Consolidated Results for the Fiscal Year Ended March 20, 2017 [Japan GAAP]

April 20, 2017

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

(1) Consolidated Statements of Income

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

	Year ended March 20, 2017	Change	Year ended March 20, 2016	Change
Net sales	394,883	(4.0)%	411,260	2.8%
Operating income	30,409	(17.2)%	36,730	16.5%
Ordinary income	31,963	(10.8)%	35,833	5.8%
Profit attributable to owners parent	20,397	(8.8)%	22,365	(9.9)%
Earnings per share (basic, Yen)	76.60	-	84.71	-
Earnings per share (diluted, Yen)	-	-	84.11	-
Return on shareholders’ equity (%)	10.7	-	12.8	-
Return on assets (%)	8.4	-	9.4	-
Operating income ratio (%)	7.7	-	8.9	-

Note1: Earnings per share (diluted) for the year ended March 20, 2017 is not shown as there is no dilutive shares.

Note2:	Year ended March 20, 2017	Change	Year ended March 20, 2016	Change
Comprehensive income (Millions of yen)	22,571	90.9%	11,826	(66.9)%

Reference: Equity in earnings of affiliated companies
Year ended March 20, 2017: ¥2,403 million
Year ended March 20, 2016: ¥956 million

(2) Consolidated Financial Position

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

	As of March 20, 2017	As of March 20, 2016
Total assets	387,512	373,533
Net assets	200,698	183.901
Shareholders’ equity ratio (%)	51.2	48.5
Net assets per share (Yen)	745.45	680.77

Reference: Shareholders’ equity
As of March 20, 2017: ¥198,513 million
As of March 20, 2016: ¥181,281 million

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 20, 2017	Year ended March 20, 2016
Net cash provided by operating activities	33,752	31,954
Net cash used in investing activities	(18,936)	(22,421)
Net cash used in financing activities	(16,453)	(2,601)
Cash and cash equivalents at end of period	29,735	31,656

2. Dividends

		Year ended March 20, 2016	Year ended March 20, 2017	Year ending March 20, 2018 (forecasts)
Dividends per share (Yen)	End of 1Q	-	-	-
	End of 2Q	10.00	10.00	13.00
	End of 3Q	-	-	-
	Year-end	10.00	10.00	13.00
	Annual total	20.00	20.00	26.00
Annual cash dividends paid (Millions of yen)		5,312	5,331	-
Dividend payout ratio (Consolidated)		23.6%	26.1%	27.7%
Dividend on net assets (Consolidated)		3.0%	2.8%	-

3. Projected Consolidated Results for the Fiscal Year Ending February 28, 2018 (from March 21, 2017 to February 28, 2018)

(Millions of yen, except per share data)

	Six months ending September 20, 2017	Change	Year ending February 28, 2018	Change
Net sales	213,500	13.8%	414,000	-
Operating income	19,700	42.6%	37,000	-
Ordinary income	20,200	46.9%	38,000	-
Net income attributable to owners of parent	13,300	54.5%	25,000	-
Earnings per share (Yen)	49.94	-	93.88	-

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 110 JPY and 1 EUR = 115 JPY during the period from March 21, 2016 to March 20, 2017.

The Company is planning to change its accounting period starting fiscal 2017 from March 20 to the last day of February on the condition that “Partial Amendments to the Articles of Incorporation” is approved at the 101st Ordinary General Meeting of Shareholders scheduled to be held on June 15, 2017. The percentage change for the year ending February 28, 2018 is not shown as the accounting period is different from the previous year.

Reference information:
Projected consolidated results based on an assumption that the accounting period remains unchanged. (from March 21, 2017 to March 20, 2018)

Net sales:	430,000 million JPY (up by 8.9% year-on-year)
Operating income:	40,000 million JPY (up by 31.5% year-on-year)
Ordinary income:	41,000 million JPY (up by 28.3% year-on-year)
Net income attributable to owners of parent:	27,000 million JPY (up by 32.4% year-on-year)
Earnings per share:	101.39 JPY

***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.: Yes
3. Changes in accounting estimates: Yes
4. Restatements: None

Note: Please refer to “Changes in Accounting Policies” on page 17.

(3) Number of Common Shares Outstanding

1. The number of shares outstanding including treasury shares:
   As of March 20, 2017: 266,690,497 shares
   As of March 20, 2016: 266,690,497 shares

2. The number of treasury shares:
   As of March 20, 2017: 387,898 shares
   As of March 20, 2016: 400,990 shares

3. Average during period:
   Year ended March 20, 2017: 266,294,525 shares
   Year ended March 20, 2016: 264,033,754 shares

* This financial report is not subject to the audit procedure.

*About the appropriate use of business forecasts and other matters

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, 2017 (Friday). A summary of the materials distributed at this meeting will be posted on the Yaskawa Group website on April 20, 2017.

List of Attachment

1. Business Results

Overview on Business Performance

Business Performance of fiscal 2016 (Fiscal year ended March 20, 2017)

- The business environment surrounding the Yaskawa Group was generally positive, with the economies in Japan and overseas growing moderately.
- In the U.S., consumer spending expanded because of the improvement in the job market and income environment, while uncertainty increased regarding the policy of new administration.
- The European economy saw gradual recovery as the effect of BREXIT issue turned out to be limited, and capital expenditures mainly in the automobile industry recovered.
- Demand in China was strong because sophistication and automation of production facilities were aggressively promoted.
- The overall Japanese economy was on a moderate recovery trend even for the strong yen, backed by strong demand overseas especially of China.
- Under these market conditions, the Yaskawa Group worked on improving competitiveness and profitability by launching new products, and aimed at expanding business by developing new business in the clean power area, but appreciation of the yen until the third quarter had a major negative impact on its business results.

The business performance of each business segment for fiscal 2016 is as follows.

(Millions of yen, except ratio)

	Year ended March 20, 2017	
Business segment	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	183,294 (down by 2.3%)	20,751 (down by 7.4%)
Robotics	139,993 (down by 9.1%)	10,253 (down by 33.0%)
System Engineering	48,197 (up by 11.9%)	892 (-)
Other	23,398 (down by 12.0%)	(185) (-)

Motion Control

Motion Control segment is comprised of two main businesses; AC servo and drives.

- AC servo sales were robust due to the continued strong demand for capital expenditures in the smartphone-related industry especially in China. The profitability improved significantly from last year because of the progress in switching to the primary "Σ-7" series and the effect of local production in China.
- Drives business saw sluggish sales as the demand from oil and gas related industries in the U.S. and for PV inverters in Japan stayed stagnant.
- Both sales and operating income of the segment decreased from the same period last year, because of the effect of yen’s appreciation.

Robotics

- In the automotive-related field for which we provide our main products for welding and painting applications, sales were firm especially in Europe and China.

- Sales for general industries other than automotive expanded especially in China.
- System business for painting and sealing applications were strengthened by partial acquisition of Doolim Robotics of South Korea.
- Both sales and operating income of the segment decreased from last year, because of the effect of yen's appreciation.

System Engineering

- The profitability of the steel plant and social system business improved as we captured the demand for facility renovation.
- Sales related to large-scale wind turbine increased mainly in Europe and China.
- Business field was expanded by acquisition of R&D and manufacturing sections of marine drive products of Wärtsilä Norway.
- Sales increased from last year, and the segment turned profitable.

Other

Other segment is comprised of IT-related business and logistics business.

- Sales decreased from last fiscal year, and the operating loss accrued. The main reasons are restructuring of related subsidiaries and enhancement in the sales function of new businesses.

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 humankind 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. Under this philosophy, we are working on supplying products and services that realize customers' needs at a high level and improving the job satisfaction for employees. With these activities, we continue to improve our corporate value by realizing constant creation of earnings and even more returns to stakeholders.

2) Management Goals

In the new mid-term business plan "Dash 25", we set the operating income ratio as our main management indicator. Through improving the operating income ratio, the Yaskawa Group steadily enhances the capital efficiency.

3) Medium-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

The management environment surrounding the Yaskawa Group in fiscal 2017 is rapidly changing as manufacturing industry worldwide is accelerating its move towards implementing concepts such as Industrie 4.0* and IoT. Especially in the fast-growing Chinese market, capital expenditure is expected to grow for production automation in 3C (computer, communication and consumer) industries, including smartphones. Also, natural energy use and the promotion of energy conservation have been trending globally in terms of responsibility to the environment.

Under this situation, the Yaskawa group has set the objectives as continuous evolution of development, production and sales capabilities, and acceleration of new business development. We are working on the initiatives below to achieve the mid-term business plan Dash 25.

a) Development capability

- We are working on AI application and developing new products supporting Industrie 4.0 and IoT. Local development capability in each global region is being enhanced.

b) Production capability

- We prepare for establishment of the next-generation plant that realize BTO (Build to Order) production in Japan, as well as improve capacity to supply products in China and Europe where there is large demand. These activities will enable us to flexibly produce to meet the needs of customers.

c) Sales capability

- We are strengthening our cross-sectoral marketing and sales structures, and accelerating the launch of new products in the core businesses to expand our market share and improve profitability.

d) New business

- We aim at expanding the clean power business by establishing the optimal operating structure.

Specific measures in each business segment is as follows.

Motion Control

- In AC servo business, we will work on developing a production system that will enable us to ensure that our market needs are met through increase of in-house production and automation.
- In drives business, we will accelerate the launch of new products specialized for different purposes to meet various market needs. We will aim at increasing sales by developing new markets through the launch of PV inverter applicable worldwide.

Robotics

- We will increase our sales and profit by providing optimal solutions to meet the challenges and needs of the customers in the fast-growing markets of food, medical, cosmetics and 3C (computer, communication and consumer). We will also strengthen our development function in China to speed up our response to the local needs, as well as develop new technologies to improve the function of robots in terms of application of IoT and AI, and mobility of robots.

System Engineering

- We will secure high profitability by capturing the demand for facility renovation and by providing value-added products in the steel plant and social system businesses. We will also work on turning the large-scale wind turbine business into a core business as well as making it profitable sustainably by efficient operation including cost reduction.

* Industrie 4.0:

The concept of the fourth industrial revolution that the German government proposed. It aims to create new value which did not exist in the past and to build a new business model by linking the goods and services inside and outside of factories via a communication network such as the internet.

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, 2016	As of March 20, 2017
Assets		
Current assets		
Cash and deposits	31,712	29,792
Notes and accounts receivable—trade	117,834	129,365
Merchandise and finished goods	50,052	48,148
Work in process	11,140	14,127
Raw materials and supplies	16,401	17,611
Deferred tax assets	7,670	9,228
Other	16,340	14,504
Allowance for doubtful accounts	(2,495)	(2,482)
Total current assets	248,656	260,295
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,694	32,202
Machinery, equipment and vehicles, net	13,417	12,893
Land	8,642	8,819
Construction in progress	1,665	1,734
Other, net	5,581	5,510
Total property, plant and equipment	61,001	61,159
Intangible assets		
Goodwill	5,037	4,053
Software	8,868	9,541
Other	11,557	11,032
Total intangible assets	25,463	24,627
Investments and other assets		
Investment securities	24,587	31,617
Net defined benefit asset	98	56
Deferred tax assets	9,406	6,576
Other	4,560	3,629
Allowance for doubtful accounts	(240)	(449)
Total investments and other assets	38,412	41,429
Total non-current assets	124,876	127,217
Total assets	373,533	387,512

(Millions of yen)

	As of March 20, 2016	As of March 20, 2017
Liabilities		
Current liabilities		
Notes and accounts payable—trade	62,672	69,974
Short-term loans payable	27,853	24,647
Accrued expenses	21,989	23,112
Income taxes payable	642	3,545
Provision for directors' bonuses	58	66
Other	19,560	20,292
Total current liabilities	132,778	141,638
Non-current liabilities		
Long-term loans payable	19,466	11,145
Provision for directors' retirement benefits	189	175
Net defined benefit liability	31,204	28,019
Other	5,993	5,834
Total non-current liabilities	56,853	45,174
Total liabilities	189,632	186,813
Net assets		
Shareholders' equity		
Capital stock	30,562	30,562
Capital surplus	27,705	27,704
Retained earnings	117,268	132,607
Treasury shares	(246)	(249)
Total shareholders' equity	175,288	190,624
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,020	8,627
Deferred gains or losses on hedges	8	101
Foreign currency translation adjustment	4,104	1,292
Remeasurements of defined benefit plans	(4,141)	(2,132)
Total accumulated other comprehensive income	5,992	7,889
Non-controlling interests	2,620	2,184
Total net assets	183,901	200,698
Total liabilities and net assets	373,533	387,512

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

(Millions of yen)

	Fiscal year ended March 20, 2016	Fiscal year ended March 20, 2017
Net sales	411,260	394,883
Cost of sales	277,112	270,864
Gross profit	134,147	124,018
Selling, general and administrative expenses	97,417	93,609
Operating income	36,730	30,409
Non-operating income		
Interest income	181	203
Dividend income	719	336
Share of profit of entities accounted for using equity method	956	2,403
Subsidy income	482	260
Other	248	197
Total non-operating income	2,588	3,401
Non-operating expenses		
Interest expenses	805	565
Foreign exchange losses	2,302	958
Other	377	323
Total non-operating expenses	3,485	1,847
Ordinary income	35,833	31,963
Extraordinary income		
Gain on sales of non-current assets	27	48
Gain on sales of investment securities	105	0
Gain on sales of shares of subsidiaries and associates	28	63
Gain on extinguishment of tie-in shares	118	—
Total extraordinary income	280	111
Extraordinary losses		
Loss on sales and retirement of non-current assets	375	395
Loss on valuation of investment securities	283	589
Loss on sales of investment securities	0	—
Loss on valuation of shares of subsidiaries and associates	—	49
Loss on sales of shares of subsidiaries and associates	178	373
Loss on sale of investments in capital of subsidiaries and associates	72	37
Impairment loss	—	718
Other	1	0
Total extraordinary losses	912	2,165
Profit before income taxes	35,202	29,910
Income taxes—current	8,497	10,369
Income taxes—deferred	3,207	(1,260)
Total income taxes	11,705	9,109
Profit	23,496	20,800
Profit attributable to non-controlling interests	1,131	403
Profit attributable to owners of parent	22,365	20,397

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 20, 2016	Fiscal year ended March 20, 2017
Profit	23,496	20,800
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,447)	2,632
Deferred gains or losses on hedges	—	96
Foreign currency translation adjustment	(8,500)	(2,786)
Remeasurements of defined benefit plans	144	2,146
Share of other comprehensive income of entities accounted for using equity method	133	(318)
Total other comprehensive income	(11,670)	1,770
Comprehensive income	11,826	22,571
(Breakdown)		
Comprehensive income attributable to owners of parent	10,892	22,283
Comprehensive income attributable to non-controlling interests	934	287

3) Consolidated Statements of Changes in Net Assets

Year ended March 20, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of 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)
Profit attributable to owners of parent			22,365		22,365
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		2		2	4
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Increase by share exchanges		1,508		244	1,753
Change of scope of consolidation					—
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 the end of period	30,562	27,705	117,268	(246)	175,288

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of 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)
Profit (loss) attributable to owners of parent							22,365
Purchase of treasury shares							(7)
Disposal of treasury shares							4
Change in treasury shares of parent arising from transactions with non-controlling shareholders							—
Increase by share exchanges							1,753
Change of scope of consolidation							—
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 the end of period	6,020	8	4,104	(4,141)	5,992	2,620	183,901

Year ended March 20, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	30,562	27,705	117,268	(246)	175,288
Cumulative effects of changes in accounting policies					—
Restated balance	30,562	27,705	117,268	(246)	175,288
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares					—
Dividends of surplus			(5,331)		(5,331)
Profit attributable to owners of parent			20,397		20,397
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Increase by share exchanges					—
Change of scope of consolidation			273		273
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(0)	15,339	(2)	15,336
Balance at the end of period	30,562	27,704	132,607	(249)	190,624

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	6,020	8	4,104	(4,141)	5,992	2,620	183,901
Cumulative effects of changes in accounting policies							—
Restated balance	6,020	8	4,104	(4,141)	5,992	2,620	183,901
Changes of items during period							
Issuance of new shares - exercise of subscription rights to shares							—
Dividends of surplus							(5,331)
Profit attributable to owners of parent							20,397
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(0)
Increase by share exchanges							—
Change of scope of consolidation							273
Net changes of items other than shareholders' equity	2,606	93	(2,812)	2,008	1,896	(435)	1,461
Total changes of items during period	2,606	93	(2,812)	2,008	1,896	(435)	16,797
Balance at the end of period	8,627	101	1,292	(2,132)	7,889	2,184	200,698

4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 20, 2016	Fiscal year ended March 20, 2017
Cash flows from operating activities		
Profit before income taxes	35,202	29,910
Depreciation	13,063	12,076
Amortization of goodwill	1,232	1,171
Impairment loss	—	718
Increase (decrease) in allowance for doubtful accounts	(456)	138
Decrease in net defined benefit liability	(930)	(1,425)
Increase (decrease) in provision for directors' retirement benefits	24	(17)
Loss on sales and retirement of non-current assets	347	347
Gain on sales of investment securities	(105)	(0)
Loss on sales of shares of subsidiaries and associates	149	310
Loss on sales of investment in capital of subsidiaries and associates	72	37
Loss on valuation of investment securities	283	589
Loss on valuation of shares of subsidiaries and associates	—	49
Interest and dividend income	(900)	(540)
Interest expenses	805	565
Increase in notes and accounts receivable—trade	(103)	(10,154)
Decrease (increase) in inventories	3,627	(3,324)
Increase (decrease) in notes and accounts payable—trade	(3,653)	7,835
Decrease in accounts payable—other	(971)	(933)
Increase in consumption taxes refund receivable	(536)	(63)
Other, net	(4,060)	3,185
Subtotal	43,091	40,475
Interest and dividend income received	1,735	1,537
Interest expenses paid	(796)	(575)
Income taxes paid	(12,075)	(7,684)
Net cash provided by operating activities	31,954	33,752
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(20,645)	(15,154)
Proceeds from sales of property, plant and equipment and intangible assets	54	92
Purchase of investment in securities	(537)	(3,633)
Proceeds from sales and redemption of investment securities	647	363
Purchase of shares of subsidiaries	(1,622)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(212)	(151)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	96	111
Other, net	(202)	(563)
Net cash used in investing activities	(22,421)	(18,936)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,418	(6,707)
Proceeds from long-term loans payable	5,345	2,371
Repayments of long-term loans payable	(6,028)	(6,258)
Cash dividends paid	(5,773)	(5,331)
Dividends paid to non-controlling interests	(431)	(242)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(117)
Other, net	(131)	(167)
Net cash used in financing activities	(2,601)	(16,453)

(Millions of yen)

	Fiscal year ended March 20, 2016	Fiscal year ended March 20, 2017
Effect of exchange rate change on cash and cash equivalents	283	(561)
Net increase (decrease) in cash and cash equivalents	7,214	(2,198)
Cash and cash equivalents at the beginning of period	24,347	31,656
Increase in cash and cash equivalents from newly consolidated subsidiary	—	277
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	93	—
Cash and cash equivalents at the end of period	31,656	29,735

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 75 consolidated subsidiaries and 14 companies accounted for using the equity method.

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

Consolidation

New: 9 companies   Eliminated: 2 companies

Equity method

New: 1 company   Eliminated: 2 companies

(Changes in Accounting Policies)

(Application of accounting standards related to business combination)

Beginning this consolidated accounting period, the Group adopted the provisions of the Accounting Standards for Corporate Combination (ASBJ Statement No. 21, September 13, 2013), the Accounting Standards for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standards for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). As a result of this change in accounting policy, differences resulting from the changes in Group holdings in subsidiaries remaining under Group control are recorded as capital surplus and expenses related to acquisition are recorded as expenses for the first quarter consolidated accounting period in which they were incurred. The accounting standard for business combination occurring after the beginning of this consolidated accounting period was changed to a method that reflects a review of the distribution of acquisition costs based on the finalization of provisional accounting treatments onto the consolidated financial statements for the consolidated accounting period in which the business combination date occurs. Furthermore, we changed how profit is represented and changed from an indication of minority interests to an indication of non-controlling interests and rearranged consolidated financial statements and consolidated financial statement of this consolidated accounting period and the last consolidated fiscal year to reflect the changes of indication.

" Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation" and "Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation" are shown in Cash flows from financing activities of Consolidated Statements of Cash Flows of the consolidated accounting period. "Purchase of investment of subsidiaries resulting in change in scope of consolidation" and "Payments of purchase and sale of shares of subsidiaries that do not result in change in scope of consolidation" are shown in Cash flows from operating activities of Consolidated Statements of Cash Flows of the consolidated accounting period.

The application of the Accounting Standard for Business Combination is subject to transitional treatment as outlined in Accounting Standard for Business Combination Paragraph 58-2 (4), Accounting Standard for Consolidated Financial Statements Paragraph 44-5 (4), and Accounting Standard for Business Divestitures Paragraph 57-4 (4). As such, the application of these standards is implemented from the start of the current consolidated fiscal year.

The impact of these changes on the consolidated financial statements is minor.

(Changes in Accounting Policies to be Distinguished from Changes in Accounting Estimates)

(Change in depreciation method for depreciable assets)

Previously, the declining-balance method of accounting was used to calculate the depreciation of tangible fixed assets belonging to our company and some of the consolidated subsidiaries. However, this was changed to the straight-line method from this consolidated accounting period.

Under a management policy of further promoting *glocal* management, our group is enhancing its overseas production system, as we see our overseas sales ratio increasing from year to year. In these circumstances as well as the occasion of formulating a new mid-term business plan “Dash 25” as the first step of our new long-term business plan “Vision 2025,” we reviewed future production plans and the status of operations at production facilities in Japan, and found that production facilities in Japan are expected to continue to operate stably, and we have therefore judged to adopt the straight-line method as the depreciation method for tangible fixed assets in Japan (excluding leased assets) will make periodic profit or loss calculations more rational.

Because of these changes, operating income, ordinary income, and profit attributable to owners of parent of the current consolidated accounting period increased by 1,087 million yen.

(Segment information)

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

Year ended March 20, 2016 (Millions of yen)

	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
Sales							
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
Other items							
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 assets	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.

Year ended March 20, 2017 (Millions of yen)

	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
Sales							
Sales to external customers	183,294	139,993	48,197	23,398	394,883	-	394,883
Intersegment sales and transfers	15,596	1,315	562	16,068	33,542	(33,542)	-
Total sales	198,890	141,309	48,759	39,467	428,426	(33,542)	394,883
Segment operating income (loss)	20,751	10,253	892	(185)	31,711	(1,301)	30,409
Segment assets	159,728	128,846	37,796	28,725	355,098	32,413	387,512
Other items							
Depreciation and amortization	6,340	4,117	1,182	345	12,046	30	12,076
Goodwill amortization	704	235	198	32	1,171	-	1,171
Increase in property, plant and equipment and intangible assets	6,357	5,339	1,400	322	13,420	1,484	14,904

Notes

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income of (1,301) 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, 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.

Year ended March 20, 2017 (Millions of yen)

	The Americas	Europe	Asia	Other	Total
Overseas sales	74,691	50,736	131,045	4,205	260,678
Consolidated sales	-	-	-	-	394,883
Percentage of overseas sales in consolidated sales	19%	13%	33%	1%	66%

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, 2016	Year Ended March 20, 2017
Net assets per share	680.77	745.45
Earnings per share (basic)	84.71	76.60
Earnings per share (diluted)	84.11	-

Note1: Earnings per share (diluted) for the year ended March 20, 2017 is not shown as there is no dilutive shares.
Note2: The basis for calculating earnings per share (basic and diluted) is shown below.

	Year Ended March 20, 2016	Year Ended March 20, 2017
Earnings per share (basic)		
Net income (Millions of yen)	22,365	20,397
Net income not available to common shareholders (Millions of yen)	-	-
Net income available to common shareholders (Millions of yen)	22,365	20,397
Weighted average number of shares outstanding (Thousands)	264,033	266,294
Earnings per share (diluted)		
Adjustments to net income (Millions of yen)	-	-
Increase in number of common shares (Thousands)	1,868	-
(of which, convertible bonds (Thousands))	(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.