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# ANNUAL REPORT 2016

Year ended March 20, 2016

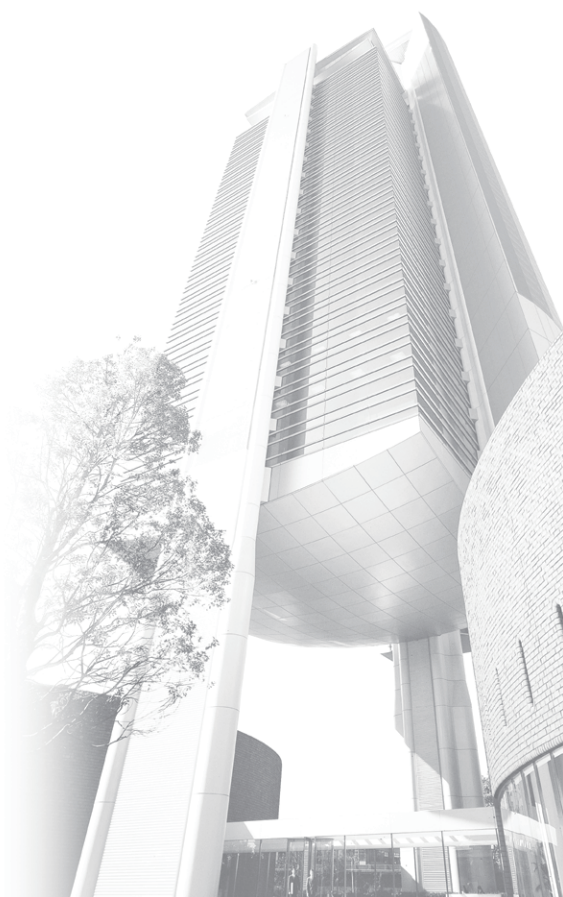
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## C O R P O R A T E   P R O F I L E

Keyence Corporation has steadily grown since 1974 to become a leading company in factory automation. It accomplished this by delivering the quality sensors that automation needs. Today, Keyence serves 200,000 customers in some 100 countries around the world, where its name stands for innovation and excellence.

Sensors, found in millions of applications, provide the positioning information essential for factory automation. There could be no automation of assembly lines without sensors. Keyence has consistently aided the automation revolution by developing superior sensor solutions.



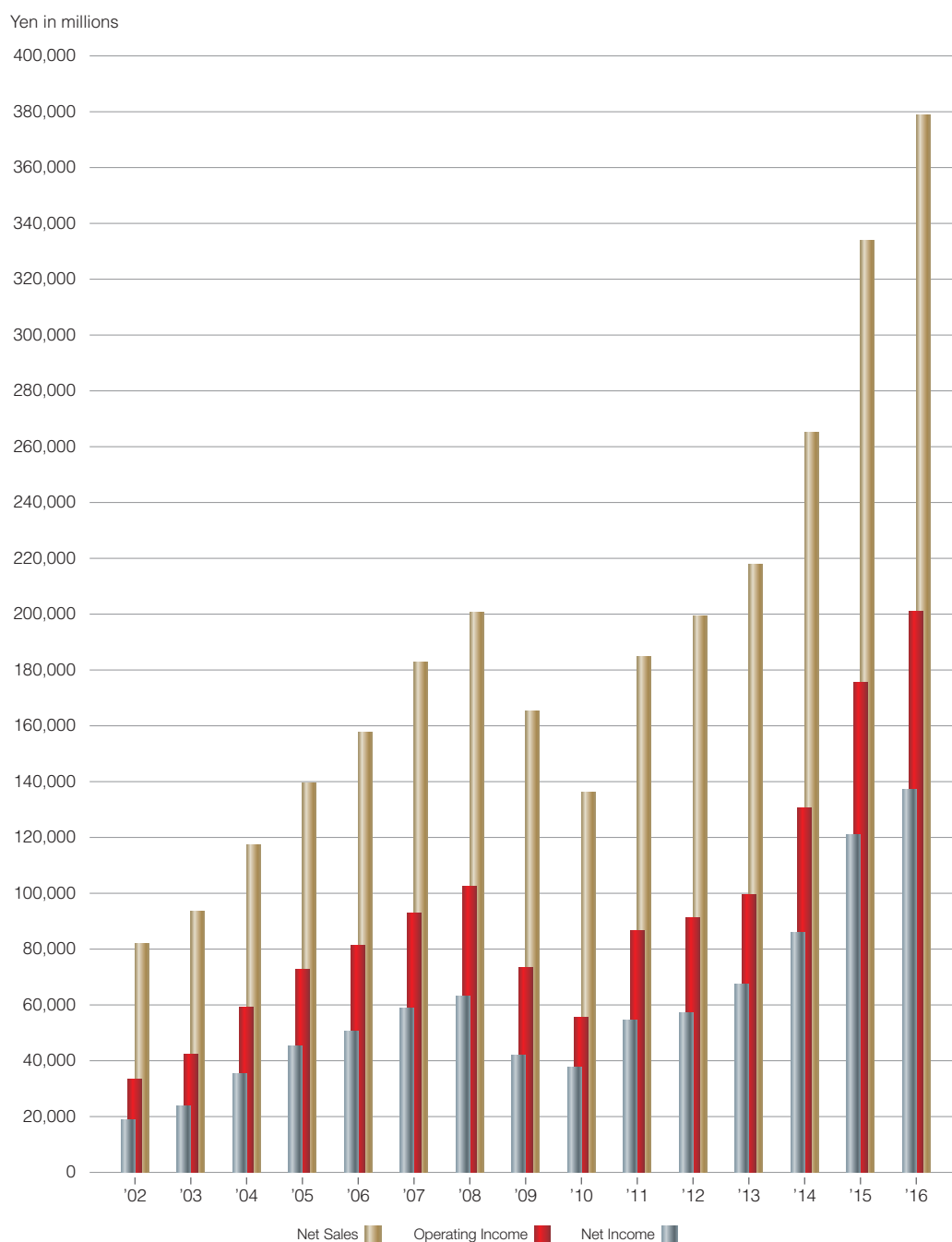
# KEYENCE CORPORATION AND SUBSIDIARIES

## FINANCIAL HIGHLIGHTS

YEARS ENDED MARCH 20

		Millions of Yen	Thousands of U.S. Dollars
	2016	2015	2016
Net Sales	¥379,282	¥334,034	\$3,416,963
Operating Income	201,309	175,719	1,813,602
Net Income	137,166	121,063	1,235,730
Amounts Per Common Share (in yen and U.S. dollars)			
Net Income	2,262.02	1,996.41	20.38
Cash dividends applicable to the year	200.00	200.00	1.80
Total Assets	1,102,018	996,688	9,928,095

Note 1. All dollar figures herein refer to U.S. dollars. Dollar amounts are translated from Japanese yen, for convenience only, at ¥111= US\$1, the approximate exchange rate on March 20, 2016.  
 2. Refer to Notes 11 and 13 in the notes to consolidated financial statements.



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## TO OUR SHAREHOLDERS

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### **Business results**

The global economy gradually recovered during the consolidated fiscal year under review, supported by bullish consumer spending in developed economies. However, the commodity price slump has contributed to a hazy outlook for emerging economies. On the other hand, the gradual increase in capital investment in Japan's manufacturing sector has remained on track.

Under these economic conditions, the KEYENCE Group worked to enhance planning and development and strengthen sales capabilities toward sustaining mid- to long-term growth.

In the product development field, we have developed new products that include a Handheld DPM Code Reader, and a Positioning / Motion unit. In the sales field, we made efforts to increase our human resources and expand our overseas sales offices. As a result of these activities, in this consolidated fiscal year we recorded sales of JPY 379,282 million, operating income of JPY 201,309 million, income before taxes of JPY 205,521 million, and net income of JPY 137,166 million.

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## TO OUR SHAREHOLDERS

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### Performance by region

#### 1) Japan

Japan has benefitted from a gradual increase in capital investment together with strengthened corporate earnings. Under these conditions, we worked to release new products and enhance our sales capabilities, resulting in sales of JPY189,053 million.

#### 2) Overseas

While declines have been seen in some emerging economies and other territories outside Japan, the developed economies have managed to maintain their records of gradual growth. Under these economic conditions, we worked to enhance our sales capabilities by expanding the number of our sales offices and increasing staff numbers, resulting in sales of JPY 190,229 million.

Although we recognize risks to the economic trends in emerging and resource-rich economies as well as challenges from growing debt problems in Europe, the world economy is expected to remain on a gradual recovery track.

The KEYENCE Group will continue to focus on developing new products and expanding its sales capabilities. With global competition expected to intensify over the long term, it is essential for manufacturing industries to streamline operations, pursue energy efficiency, improve quality, and invest more in research and development. This is where we think there is huge potential for us to expand our operations as a group. To realize this potential, we will focus on applying the powers that we have cultivated over the years to achieve growth.



Akinori Yamamoto  
President  
June 2016

## NEW PRODUCT HIGHLIGHTS



### Self-Contained Full-Spectrum Sensor

Conventional photoelectric sensors use the amount of light reflected off the target to perform their judgments. We have adopted an innovative new method incorporating a white LED and a custom light-receiving element that judge the appearance of the target according to its color.

What's more, the 500,000x high dynamic range enables the sensor to accommodate changes in the distance and angle of the target. This innovation enables stable detection of targets that are difficult to detect with conventional sensors.

These characteristics expand the range of application of this self-contained full-spectrum sensor. This device has been evaluated highly for its ability to improve product yield and quality.



### Handheld DPM Code Reader

The conventional technique for reading 2D codes marked directly on targets — known as direct part marking (DPM) — is typically slow and unstable.

Our innovative handheld DPM code reader incorporates our proprietary 2D code-reading algorithm. Featuring an ergonomic design, this device automatically selects the optimal lighting. Together, these features result in stable, high-speed reading that is unmatched in the industry.

This product is currently contributing to improved efficiency at manufacturing sites required to maintain traceability, which is indispensable for quality control.

## NEW PRODUCT HIGHLIGHTS



### Clamp-On Flow Sensor

This is the first flow sensor in the factory automation industry capable of performing detection from the outside of a pipe by means of ultrasonic pulses.

Because sensor installation requires no cutting of the pipe, the pressure within the pipe and type of liquid carried (such as water or oil) are of no concern. Only a single screwdriver is required to install this sensor.

This clamp-on device has been adopted by customers who have been hesitant to install flow sensors due to the work and costs associated with modifying piping, despite being concerned about the flow of liquid in these pipes.



### Positioning / Motion unit

No longer is it necessary to select units to match device control details. With the industry's fastest performance, this single unit accommodates all tasks from multi-point positioning to multiple-axis synchronization control.

What's more, this unit offers exceptional ease of use by allowing users to freely select their desired programming language.

This device can be used to control various machines ranging from automated control devices to industrial robots. As a result, it contributes to improved productivity while reducing costs through inventory standardization.

# INDEPENDENT AUDITOR'S REPORT



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## To the Board of Directors of Keyence Corporation:

We have audited the accompanying consolidated balance sheet of Keyence Corporation and its consolidated subsidiaries as of March 20, 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Keyence Corporation and its consolidated subsidiaries as of March 20, 2016, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

## Basis for Preparing the Consolidated Financial Statements

As explained in Note 1 to the consolidated financial statements, during the year ended March 20, 2016, the Company changed its consolidated accounting periods by adopting fiscal periods for the three-month period ended June 20, 2015 and for the nine-month period ended March 20, 2016. However, for the purposes of the consolidated financial statements, the Company presented financial information for the twelve-month period from March 21, 2015 to March 20, 2016 as a single fiscal year. The financial information for the twelve-month period ended March 20, 2016 is presented solely to enable a comparison with the financial information for the fiscal year ended March 20, 2015 and may not be suitable for other purposes. Our opinion is not modified in respect of this matter.

## Emphasis of Matter

The Company prepared the consolidated financial statements for the fiscal period ended June 20, 2015 and the fiscal period ended March 20, 2016, in accordance with accounting principles generally accepted in Japan based on the Financial Instruments and Exchange Act. We issued the audit reports for these consolidated financial statements on September 11, 2015 and June 10, 2016, respectively.

## Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Deloitte Touche Tohmatsu LLC*

June 10, 2016

Member of  
Deloitte Touche Tohmatsu Limited



## KEYENCE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

MARCH 20, 2016

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
<b>ASSETS:</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Note 9)	¥115,913	¥29,681	\$1,044,262
Time deposits (Note 9)	82,466	72,996	742,939
Marketable securities (Notes 4 and 9)	412,905	537,278	3,719,871
Notes and accounts receivable (Note 9)	112,741	98,864	1,015,692
Allowance for doubtful receivables	(253)	(278)	(2,283)
Inventories (Note 5)	23,359	20,616	210,441
Deferred tax assets (Note 8)	8,507	11,002	76,647
Other	2,274	2,470	20,490
<b>Total current assets</b>	<b>757,914</b>	<b>772,632</b>	<b>6,828,060</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Land	6,689	6,689	60,262
Buildings and structures	18,996	18,668	171,137
Furniture and fixtures	25,561	24,210	230,284
Other	2,216	2,000	19,970
<b>Total property, plant and equipment</b>	<b>53,463</b>	<b>51,568</b>	<b>481,654</b>
<b>Accumulated depreciation</b>	<b>(36,065)</b>	<b>(34,673)</b>	<b>(324,913)</b>
<b>Net property, plant and equipment</b>	<b>17,398</b>	<b>16,895</b>	<b>156,740</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments in associated companies (Note 9)	12,963	11,316	116,786
Investment securities (Notes 4 and 9)	309,276	166,940	2,786,271
Funds in trust (Notes 4 and 9)		25,719	
Deferred tax assets (Note 8)	146	154	1,315
Other	4,320	3,030	38,920
<b>Total investments and other assets</b>	<b>326,705</b>	<b>207,160</b>	<b>2,943,294</b>
<b>TOTAL</b>	<b>¥1,102,018</b>	<b>¥996,688</b>	<b>\$9,928,095</b>
<b>LIABILITIES AND EQUITY:</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>CURRENT LIABILITIES:</b>			
Notes and accounts payable (Note 9)	¥6,940	¥6,553	\$62,526
Income taxes payable (Note 9)	24,755	40,754	223,026
Accrued bonuses	7,239	6,433	65,224
Other	15,059	12,914	135,674
<b>Total current liabilities</b>	<b>53,996</b>	<b>66,657</b>	<b>486,451</b>
<b>LONG-TERM LIABILITIES:</b>			
Other	4,979	6,655	44,859
<b>Total long-term liabilities</b>	<b>4,979</b>	<b>6,655</b>	<b>44,859</b>
<b>EQUITY (Notes 7 and 11):</b>			
Common stock, authorized, 150,000,000 shares; issued, 60,801,921 shares in 2016 and 60,801,921 shares in 2015	30,637	30,637	276,013
Capital surplus	30,532	30,531	275,065
Retained earnings	979,845	851,775	8,827,436
Treasury stock at cost, 163,662 shares in 2016 and 162,443 shares in 2015	(3,144)	(3,066)	(28,332)
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	2,085	5,642	18,786
Foreign currency translation adjustments	3,092	7,869	27,862
Defined retirement benefit plan	(5)	(14)	(46)
<b>Total equity</b>	<b>1,043,043</b>	<b>923,375</b>	<b>9,396,785</b>
<b>TOTAL</b>	<b>¥1,102,018</b>	<b>¥996,688</b>	<b>\$9,928,095</b>

See notes to consolidated financial statements.

## KEYENCE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED MARCH 20, 2016

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>NET SALES</b>	<b>¥379,282</b>	<b>¥334,034</b>	<b>\$3,416,963</b>
<b>COSTS AND EXPENSES:</b>			
Cost of sales	72,645	67,615	654,464
Selling, general and administrative	94,586	80,581	852,129
Research and development	10,741	10,118	96,766
<b>Total costs and expenses</b>	<b>177,973</b>	<b>158,315</b>	<b>1,603,361</b>
<b>OPERATING INCOME</b>	<b>201,309</b>	<b>175,719</b>	<b>1,813,602</b>
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income	970	4,933	8,743
Foreign exchange gain (loss)	(3,169)	3,208	(28,550)
Equity in earnings of associated companies	1,651	1,264	14,878
Gain (Loss) from funds in trust	3,589	2,375	32,340
Gain on sales of investment securities	1,918		17,280
Other - net	(749)	(1,153)	(6,753)
<b>Other income (expenses) -net</b>	<b>4,211</b>	<b>10,628</b>	<b>37,938</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>205,521</b>	<b>186,347</b>	<b>1,851,541</b>
<b>INCOME TAXES (Note 8):</b>			
Current	65,681	67,079	591,729
Deferred	2,673	(1,795)	24,081
<b>Total income taxes</b>	<b>68,355</b>	<b>65,284</b>	<b>615,810</b>
<b>NET INCOME</b>	<b>137,166</b>	<b>121,063</b>	<b>1,235,730</b>
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>¥137,166</b>	<b>¥121,063</b>	<b>\$1,235,730</b>

## PER SHARE OF COMMON STOCK (Notes 11 and 13)

		Yen	U.S. Dollars
	2016	2015	2016
Basic net income	¥2,262.02	¥1,996.41	\$20.38
Cash dividends applicable to the year	200.00	200.00	1.80

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

YEAR ENDED MARCH 20, 2016

		Millions of Yen	Thousands of U.S. Dollars (Note1)
	2016	2015	2016
<b>NET INCOME</b>	<b>¥137,166</b>	<b>¥121,063</b>	<b>\$1,235,730</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) (Note 10):</b>			
Unrealized gain (loss) on available-for-sale securities	(3,558)	1,136	(32,060)
Foreign currency translation adjustments	(4,846)	5,001	(43,664)
Share of other comprehensive income (loss) in associates	80	(35)	722
<b>Total other comprehensive income (loss)</b>	<b>(8,325)</b>	<b>6,102</b>	<b>(75,003)</b>
<b>COMPREHENSIVE INCOME</b>	<b>¥128,840</b>	<b>¥127,165</b>	<b>\$1,160,727</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the parent	¥128,840	¥127,165	\$1,160,727

See notes to consolidation financial statements.

## KEYENCE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED MARCH 20, 2016

	Millions of Yen							
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available- for-sale securities	Accumulated other comprehensive income Foreign currency translation adjustment Defined retirement benefit plan	Total Equity
<b>BALANCE, MARCH 21, 2014</b>	<b>60,641,743</b>	<b>¥30,637</b>	<b>¥30,531</b>	<b>¥738,595</b>	<b>(¥2,955)</b>	<b>¥4,505</b>	<b>¥2,890</b>	<b>¥804,204</b>
Net income attributable to owners of the parent				121,063				121,063
Cash dividends, ¥200.00 per share				(7,883)				(7,883)
Purchase of treasury stock	(2,280)				(112)			(112)
Disposal of treasury stock	15		0		0			0
Net change in the year						1,137	4,978	6,102
<b>BALANCE, MARCH 20, 2015</b>	<b>60,639,478</b>	<b>30,637</b>	<b>30,531</b>	<b>851,775</b>	<b>(3,066)</b>	<b>5,642</b>	<b>7,869</b>	<b>923,375</b>
Net income attributable to owners of the parent				137,166				137,166
Cash dividends, ¥200.00 per share				(9,095)				(9,095)
Purchase of treasury stock	(1,238)				(78)			(78)
Disposal of treasury stock	19		0		0			1
Net change in the year						(3,557)	(4,776)	(8,325)
<b>BALANCE, MARCH 20, 2016</b>	<b>60,638,259</b>	<b>¥30,637</b>	<b>¥30,532</b>	<b>¥979,845</b>	<b>(¥3,144)</b>	<b>¥2,085</b>	<b>¥3,092</b>	<b>¥1,043,043</b>

	Thousands of U.S. Dollars (Note 1)							
					Unrealized gain (loss) on available- for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income Defined retirement benefit plan	Total Equity
	Common stock	Capital surplus	Retained earnings	Treasury stock				
<b>BALANCE, MARCH 20, 2015</b>	<b>\$276,013</b>	<b>\$275,058</b>	<b>\$7,673,651</b>	<b>(\$27,629)</b>	<b>\$50,835</b>	<b>\$70,896</b>	<b>(\$126)</b>	<b>\$8,318,699</b>
Net income attributable to owners of the parent			1,235,730					1,235,730
Cash dividends, \$1.80 per share			(81,945)					(81,945)
Purchase of treasury stock				(706)				(706)
Disposal of treasury stock		6		3				9
Net change in the year					(32,049)	(43,034)	80	(75,003)
<b>BALANCE, MARCH 20, 2016</b>	<b>\$276,013</b>	<b>\$275,065</b>	<b>\$8,827,436</b>	<b>(\$28,332)</b>	<b>\$18,786</b>	<b>\$27,862</b>	<b>(\$46)</b>	<b>\$9,396,785</b>

See notes to consolidated financial statements.

## KEYENCE CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 20, 2016

		Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2016	2015	2016
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes	¥205,521	¥186,347	\$1,851,541
Adjustments for:			
Income taxes paid	(81,210)	(58,343)	(731,627)
Depreciation and amortization	3,774	3,592	34,005
Equity in earnings of associated companies	(1,651)	(1,264)	(14,878)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	(17,330)	(15,398)	(156,135)
Decrease (increase) in inventories	(2,839)	(1,718)	(25,582)
Decrease (increase) in interest and dividend receivable	741	1,106	6,680
Increase (decrease) in notes and accounts payable	388	130	3,496
Increase (decrease) in accrued bonuses	920	898	8,292
Other - net	(1,829)	(1,039)	(16,483)
Total adjustments	(99,037)	(72,037)	(892,232)
<b>Net cash provided by operating activities</b>	<b>106,483</b>	<b>114,310</b>	<b>959,309</b>
<b>INVESTING ACTIVITIES:</b>			
Net decrease (increase) in time deposits	(11,410)	(16,759)	(102,799)
Capital expenditures	(3,361)	(3,011)	(30,285)
Net increase in marketable and investment securities and other	(19,213)	(84,565)	(173,095)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation		(3)	
Net decrease in funds in trust	25,719		231,705
Other - net	(893)	(10)	(8,047)
<b>Net cash used in investing activities</b>	<b>(9,160)</b>	<b>(104,350)</b>	<b>(82,522)</b>
<b>FINANCING ACTIVITIES:</b>			
Cash dividends paid	(9,095)	(7,883)	(81,945)
Net increase in treasury stock	(77)	(111)	(697)
<b>Net cash used in financing activities</b>	<b>(9,173)</b>	<b>(7,994)</b>	<b>(82,642)</b>
<b>EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>	<b>(1,918)</b>	<b>1,186</b>	<b>(17,285)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>86,231</b>	<b>3,151</b>	<b>776,858</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>29,681</b>	<b>26,530</b>	<b>267,403</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥115,913</b>	<b>¥29,681</b>	<b>\$1,044,262</b>

See notes to consolidated financial statements.

## KEYENCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2016

**1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2015 consolidated financial statements to conform to the classifications used in 2016. Amounts less than one million yen and one thousand U.S. dollars are rounded down, except for per share data. Therefore, total or subtotal amounts may not correspond with the aggregation of such account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which KEYENCE CORPORATION (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥111 to \$1, the approximate rate of exchange at March 20, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

The Company changed its consolidated accounting period, and the fiscal periods were for the three-month period ended June 20, 2015 and for the nine-month period ended March 20, 2016. However, the Company prepared the consolidated financial statements for the twelve-month period from March 21, 2015 to March 20, 2016 with regarding it as a fiscal year and provided the corresponding amounts as comparative information for comparison with the fiscal year ended March 20, 2015.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Consolidation** — The consolidated financial statements include the accounts of the Company and its 27 significant subsidiaries (together, the "Group"). Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.
- b. Cash Equivalents** — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, all of which mature or become due within three months of the date of acquisition.
- c. Inventories** — Inventories of the Company and its domestic subsidiaries are principally stated at the lower of cost, determined by the average cost method or net selling value. Inventories of foreign subsidiaries are principally stated at the lower of cost, determined by the average method or market value.
- d. Marketable and Investment Securities** — All of the Group's securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.
- e. Allowance for Doubtful Receivables** — The Company and its domestic subsidiaries have provided an allowance for doubtful receivables stated in an amount considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding. Foreign subsidiaries have provided an allowance for doubtful receivables at the estimated amount of probable bad debts.
- f. Property, Plant and Equipment** — Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is principally computed by the declining-balance method based on the estimated useful lives of the assets. Depreciation of property, plant and equipment of foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the assets.
- g. Long-Lived Assets** — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.
- h. Foreign Currency Transactions** — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.
- i. Foreign Currency Financial Statements** — The balance sheet accounts of the consolidated foreign subsidiaries and associated companies are translated into Japanese yen at the current exchange rates as of the balance sheet date, except for equity, which is translated at the historical rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

## KEYENCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2016

**j. Income Taxes** — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

**k. Research and Development Costs** — Research and development costs are charged to income as incurred.

**l. Per Share Information** — Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The Company did not have securities or contingent stock agreements that could potentially dilute net income per common share in the year ended March 20, 2016.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

**m. Unification of Accounting Policies Applied to Foreign Subsidiaries and Associated Companies for the Consolidated Financial Statements** — In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" which was subsequently revised in February 2010 and March 2015 to reflect revisions of the relevant Japanese GAAP or accounting standards in other jurisdictions. PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments" which was subsequently revised in line with the revisions to PITF No. 18 above. The standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

**n. Accounting Changes and Error Corrections** — In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

1) Changes in Accounting Policies

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

2) Changes in Presentation

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

4) Corrections of Prior-Period Errors

When an error in prior-period financial statements is discovered, those statements are restated.

### 3. ACCOUNTING CHANGE

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements. The Company applied the revised accounting standards and guidance on or after the beginning of annual periods beginning on or after April 1, 2015.

## KEYENCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2016

## 4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities, and securities held as funds in trust as of March 20, 2016 and 2015 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
<b>Current:</b>			
Government and corporate bonds	¥100,215	¥390,295	\$902,844
Negotiable certificates of deposit	312,690	¥146,982	2,817,027
<b>Total</b>	<b>¥412,905</b>	<b>¥537,278</b>	<b>\$3,719,871</b>
<b>Non-current:</b>			
Equity securities	¥3,114	¥3,289	\$28,061
Government and corporate bonds	146,161	145,693	1,316,768
Trust fund investments and other		43,675	
Negotiable certificates of deposit	160,000		1,441,441
<b>Total</b>	<b>¥309,276</b>	<b>¥192,659</b>	<b>\$2,786,271</b>

The carrying amounts and aggregate fair values of marketable and investment securities, and securities held as funds in trust at March 20, 2016 and 2015 were as follows:

	Millions of Yen					Thousands of U.S. Dollars			
	2016					2016			
<b>Securities classified as:</b>	Cost	Unrealized Gains	Unrealized Losses	Fair value	<b>Securities classified as:</b>	Cost	Unrealized Gains	Unrealized Losses	Fair value
<b>Available-for-sale:</b>					<b>Available-for-sale:</b>				
Equity securities	¥774	¥2,374	¥33	¥3,114	Equity securities	\$6,973	\$21,391	\$303	\$28,061
Government and corporate bonds	245,646	730		246,377	Government and corporate bonds	2,213,035	6,577		2,219,612
Trust fund investments and other	472,690			472,690	Trust fund investments and other	4,258,468			4,258,468
	Millions of Yen					Thousands of U.S. Dollars			
	2015					2016			
<b>Securities classified as:</b>	Proceeds	Realized Gains	Realized Losses	Fair value	<b>Securities classified as:</b>	Proceeds	Realized Gains	Realized Losses	Fair value
<b>Available-for-sale:</b>					<b>Available-for-sale:</b>				
Equity securities	¥772	¥2,517	¥0	¥3,289	Other	\$159,213	\$17,280		
Government and corporate bonds	535,687	312	11	535,989					
Trust fund investments and other	184,733	5,925		190,658					
	Millions of Yen					Thousands of U.S. Dollars			
	2016					2016			
<b>Securities classified as:</b>	Proceeds	Realized Gains	Realized Losses		<b>Securities classified as:</b>	Proceeds	Realized Gains	Realized Losses	
<b>Available-for-sale:</b>					<b>Available-for-sale:</b>				
Other	¥17,672	¥1,918							

## 5. INVENTORIES

Inventories at March 20, 2016 and 2015 consisted of following:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Finished products	¥11,974	¥11,875	\$107,878
Work in process	4,173	3,903	37,601
Raw materials	7,210	4,837	64,961
<b>Total</b>	<b>¥23,359</b>	<b>¥20,616</b>	<b>\$210,441</b>

## 6. EMPLOYEES' RETIREMENT BENEFITS

The company and certain subsidiaries have prepayment retirement benefits and defined contribution pension plans. The net periodic benefit costs for the years ended March 20, 2016 and 2015 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2016	2015	2016
Contribution to defined contribution pension plans and prepayment retirement benefits	¥1,193	¥1,022	\$10,749



## KEYENCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2016

## 7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

- a. Dividends** — Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit Supervisory Board, and (4) having a term of service for the directors prescribed as one year rather than two years of normal term per its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to a certain limitations and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.
- b. Increases / Decreases and Transfer of Common Stock, Reserve, and Surplus** — The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon the resolution of the shareholders.
- c. Treasury Stock and Treasury Stock Acquisition Rights** — The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 33.0% and 35.5% for the years ended March 20, 2016 and 2015, respectively.

The tax effects of significant temporary differences and tax loss carry forwards which resulted in deferred tax assets and liabilities at March 20, 2016 and 2015, are as follows:

		Millions of Yen	Thousands of U.S. Dollars
	2016	2015	2016
<b>Deferred tax assets:</b>			
Accrued bonuses	¥1,969	¥1,949	\$17,747
Inventories	4,085	4,969	36,804
Accrued enterprise tax	1,407	3,041	12,682
Other	1,722	1,770	15,513
<b>Deferred tax assets</b>	<b>9,185</b>	<b>11,731</b>	<b>82,747</b>
<b>Deferred tax liabilities:</b>			
Undistributed earnings	(3,281)	(3,192)	(29,559)
Funds in trust	(952)	(1,772)	(8,582)
Investment securities		(1,321)	
Other	(190)	(136)	(1,719)
<b>Deferred tax liabilities</b>	<b>(4,424)</b>	<b>(6,423)</b>	<b>(39,861)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>¥4,760</b>	<b>¥5,307</b>	<b>\$42,885</b>

There is no significant difference between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 20, 2016 and 2015.

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after June 21, 2015, from approximately 35.5% to 33.0%, and for the fiscal year beginning on or after March 21, 2017, from approximately 35.5% to 32.2%.

New tax reform laws enacted in 2016 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after June 21, 2016, from approximately 33.0% to 30.7%, for the fiscal year beginning on or after March 21, 2018, from approximately 32.2% to 30.7%, and for the fiscal year beginning on or after March 21, 2019, from approximately 32.2% to 30.5%.

The effect of these changes was immaterial.

## KEYENCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2016

## 9. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. **Group policy for financial instruments** — The Group invests in financial instruments, and in low-risk financial assets, including bonds.

b. **Nature of financial instruments, extent of risks arising from financial instruments and risk management for financial instrument** — Notes and accounts receivables are exposed to customer credit risk. In order to reduce risk, the Group monitors financial status and transaction history, and detects the default risk of customers at an early stage. Since marketable securities, investment securities and funds in trusts are mainly composed of high credit-rated bonds, the credit risk associated with the investments is not considered to be significant. However, since they are exposed to the risk of market price fluctuations, the Group monitors the market value and reviews the validity of the continued possession on a regular basis. Notes and accounts payable and income taxes payable are all due within less than one year.

c. **Fair values of financial instruments** — Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead.

I. Fair value of financial instruments	Millions of Yen			Thousands of U.S.Dollars		
	2016			2016		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
<b>Assets:</b>						
Cash and cash equivalents and time deposits	¥198,379	¥198,379		\$1,787,201	\$1,787,201	
Notes and accounts receivable	112,741	112,741		1,015,692	1,015,692	
Marketable securities and investment securities and investment in associated company	735,136	747,502	12,366	6,622,851	6,734,260	111,409
<b>Assets</b>	<b>¥1,046,257</b>	<b>¥1,058,624</b>	<b>¥12,366</b>	<b>\$9,425,745</b>	<b>\$9,537,154</b>	<b>\$111,409</b>
<b>Liabilities:</b>						
Notes and accounts payable	¥6,940	¥6,940		\$62,526	\$62,526	
Income taxes payable	24,755	24,755		223,026	223,026	
<b>Liabilities</b>	<b>¥31,696</b>	<b>¥31,696</b>		<b>\$285,552</b>	<b>\$285,552</b>	

	Millions of Yen		
	2015		
	Carrying amount	Fair value	Unrealized gain (loss)
<b>Assets:</b>			
Cash and cash equivalents and time deposits	¥102,678	¥102,678	
Notes and accounts receivable	98,864	98,864	
Marketable securities and investment securities and investment in associated company	715,527	724,259	8,731
Funds in trust	25,719	25,719	
<b>Assets</b>	<b>¥942,789</b>	<b>¥951,521</b>	<b>¥8,731</b>
<b>Liabilities:</b>			
Notes and accounts payable	¥6,553	¥6,553	
Income taxes payable	40,754	40,754	
<b>Liabilities</b>	<b>¥47,308</b>	<b>¥47,308</b>	

- i. Cash and cash equivalents, time deposits, notes and accounts receivable, notes and accounts payable, and income taxes payable — The carrying values of cash and cash equivalents, notes and accounts receivable, notes and accounts payable, and income taxes payable are used as the fair values because of their short maturities.
- ii. Marketable securities, investment securities, investment in associated company, and funds in trust — The fair values of marketable securities, investment securities, investment in associated company, and funds in trust are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The fair values of negotiable certificates of deposit are deemed to be the acquisition price because the current price approximates the acquisition price since they are settled in a short period of time. The information of fair value for marketable securities, investment securities, funds in trust by classification, and negotiable certificates of deposit is included in Note 4.

II. Carrying amount of financial instruments whose fair value cannot be reliably determined	Millions of Yen			Thousands of U.S. Dollars		
	2016			2015		
Investments in equity instruments that do not have a quoted market price in an active market	¥8			¥6		
						\$78

## KEYENCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2016

## d. Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen		Thousands of U.S.Dollars	
	2016		2016	
	Due in one year or less	Due after one year through five years	Due in one year or less	Due after one year through five years
Cash and cash equivalents and time deposits	¥198,379		\$1,787,201	
Notes and accounts receivables	112,741		1,015,692	
Marketable securities and investment securities-available-for-sale securities with contractual maturities	100,000	¥145,000	900,900	\$1,306,306
Negotiable certificate of deposits	312,690	160,000	2,817,027	1,441,441
<b>TOTAL</b>	<b>¥723,811</b>	<b>¥305,000</b>	<b>\$6,520,821</b>	<b>\$2,747,747</b>

	Millions of Yen	
	2015	
	Due in one year or less	Due after one year through five years
Cash and cash equivalents and time deposits	¥102,678	
Notes and accounts receivables	98,864	
Marketable securities and investment securities-available-for-sale securities with contractual maturities	390,000	¥145,000
Negotiable certificate of deposits	146,982	
<b>TOTAL</b>	<b>¥738,525</b>	<b>¥145,000</b>

## 10. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 20, 2016 and 2015, were as follows:

	2016	Millions of Yen 2015	Thousands of U.S.Dollars 2016
<b>Unrealized gain (loss) on available-for-sale securities</b>			
Gains arising during the year	(¥165)	¥4,134	(\$1,486)
Reclassification adjustments to profit or loss	(5,507)	(2,375)	(49,621)
Amount before income tax effect	(5,672)	1,759	(51,107)
Income tax effect	2,114	(622)	19,047
<b>Total</b>	<b>(¥3,558)</b>	<b>¥1,136</b>	<b>(\$32,060)</b>

## Foreign currency translation adjustments

Adjustments arising during the year	(¥4,846)	¥5,001	(\$43,664)
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## Share of other comprehensive income (loss) in associates

Gains arising during the year	¥80	(¥35)	\$722
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<b>Total other comprehensive income (loss)</b>	<b>(¥8,325)</b>	<b>¥6,102</b>	<b>(\$75,003)</b>
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## 11. AMOUNT PER COMMON SHARE

The computation of net income per common share is based on the weighted-average number of common shares outstanding. The average number of common shares used in the computations was 60,638,823 and 60,640,631 shares for 2016 and 2015, respectively. Cash dividends per common share represent amounts applicable to the respective periods including dividends to be paid after the end of the period.

## KEYENCE CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2016

## 12. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

## I. Reportable Segments

Information about reportable segments is not disclosed because the Company has one operating segment.

## II. Related Information

## • Information by product and service

As the sales of one product group account for more than 90% of the Group's total consolidated sales, the disclosure for the years ended March 20, 2016 and 2015, has been omitted.

## • Information by geographical area

		Millions of Yen	Thousands of U.S. Dollars
Revenue	2016	2015	2016
Japan	¥189,053	¥165,113	\$1,703,181
Overseas			
U.S.A	58,234	65,134	524,633
Other*	131,995	103,786	1,189,149
Total	190,229	168,921	1,713,782
TOTAL	¥379,282	¥334,034	\$3,416,963

\* Includes the amount of "China" for the year ended March 20, 2016. The amount is ¥42,190 (\$380,094).

		Millions of Yen	Thousands of U.S. Dollars
Property, plant and equipment	2016	2015	2016
Japan	¥14,077	¥14,527	\$126,820
Overseas	3,321	2,367	29,919
TOTAL	¥17,398	¥16,895	\$156,740

## • Information on principal customers

There is no customer, whose sales exceed 10% of the total consolidated sales for the years ended March 20, 2016 and 2015.

## 13. SUBSEQUENT EVENT

At the Shareholder's General Meeting held on June 10, 2016, the shareholders approved payment of ¥150.00 (\$1.35) per share or total of ¥9,095 million (\$81,943 thousand), to shareholders of record on March 20, 2016.

## BOARD OF DIRECTORS/AUDIT AND SUPERVISORY BOARD/CORPORATE DATA/DIRECTORY

## BOARD OF DIRECTORS

As of June 10, 2016

<b>Takemitsu Takizaki</b> Honorary Chairman and Director	<b>Akira Kanzawa</b> Director	<b>Keiichi Kimura</b> Director	<b>Masato Fujimoto</b> Outside Director
<b>Akinori Yamamoto</b> President and Representative Director	<b>Tsuyoshi Kimura</b> Director	<b>Jumpei Yamada</b> Director	<b>Yoichi Tanabe</b> Outside Director
	<b>Masayuki Konishi</b> Director	<b>Tomohide Ideno</b> Director	

## AUDIT &amp; SUPERVISORY BOARD

As of June 10, 2016

<b>Hiroaki Kitayama</b> Outside Auditor	<b>Koichi Ogawa</b> Outside Auditor	<b>Nobuo Noujima</b> Outside Auditor
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## CORPORATE DATA

As of March 20, 2016

<b>Established:</b>	March 1972
<b>Incorporated:</b>	May 1974
<b>Capital:</b>	30,637 million yen
<b>Number of Employees:</b>	5,003 (consolidated)
<b>Common Stock:</b>	150,000,000 shares Authorized 60,801,921 shares Issued
<b>Number of Shareholders:</b>	5,222
<b>Stock Listing:</b>	Tokyo Stock Exchange, Inc.
<b>Share Registrar:</b>	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, 100-8212, JAPAN

## DIRECTORY

As of March 20, 2016

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## KEYENCE VIETNAM CO., LTD.

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### KEYENCE (MALAYSIA) SDN BHD

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