

# Consolidated Results for the Fiscal Year Ended March 20, 2016 [Japan GAAP]

April 20, 2016

Listed company name: YASKAWA Electric Corporation

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

Representative: Hiroshi Ogasawara, Representative Director, President

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

(Note: This document is a summarized translation of the financial statement submitted to the Tokyo Stock Exchange and Fukuoka Stock Exchange for the period stated above. Figures under ¥1 million are rounded down.)

## 1. Summary of Consolidated Results for the Fiscal Year Ended March 20, 2016

(March 21, 2015 to March 20, 2016)

### (1) Consolidated Statements of Income

(Millions of yen, except ratio and per share data)

	Year ended March 20, 2016	Change	Year ended March 20, 2015	Change
Net sales	411,260	+2.8%	400,153	+10.1%
Operating income	36,730	+16.5%	31,532	+22.7%
Ordinary income	35,833	+5.8%	33,884	+25.1%
Net income	22,365	(9.9)%	24,819	+46.3%
Earnings per share (basic, Yen)	84.71	-	98.45	-
Earnings per share (diluted, Yen)	84.11	-	93.60	-
Return on shareholders' equity (%)	12.8	-	16.3	-
Return on assets (%)	9.4	-	9.3	-
Operating income ratio (%)	8.9	-	7.9	-

Note:

	Year ended March 20, 2016		Year ended March 20, 2015	
Comprehensive income (Millions of yen)	11,826	(66.9)%	35,689	+41.0%

Reference: Equity in earnings of affiliated companies

Year ended March 20, 2016: ¥ 956 million

Year ended March 20, 2015: ¥ 618 million

### (2) Consolidated Financial Position

(Millions of yen, except ratio and per share data)

	As of March 20, 2016	As of March 20, 2015
Total assets	373,533	388,205
Net assets	183,901	175,190
Shareholders' equity ratio (%)	48.5	44.1
Net assets per share (Yen)	680.77	658.55

Reference: Shareholders' equity

As of March 20, 2016: ¥181,281 million

As of March 20, 2015: ¥171,388 million

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended March 20, 2016	Year ended March 20, 2015
Net cash provided by operating activities	31,954	29,023
Net cash used in investing activities	(22,421)	(27,874)
Net cash used in financing activities	(2,601)	(1,471)
Cash and cash equivalents at end of period	<u>31,656</u>	<u>24,347</u>

**2. Dividends**

		Year ended March 20, 2015	Year ended March 20, 2016	Year ending March 20, 2017 (forecasts)
Dividends per share (Yen)	End of 1Q	-	-	-
	End of 2Q	8.00	10.00	10.0
	End of 3Q	-	-	-
	Year-end	12.00	10.00	10.00
	Annual total	20.00	20.00	20.00
Annual cash dividends paid (Millions of yen)		5,141	5,312	-
Dividend payout ratio (Consolidated)		20.3%	23.6%	29.6%
Dividend on net assets (Consolidated)		<u>3.4%</u>	<u>3.0%</u>	<u>-</u>

Breakdown of the year-end dividends for the year ended March 20, 2015:

Ordinary dividends of 10 yen and commemorative dividends for the Company's centenary of 2 yen

**3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2017**

**(from March 21, 2016 to March 20, 2017)**

(Millions of yen, except per share data)				
	Six months ending September 20, 2016	Change	Year ending March 20, 2017	Change
Net sales	192,500	(7.4)%	400,000	(2.7)%
Operating income	11,000	(42.0)%	28,000	(23.8)%
Ordinary income	11,000	(42.1)%	28,500	(20.5)%
Net income attributable to owners of parent	7,000	(41.8)%	18,000	(19.5)%
Earnings per share (Yen)	<u>26.29</u>	<u>-</u>	<u>67.60</u>	<u>-</u>

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 110 JPY and 1 EUR = 125 JPY during the period from March 21, 2016 to March 20, 2017.

**\*Notes:**

(1) Major Change in Scope of Consolidation: None

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements:

1. Changes in accounting policies accompanying revisions in accounting standards: Yes
2. Changes other than in 1.: None
3. Changes in accounting estimates: None
4. Restatements: None

Note: Please refer to "Changes in Accounting Policies" on page 19.

(3) Number of Common Shares Outstanding

1. The number of shares outstanding including treasury shares:

As of March 20, 2016: 266,690,497 shares

As of March 20, 2015: 260,967,884 shares

2. The number of treasury shares:  
As of March 20, 2016: 400,990 shares  
As of March 20, 2015: 717,242 shares
  
3. Average during period:  
Year ended March 20, 2016: 264,033,754 shares  
Year ended March 20, 2015: 252,102,620 shares

\*Information concerning implementation status of review procedure

This quarterly financial report is not subject to the review procedure prescribed by the Financial Instruments and Exchange Act. The review procedure for the consolidated financial statements had not been completed when this report was released.

\*About the appropriate use of business forecasts

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ from these statements for a number of reasons.

The Yaskawa Group will hold an information meeting for securities analysts and institutional investors on April 21, 2016 (Thursday). A summary of the materials distributed at this meeting will be posted on the Yaskawa Group website on April 20, 2016.

## List of Attachment

1. Business Results .....	5
Overview on Business Performance .....	5
2. Management Policies .....	6
1) Fundamental Management Policies .....	6
2) Management Goals .....	6
3) Medium- to Long-term Business Strategies .....	6
4) Management Objectives and Policies .....	7
5) The basic idea for the selection of the accounting standards .....	8
3. Consolidated Financial Statements .....	9
1) Consolidated Balance Sheets .....	9
2) Consolidated Statements of Income and Comprehensive Income .....	11
3) Consolidated Statements of Changes in Net Assets .....	13
4) Consolidated Statements of Cash Flows .....	17
5) Notes to the Consolidated Financial Statements .....	19
Notes Pertaining to the Presumption of a Going Concern .....	19
Basis of Presentation of Consolidated Financial Statements .....	19
Change in Accounting Policies .....	19
Additional Information .....	20
Segment Information .....	21
Reference Information .....	22
Per Share Information .....	23
Subsequence Events .....	23

## 1. Business Results

### Overview on Business Performance

#### Business Performance of Fiscal Year 2015 (Fiscal year ended March 20, 2016)

- Slowdown of Chinese as well as emerging nations' economies and transition to appreciation of the yen since the turn of the year strengthened uncertainty about the future, while the overall global economy was steady buoyed mainly by firm demand in the U.S. and Europe.
- The overall Japanese economy was firm backed by the growth in corporate earnings and the gradual increase of capital expenditures, although the impact of downside economy of the emerging nations was concerned.
- Under these market conditions, the Yaskawa Group aimed at expanding business by developing new business domains and increasing competitiveness and profitability through launch of new products.

The business performance of each business segment for fiscal 2015 is as follows.

(Millions of yen, except ratio)

Business segment	Year ended March 20, 2016			
	Net sales (year-on-year change from the previous fiscal year)		Operating income (loss) (year-on-year change from the previous fiscal year)	
Motion Control	187,548	(down by 0.3%)	22,413	(up by 3.1%)
Robotics	154,068	(up by 13.3%)	15,304	(up by 44.9%)
System Engineering	43,053	(up by 5.1%)	(760)	(-)
Other	26,590	(down by 24.2%)	855	(down by 33.1%)

#### Motion Control

- AC servo business progressed well in terms of sales for machine tools and semiconductor market in the U.S., although the recovery of a demand for smartphone related instrumental investment delayed with the Chinese slow economy effect. The progression of switching to the new product "Σ-7" series has improved profitability.
- AC drive business generally continued to build a steady growth as the U.S. subsidiary Solectria Renewables, LLC extended sales of power conditioner for photovoltaic generation, while it showed a sluggish demand on the oil and gas related business in the U.S. and on the infrastructure related business in China.
- As a result, net sales in the same period last year remained flat, operating income increased.

#### Robotics

- Automotive field that develops its main products such as welding and painting robots remained at a high level with a considerably improved profitability by a sustained demand around the developed countries, while Yaskawa faced tough market competition due to a declined Chinese economy from the beginning of the year.
- We expanded robot centers over the world that help the customers and system integrators consider and validate a new installation of robots. These centers are applicable for the rest of automotive related industry such as food industry, etc, and we focused on an aggressive sales effort.

- As a result, both net sales and operating income increased compared to fiscal 2014.

#### System Engineering

- The segment aimed at increasing sales by capturing the demand for facility renovation while the demand remains weak in the steel plant and social system business.
- The sales of large-scale wind power generation business increased mainly in Europe by the acquisition of The Switch Engineering Oy, while goodwill amortization resulted in increase in the operating loss.
- As a result, net sales increased compared to fiscal 2014, however, operating loss remain flat.

#### Other

- The Group's information technology business and logistics business are included in this segment.
- From second half of fiscal 2014, Yaskawa Information System Co., Ltd., has been excluded in this segment from the consolidation, and it effected to the sales and operating income that have significantly decreased from fiscal 2014.

## 2. Management Policies

### 1) Fundamental Management Policies

Since its inception, the Yaskawa Group's mission is to contribute to the evolution of society and the welfare of mankind through the performance of its business. In order to achieve this mission, we particularly affirm the following three principles and will endeavor to realize them: (1) Emphasize the importance of quality of products and constantly develop and improve technologies in which we can take pride throughout the world; (2) Improve the efficiency of operation and secure profits necessary for the survival and continued growth of the company; and (3) Endeavor to keep a market-oriented attitude, to meet the needs of the market and do our utmost to serve our customers in the best way possible. Aiming for the fulfillment of these three principles is our management philosophy. We believe that supplying products and services that make customers happy and improving the satisfaction of employees to create a fulfilling workplace for our employees will lead to growth in corporate value and earnings, thereby allowing us to provide returns for shareholders.

### 2) Management Goals

In the new Mid-term Business Plan “Dash 25”, we set the operating income ratio as main management indicator. Through improving the operating income ratio, the Yaskawa Group steadily enhances the capital efficiency.

### 3) Medium- to Long-term Business Strategies

Please refer to the “New Mid-term Plan “Dash 25”” news release dated April 20, 2016 for detailed information.

<“New Mid-term Plan “Dash 25”” news release website>

<http://www.yaskawa.co.jp/en/ir/news/10755>

#### 4) Management Objectives and Policies

In fiscal 2016, we will need to embrace attention to the effect of slow Chinese economy, but foresee the continuous recovery of economies from developed countries such as Europe and the United States. In Japan, the potential risk to downward in the business climate was actualized with the oil price and exchange rate change and so on. Under this situation, we will need to pay attention to an enhanced uncertainty of global economy and an effect of change in financial and capital market. The Group aim to achieve a new Mid-term Business Plan "Dash 25" that starts from this fiscal year, and will continue to implement the following measures:

##### The Yaskawa group

- We aim to increase sales by new product launches to improve the added value as well as by ensuring investment returns from the "Realize 100". In addition, we aim to focus on expanding environment and energy business to be one of the Yaskawa's core businesses where the future growth is expected, as well as business development at unexplored field such as biomedical. By further strengthening development, sales and production capabilities, we will respond to environmental changes such as industry 4.0 <sup>\*1</sup> and IoT <sup>\*2</sup>.

##### Motion Control

- The profitability of AC servo motors and controllers were improved as switch to the new product "Σ-7 series" progressed. Meanwhile, our competitiveness is enhanced through the cross-border solution among business units by integrating our core products. .
- Added value of AC drives is aimed to improve by means of the series expansion for optimal application by region or market. The sales of PV inverters is aimed to expand sales globally by leveraging the launch of new products as well as maximizing synergy with Solectria Renewables, LLC.

##### Robotics

- We promote a way of providing solutions by expanding robot applications to promising general industries such as food and home appliance assembly through the global robot centers. We are striving to increase market share by the introduction of new product with higher performance and downsizing.

##### System Engineering

- We promote an optimizing resource usage by restructuring all business model including the steel plant and social system businesses, and take advantage of the strengths of the Switch Engineering Oy, as a result, we aim to be our environmental energy field such as large-scale wind power generation as core business.

\*1 Industry 4.0:

The concept of the fourth industrial revolution that the German government was proposed. Via a communication network such as the Internet by linking the factory inside and outside of goods and services, to create new value it was not in the past, to build a new business model.

\*2 IoT: Abbreviation for Internet of Things

5) The basic idea for the selection of the accounting standards

The Yaskawa Group has been studying towards the future application of the International Financial Reporting Standards (IFRS) for the sophistication of business management by unified account standard as well as the improvement of the international comparability of financial information.



### 3. Consolidated Financial Statements

#### 1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 20, 2015	As of March 20, 2016
Assets		
Current assets		
Cash and deposits	24,472	31,712
Notes and accounts receivable - trade	121,051	117,834
Merchandise and finished goods	54,369	50,052
Work in process	12,451	11,140
Raw materials and supplies	18,648	16,401
Deferred tax assets	9,940	7,670
Other	19,303	16,340
Allowance for doubtful accounts	(3,146)	(2,495)
Total current assets	257,090	248,656
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,775	31,694
Machinery, equipment and vehicles, net	12,064	13,417
Land	8,633	8,642
Construction in progress	6,738	1,665
Other, net	5,584	5,581
Total property, plant and equipment	60,796	61,001
Intangible assets		
Goodwill	6,423	5,037
Software	9,013	8,868
Other	13,337	11,557
Total intangible assets	28,774	25,463
Investments and other assets		
Investment securities	30,461	24,587
Net defined benefit asset	15	98
Deferred tax assets	7,452	9,406
Other	3,939	4,560
Allowance for doubtful accounts	(324)	(240)
Total investments and other assets	41,544	38,412
Total non-current assets	131,114	124,876
Total assets	388,205	373,533

(Millions of yen)

	As of March 20, 2015	As of March 20, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	68,588	62,672
Short-term loans payable	24,185	27,853
Accrued expenses	23,449	21,989
Income taxes payable	4,490	642
Provision for directors' bonuses	57	58
Other	27,132	19,560
Total current liabilities	147,903	132,778
Non-current liabilities		
Bonds with subscription rights to shares	5,440	—
Long-term loans payable	21,901	19,466
Provision for directors' retirement benefits	191	189
Net defined benefit liability	28,792	31,204
Other	8,785	5,993
Total non-current liabilities	65,111	56,853
Total liabilities	213,014	189,632
<b>Net assets</b>		
Shareholders' equity		
Capital stock	27,842	30,562
Capital surplus	23,474	27,705
Retained earnings	103,092	117,268
Treasury shares	(486)	(246)
Total shareholders' equity	153,922	175,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,456	6,020
Deferred gains or losses on hedges	—	8
Foreign currency translation adjustment	12,518	4,104
Remeasurements of defined benefit plans	(4,509)	(4,141)
Total accumulated other comprehensive income	17,465	5,992
Minority interests	3,802	2,620
Total net assets	175,190	183,901
<b>Total liabilities and net assets</b>	<b>388,205</b>	<b>373,533</b>

## 2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year Ended March 20, 2015	Year Ended March 20, 2016
Net sales	400,153	411,260
Cost of sales	273,262	277,112
Gross profit	126,890	134,147
Selling, general and administrative expenses	95,357	97,417
Operating income	31,532	36,730
Non-operating income		
Interest income	253	181
Dividend income	453	719
Share of profit of entities accounted for using equity method	618	956
Foreign exchange gains	1,076	—
Subsidy income	911	482
Other	288	248
Total non-operating income	3,601	2,588
Non-operating expenses		
Interest expenses	928	805
Foreign exchange losses	—	2,302
Other	321	377
Total non-operating expenses	1,249	3,485
Ordinary income	33,884	35,833
Extraordinary income		
Gain on sales of non-current assets	108	27
Gain on sales of investment securities	504	105
Gain on sales of shares of subsidiaries and associates	445	28
Gain on extinguishment of tie-in shares	—	118
Total extraordinary income	1,058	280
Extraordinary losses		
Loss on sales and retirement of non-current assets	148	375
Loss on valuation of investment securities	33	283
Loss on sales of investment securities	—	0
Loss on sales of shares of subsidiaries and associates	—	178
Loss on sale of investments in capital of subsidiaries and associates	—	72
Impairment loss	116	—
Loss on abolishment of retirement benefit plan	225	—
Other	5	1
Total extraordinary losses	529	912
Income before income taxes and minority interests	34,413	35,202
Income taxes – current	10,840	8,497
Income taxes – deferred	(1,210)	3,207
Total income taxes	9,629	11,705
Income before minority interests	24,783	23,496
Minority interests in income (loss)	(35)	1,131
Net income	24,819	22,365

3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year Ended March 20, 2015	Year Ended March 20, 2016
Income before minority interests	24,783	23,496
Other comprehensive income		
Valuation difference on available-for-sale securities	4,162	(3,447)
Foreign currency translation adjustment	6,570	(8,500)
Remeasurements of defined benefit plans, net of tax	—	144
Share of other comprehensive income of entities accounted for using equity method	173	133
Total other comprehensive income	10,906	(11,670)
Comprehensive income	35,689	11,826
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,424	10,892
Comprehensive income attributable to minority interests	265	934

## 4) Consolidated Statements of Changes in Net Assets

Year ended March 20, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	23,062	18,689	81,431	(476)	122,706
Cumulative effects of changes in accounting policies					—
Restated balance	23,062	18,689	81,431	(476)	122,706
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	4,780	4,780			9,560
Dividends of surplus			(3,526)		(3,526)
Net income			24,819		24,819
Purchase of treasury shares				(14)	(14)
Disposal of treasury shares		5		5	10
Increase by share exchanges					—
Change of scope of consolidation			(107)		(107)
Change of scope of equity method			474		474
Net changes of items other than shareholders' equity					
Total changes of items during period	4,780	4,785	21,660	(9)	31,215
Balance at end of current period	27,842	23,474	103,092	(486)	153,922

(Millions of yen)

	Accumulated 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,286	—	6,083	—	11,370	5,794	139,870
Cumulative effects of changes in accounting policies							—
Restated balance	5,286	—	6,083	—	11,370	5,794	139,870
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares							9,560
Dividends of surplus							(3,526)
Net income							24,819
Purchase of treasury shares							(14)
Disposal of treasury shares							10
Increase by share exchanges							—
Change of scope of consolidation							(107)
Change of scope of equity method							474
Net changes of items other than shareholders' equity	4,169	—	6,435	(4,509)	6,095	(1,991)	4,103
Total changes of items during period	4,169	—	6,435	(4,509)	6,095	(1,991)	35,319
Balance at end of current period	9,456	—	12,518	(4,509)	17,465	3,802	175,190

Year ended March 20, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	27,842	23,474	103,092	(486)	153,922
Cumulative effects of changes in accounting policies			(2,416)		(2,416)
Restated balance	27,842	23,474	100,676	(486)	151,506
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	2,720	2,720			5,440
Dividends of surplus			(5,773)		(5,773)
Net income			22,365		22,365
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		2		2	4
Increase by share exchanges		1,508		244	1,753
Change of scope of consolidation					—
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during period	2,720	4,230	16,592	239	23,782
Balance at end of current period	30,562	27,705	117,268	(246)	175,288

Year ended March 20, 2016

(Millions of yen)

	Accumulated 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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	9,456	—	12,518	(4,509)	17,465	3,802	175,190
Cumulative effects of changes in accounting policies							(2,416)
Restated balance	9,456	—	12,518	(4,509)	17,465	3,802	172,774
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares							5,440
Dividends of surplus							(5,773)
Net income							22,365
Purchase of treasury shares							(7)
Disposal of treasury shares							4
Increase by share exchanges							1,753
Change of scope of consolidation							—
Change of scope of equity method							—
Net changes of items other than shareholders' equity	(3,435)	8	(8,413)	367	(11,473)	(1,182)	(12,655)
Total changes of items during period	(3,435)	8	(8,413)	367	(11,473)	(1,182)	11,127
Balance at end of current period	6,020	8	4,104	(4,141)	5,992	2,620	183,901



## 4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year Ended March 20, 2015	Year Ended March 20, 2016
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	34,413	35,202
Depreciation	11,534	13,063
Amortization of goodwill	753	1,232
Impairment loss	116	—
Increase (Decrease) in allowance for doubtful accounts	1,290	(456)
Decrease in net defined benefit liability	(276)	(930)
Increase (Decrease) in provision for directors' retirement benefits	(9)	24
Loss on sales and retirement of non-current assets	40	347
Gain on sales of investment securities	(504)	(105)
Loss (Gain) on sales of shares of subsidiaries and associates	(445)	149
Loss on sales of investment in capital of subsidiaries and associates	—	72
Loss on valuation of investment securities	33	283
Interest and dividend income	(706)	(900)
Interest expenses	928	805
Increase in notes and accounts receivable – trade	(5,263)	(103)
Decrease (Increase) in inventories	(1,395)	3,627
Decrease in notes and accounts payable – trade	(6,190)	(3,653)
Increase (Decrease) in accounts payable - other	1,855	(971)
Increase in consumption taxes refund receivable	(403)	(536)
Other, net	1,153	(4,060)
Subtotal	36,922	43,091
Interest and dividend income received	1,272	1,735
Interest expenses paid	(957)	(796)
Income taxes paid	(8,213)	(12,075)
Net cash provided by operating activities	29,023	31,954
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(18,509)	(20,645)
Proceeds from sales of property, plant and equipment and intangible assets	226	54
Purchase of investment in securities	(3)	(537)
Proceeds from sales and redemption of investment securities	1,222	647
Purchase of shares of subsidiaries	(1,279)	(1,622)
Purchase of investment of subsidiaries resulting in change in scope of consolidation	(8,302)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(930)	(212)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	76	96
Other, net	(373)	(202)
Net cash provided used in investing activities	(27,874)	(22,421)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(3,536)	4,418
Proceeds from long-term loans payable	12,240	5,345
Repayments of long-term loans payable	(6,035)	(6,028)
Cash dividends paid	(3,526)	(5,773)
Cash dividends paid to minority shareholders	(472)	(431)
Other, net	(140)	(131)
Net cash provided used in financing activities	(1,471)	(2,601)

	(Millions of yen)	
	Year Ended March 20, 2015	Year Ended March 20, 2016
Effect of exchange rate change on cash and cash equivalents	1,676	283
Net increase in cash and cash equivalents	1,355	7,214
Cash and cash equivalents at beginning of period	22,992	24,347
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	93
Cash and cash equivalents at end of period	24,347	31,656

## 5) Notes to the Consolidated Financial Statements

(Notes Pertaining to the Presumption of a Going Concern)

None

(Basis of Presentation of Consolidated Financial Statements)

### 1. Scope of consolidation and application of equity method

There are 68 consolidated subsidiaries and 15 companies accounted for using the equity method.

### 2. Changes in scope of consolidation and application of equity method

Consolidation

New: 1 companies Eliminated: 4 companies

Equity method

New: None Eliminated: 4 companies

(Changes in Accounting Policies)

(Application of Accounting Standards, etc., related to Retirement Benefits)

Effective as of the current consolidated fiscal year, the Company has applied the “Accounting Standard for Retirement Benefits” (Corporate Accounting Standards No. 26 of May 17, 2012; hereinafter referred to as the “Accounting Standard for Retirement Benefits”) and the “Application Guideline of the Accounting Standard for Retirement Benefits” (Corporate Accounting Standards Application Guideline No. 25 of March 26, 2015; hereinafter referred to as the “Application Guideline of Retirement Benefits”) with regard to the provisions set forth in the main text of paragraph 35 of the Accounting Standard for Retirement Benefits and the main text of paragraph 67 of the Application Guideline of Retirement Benefits. The Company has also revised the calculation method for retirement benefit obligations and service costs, changed the method for determining the attribution method for the projected amount of retirement benefits from the fixed amount for term standard to the benefit formula standard, and changed the method for determining the discount rate from the discount rate based on the number of years closest to the average remaining service period of the employee to the method that uses the simple weighted average discount rate that reflects the amounts for each retirement benefit payment projection period and the payment projection period.

With regard to the application of the Accounting Standard for Retirement Benefits, following the transitional handling set out in paragraph 37 of the Accounting Standard for Retirement Benefits, at the beginning of the current consolidated fiscal year, the impacted amount consequential upon the change to the calculation method for the retirement benefit obligations and service costs has been adjusted to the retained earnings.

As a result, the liabilities for the retirement benefit for the beginning of the current consolidated fiscal year have increased ¥3,488 million, and the retained earnings have decreased ¥ 2,416 million. Furthermore, the amount of net assets per share in the current consolidated fiscal year has decreased by 9.07 yen. The impact on current net assets per share is minimal.

(Additional Information)

YASKAWA Electric Korea Corporation, a consolidated subsidiary of YASKAWA Electric reached an agreement on March 17, 2016 to enter into a contract to acquire a part of shares of Doolim Robotics Co., Ltd. a Korean robotic painting and sealing system integrator.

For more information, please refer to the website at

<https://www.yaskawa.co.jp/en/newsrelease/news/10586>

(Segment information)

Sales, income (loss), assets and other items for each reporting segment

	Year ended March 20, 2015					(Millions of yen)	
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
<b>Sales</b>							
Sales to external customers	188,116	135,956	40,980	35,101	400,153	-	400,153
Intersegment sales and transfers	13,077	293	965	18,087	32,424	(32,424)	-
Total sales	201,193	136,249	41,945	53,188	432,577	(32,424)	400,153
Segment operating income (loss)	21,748	10,558	(768)	1,277	32,816	(1,283)	31,532
Segment assets	163,550	118,705	38,686	36,346	357,289	30,915	388,205
<b>Other items</b>							
Depreciation and amortization	6,442	3,797	949	435	11,625	(91)	11,534
Goodwill amortization	557	55	141	-	753	-	753
Increase in property, plant and equipment and intangible assets	14,053	5,691	4,940	608	25,294	11,075	36,369

Notes

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income of (1,283) million yen includes expenses in basic research and other activities that do not
3. Segment operating income has been adjusted to consolidated operating income described in the consolidated financial statements.

	Year ended March 20, 2016					(Millions of yen)	
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
<b>Sales</b>							
Sales to external customers	187,548	154,068	43,053	26,590	411,260	-	411,260
Intersegment sales and transfers	14,709	548	875	16,079	32,212	(32,212)	-
Total sales	202,258	154,616	43,928	42,669	443,473	(32,212)	411,260
Segment operating income (loss)	22,413	15,304	(760)	855	37,812	(1,081)	36,730
Segment assets	153,918	117,994	33,458	29,533	334,905	38,628	373,533
<b>Other items</b>							
Depreciation and amortization	6,541	4,923	1,124	389	12,978	85	13,063
Goodwill amortization	727	276	201	26	1,232	-	1,232
Increase in property, plant and equipment and intangible	5,227	7,197	864	280	13,570	3,187	16,758

Notes

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income of (1,081) million yen includes expenses in basic research and other activities that do not belong to any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in the consolidated financial statements.

(Reference Information)

Overseas Sales

	Year ended March 20, 2015				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	72,616	46,921	132,779	3,590	255,906
Consolidated sales	-	-	-	-	400,153
Percentage of overseas sales in consolidated sales	18%	12%	33%	1%	64%

Notes

1. Regions are divided into categories based on their geographical proximity.
2. The regions that belong to each area are as follows.
  - (1) The Americas – U.S.A., etc.
  - (2) Europe – Germany, Sweden, The United Kingdom, etc.
  - (3) Asia – The People’s Republic of China, Singapore, Republic of Korea, etc.
  - (4) Other – South Africa, Australia, etc.

	Year ended March 20, 2016				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	85,088	52,011	13,294	4,370	275,764
Consolidated sales	-	-	-	-	411,260
Percentage of overseas sales in consolidated sales	21%	12%	33%	1%	67%

Notes

1. Regions are divided into categories based on their geographical proximity.
2. The regions that belong to each area are as follows.
  - (1) The Americas – U.S.A., etc.
  - (2) Europe – Germany, Sweden, The United Kingdom, etc.
  - (3) Asia – The People’s Republic of China, Singapore, Republic of Korea, etc.
  - (4) Other – South Africa, Australia, etc.

## (Per Share Information)

(Yen)

	Year Ended March 20, 2015	Year Ended March 20, 2016
Net assets per share	658.55	680.77
Earnings per share (basic)	98.45	84.71
Earnings per share (diluted)	93.60	84.11

Note: 1. The basis for calculating earnings per share (basic and diluted) is shown below.

	Year Ended March 20, 2015	Year Ended March 20, 2016
Earnings per share (basic)		
Net income (Millions of yen)	24,819	22,365
Net income not available to common shareholders (Millions of yen)	-	-
Net income available to common shareholders (Millions of yen)	24,819	22,365
Weighted average number of shares outstanding (Thousands)	252,102	264,033
Earnings per share (diluted)		
Adjustments to net income (Millions of yen)	-	-
Increase in number of common shares (Thousands) (of which, convertible bonds (Thousands))	13,064 (13,064)	1,868 (1,868)
Summary of common stock equivalents that are not included in the calculation of earnings per share (diluted) because they are not dilutive	-	-

## (Subsequent Events)

There is no applicable issue.