

Consolidated Financial Results for the First Two Quarters of the Fiscal Year Ending March 31, 2017 (Japan GAAP)

November 1, 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 Quarterly Report Filing Date: November 11, 2016
 Planned Dividend Payment Starting Date: December 2, 2016
 Quarterly Financial Results Supplemental Materials: Yes
 Quarterly Financial Results Presentation Meeting: Yes (for institutional investors)

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

1. Consolidated business results for the First Two Quarters of the year ending March 31, 2017 (April 1-September 30, 2016)

(1) Results of operations on a consolidated basis (accumulated)

(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 first two quarters of year ending March 31, 2017	184,612	(8.7)	14,507	(29.1)	14,888	10,322
For first two quarters of year ended March 31, 2016	202,174	9.7	20,462	98.9	21,005	16,061

(Note) Comprehensive income: For first two quarters of year ending March 31, 2017 (4,656) million yen [–%]
 For first two quarters of year ended March 31, 2016 10,122 million yen [(39.3)%]

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For first two quarters of year ending March 31, 2017	38.66	–
For first two quarters of year ended March 31, 2016	61.27	–

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	410,735	239,047	56.7
As of March 31, 2016	412,772	246,892	58.3

(Reference) Shareholders' equity: As of September 30, 2016: 233,002 million yen As of March 31, 2016: 240,444 million yen

2. Dividend status

	Dividends per Share				
	June 30	September 30	December 31	End of Period	Total
	Yen	Yen	Yen	Yen	Yen
For year ended March 31, 2016	–	12.50	–	12.50	25.00
For year ending March 31, 2017	–	12.50			
For year ending March 31, 2017 (forecast)			–	12.50	25.00

(Note) Adjustment on dividend forecast in this quarter: No

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	Earnings per Share
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %	Yen
Full year	395,000 (4.5)	32,000 (19.3)	31,500 (22.6)	22,000 (27.1)	82.37

(Note) Adjustment on consolidated business forecast in this quarter: Yes

<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 first two quarters of the year ending March 31, 2017 268,624,510 shares
 - For the year ended March 31, 2016 268,624,510 shares
- b. Treasury shares at the end of the period
 - For the first two quarters of the year ending March 31, 2017 1,414,951 shares
 - For the year ended March 31, 2016 1,683,346 shares
- c. Average number of shares in the period (quarterly consolidated accumulated period)
 - For the first two quarters of the year ending March 31, 2017 266,985,735 shares
 - For the first two quarters of the year ended March 31, 2016 262,134,818 shares

Note regarding the implementation of the quarterly review procedures

This quarterly consolidated financial results report is not subject to the quarterly review procedures specified in the Financial Instruments and Exchange Act. A review of the quarterly financial statements based on the Act has not been completed before the release of the quarterly 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 "1. Qualitative Information on Quarterly Consolidated Financial Results (3) Explanation of consolidated business forecast and other expectations" on pages 5 and 6.

The Company plans to hold a quarterly financial results presentation meeting for institutional investors on November 1, 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. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of business results

The Yokogawa Group's ("the Group") understanding regarding the conditions in its specific markets for the first two quarters of the current fiscal year (April 1, 2016 to September 30, 2016) is as follows.

Although crude oil prices are showing signs of having bottomed out, they continue to trend within a low range. As a result, market conditions remain challenging in the energy and materials-related sectors, and investments in resource development projects are being postponed or halted. At the same time, countries such as Japan that import resources and industries that benefit from lower costs for raw materials and fuels have been able to allocate more funds to investment. However, a cautious investment stance has been observed among certain customers due to the uncertain business outlook.

Given the above, for the time being we expect investment to remain weak, particularly in the energy and materials-related markets, considering the protracted low crude oil prices and the continuation of the economic slowdown in emerging markets. Over the long term, however, the demand for energy and other resources is expected to maintain its upward track, driven by rising populations in developing countries and global economic growth, and we believe that this overall trend of growth in capital investment will continue.

Nevertheless, it will remain necessary to closely monitor developments such as sudden changes in foreign exchange rates and the price of crude oil, geopolitical risks, and sudden political or economic changes in major markets.

<Initiatives by the Yokogawa Group>

Under these circumstances, the Group proactively carried out business activities based on its Transformation 2017 mid-term business plan. These activities include a post-merger integration (PMI) process that is currently underway following the April 2016 acquisition of the UK-based firm KBC Advanced Technologies plc (KBC).

Despite strong real growth in the Japanese market, net sales for the first two quarters of the fiscal year were down 17.5 billion yen from the same period of the previous fiscal year, due mainly to the effects of the appreciation of the yen in markets outside Japan. Operating income fell 5.9 billion yen year on year due to the appreciation of the yen, as well as an increase in one-time costs and the amortization of goodwill following the acquisition of KBC. Moreover, there was a 5.7 billion yen year on year decrease in the profit attributable to owners of parent that can be explained by the aforementioned decrease in operating income.

Business results are as follows.

	Unit: billion yen			
	First two quarters of FY2015	First two quarters of FY2016	Difference	Change
Net Sales	202.174	184.612	(17.562)	(8.7)%
Operating Income	20.462	14.507	(5.954)	(29.1)%
Ordinary Income	21.005	14.888	(6.116)	(29.1)%
Profit Attributable to Owners of Parent	16.061	10.322	(5.739)	(35.7)%
(Reference) Average rate to 1 U.S. dollar (Yen)	121.75	105.72	(16.03)	(13.2)%

Results by individual segment are outlined below.

<Industrial Automation and Control Business>

	Unit: billion yen			
	First two quarters of FY2015	First two quarters of FY2016	Difference	Change
Net Sales	181.188	165.589	(15.599)	(8.6)%
Operating Income	19.536	14.071	(5.464)	(28.0)%

Net sales for the industrial automation and control business segment fell 15.5 billion yen year on year due to the appreciation of the yen in markets outside Japan and the curtailment of capital investment by certain customers. This was despite the continued strength of Japan's resource, energy, and materials sectors, as seen in increased investment in the replacement of plant equipment and increased demand for operation and maintenance services. Operating income also fell, decreasing 5.4 billion yen year on year due to the decline in net sales and the increase in one-time costs and the amortization of goodwill following the acquisition of KBC.

<Test and Measurement Business>

Unit: billion yen

	First two quarters of FY2015	First two quarters of FY2016	Difference	Change
Net Sales	11.107	10.010	(1.097)	(9.9)%
Operating Income	1.046	0.616	(0.430)	(41.1)%

In the test and measurement business segment, net sales and operating income decreased due to the impact of the strong yen.

<Aviation and Other Businesses>

Unit: billion yen

	First two quarters of FY2015	First two quarters of FY2016	Difference	Change
Net Sales	9.878	9.013	(0.865)	(8.8)%
Operating Income	(0.120)	(0.180)	(0.059)	—

In the aviation and other businesses segment, although net sales decreased due to the decline in sales for the marine navigation business, operating income was nearly unchanged from the same period in the previous fiscal year.

(2) Explanation of financial conditions

In comparison to March 31, 2016, total assets as of September 30, 2016 were down 2.0 billion yen, to 410.7 billion yen, despite an increase that is mainly attributed to the acquisition of KBC; this is due to the strong yen and the resulting decline in the valuation of assets denominated in foreign currencies. In addition, total liabilities increased by 5.8 billion yen over the same period, to 171.6 billion yen, due mainly to an increase in loans payable following the acquisition of KBC. Also during this time period, net assets decreased by 7.8 billion yen, to 239.0 billion yen, due mainly to a decrease in the foreign currency translation adjustment. As a result, the shareholders' equity ratio was 56.7%, down 1.6 percentage points from March 31, 2016.

The cash flow from operating activities in the first two quarters of the current fiscal year was a net inflow of 19.9 billion yen, up 24.1 billion yen from the same period in the previous fiscal year. Following 14.9 billion yen in profit before income taxes, this is a consequence of positive factors such as depreciation of 7.7 billion yen and a decrease in notes and accounts receivable - trade of 11.1 billion yen, and negative factors such as an increase in inventories of 3.5 billion yen and a decrease in notes and accounts payable - trade of 6.8 billion yen. The cash flow from investing activities was a net outflow of 32.4 billion yen, up 29.8 billion yen, chiefly due to the acquisition of KBC stock. The cash flow from financing activities was a net inflow of 20.7 billion yen, up 27.3 billion yen, mainly because of the proceeds from borrowings following the acquisition of KBC.

As a result, the balance of cash and cash equivalents as of September 30, 2016 was 66.6 billion yen, up 1.7 billion yen from March 31, 2016.

(3) Explanation of consolidated business forecast and other expectations

The consolidated business forecast for the fiscal year ending March 31, 2017 has been revised from the business forecast announced May 10, 2016, due mainly to a revision in the exchange rate assumption and the pricing in of the risk of market deterioration.

<Exchange rate and consolidated business forecast for fiscal year ending March 31, 2017>

	Previously announced forecast (May 10)	Revised forecast (November 1)
	Full year	Full year
Average rate to 1 U.S. dollar	110 yen	105 yen

The following compares the full-year consolidated business forecast announced on May 10, 2016 with the revised forecast that is to be announced on November 1, 2016.

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Earnings per Share
	(Billions of yen)	(Billions of yen)	(Billions of yen)	(Billions of yen)	(Yen)
Previously announced forecast (A)	407.0	36.0	35.0	23.0	86.16
Revised forecast (B)	395.0	32.0	31.5	22.0	82.37
Difference (B) - (A)	(12.0)	(4.0)	(3.5)	(1.0)	(3.79)
Change (%)	(2.9)%	(11.1)%	(10.0)%	(4.3)%	(4.4)%
(Reference) Results for fiscal year ended March 31, 2016	413.7	39.6	40.7	30.1	114.01

(Reference) Consolidated business forecast by segment

<Orders received (full year)>

	Previously announced forecast (May 10)	Revised forecast (November 1)	Billions of yen Change
Industrial automation and control business	366.0	350.0	down 16.0
Test and measurement business	23.0	22.0	down 1.0
Aviation and other businesses	19.0	19.0	—
Total	408.0	391.0	down 17.0

<Net sales (full year)>

	Previously announced forecast (May 10)	Revised forecast (November 1)	Billions of yen Change
Industrial automation and control business	360.0	350.0	down 10.0
Test and measurement business	24.0	23.0	down 1.0
Aviation and other businesses	23.0	22.0	down 1.0
Total	407.0	395.0	down 12.0

<Operating income (full year)>

	Previously announced forecast (May 10)	Revised forecast (November 1)	Billions of yen Change
Industrial automation and control business	33.0	30.0	down 3.0
Test and measurement business	2.0	1.5	down 0.5
Aviation and other businesses	1.0	0.5	down 0.5
Total	36.0	32.0	down 4.0

<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 by terrorism, 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

2. Notes on Summary Information

(1) Changes in accounting policies, changes in accounting estimates and restatements

Changes in accounting policies

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter of the fiscal year ending March 31, 2017, the Company has applied the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016; hereinafter the “Guidance on Recoverability”) and revised a part of its accounting treatment on recoverability of deferred tax assets.

The application of the Guidance on Recoverability by the Company is subject to the tentative treatment provided for in paragraph 49(4) of the Guidance on Recoverability. Consequently, the respective differences between the amounts of deferred tax assets and deferred tax liabilities when the provisions for the cases of paragraph 49(3) (i) to (iii) of the Guidance on Recoverability were applied on April 1, 2016 and the amounts of deferred tax assets and deferred tax liabilities on March 31, 2016 were added to the beginning balances of retained earnings and accumulated other comprehensive income of the first quarter of the fiscal year ending March 31, 2017.

The impact of these changes is immaterial.

(2) Changes to the range of consolidation and the range of application of the equity method

1) Items related to the range of consolidation

During the first quarter of the fiscal year ending March 31, 2017, the Company acquired KBC Advanced Technologies plc. Accordingly, KBC and its 19 subsidiaries have been newly included in the range of consolidation.

Furthermore, in the first two quarters of the fiscal year ending March 31, 2017, Yokogawa Marex Limited was dissolved. Accordingly, the company has been removed from the range of consolidation.

Consequently, the number of consolidated subsidiaries is 106.

2) Significant changes to the range of application of the equity method

No significant changes

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

	Millions of yen	
	(Reference) End of FY2015 (March 31, 2016)	End of FY2016 2nd quarter (September 30, 2016)
Assets		
Current assets		
Cash and deposits	65,306	67,296
Notes and accounts receivable - trade	136,933	123,481
Merchandise and finished goods	15,216	14,660
Work in process	8,113	10,347
Raw materials and supplies	10,389	10,139
Other	19,372	16,480
Allowance for doubtful accounts	(2,316)	(2,070)
Total current assets	253,014	240,335
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,603	46,157
Other, net	31,764	30,000
Total property, plant and equipment	80,368	76,157
Intangible assets		
Software	18,887	20,208
Goodwill	4,181	19,903
Other	5,543	5,095
Total intangible assets	28,612	45,206
Investments and other assets		
Investment securities	42,718	41,382
Other	8,256	7,848
Allowance for doubtful accounts	(197)	(196)
Total investments and other assets	50,777	49,035
Total non-current assets	159,757	170,399
Total assets	412,772	410,735

Millions of yen

	(Reference) End of FY2015 (March 31, 2016)	End of FY2016 2nd quarter (September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,566	27,107
Short-term loans payable	9,353	19,307
Accounts payable - other	10,939	8,579
Income taxes payable	4,204	3,636
Advances received	31,898	28,656
Provision for bonuses	16,947	12,561
Provision for loss on construction contracts	4,371	4,217
Other	21,318	21,293
Total current liabilities	133,599	125,360
Non-current liabilities		
Long-term loans payable	21,175	35,188
Net defined benefit liability	4,090	4,288
Other	7,015	6,850
Total non-current liabilities	32,280	46,327
Total liabilities	165,879	171,688
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	54,473	54,552
Retained earnings	139,919	146,932
Treasury shares	(1,673)	(1,407)
Total shareholders' equity	236,120	243,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,803	8,822
Deferred gains or losses on hedges	(122)	(26)
Foreign currency translation adjustment	(3,942)	(18,018)
Remeasurements of defined benefit plans	(1,413)	(1,254)
Total accumulated other comprehensive income	4,323	(10,476)
Non-controlling interests	6,448	6,044
Total net assets	246,892	239,047
Total liabilities and net assets	412,772	410,735

(2) Consolidated quarterly statements of income and statements of comprehensive income
Consolidated quarterly statements of income for the first two quarters of FY2016

	Millions of yen	
	(Reference) First two quarters of FY2015 (April 1-September 30, 2015)	First two quarters of FY2016 (April 1-September 30, 2016)
Net sales	202,174	184,612
Cost of sales	115,697	103,415
Gross profit	86,477	81,197
Selling, general and administrative expenses	66,015	66,689
Operating income	20,462	14,507
Non-operating income		
Interest income	324	236
Dividend income	386	370
Foreign exchange gains	10	—
Share of profit of entities accounted for using equity method	407	426
Other	598	500
Total non-operating income	1,727	1,533
Non-operating expenses		
Interest expenses	628	263
Foreign exchange losses	—	512
Other	556	376
Total non-operating expenses	1,184	1,152
Ordinary income	21,005	14,888
Extraordinary income		
Gain on sales of non-current assets	820	12
Gain on sales of investment securities	80	222
Total extraordinary income	901	234
Extraordinary losses		
Loss on sales of non-current assets	21	5
Loss on retirement of non-current assets	194	128
Loss on sales of investment securities	—	0
Total extraordinary losses	216	134
Profit before income taxes	21,690	14,988
Income taxes - current	5,145	4,073
Income taxes - deferred	(337)	178
Total income taxes	4,807	4,252
Profit	16,882	10,736
Profit attributable to non-controlling interests	820	414
Profit attributable to owners of parent	16,061	10,322

Consolidated quarterly statements of comprehensive income for the first two quarters of FY2016

	Millions of yen	
	(Reference) First two quarters of FY2015 (April 1-September 30, 2015)	First two quarters of FY2016 (April 1-September 30, 2016)
Profit	16,882	10,736
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,606)	(1,013)
Deferred gains or losses on hedges	(573)	96
Foreign currency translation adjustment	(2,489)	(14,631)
Remeasurements of defined benefit plans, net of tax	(37)	159
Share of other comprehensive income of entities accounted for using equity method	(53)	(3)
Total other comprehensive income	(6,760)	(15,392)
Comprehensive income	10,122	(4,656)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,433	(4,477)
Comprehensive income attributable to non-controlling interests	688	(178)

(3) Quarterly consolidated statements of cash flows

	Millions of yen	
	(Reference) First two quarters of FY2015 (April 1-September 30, 2015)	First two quarters of FY2016 (April 1-September 30, 2016)
Cash flows from operating activities		
Profit before income taxes	21,690	14,988
Depreciation	7,249	7,797
Amortization of goodwill	82	1,139
Increase (decrease) in provision for bonuses	(3,342)	(3,824)
Increase (decrease) in allowance for doubtful accounts	260	(143)
Decrease (increase) in notes and accounts receivable - trade	(487)	11,127
Decrease (increase) in inventories	(5,374)	(3,560)
Increase (decrease) in notes and accounts payable - trade	(1,234)	(6,810)
Decrease (increase) in accounts receivable - other	1,020	2,291
Increase (decrease) in accounts payable - other	(910)	(622)
Loss (gain) on sales of investment securities	(80)	(221)
Other, net	(1,552)	1,632
Subtotal	17,319	23,793
Interest and dividend income received	1,598	1,492
Interest expenses paid	(892)	(295)
Payments for extra retirement payments and other	(15,852)	—
Income taxes (paid) refund	(6,470)	(5,089)
Net cash provided by (used in) operating activities	(4,296)	19,901
Cash flows from investing activities		
Payments into time deposits	(67)	(338)
Proceeds from withdrawal of time deposits	889	—
Purchase of property, plant and equipment	(2,935)	(3,130)
Proceeds from sales of property, plant and equipment	2,232	60
Purchase of intangible assets	(3,549)	(3,527)
Proceeds from sales and redemption of investment securities	96	740
Purchase of shares of subsidiaries and associates	—	(64)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(26,634)
Other, net	760	444
Net cash provided by (used in) investing activities	(2,574)	(32,451)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,386	10,836
Net increase (decrease) in commercial papers	5,000	—
Proceeds from long-term loans payable	—	14,416
Repayments of long-term loans payable	(25,110)	(525)
Proceeds from disposal of treasury shares	13,362	—
Cash dividends paid	(1,545)	(3,333)
Dividends paid to non-controlling interests	(855)	(456)
Proceeds from share issuance to non-controlling shareholders	274	—
Other, net	(81)	(147)
Net cash provided by (used in) financing activities	(6,570)	20,790
Effect of exchange rate change on cash and cash equivalents	(1,400)	(6,534)
Net increase (decrease) in cash and cash equivalents	(14,842)	1,705
Cash and cash equivalents at beginning of period	74,722	64,922
Cash and cash equivalents at end of period	59,880	66,628

(4) Notes on Consolidated Quarterly Financial Statements

Notes for going concern

Not applicable

Notes if there is a remarkable change in the amount of shareholders' equity

Not applicable

Segment information

Segment sales and profits (losses)

Millions of yen

		(Reference) First two quarters of FY2015 (April 1-September 30, 2015)	First two quarters of FY2016 (April 1-September 30, 2016)	Change
Industrial automation and control	Net sales to unaffiliated customers	181,188	165,589	(15,599)
	Operating income (loss)	19,536	14,071	(5,464)
Test and measurement	Net sales to unaffiliated customers	11,107	10,010	(1,097)
	Operating income (loss)	1,046	616	(430)
Aviation and other	Net sales to unaffiliated customers	9,878	9,013	(865)
	Operating income (loss)	(120)	(180)	(59)
Consolidated	Net sales to unaffiliated customers	202,174	184,612	(17,562)
	Operating income (loss)	20,462	14,507	(5,954)

[Reference]

Sales by geographical location

Millions of yen

		(Reference) First two quarters of FY2015 (April 1-September 30, 2015)		First two quarters of FY2016 (April 1-September 30, 2016)		Change
		Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan		54,398	26.9	57,011	30.9	2,613
Outside Japan		147,776	73.1	127,600	69.1	(20,176)
	Asia	50,218	24.8	47,248	25.6	(2,970)
	Europe	17,709	8.8	15,395	8.3	(2,314)
	North America	21,700	10.7	16,625	9.0	(5,075)
	Middle East	22,924	11.4	21,770	11.8	(1,153)
	Other	35,222	17.4	26,560	14.4	(8,662)
Consolidated net sales		202,174	100.0	184,612	100.0	(17,562)

(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.

[Reference]

November 1, 2016
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Two Quarters of FY2016

Millions of yen

	First two quarters of FY2015		First two quarters of FY2016		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	202,174	—	184,612	—	(17,562)	—
Operating Income	20,462	10.1%	14,507	7.9%	(5,954)	(2.2)%
Ordinary Income	21,005	10.4%	14,888	8.1%	(6,116)	(2.3)%
Profit Attributable to Owners of Parent	16,061	7.9%	10,322	5.6%	(5,739)	(2.3)%
Total Assets	416,277		410,735		(5,542)	
Shareholders' Equity	243,918		239,047		(4,870)	
Return on Equity	7.1%		4.4%		(2.7)%	
Basic Earnings per Share	61.27 yen		38.66 yen		(22.61) yen	
Capital Investment	6,723		5,307		(1,415)	
Depreciation	7,249		7,797		548	
Research and Development Expenses	11,759		13,312		1,552	
Average Exchange Rate during the Period (USD)	121.75 yen		105.72 yen		(16.03) yen	

Consolidated orders by segment

Millions of yen

	First two quarters of FY2015	First two quarters of FY2016	FY2016 full year (forecast)
Industrial automation and control business	194,223	172,260	350,000
Test and measurement business	13,023	10,549	22,000
Aviation and other businesses	9,443	8,104	19,000
Total	216,690	190,913	391,000

Consolidated sales by segment

Millions of yen

	First two quarters of FY2015	First two quarters of FY2016	FY2016 full year (forecast)
Industrial automation and control business	181,188	165,589	350,000
Test and measurement business	11,107	10,010	23,000
Aviation and other businesses	9,878	9,013	22,000
Total	202,174	184,612	395,000

Consolidated operating income by segment

Millions of yen

	First two quarters of FY2015	First two quarters of FY2016	FY2016 full year (forecast)
Industrial automation and control business	19,536	14,071	30,000
Test and measurement business	1,046	616	1,500
Aviation and other businesses	(120)	(180)	500
Total	20,462	14,507	32,000