

Consolidated Financial Statements for the Year Ended March 31, 2015

(Japan GAAP)

May 12, 2015

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 24, 2015
 Planned Dividend Payment Starting Date: June 25, 2015
 Planned Date to File Annual Report: June 24, 2015
 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, 2015 (April 1, 2014 - March 31, 2015)

(1) Results of operations on a consolidated basis

(Percentages show the change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2015	405,792	4.5	29,818	15.2	33,366	29.9	17,233	39.6
For the year ended March 31, 2014	388,463	11.7	25,893	40.6	25,679	42.6	12,341	-16.0

(Note) Comprehensive income: For the year ended March 31, 2015 33,742 million yen 45.4%
 For the year ended March 31, 2014 23,207 million yen -13.3%

	Net Income per Share	Diluted Net Income per Share	Net Income to Shareholders' Equity Ratio	Ordinary Income to Total Asset Ratio	Operating Income to Net Sales Ratio
	Yen	Yen	%	%	%
For the year ended March 31, 2015	66.88	—	8.6	8.0	7.3
For the year ended March 31, 2014	47.92	—	6.9	6.6	6.7

(Note) Profit or loss from investments accounted for by the equity method: For the year ended March 31, 2015 366 million yen
 For the year ended March 31, 2014 73 million yen

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million yen	Million yen	%	Yen
For the year ended March 31, 2015	439,957	221,976	49.0	836.94
For the year ended March 31, 2014	398,920	192,106	46.9	727.09

(Note) Shareholders' equity: For the year ended March 31, 2015 215,542 million yen
 For the year ended March 31, 2014 187,255 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
	Million yen	Million yen	Million yen	Million yen
For the year ended March 31, 2015	38,293	(1,844)	(20,163)	74,722
For the year ended March 31, 2014	30,107	(13,844)	(21,596)	55,857

2. Dividend status

(Record date)	Dividends per Share					Total Dividends (annual)	Payout Ratio (consol.)	Net Asset Dividend Rate (consol.)
	June 30	September 30	December 31	End of Term	Annual Total			
	yen	yen	yen	yen	yen	Million yen	%	%
For the year ended March 31, 2014	—	6.00	—	6.00	12.00	3,090	25.0	1.7
For the year ended March 31, 2015	—	6.00	—	6.00	12.00	3,090	17.9	1.5
For the year ending March 31, 2016 (forecast)	—	12.50	—	7.50	20.00		27.1	

(Note) Breakdown for September 30, 2015 dividend: Ordinary dividend 7.50 yen, commemorative dividend 5.00 yen

3. Business forecast for the year ending March 31, 2015 (April 1, 2015-March 31, 2016)

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	413,000	1.8	33,000	10.7	30,000	-10.1	19,000	10.3	73.78

<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 stock) | |
| For the year ended March 31, 2015 | 268,624,510 shares |
| For the year ended March 31, 2014 | 268,624,510 shares |
| b. Treasury stock at the end of the period | |
| For the year ended March 31, 2015 | 11,088,633 shares |
| For the year ended March 31, 2014 | 11,085,537 shares |
| c. Average number of shares in the period | |
| For the year ended March 31, 2015 | 257,537,546 shares |
| For the year ended March 31, 2014 | 257,541,866 shares |

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. Please refer to page 5 for a disclaimer regarding the assumptions used in performance forecasts, as well as the use of such forecasts.

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1. Analysis of Business Results and Financial Conditions

(1) Analysis of business results

This section reviews the performance of the Yokogawa Group for the consolidated accounting period (fiscal year) under review.

Global economic growth remained low due to rising uncertainty about the future brought about by factors such as the slowdown of emerging economies, a plunge in oil prices, and increased political instability in certain regions. On the positive side, certain leading developed economies such as the U.S. are now on the recovery path. In Japan, the corporate sector reported stronger results thanks to the weaker yen and the booming stock market, both of which were triggered by bold fiscal and monetary policies, but the overall economy grew at just a modest rate.

Under these circumstances, the Group continued to strive for global growth by focusing on the industrial automation and control business and targeting principally the energy and materials related markets, as called for in its Evolution 2015 mid-term business plan. As a result of these efforts – and due in part to the weaker yen – net sales, operating income, and ordinary income were up year-on-year.

Because the Group was faced with an urgent need to strengthen its global competitiveness, management decided to undertake a thorough review of the current organization and instituted a voluntary retirement program for which it has posted a 15.9 billion yen business structure improvement expense. Net income was still up from a year ago due in part to factors such as a 9.4 billion yen gain on the sale of leasehold rights and buildings.

Consolidated		Billions of yen	
	Year ended March 31, 2014	Year ended March 31, 2015	Change
Net Sales	388.463	405.792	up 17.329
Operating Income	25.893	29.818	up 3.925
Ordinary Income	25.679	33.366	up 7.686
Net Income	12.341	17.223	up 4.881

Results by individual segment are outlined below.

Industrial Automation and Control Business

		Billions of yen	
	Year ended March 31, 2014	Year ended March 31, 2015	Change
Net Sales	336.329	358.035	up 21.705
Operating Income	24.224	27.089	up 2.864

Net sales for the industrial automation and control business were 358.035 billion yen, up 21.705 billion yen year on year, and operating income was 27.089 billion yen, up 2.864 billion yen. This increase was mainly thanks to robust energy-related markets and the further weakening of the yen.

Test and Measurement Business

		Billions of yen	
	Year ended March 31, 2014	Year ended March 31, 2015	Change
Net Sales	27.804	23.790	down 4.014
Operating Income (Loss)	1.018	1.625	up 0.606

Primarily due to the effects of the withdrawal from and sale of businesses before the end of the previous fiscal year, net sales for the test and measurement business fell 4.014 billion yen year on year, to 23.79 billion yen, and operating income increased 606 million yen, to 1.625 billion yen.

Other Businesses

		Billions of yen	
	Year ended March 31, 2014	Year ended March 31, 2015	Change
Net Sales	24.328	23.967	down 0.361
Operating Income	0.65	1.104	up 0.453

In our other businesses segment, net sales were 23.967 billion yen, down 0.361 billion yen from a year earlier, and operating income was 1.104 billion yen, up 453 million yen.

(2) Full year business forecast

In our main business of industrial automation and control, despite the postponement of projects and decrease in investment by some of our customers due to the weak oil prices, we expect to see robust growth in energy-related markets over the long term due to strong energy demand driven by companies in resource importing and other regions that can reduce material costs, and growth in the global economy, principally in emerging markets. Accordingly, we expect to see a year-on-year increase in orders, sales, and operating income in fiscal year 2015.

In the test and measurement business, we expect that orders, sales, and operating income will be up from fiscal year 2014.

Accordingly, we expect to see a year-on-year increase in consolidated sales and operating income in fiscal year 2015. Although consolidated ordinary income is expected to decrease mainly due to foreign exchange losses, net income is expected to increase.

Based on the above, the current consolidated business forecasts are as follows. The results for fiscal year 2014 are provided for comparison.

Finally, please note that the “Other Businesses” business segment was renamed “Aviation and Other Businesses” on April 1, 2015

Business forecast for the year ending March 31, 2015 (full year)

Unit: billion yen

	FY2014	FY2015 (forecast)	Change
Net Sales	405.792	413.000	7.208
Operating Income	29.818	33.000	3.182
Ordinary Income	33.366	30.000	3.366
Net Income	17.223	19.000	1.777

Exchange rate

Unit: yen

	FY2014	FY2015 (forecast)
	Full year	Full year
1 US\$	110.58	110.00

[Reference]

1. Order forecast by segment (full year)

Unit: billion yen

Segment	Full year		
	FY2014	FY2015 (forecast)	Change
Industrial automation and control business	367.026	378.000	10.974
Test and measurement business	23.133	25.000	1.867
Aviation and other businesses	26.929	23.000	(3.929)
Total	417.089	426.000	8.911

2. Sales forecast by segment (full year)

Unit: billion yen

Segment	Full year		
	FY2014	FY2015 (forecast)	Change
Industrial automation and control business	358.035	365.000	6.965
Test and measurement business	23.790	25.000	1.210
Aviation and other businesses	23.967	23.000	(0.967)
Total	405.792	413.000	7.208

3. Operating income forecast by segment (full year)

Unit: billion yen

Segment	Full year		
	FY2014	FY2015 (forecast)	Change
Industrial automation and control business	27.089	30.000	2.911
Test and measurement business	1.625	2.000	0.375
Aviation and other businesses	1.104	1.000	(0.104)
Total	29.818	33.000	3.182

Notes regarding the use of forecasts

The above forecasts are based on certain assumptions deemed reasonable by Yokogawa at the present time, and may differ from actual business results.

Major factors that may affect business performance include the following:

- Fluctuations in the US dollar, the euro, Asian currencies, Middle Eastern currencies, etc., relative to the yen
- Sudden changes in oil prices
- Sudden changes in political and economic conditions in major markets
- Changes in trade regulations or other aspects that have an impact on the business environment
- Sudden fluctuations in supply or demand
- Fluctuations in Japanese share prices
- Protection of Yokogawa patents and the licensing of patents held by other companies
- M&A and alliances with other companies for product development or other purposes
- Earthquakes, floods, tsunamis, and other natural disasters

(3) Analysis of financial conditions

1) Conditions of assets, liabilities, and net assets

In comparison with the end of the previous fiscal year, total assets at the end of the fiscal year under review were 439.957 billion yen, an increase of 41.036 billion yen, and this can mainly be attributed to an increase in cash and deposits. Total liabilities increased by 11.166 billion yen, to 217.981 billion yen, principally because of an increase in other accounts payable, which includes payments for the voluntary retirement program that will be made in fiscal year 2015. Net assets increased by 29.869 billion yen, to 221.976 billion yen, chiefly due to an increase in retained earnings.

As a result, the shareholders' equity ratio at the end of the fiscal year under review was 49.0%, up 2.1 percentage points from the end of the previous fiscal year.

2) Cash flow status

The cash flow from operating activities in the fiscal year under review was a net inflow of 38.293 billion yen, up 8.186 billion yen from the previous fiscal year, mainly due to a decrease in trade receivables. The cash flow from investing activities was a net outflow of 1.844 billion yen, down 12.040 billion yen, chiefly due to the sale of leasehold rights and buildings. The cash flow from financing activities was a net outflow of 20.163 billion yen, down 1.433 billion yen, mainly because of the repayment of long-term loans.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review was 74.722 billion yen, up 18.865 billion yen from the end of the previous fiscal year.

[Reference]

Trends in cash flow indicators

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Shareholders' equity ratio (%) (shareholders' equity / total assets)	39.2	40.5	44.3	46.9	49.0
Market value based shareholders' equity ratio (%) (total market value of stock / total assets)	45.2	60.0	64.1	107.6	75.8
Cash flow to interest-bearing debt ratio (interest-bearing debt / cash flow)	6.9	8.0	5.7	2.7	1.7
Interest coverage ratio (multiple) (cash flow / interest payments)	5.7	4.2	7.8	13.4	21.5

- (Note)
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 6 yen per share for fiscal year 2014. Accordingly, the dividend payments for the fiscal year will total 12 yen per share.

September 2015 marks the 100th anniversary of Yokogawa's founding. As an expression of appreciation to our shareholders on this special occasion, the Company plans in fiscal year 2015 to pay a commemorative interim dividend of 5 yen per share, in addition to an ordinary interim dividend of 7.5 yen per share. The dividend payments for fiscal year 2015 will thus total 20 yen per share (interim 12.5 yen, year-end 7.5 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.

Corporate Social Responsibility (CSR)

In order to fulfill its corporate social responsibility, Yokogawa will enhance its corporate governance by developing and operating an internal control system, and contribute to community and society through the pursuit of high quality and customer satisfaction, the observance of business ethics, fair trade, the training and utilization of human resources, and environmental management activities, while aiming for continuous improvement of its corporate value. In doing so, we prioritize safety and compliance.

(2) Target management indicators

To become the global No. 1 company in the industrial automation and control business, the Group has been implementing the Evolution 2015 growth strategies centering on the industrial automation and control business segment. Yokogawa has also put itself in a stronger position by undertaking measures such as the globalization of headquarters functions and the restructuring of production systems. In addition, Yokogawa has accelerated its transformation into a global solutions and service company and taken on the challenge of immediately improving profitability in fiscal year 2014.

However, considering the changes that have taken place in the Company and its business environment, Yokogawa will need to change its approach if it is to achieve higher growth. Accordingly, the Group has just drawn up and started implementation of Transformation 2017 (“TF2017”), a new mid-term business plan for fiscal years 2015 to 2017 that aims to reform our 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.

(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 specified ways to achieve them. This framework provides a vision statement on the direction in which the Company should be heading, states what our 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. Yokogawa will also continue working towards the goal of becoming the global No. 1 company in the industrial automation and control business.

* Process co-innovation

This is a concept for a future automation business that will utilize all of Yokogawa’s measurement, control, and information technologies. According to this concept, process optimization goes beyond production processes to address all material and information flows within and between companies, including both value and supply chains. This concept covers all of Yokogawa’s solutions and involves a commitment to working with clients to create new value for them.

(4) Challenges for the Company

As a result of the measures that have been undertaken to date, Yokogawa has already achieved the sales target for fiscal year 2015 and generated record high operating income in the fiscal year under review, and is in a stronger financial position. However, the current level of profitability is not yet satisfactory and needs to be raised. In addition, as industries change and restructure worldwide in response to the IT revolution, we are seeing changes in our business environment and emerging new opportunities. Accordingly, we have drawn up and have begun implementation of the TF2017 mid-term business plan to strengthen investment for growth and make the business reforms needed to boost profitability. TF2017 addresses the challenges that we currently face and lays the groundwork for Yokogawa to reach a new growth stage.

To enhance objectivity and transparency in corporate management, Yokogawa will comply with Japan’s Corporate Governance Code, which comes into effect next month. We will make a prompt, appropriate, and detailed disclosure of all compliance measures.

The section below, “Measures for enhancing corporate governance,” explains what Yokogawa currently is doing to ensure compliance with the code. We will take steps to enhance this.

<Measures for enhancing corporate governance>

Our Group considers that it is a basic mission of its management to earn the trust of all stakeholders, including shareholders. Yokogawa will place a high priority on enhancing its corporate governance to secure healthy and profitable operation.

At meetings of the board of directors, we will strive for quick and transparent decision-making by directors who are familiar with Yokogawa’s business as well as independent outside directors. In addition, we will improve our management audit function by strictly checking and verifying the legality and efficiency of the work carried out by directors and the validity of their decision making processes. This will be done by a board of corporate auditors that includes outside auditors.

The Group’s compliance principles are set out in the Standards of Business Conduct for the Yokogawa Group. The directors will

take the initiative to promote the observation and awareness of business ethics throughout the Group. We have also established an internal control system for the Yokogawa Group to ensure the reliability of financial statements, the validity of the decision-making process, and proper and efficient execution of operations.

To ensure the effectiveness of the Yokogawa Group's internal control system, the department responsible for this function will conduct regular internal audits based on an annual plan, and report the key results to the board of directors and the corporate auditors.

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.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

Millions of yen

	(Reference) Year ended March 31, 2014	Year ended March 31, 2015
Assets		
Current assets		
Cash and deposits	57,296	76,093
Notes and accounts receivable-trade	135,053	143,133
Merchandise and finished goods	15,686	14,856
Work in process	8,497	7,513
Raw materials and supplies	10,260	10,889
Deferred tax assets	3,760	4,525
Other	13,346	15,685
Allowance for doubtful accounts	(3,918)	(2,202)
Total current assets	239,983	270,495
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,987	50,809
Machinery, equipment and vehicles, net	7,703	7,731
Tools, furniture and fixtures, net	7,075	6,713
Land	16,699	16,830
Lease assets, net	92	262
Construction in progress	3,057	1,906
Total property, plant and equipment	82,616	84,252
Intangible assets		
Software	19,315	17,491
Other	6,929	8,671
Total intangible assets	26,245	26,163
Investments and other assets		
Investment securities	40,260	50,082
Deferred tax assets	2,167	2,248
Other	8,093	6,853
Allowance for doubtful accounts	(446)	(138)
Total investments and other assets	50,075	59,046
Total noncurrent assets	158,937	169,461
Total assets	398,920	439,957

Millions of yen

	(Reference) Year ended March 31, 2014	Year ended March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,461	34,944
Short-term loans payable	19,286	24,373
Accounts payable-other	10,265	26,148
Income taxes payable	4,665	4,930
Advances received	28,581	33,047
Provision for bonuses	13,481	15,311
Other	27,090	25,766
Total current liabilities	135,833	164,573
Noncurrent liabilities		
Long-term loans payable	62,120	40,898
Deferred tax liabilities	3,182	5,682
Provision for retirement benefits	2,895	4,100
Other	2,782	2,726
Total noncurrent liabilities	70,980	53,407
Total liabilities	206,814	217,981
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,344	50,344
Retained earnings	100,470	114,638
Treasury stock	(11,015)	(11,019)
Total shareholders' equity	183,201	197,364
Total other comprehensive income		
Valuation difference on available-for-sale securities	8,590	15,325
Deferred gains or losses on hedges	(80)	660
Foreign currency translation adjustment	(3,945)	3,516
Remeasurements of defined benefit plans	(511)	(1,323)
Total other comprehensive income	4,054	18,178
Minority interests	4,851	6,433
Total net assets	192,106	221,976
Total liabilities, net assets	398,920	439,957

(2) Consolidated statements of income and statements of comprehensive income
Consolidated statements of income

Millions of yen

	(Reference) Year ended March 31, 2014	Year ended March 31, 2015
Net sales	388,463	405,792
Cost of sales	229,256	236,578
Gross profit	159,206	169,214
Selling, general and administrative expenses	133,313	139,395
Operating income	25,893	29,818
Non-operating income		
Interest income	443	534
Dividend income	1,631	1,685
Foreign exchange gains	999	2,123
Equity in earnings of affiliates	73	366
Compensation income	45	—
Miscellaneous income	963	1,797
Total non-operating income	4,157	6,506
Non-operating expenses		
Interest expenses	2,101	1,833
Miscellaneous expenses	2,269	1,126
Total non-operating expenses	4,371	2,959
Ordinary income	25,679	33,366
Extraordinary income		
Gain on sale of land lease rights	—	9,416
Gain on sale of noncurrent assets	108	44
Gain on sales of investment securities	16	784
Gain on change in equity	—	311
Total extraordinary income	125	10,558
Extraordinary losses		
Loss on sale of noncurrent assets	77	53
Loss on retirement of noncurrent assets	284	493
Impairment loss	283	—
Loss on valuation of investment securities	7	—
Business structure improvement expense	※ 3,401	※ 15,951
Total extraordinary losses	4,053	16,497
Income (loss) before income taxes and minority interests	21,750	27,426
Income taxes-current	8,276	9,121
Income taxes-deferred	(410)	(684)
Total income taxes	7,866	8,436
Loss before minority interests	13,884	18,990
Minority interests in income	1,542	1,766
Net income (loss)	12,341	17,223

Statements of comprehensive income

Millions of yen

	(Reference) Year ended March 31, 2014	Year ended March 31, 2015
Income (loss) before minority interests	13,884	18,990
Other comprehensive income		
Valuation difference on available-for-sale securities	3,030	6,763
Deferred gains or losses on hedges	(196)	740
Foreign currency translation adjustment	6,439	8,039
Remeasurements of defined benefit plans	22	(616)
Share of other comprehensive income of affiliates accounted for using equity method	26	(175)
Total other comprehensive income	9,322	14,752
Comprehensive income	23,207	33,742
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	21,401	31,347
Comprehensive income attributable to minority interests	1,806	2,394

(3) Consolidated statements of changes in net assets
(Reference) Year ended March 31, 2014

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	90,960	(11,007)	173,698
Changes of items during the period					
Dividends from surplus			(2,832)		(2,832)
Net income (loss)			12,341		12,341
Purchase of treasury stock				(7)	(7)
Disposal of treasury stock		0		0	0
Other			1		1
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	9,510	(7)	9,502
Balance at the end of current period	43,401	50,344	100,470	(11,015)	183,201

Millions of yen

	Total other comprehensive income					Minority 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	5,576	116	(10,163)	(837)	(5,308)	4,006	172,396
Changes of items during the period							
Dividends from surplus							(2,832)
Net income (loss)							12,341
Purchase of treasury stock							(7)
Disposal of treasury stock							0
Other							1
Net changes of items other than shareholders' equity	3,014	(196)	6,218	326	9,362	844	10,207
Total changes of items during the period	3,014	(196)	6,218	326	9,362	844	19,709
Balance at the end of current period	8,590	(80)	(3,945)	(511)	4,054	4,851	192,106

Year ended 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)
Net income (loss)			17,223		17,223
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		0	0
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					Minority 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)
Net income (loss)							17,223
Purchase of treasury stock							(4)
Disposal of treasury stock							0
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

(4) Consolidated cash flow statements

Millions of yen

	(Reference) Year ended March 31, 2014	Year ended March 31, 2015
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	21,750	27,426
Depreciation and amortization	13,551	14,485
Increase (decrease) in allowance for doubtful accounts	(307)	(2,246)
Increase (decrease) in provision for bonuses	318	1,430
Increase (decrease) in net defined benefit liability	(284)	817
Interest and dividend income	(2,074)	(2,219)
Interest expense	2,101	1,833
Equity in (earnings) losses of affiliates	(73)	(366)
Loss (gain) on sales of investment securities	(16)	(784)
Loss (gain) on change in equity	—	(311)
Loss (gain) on sale of land lease rights	—	(9,416)
Loss (gain) on sales of noncurrent assets	(31)	8
Loss on retirement of noncurrent assets	284	493
Impairment loss	283	-
Business structure improvement expense	3,401	15,951
Decrease (increase) in notes and accounts receivable-trade	(2,585)	3,880
Decrease (increase) in inventories	1,955	2,348
Increase (decrease) in notes and accounts payable-trade	174	(1,982)
Other, net	(929)	(1,440)
Subtotal	37,518	49,907
Interest and dividend income received	2,073	2,266
Interest expenses paid	(2,243)	(1,795)
Payments of compensation fee for transfer	(333)	(2,905)
Income taxes paid	(6,907)	(9,178)
Net cash provided by (used in) operating activities	30,107	38,293
Net cash provided by (used in) investing activities		
Payments into time deposits	(583)	(481)
Proceeds from withdrawal of time deposits	94	725
Purchase of property, plant and equipment	(8,574)	(8,091)
Proceeds from sale of property, plant and equipment	444	177
Purchase of intangible assets	(5,025)	(5,655)
Proceeds from sale of land lease rights	—	9,525
Proceeds from sales of investment securities	26	610
Purchase of investments in subsidiaries	(825)	(581)
Proceeds from sale of subsidiary's stock according to a change of scope of consolidation	—	806
Other, net	559	1,119
Net cash provided by (used in) investment activities	(13,884)	(1,844)

Millions of yen

	(Reference) Year ended March 31, 2014	Year ended March 31, 2015
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,373)	(4,240)
Proceeds from long-term loans payable	10,000	—
Repayment of long-term loans payable	(26,609)	(12,221)
Purchase of treasury stock	(7)	(4)
Cash dividends paid	(2,832)	(3,085)
Cash dividends paid to minority shareholders	(697)	(1,237)
Proceeds from share issuance to minority shareholders	—	721
Other, net	(75)	(95)
Net cash provided by (used in) financing activities	(21,596)	(20,163)
Effect of exchange rate change on cash and cash equivalents	2,405	2,579
Net increase (decrease) in cash and cash equivalents	(2,968)	18,865
Cash and cash equivalents at beginning of period	58,826	55,857
Cash and cash equivalents at end of period	55,857	74,722

(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: 83 companies

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

(Increase: 3 companies)

Founding:	Yokogawa Analytical Solutions Sdn. Bhd. (Malaysia)
	Yokogawa Polska Sp. z o. o. (Poland)
	Yokogawa Colombia S.A.S (Colombia)

(Decrease: 1 company)

Sale of stock:	Yokogawa Digital Computer Corporation
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(2) Non-consolidated subsidiaries

(Name of major company)	Yokogawa Foundry Corporation
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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
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(2) Affiliated companies: 3 companies

(Name of major company)	Yokogawa Rental & Lease Corporation (Japan)
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(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 15 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 to the method of display)

(Consolidated cash flow statements)

Transfer compensation payments that were included in "Other, net" under "Net cash provided by (used in) operating activities" in the previous fiscal year have been reclassified and are now shown as a separate line item titled "Payments of compensation fee for transfer." 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 transfer compensation payments in "Other, net" for the previous fiscal year amounted to 333 million yen.

(Consolidated statements of income)

Business structure improvement expenses

Fiscal year 2013 (from April 1, 2013 to March 31, 2014)

A business structure improvement expense of 3.401 billion yen was recorded. This includes compensation for Company employees who are being transferred to consolidated subsidiaries for the purpose of Groupwide optimization.

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.

(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 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 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

Business	Term	(Reference) Year ended March 31, 2014		Year ended March 31, 2015		Change
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	
Industrial automation and control business	Net sales to unaffiliated customers	336,329	86.5	358,035	88.2	21,705
	Operating income (loss)	24,224	93.6	27,089	90.9	2,864
Test and measurement business	Net sales to unaffiliated customers	27,804	7.2	23,790	5.9	(4,014)
	Operating income (loss)	1,018	3.9	1,625	5.4	606
Other businesses	Net sales to unaffiliated customers	24,328	6.3	23,967	5.9	(361)
	Operating income (loss)	650	2.5	1,104	3.7	453
Consolidated	Net sales to unaffiliated customers	388,463	100.0	405,792	100	17,329
	Operating income (loss)	25,893	100.0	29,818	100	3,925

3. Sales by geographical location

Region	Term	(Reference) Year ended March 31, 2014		Year ended March 31, 2015		Change Amount
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	
Japan		129,079	33.2	124,733	30.7	(4,346)
Outside Japan		259,383	66.8	281,059	69.3	21,675
	Asia	98,612	25.4	103,756	25.6	5,144
	Europe	37,743	9.7	36,704	9.0	(1,038)
	North America	25,856	6.7	34,540	8.5	8,684
	Middle East	37,315	9.6	41,142	10.2	3,827
	Other	59,856	15.4	64,915	16.0	5,058
Consolidated net sales		388,463	100.0	405,792	100.0	17,329

(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
- (4) Middle East Bahrain, Saudi Arabia, etc.
- (5) Other Russia, Brazil, Australia, etc.

(Per-share information)

	Year ended March 31, 2014	Year ended March 31, 2015
Net assets per share (yen)	727.09	836.94
Net income or loss per share (yen)	47.92	66.88

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

2. The basis for calculation of net income (loss) per share is as follows:

	Year ended March 31, 2014	Year ended March 31, 2015
Net income or loss (millions of yen)	12,341	17,223
Net income or loss related to common stock (millions of yen)	12,341	17,223
Average number of shares during the period	257,541,866	257,537,546

(Important post-balance sheet events)

Not applicable

[Reference]

May 12, 2015
Yokogawa Electric Corporation

Consolidated Financial Statements for the Year Ended March 31, 2015

Millions of yen

	Year ended March 31, 2014		Year ended March 31, 2015		Change	
	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales
Net Sales	388,463	—	405,792	—	17,329	—
Operating Income	25,893	6.7%	29,818	7.3%	3,925	0.6%
Ordinary Income	25,679	6.6%	33,366	8.2%	7,686	1.6%
Net Income	12,341	3.2%	17,223	4.2%	4,881	1.0%
Comprehensive Income	23,207	6.0%	33,742	8.3%	10,535	2.3%
Total Assets	398,920		439,957		41,036	
Shareholders' Equity	192,106		221,976		29,869	
Net Income to Shareholders' Equity Ratio	6.9%		8.6%		1.7%	
Net Income per Share	47.92 yen		66.88 yen		18.96 yen	
Shareholders' Equity per Share	727.09 yen		836.94 yen		109.85 yen	
Capital Investment	14,006		14,129		122	
Depreciation	13,551		14,485		933	
Research and Development Expenses	25,824		25,787		(36)	
Average Exchange Rate during the Term						
USD	100.67 yen		110.58 yen		9.91yen	
EUR	135.24 yen		138.41 yen		3.17yen	

Consolidated orders by segment

Millions of yen

	Year ended March 31, 2014	Year ended March 31, 2015	Year ending March 31, 2016 (forecast)
Industrial automation and control business	356,177	367,026	378,000
Test and measurement business	27,288	23,133	25,000
Aviation and other businesses	22,517	26,929	23,000
Total	405,982	417,089	426,000

Consolidated sales by segment

Millions of yen

	Year ended March 31, 2014	Year ended March 31, 2015	Year ending March 31, 2016 (forecast)
Industrial automation and control business	336,329	358,035	365,000
Test and measurement business	27,804	23,790	25,000
Aviation and other businesses	24,328	23,967	23,000
Total	388,463	405,792	413,000

Consolidated operating income by segment

Millions of yen

	Year ended March 31, 2014	Year ended March 31, 2015	Year ending March 31, 2016 (forecast)
Industrial automation and control business	24,224	27,089	30,000
Test and measurement business	1,018	1,625	2,000
Aviation and other businesses	650	1,104	1,000
Total	25,893	29,818	33,000