold	Land	164
		Total	9,199

The Group's business assets are grouped based on management accounting classification. Furthermore, assets planned to be sold are grouped as individual properties.

The book values of business assets mainly with respect to the goodwill arising at the time of acquisition of shares of the U.K. based consolidated subsidiary, KBC Advanced Technologies Limited and the U.S. based consolidated subsidiary, Industrial Evolution, Inc. were reduced to their respective recoverable amounts and the amount of said reductions have been recorded as impairment losses on account of the business results of these companies falling below the initially forecasted business plans due to the impact of changes in the business environments surrounding each company.

Furthermore, following the Company's decision regarding a sales policy for assets planned to be sold, the Company has reduced the book value of assets planned to be sold to a recoverable amount and has recorded the amount of said reduction under impairment loss.

Business assets and assets planned to be sold are measured at their net realizable values.

(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) FY2016 (April 1, 2016-March 31, 2017)		FY2017 (April 1, 2017-March 31, 2018)		Change
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	
Industrial automation and control business	Net sales to unaffiliated customers	348,047	88.9	363,290	89.3	15,243
	Operating income (loss)	30,610	96.9	30,389	92.9	(221)
Test and measurement business	Net sales to unaffiliated customers	22,242	5.7	22,260	5.5	17
	Operating income (loss)	898	2.9	2,533	7.7	1,635
Aviation and other businesses	Net sales to unaffiliated customers	21,144	5.4	21,039	5.2	(104)
	Operating income (loss)	73	0.2	(225)	(0.6)	(299)
Consolidated	Net sales to unaffiliated customers	391,433	100.0	406,590	100.0	15,156
	Operating income (loss)	31,582	100.0	32,696	100.0	1,114

3. Sales by geographical location

Millions of yen

	(Reference) FY2016 (April 1, 2016-March 31, 2017)		FY2017 (April 1, 2017-March 31, 2018)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	127,943	32.7	130,466	32.1	2,522
Outside Japan	263,489	67.3	276,123	67.9	12,633
Asia	98,120	25.1	111,990	27.6	13,869
Europe	31,184	8.0	32,677	8.0	1,492
North America	32,906	8.4	30,935	7.6	(1,970)
Middle East	45,555	11.6	43,926	10.8	(1,628)
Other	55,722	14.2	56,593	13.9	870
Consolidated net sales	391,433	100.0	406,590	100.0	15,156

(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               Netherlands, France, United Kingdom, Germany, etc.
- (3) North America      United States, Canada, etc.
- (4) Middle East        Bahrain, Saudi Arabia, etc.
- (5) Other                Russia, Brazil, Australia, etc.

(Per-share information)

	FY2016	FY2017
Net assets per share (yen)	959.54	1,017.40
Basic earnings per share (yen)	96.40	80.27

(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:

	FY2016	FY2017
Profit attributable to owners of parent (millions of yen)	25,748	21,449
Profit attributable to owners of parent related to common stock (millions of yen)	25,748	21,449
Average number of shares during the period	267,097,184	267,223,255

(Important post-balance sheet events)

Not applicable

[Reference]

May 8, 2018  
Yokogawa Electric Corporation

### Consolidated Financial Statements for the Year Ended March 31, 2018

Millions of yen

	FY2016		FY2017		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	391,433	–	406,590	–	15,156	–
Operating Income	31,582	8.1%	32,696	8.0%	1,114	(0.1)%
Ordinary Income	32,988	8.4%	33,333	8.2%	344	(0.2)%
Profit Attributable to Owners of Parent	25,748	6.6%	21,449	5.3%	(4,298)	(1.3)%
Comprehensive Income	22,916	5.9%	24,097	5.9%	1,181	0.0%
Total Assets	440,695		448,809		8,113	
Shareholders' Equity	262,503		278,673		16,169	
Return on Equity	10.4%		8.1%		(2.3)%	
Basic Earnings per Share	96.40 yen		80.27 yen		(16.13) yen	
Shareholders' Equity per Share	959.54 yen		1,017.40 yen		57.86 yen	
Capital Investment	14,168		13,230		(938)	
Depreciation	18,036		18,319		284	
Research and Development Expenses	27,126		26,575		(550)	
Average Exchange Rate during the Period (USD)	108.95 yen		110.70 yen		1.75 yen	

#### Consolidated orders by segment

Millions of yen

	FY2016	FY2017	FY2018 full year (forecast)
Industrial automation and control business	348,289	358,961	367,000
Test and measurement business	22,153	22,408	23,000
Aviation and other businesses	20,217	18,946	20,000
Total	390,660	400,317	410,000

#### Consolidated sales by segment

Millions of yen

	FY2016	FY2017	FY2018 full year (forecast)
Industrial automation and control business	348,047	363,290	361,000
Test and measurement business	22,242	22,260	23,000
Aviation and other businesses	21,144	21,039	21,000
Total	391,433	406,590	405,000

#### Consolidated operating income by segment

Millions of yen

	FY2016	FY2017	FY2018 full year (forecast)
Industrial automation and control business	30,610	30,389	30,500
Test and measurement business	898	2,533	2,000
Aviation and other businesses	73	(225)	500
Total	31,582	32,696	33,000