

Consolidated Financial Statements for the Year Ended March 31, 2013 (Japan GAAP)

May 14, 2013

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Stock Code: 6841 (URL: <http://www.yokogawa.com/>)
 Name and Position of the Representative: Takashi Nishijima, President and Chief Operating Officer
 Name and Position of Person in Charge: Sadamu Kawanaka, General Manager of Corporate Communication Dept.
 Telephone Number: +81-422-52-5530
 Planned Date of the Regular General Meeting of Shareholders: June 26, 2013
 Planned Dividend Payment Starting Date: June 27, 2013
 Planned Date to File Annual Report: June 26, 2013
 Financial Results Supplemental Materials: Yes
 Financial Results Presentation Meeting: Yes (for institutional investors)

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

1. Consolidated business results for the year ended March 31, 2013 (April 1, 2012-March 31, 2013)

(1) Results of operations on a consolidated basis

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2013	347,899	4.0	18,409	10.9	18,002	28.2	14,688	146.8
For the year ended March 31, 2012	334,668	2.8	16,601	49.8	14,037	63.4	5,952	—

(Note) Comprehensive income: For the year ended March 31, 2013 26,758 million yen 482.2%
 For the year ended March 31, 2012 4,596 million yen (—%)

	Net Income per Share	Diluted Net Income per Share	Net Income to Shareholders’ Equity Ratio	Ordinary Income to Total Asset Ratio	Operating Income to Net Sales Ratio
	Yen	Yen	%	%	%
For the year ended March 31, 2013	57.03	—	9.4	4.9	5.3
For the year ended March 31, 2012	23.11	—	4.1	3.9	5.0

(Note) Profit or loss from investments accounted for by the equity method: For the year ended March 31, 2013 246 million yen
 For the year ended March 31, 2012 178 million yen

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio	Shareholders’ Equity per Share
	Million yen	Million yen	%	Yen
For the year ended March 31, 2013	379,931	172,396	44.3	653.83
For the year ended March 31, 2012	359,500	149,574	40.5	565.69

(Note) Shareholders’ equity: For the year ended March 31, 2013 168,389 million yen
 For the year ended March 31, 2012 145,691 million yen

(3) Consolidated cash flow status

	Net Cash Provided by Operating Activities	Net Cash Provided by (used in) Investment Activities	Net Cash Provided by Financing Activities	Cash and Cash Equivalents at the End of the Period
	Million yen	Million yen	Million yen	Million yen
For the year ended March 31, 2013	17,433	(7,502)	(8,034)	58,826
For the year ended March 31, 2012	12,897	(7,841)	(7,954)	53,429

2. Dividend status

(Record date)	Dividends per Share					Total Dividends (annual)	Payout Ratio (consol.)	Net Asset Dividend Rate (consol.)
	June 30	September 31	December 31	End of Term	Annual Total			
	yen	yen	yen	yen	yen	Million yen	%	%
For the year ended March 31, 2012	—	0.0	—	5.0	5.0	1,287	21.6	0.9
For the year ended March 31, 2013	—	5.0	—	5.0	10.0	2,575	17.5	1.6
For the year ending March 31, 2014 (Forecast)	—	6.0	—	6.0	12.0		22.9	

3. Business forecast for the year ending March 31, 2014 (April 1, 2013-March 31, 2014)

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Interim period	185,000	12.4	9,500	8.4	8,500	16.9	5,000	-35.7	19.41
Annual	385,000	10.7	24,000	30.4	21,500	19.4	13,500	-8.1	52.42

<Notes>

- (1) Changes to important subsidiaries during the period: No
(changes to consolidated subsidiaries accompanying changes to specific subsidiaries)
- (2) Changes in accounting policies, changes in accounting estimates, restatements
a. Changes accompanying revision of accounting standards: No
b. Changes other than (a) above: No
c. Changes in accounting estimates: No
d. Restatements: No
- (3) Number of shares issued (common stock)
a. Number of shares outstanding at the end of the period (including treasury stock)
For the year ended March 31, 2013 268,624,510 shares
For the year ended March 31, 2012 268,624,510 shares
b. Treasury stock at the end of the period
For the year ended March 31, 2013 11,080,045 shares
For the year ended March 31, 2012 11,078,187 shares
c. Average number of shares in the period
For the year ended March 31, 2013 257,545,276 shares
For the year ended March 31, 2012 257,550,540 shares

(Note) Overview of non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2013 (April 1, 2012-March 31, 2013)

(1) Results of operations on a non-consolidated basis (Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2013	145,259	-3.8	(5,423)	—	6,394	-22.9	9,280	47.3
For the year ended March 31, 2012	151,070	-1.5	(3,280)	—	8,292	—	6,301	—

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
For the year ended March 31, 2013	36.03		—	
For the year ended March 31, 2012	24.47		—	

(2) Financial conditions on a non-consolidated basis

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
For the year ended March 31, 2013	246,314	117,769	47.8	457.28
For the year ended March 31, 2012	246,966	108,078	43.8	419.65

(Note) Shareholders' equity: For the year ended March 31, 2013 117,769 million yen
For the year ended March 31, 2012 108,078 million yen

Note regarding the implementation of the review procedures

This consolidated financial results report is not subject to the review procedures specified in the Financial Instruments and Exchange Act. A review of the financial statements based on the Act was not completed before the release of the consolidated financial results.

Note concerning appropriate use of business forecasts, etc.

The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors. Please refer to page 6 for a disclaimer regarding the assumptions used in performance forecasts, as well as the use of such forecasts.

Attachment
Contents

	Page
1. Analysis of Business Results and Financial Conditions	4
(1) Analysis of Business Results	4
(2) Full Year Business Forecast	5
(3) Analysis of Financial Conditions	7
(4) Policy on Appropriation of Profit and Dividends for the Period Under Review / Subsequent Periods	7
2. Status of the Yokogawa Group	8
3. Management Policies	10
(1) Core Management Policies	10
(2) Target Management Indicators	10
(3) Medium- and Long-term Business Strategies	10
(4) Challenges for the Company	10
4. Consolidated Financial Statements	11
(1) Consolidated Balance Sheets	11
(2) Consolidated Statements of Income and Statements of Comprehensive Income	13
Consolidated Statements of Income	13
Statements of Comprehensive Income	14
(3) Consolidated Statements of Changes in Net Assets	15
(4) Consolidated Cash Flow Statements	18
(5) Notes for Going Concern	20
(6) Important Items Used as the Basis for Creation of Consolidated Financial Statements	20
(7) Changes to the Method of Display	20
(8) Notes to Consolidated Financial Statements	21
(Segment Information)	21
(Per-share Information)	22
(Important Post-balance Sheet Events)	22
5. Non-consolidated Financial Statements	23
(1) Balance Sheets	23
(2) Statements of Income	25
(3) Statements of Changes in Net Assets	27
(4) Changes to the Method of Display	30
(5) Notes to Non-consolidated Financial Statements	30
(Important Post-balance Sheet Events)	30
6. Other	31
(1) Status of Production, Order Reception, and Sales	31
(2) Retirement/Appointment of Directors	31
[Reference] Consolidated Financial Statements for the Year Ended March 31, 2013	32

1. Analysis of Business Results and Financial Conditions

(1) Analysis of Business Results

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

Despite signs of recovery in the U.S., the global economy continued to face severe problems, including the prolonged financial crisis in Europe and the slowdown of emerging economies such as China and India. In Japan, the economic sentiment turned positive following the election of a new government in late 2012 that resulted in a weaker yen and an upswing in the stock market, and expectations rose that growth would resume. However, for the time being, the broader economy remains in a lull.

Under these circumstances, based on the Evolution 2015, the mid-term business plan for the period through the end of fiscal year 2015, the Group steadily carried out structural reforms of the test and measurement business, while continuing to strive for growth by focusing on the industrial automation and control business outside Japan, which remained strong thanks to the growth in energy-related investment. As a result, in the fiscal year under review, net sales and operating income were up year on year. After recording such items as extraordinary income from the sale of idle assets, the net income also increased greatly over the previous fiscal year.

Consolidated		Billions of yen	
	Year ended March 31, 2012	Year ended March 31, 2013	Change
Net Sales	334.668	347.899	up 13.230
Operating Income	16.601	18.409	up 1.808
Ordinary Income	14.037	18.002	up 3.965
Net Income	5.952	14.688	up 8.736

Results by individual segment are outlined below.

Industrial Automation and Control Business

		Billions of yen	
	Year ended March 31, 2012	Year ended March 31, 2013	Change
Net Sales	277.185	295.696	up 18.511
Operating Income	19.896	18.011	down 1.885

In the industrial automation and control business, although the Japan market faced uncertainties, the energy-related market remained robust mainly in emerging and resource-rich countries and in regions such as North America, where shale gas development surged.

Under these circumstances, the Group implemented the growth strategies for the industrial automation and control business that were defined in Evolution 2015, and expanded business mainly in the energy-related market.

As a result, net sales for the industrial automation and control business came to 295.696 billion yen, up 18.511 billion yen year on year. However, operating income came to 18.011 billion yen, which was down 1.885 billion yen from fiscal year 2011, when demand was buoyed by reconstruction following the Great East Japan Earthquake, and this has also been negatively impacted by an increase in orders for less profitable large-scale projects.

Test and Measurement Business

		Billions of yen	
	Year ended March 31, 2012	Year ended March 31, 2013	Change
Net Sales	34.580	28.977	down 5.603
Operating Loss	(3.572)	(0.225)	down 3.347

Net sales for the test and measurement business were down year on year due to factors including slower growth in demand for measuring instruments, Yokogawa's withdrawal from the photonics business, and the discontinuation of the semiconductor tester business. Meanwhile, thanks mainly to structural reforms that reduced fixed costs and R&D expenditure, the operating loss shrank year on year.

As a result, net sales for the test and measurement business fell 5.603 billion yen year on year, to 28.977 billion yen, while the operating loss shrank by 3.347 billion yen, to 225 million yen.

Other Businesses

		Billions of yen	
	Year ended March 31, 2012	Year ended March 31, 2013	Change
Net Sales	22.903	23.226	up 0.323
Operating Income	0.277	0.624	up 0.347

In our other businesses segment, net sales were 23.226 billion yen, up 323 million yen over the previous fiscal year, and operating income was 624 million yen, up 347 million yen.

(2) Full Year Business Forecast

In our main business of industrial automation and control, we expect robust growth chiefly in electric power, natural gas, oil, renewable energy, and other energy-related markets, thanks to strong demand for energy in emerging countries and the rapid development of shale gas resources in North America. Accordingly, orders, sales, and operating income are expected to be up from fiscal year 2012.

Although prospects for recovery in the demand for measuring instruments in China, Europe, and other markets are uncertain, we anticipate an increase in sales for the test and measurement business due to factors such as the release of new products. Mainly as the result of our exit from the semiconductor tester business in the first half of fiscal year 2012, we expect that we will be able to get the test and measurement business out of the red and record operating income.

Accordingly, our expectation is that consolidated sales and operating income will be higher than in fiscal year 2012. At the same time, we anticipate that consolidated net income will be down from fiscal year 2012 when extraordinary income was recorded from the sale of idle assets.

Based on the above, the current consolidated business forecasts are as follows. The results for fiscal 2012 are also provided for comparison.

Business forecast for the year ending March 31, 2014 (first two quarters) Unit: billion yen

	First two quarters of FY2012	First two quarters of FY2013 (forecast)	Change
Net Sales	164.615	185.000	20.385
Operating Income	8.766	9.500	0.734
Ordinary Income	7.269	8.500	1.231
Net Income	7.778	5.000	(2.778)

Business forecast for the year ending March 31, 2014 (full year) Unit: billion yen

	FY2012	FY2013 (forecast)	Change
Net Sales	347.899	385.000	37.101
Operating Income	18.409	24.000	5.591
Ordinary Income	18.002	21.500	3.498
Net Income	14.688	13.500	(1.188)

Exchange rate Unit: yen

	FY2012		FY2013 (forecast)	
	First two quarters	Full year	First two quarters	Full year
1 US\$	78.98	83.33	90.00	90.00
1 €	99.70	107.40	120.00	120.00

[Reference]

1. Order forecast by segment (first two quarters)

Unit: billion yen

Segment	First two quarters		
	FY2012	FY2013 (forecast)	Change
Industrial automation and control business	152.530	167.000	14.470
Test and measurement business	14.503	15.000	0.497
Other businesses	8.990	8.000	(0.990)
Total	176.025	190.000	13.975

2. Sales forecast by segment (first two quarters)

Unit: billion yen

Segment	First two quarters		
	FY2012	FY2013 (forecast)	Change
Industrial automation and control business	140.223	160.000	19.777
Test and measurement business	13.849	16.000	2.151
Other businesses	10.541	9.000	(1.541)
Total	164.615	185.000	20.385

3. Operating income forecast by segment (first two quarters)

Unit: billion yen

Segment	First two quarters		
	FY2012	FY2013 (forecast)	Change
Industrial automation and control business	9.123	9.000	(0.123)
Test and measurement business	(0.430)	0.500	0.930
Other businesses	0.072	0.000	(0.072)
Total	8.766	9.500	0.734

4. Order forecast by segment (full year)

Unit: billion yen

Segment	Full year		
	FY2012	FY2013 (forecast)	Change
Industrial automation and control business	304.347	340.000	35.653
Test and measurement business	27.958	30.000	2.042
Other businesses	22.192	20.000	(2.192)
Total	354.498	390.000	35.502

5. Sales forecast by segment (full year)

Unit: billion yen

Segment	Full year		
	FY2012	FY2013 (forecast)	Change
Industrial automation and control business	295.696	332.000	36.304
Test and measurement business	28.977	31.000	2.023
Other businesses	23.226	22.000	(1.226)
Total	347.899	385.000	37.101

6. Operating income forecast by segment (full year)

Unit: billion yen

Segment	Full year		
	FY2012	FY2013 (forecast)	Change
Industrial automation and control business	18.011	22.000	3.989
Test and measurement business	(0.225)	1.500	1.725
Other businesses	0.624	0.500	(0.124)
Total	18.409	24.000	5.591

Notes regarding the use of forecasts

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

Major factors that may affect business performance include the following:

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

(3) Analysis of Financial Conditions

1) Conditions of assets, liabilities, and net assets

Total assets at the end of the fiscal year under review were 379.931 billion yen, up 20.431 billion yen from the end of the previous fiscal year. The principal factors here were an increase of 4.487 billion yen in cash and deposits, an increase of 10.138 billion yen in notes and accounts receivable-trade, and an increase of 4.023 billion yen in investment securities.

Total liabilities were 207.535 billion yen, down 2.390 billion yen from the end of the previous fiscal year. The main factors here were a decrease of 4.662 billion yen in short-term loans payable and long-term loans payable, a decrease of 2.077 billion yen in the provision for bonuses, and an increase of 3.464 billion yen in other current liabilities.

Net assets were 172.396 billion yen, up 22.822 billion yen from the end of the previous fiscal year. The increase in net assets is mainly due to an increase of 11.958 billion yen in retained earnings, an increase of 3.092 billion yen in the valuation difference on available-for-sale securities, and an increase of 7.701 billion yen in foreign currency translation adjustments. As a result, the shareholders' equity ratio was 44.3%, up 3.8 percentage points from the end of the previous fiscal year.

2) Cash flow status

The balance of cash and cash equivalents at the end of the fiscal year under review was 58.826 billion yen, up 5.396 billion yen from the end of the previous fiscal year. The cash flows from each activity in the fiscal year under review were as follows.

Cash flow from operating activities

From operating activities in the fiscal year under review, there was a net cash inflow of 17.433 billion yen, up 4.536 billion yen from the previous fiscal year. Following income of 20.496 billion yen before income taxes and minority interests, this is a consequence of positive factors such as 13.496 billion yen of depreciation and amortization and a decrease of 3.104 billion yen in inventory, and negative factors such as a decrease of 2.587 billion yen in the provision for bonuses, a loss of 3.981 billion yen on the sale of noncurrent assets, a decrease of 5.226 billion yen in trade payables, and an outflow of 5.753 billion yen for corporate income taxes and other items.

Cash flow from investing activities

From investing activities in the fiscal year under review, there was a net cash outflow of 7.502 billion yen, down 339 million yen from the previous fiscal year. This is mainly the result of an outflow of 7.343 billion yen for the acquisition of property, plant and equipment, an outflow of 5.169 billion yen for the acquisition of intangible assets, and an inflow of 4.396 billion yen from the sale of property, plant and equipment.

Cash flow from financing activities

From financing activities in the fiscal year under review, there was a net cash outflow of 8.034 billion yen, up 79 million yen from the previous fiscal year. This is mainly attributable to the taking out of 2 billion yen in long-term loans, the repayment of 3.174 billion yen in short-term loans, the repayment of 3.919 billion yen in long-term loans, and an outflow of 2.451 billion yen for dividend payments.

(Note) Trends in cash flow indicators

	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013
Shareholders' equity ratio (%) (shareholders' equity / total assets)	41.7	38.5	39.2	40.5	44.3
Market value based shareholders' equity ratio (%) (total market value of stock / total assets)	25.3	52.6	45.2	60.0	64.1
Cash flow to interest-bearing debt ratio (interest-bearing debt / cash flow)	5.1	6.4	6.9	8.0	5.7
Interest coverage ratio (multiple) (cash flow / interest payments)	16.9	11.4	5.7	4.2	7.8

- (Note) 1. All values are calculated using consolidated financial figures.
2. Market value has been calculated based on the number of shares issued, excluding treasury stock.
3. Interest-bearing debt includes all debt listed on the consolidated balance sheets for which interest is being paid.
4. The figures for cash flow and interest payments utilize the "Cash flows from operating activities" and "Interest expenses paid" shown in the consolidated cash flow statements.

(4) Policy on Appropriation of Profit and Dividends for the Period under Review / Subsequent Periods

The Company recognizes that, along with establishing a stable management foundation, the continued distribution of earnings to shareholders is one of its most important policies. With the objective of securing an internal reserve for investment in mid- to long-term growth and strengthening our financial standing, we have set the consolidated dividend payout ratio at 30%.

Based on its business plan and financial conditions, the Company plans to make a dividend payment of 5 yen per share at the end of fiscal year 2012. Accordingly, the annual dividend payment will be 10 yen per share. For fiscal year 2013, the Company plans to pay interim and year-end dividends of 6 yen each, for a total dividend of 12 yen per share.

2. Status of the Yokogawa Group

The Yokogawa Group consists of Yokogawa Electric Corporation (“the Company”), 84 subsidiaries, and 3 affiliated companies. The major businesses of the Group companies and businesses pertaining to each company in the Group by segment are as follows below.

(1) Industrial Automation and Control Business

The major products are production control systems, flowmeters, differential pressure and pressure transmitters, process analyzers, programmable controllers, and industrial recorders.

In this business segment, products manufactured by consolidated subsidiaries such as Yokogawa Manufacturing Corporation, Yokogawa Electric Asia Pte. Ltd., and Yokogawa Electric China Co., Ltd. are sold, engineered, and serviced in Japan by the Company. Outside Japan, sales, engineering, and after-sales service are conducted mainly by Yokogawa Engineering Asia Pte. Ltd. in Southeast Asia, Yokogawa Europe B.V. in Europe, Yokogawa Corporation of America in the United States, Yokogawa Middle East B.S.C.(c) in the Middle East, and Yokogawa China Co., Ltd. in China.

(2) Test and Measurement Business

The major products are waveform measuring instruments, optical communication measuring instruments, signal generators, measuring instruments for electric power, temperature, and pressure, and confocal scanners.

Yokogawa Manufacturing Corporation, Yokogawa Electronics Manufacturing Korea Co., Ltd., and other consolidated subsidiaries manufacture waveform measuring instruments, optical communication measuring instruments, signal generators, and measuring instruments for electric power, temperature, and pressure. Regarding sales and after-sales service for these products, Yokogawa Meters & Instruments Corporation covers the Japan market, Yokogawa Engineering Asia Pte. Ltd. covers Southeast Asia, Yokogawa Europe B.V. covers Europe, Yokogawa Corporation of America covers North America, and Yokogawa Shanghai Trading Co., Ltd. covers China. Confocal scanners are mainly manufactured by Yokogawa Manufacturing Corporation and sales and after-sales service for these products are handled by the Company.

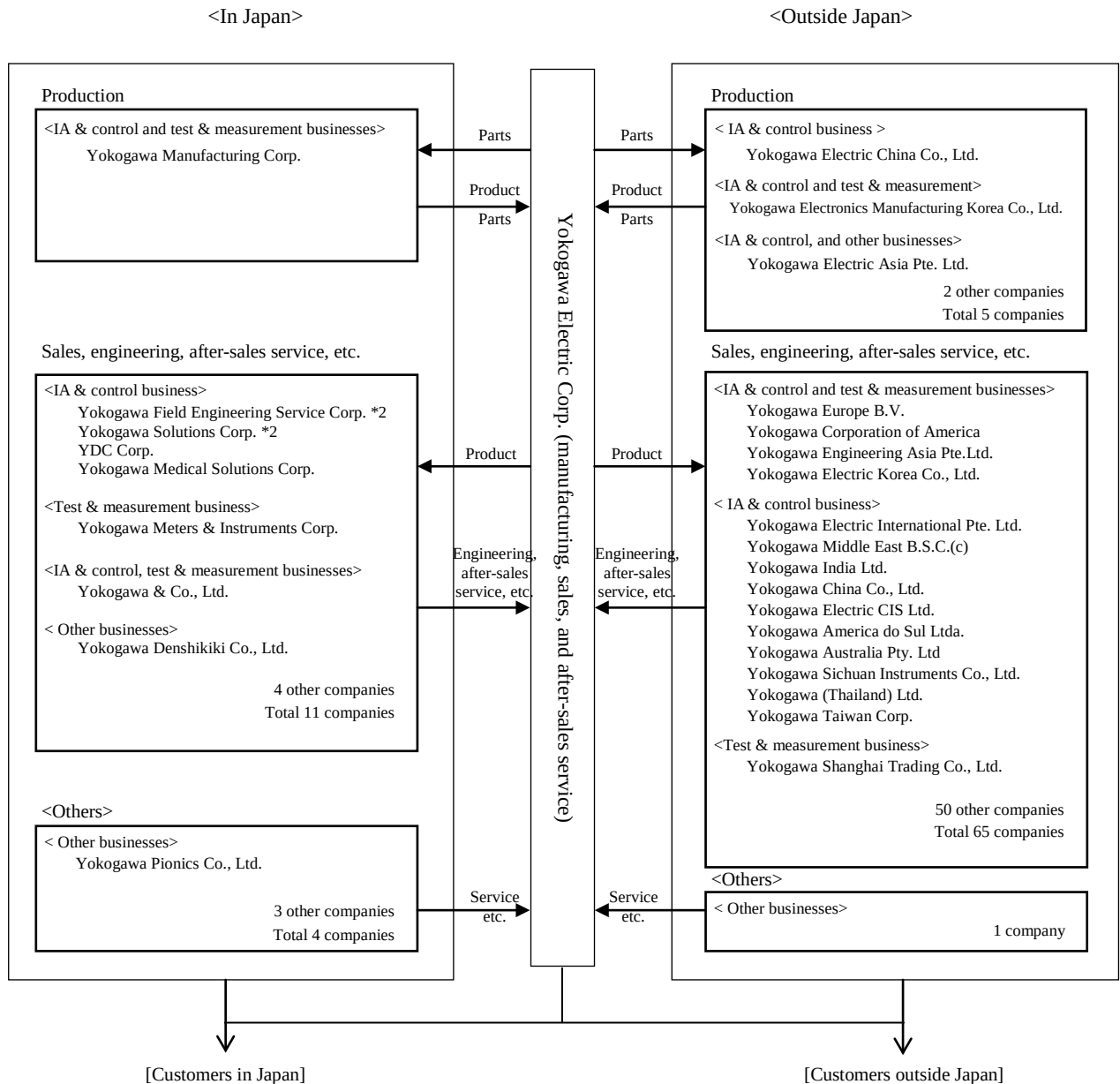
(3) Other Businesses

The major products are aviation, marine navigation, and meteorological/hydrological monitoring system equipment.

The Company and Yokogawa Denshikiki Co., Ltd. are engaged in the manufacture and sale of aviation, marine navigation, and meteorological/hydrological monitoring system equipment. Yokogawa Pionics Co., Ltd. is engaged in real estate operations.

Business Overview

The following diagram illustrates the relations of the companies in the Yokogawa Group.



- (Notes)
1. All companies whose names are mentioned in the diagram are consolidated subsidiaries.
 2. On April 1, 2013, Yokogawa Field Engineering Service Corporation absorbed, in an absorption-type split and merger, the Company's Industrial Solutions Service Business Headquarters, taking over its business operations, and merged with Yokogawa Solutions Corporation, a wholly owned subsidiary of the Company. In line with this reorganization, Yokogawa Field Engineering Service Corporation was renamed to Yokogawa Solution Service Corporation.

3. Management Policies

(1) Core Management Policies

Corporate Philosophy

As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate – we take this as our corporate philosophy and make every effort to realize it.

Corporate Social Responsibility (CSR)

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

(2) Target Management Indicators

In November 2011, the Group announced a new mid-term business plan, Evolution 2015, which states the mid- to long-term goal of becoming the global No. 1 company in the industrial automation and control field. As the first step toward this goal, this plan defines targets that must be achieved by the end of fiscal year 2015 and strategies to attain those targets.

The new plan defines growth strategies centering on the industrial automation and control business that will transform Yokogawa into a global solutions and service company that addresses customer needs by offering solutions and services based on its measurement and control technologies. This plan also requires business structural reforms such as the globalization of headquarters functions and restructuring of production systems. By implementing these strategies, the Group aims by the end of fiscal year 2015 to achieve the targets of 400 billion yen in consolidated sales, a 10% operating income-to-sales ratio, and earnings per share of 100 yen, thereby improving its financial health.

(3) Medium- and Long-term Business Strategies

The Group sets forth the following corporate philosophy: “As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate.” Based on this philosophy, the Group will help to protect the environment and achieve a sustainable society through sound and profitable management that allows it to steadfastly pursue its business activities and maximize its corporate value, and by taking the customer perspective to provide solutions and services that add value.

(4) Challenges for the Company

To achieve the long-term vision of becoming the global No.1 company in the industrial automation and control field, the Group is improving its financial health by steadily implementing the growth strategies defined in Evolution 2015 that center on the industrial automation and control business, and by carrying out other measures such as the globalization of headquarters functions and restructuring of production systems. Fiscal year 2013 is crucial to achieving the targets set out in Evolution 2015. To establish the foundation needed to achieve high growth and greater profitability, Yokogawa will optimize its global structure, respond to changes in the Japan market, improve the efficiency of its product development activities, and strengthen its cost competitiveness.

Challenges in enhancing corporate governance

Our Group will place a high priority on enhancing its corporate governance to realize healthy and sustainable growth. It will be a basic mission of corporate management to secure healthy and profitable operation and to earn the trust of all stakeholders, including shareholders.

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

The Group’s compliance principles are set out in the Standards of Business Conduct for the Yokogawa Group. The directors will take the initiative to promote the observation and awareness of business ethics throughout the Group. We have also established an internal control system for the Yokogawa Group to ensure the reliability of financial statements, the validity of the decision-making process, and proper and efficient execution of operations.

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

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Assets		
Current assets		
Cash and deposits	54,624	59,111
Notes and accounts receivable-trade	110,540	120,679
Merchandise and finished goods	14,699	15,860
Work in process	7,993	7,524
Raw materials and supplies	12,665	11,412
Deferred tax assets	3,087	2,606
Other	10,938	13,323
Allowance for doubtful accounts	(3,247)	(3,828)
Total current assets	211,302	226,689
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	46,167	47,836
Machinery, equipment and vehicles, net	6,643	7,297
Tools, furniture and fixtures, net	7,001	7,212
Land	16,682	16,175
Lease assets, net	491	151
Construction in progress	1,174	1,135
Total property, plant and equipment	78,160	79,807
Intangible assets		
Software	23,349	20,795
Other	4,909	6,290
Total intangible assets	28,258	27,086
Investments and other assets		
Investment securities	31,849	35,873
Deferred tax assets	1,959	2,692
Other	8,533	8,328
Allowance for doubtful accounts	(563)	(546)
Total investments and other assets	41,779	46,347
Total noncurrent assets	148,198	153,241
Total assets	359,500	379,931

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	30,658	29,240
Short-term loans payable	14,605	34,255
Accounts payable-other	8,070	8,980
Income taxes payable	3,307	3,132
Provision for bonuses	14,970	12,893
Other	43,004	46,468
Total current liabilities	114,616	134,970
Noncurrent liabilities		
Long-term loans payable	88,655	64,342
Deferred tax liabilities	1,505	2,048
Provision for retirement benefits	2,441	2,872
Other	2,707	3,300
Total noncurrent liabilities	95,310	72,564
Total liabilities	209,926	207,535
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,344	50,344
Retained earnings	79,002	90,960
Treasury stock	(11,005)	(11,007)
Total shareholders' equity	161,741	173,698
Total other comprehensive income		
Valuation difference on available-for-sale securities	2,483	5,576
Deferred gains or losses on hedges	9	116
Pension liability adjustment	(677)	(837)
Foreign currency translation adjustment	(17,865)	(10,163)
Total other comprehensive income	(16,050)	(5,308)
Minority interests	3,882	4,006
Total net assets	149,574	172,396
Total liabilities, net assets	359,500	379,931

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

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Net sales	334,668	347,899
Cost of sales	195,430	206,644
Gross profit	139,238	141,255
Selling, general and administrative expenses	122,636	122,845
Operating income	16,601	18,409
Non-operating income		
Interest income	392	466
Dividend income	1,561	1,524
Foreign exchange gains	—	372
Equity in earnings of affiliates	178	246
Compensation income	65	758
Miscellaneous income	1,173	701
Total non-operating income	3,371	4,070
Non-operating expenses		
Interest expenses	2,652	2,209
Foreign exchange losses	413	—
Miscellaneous expenses	2,870	2,267
Total non-operating expenses	5,936	4,477
Ordinary income	14,037	18,002
Extraordinary income		
Gain on sale of noncurrent assets	518	3,987
Gain on sales of investment securities	909	108
State subsidy	333	—
Total extraordinary income	1,761	4,095
Extraordinary losses		
Loss on sale of noncurrent assets	10	5
Loss on retirement of noncurrent assets	281	225
Impairment loss	465	1,350
Loss on sales of investment securities	155	—
Loss on valuation of investment securities	0	20
Restructuring loss	2,457	—
Business structure improvement expense	755	—
Total extraordinary losses	4,126	1,602
Income (loss) before income taxes and minority interests	11,672	20,496
Income taxes-current	5,217	4,854
Income taxes-deferred	(80)	107
Total income taxes	5,136	4,962
Loss before minority interests	6,535	15,533
Minority interests in income	583	845
Net income (loss)	5,952	14,688

Statements of Comprehensive Income

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Income (loss) before minority interests	6,535	15,533
Other comprehensive income		
Valuation difference on available-for-sale securities	340	3,100
Deferred gains or losses on hedges	146	107
Pension liability adjustment	(302)	(159)
Foreign currency translation adjustment	(2,119)	8,146
Share of other comprehensive income of associates accounted for using equity method	(3)	30
Total other comprehensive income	(1,939)	11,224
Comprehensive income	4,596	26,758
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,954	25,429
Comprehensive income attributable to minority interests	641	1,328

(3) Consolidated Statements of Changes in Net Assets

Millions of yen		
	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	43,401	43,401
Balance at the end of current period	43,401	43,401
Capital surplus		
Balance at the beginning of current period	50,344	50,344
Changes of items during the period		
Disposal of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	50,344	50,344
Retained earnings		
Balance at the beginning of current period	73,011	79,002
Changes of items during the period		
Dividends from surplus	—	(2,575)
Net income (loss)	5,952	14,688
Other	38	(154)
Total changes of items during the period	5,990	11,958
Balance at the end of current period	79,002	90,960
Treasury stock		
Balance at the beginning of current period	(11,001)	(11,005)
Changes of items during the period		
Purchase of treasury stock	(5)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(4)	(1)
Balance at the end of current period	(11,005)	(11,007)
Total shareholders' equity		
Balance at the beginning of current period	155,755	161,741
Changes of items during the period		
Dividends from surplus	—	(2,575)
Net income (loss)	5,952	14,688
Purchase of treasury stock	(5)	(1)
Disposal of treasury stock	0	0
Other	38	(154)
Total changes of items during the period	5,986	11,956
Balance at the end of current period	161,741	173,698

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Total other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	2,145	2,483
Changes of items during the period		
Net changes of items other than shareholders' equity	337	3,092
Total changes of items during the period	337	3,092
Balance at the end of current period	2,483	5,576
Deferred gains or losses on hedges		
Balance at the beginning of current period	(137)	9
Changes of items during the period		
Net changes of items other than shareholders' equity	146	107
Total changes of items during the period	146	107
Balance at the end of current period	9	116
Pension liability adjustment		
Balance at the beginning of current period	(374)	(677)
Changes of items during the period		
Net changes of items other than shareholders' equity	(302)	(159)
Total changes of items during the period	(302)	(159)
Balance at the end of current period	(677)	(837)
Foreign currency translation adjustment		
Balance at the beginning of current period	(15,686)	(17,865)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,178)	7,701
Total changes of items during the period	(2,178)	7,701
Balance at the end of current period	(17,865)	(10,163)
Total other comprehensive income		
Balance at the beginning of current period	(14,053)	(16,050)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,997)	10,741
Total changes of items during the period	(1,997)	10,741
Balance at the end of current period	(16,050)	(5,308)
Minority interests		
Balance at the beginning of current period	3,529	3,882
Changes of items during the period		
Net changes of items other than shareholders' equity	353	123
Total changes of items during the period	353	123
Balance at the end of current period	3,882	4,006

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Total net assets		
Balance at the beginning of current period	145,232	149,574
Changes of items during the period		
Dividends from surplus	—	(2,575)
Net income (loss)	5,952	14,688
Purchase of treasury stock	(5)	(1)
Disposal of treasury stock	0	0
Other	38	(154)
Net changes of items other than shareholders' equity	(1,644)	10,865
Total changes of items during the period	4,341	22,822
Balance at the end of period under review	149,574	172,396

(4) Consolidated Cash Flow Statements

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	11,672	20,496
Depreciation and amortization	12,756	13,496
Increase (decrease) in allowance for doubtful accounts	341	80
Increase (decrease) in provision for bonuses	3,483	(2,587)
Increase (decrease) in provision for retirement benefits	417	13
Interest and dividend income	(1,953)	(1,991)
Interest expense	2,652	2,209
Equity in (earnings) losses of affiliates	(178)	(246)
Loss (gain) on sales of investment securities	(753)	(108)
Loss (gain) on sales of noncurrent assets	(507)	(3,981)
Loss on retirement of noncurrent assets	281	225
Impairment loss	465	1,350
Restructuring loss	2,457	—
Business structure improvement expense	755	—
Decrease (increase) in notes and accounts receivable-trade	(7,640)	1,578
Decrease (increase) in inventories	(211)	3,104
Increase (decrease) in notes and accounts payable-trade	2,749	(5,226)
Other, net	(5,716)	(4,984)
Subtotal	21,070	23,426
Interest and dividend income received	2,206	2,000
Interest expenses paid	(3,063)	(2,240)
Payments for extra retirement payments	(3,370)	—
Income taxes paid	(3,946)	(5,753)
Net cash provided by (used in) operating activities	12,897	17,433
Net cash provided by (used in) investing activities		
Payments into time deposits	(4,552)	(4,343)
Proceeds from withdrawal of time deposits	4,592	5,309
Purchase of property, plant and equipment	(6,798)	(7,343)
Proceeds from sale of property, plant and equipment	1,232	4,396
Purchase of intangible assets	(4,655)	(5,169)
Proceeds from sales of investment securities	1,031	531
Purchase of investments in subsidiaries	(1)	(580)
Other, net	1,310	(302)
Net cash provided by (used in) investment activities	(7,841)	(7,502)

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,529	(3,174)
Proceeds from long-term loans payable	35,920	2,000
Repayment of long-term loans payable	(48,119)	(3,919)
Purchase of treasury stock	(5)	(1)
Cash dividends paid	(4)	(2,451)
Cash dividends paid to minority shareholders	(275)	(355)
Other, net	0	(132)
Net cash provided by (used in) financing activities	(7,954)	(8,034)
Effect of exchange rate change on cash and cash equivalents	(1,005)	3,537
Net increase (decrease) in cash and cash equivalents	(3,904)	5,434
Cash and cash equivalents at beginning of period	57,334	53,429
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(0)	(38)
Cash and cash equivalents at end of period	53,429	58,826

- (5) Notes for going concern
Not applicable

(6) Important Items Used as the Basis for Creation of Consolidated Financial Statements

1. Items related to the range of consolidation

(1) Consolidated subsidiaries: 83 companies

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

(Increase: 1 company)

Foundation: Yokogawa China Investment Co., Ltd. (China)

(Decrease: 3 companies)

Liquidation: Yokogawa Measurement Pte. Ltd. (Singapore)
Yokogawa Sertec Co. Ltd. (Japan)

Third party allotment: Yokogawa Measuring Instruments Korea Corp. (Korea)

(2) Non-consolidated subsidiaries

(Name of major company) Yokogawa Foundry Corporation

This company does not significantly influence the consolidated financial statements, and has therefore been excluded from the range of consolidation.

2. Items related to application of the equity method

(1) Non-consolidated subsidiaries: 1 company

(Name of the company) Yokogawa Foundry Corporation

(2) Affiliated companies: 3 companies

(Name of major company) Yokogawa Rental & Lease Corporation (Japan)

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

(Increase: 1 company)

New acquisition: Soteica Visual Mesa, LLC. (United States)

(3) Financial statements related to a company's most recent fiscal year are used if the equity method is applicable to the company and the company has a closing date that differs from the consolidated closing date.

3. Items related to the fiscal year of consolidated subsidiaries, etc.

Starting with the fiscal year under review, the closing date for Yokogawa Electric China Co., Ltd. and 14 other non-Japan subsidiaries is December 31. For creation of consolidated financial statements, financial statements based on the provisional settlement of accounts implemented on the consolidated closing date are used for these companies.

4. Application of consolidated taxation system

The Company and some of its consolidated subsidiaries have applied a consolidated taxation system.

(7) Changes to the Method of Display

(Consolidated balance sheets)

The "Provision for directors' retirement benefits" classified and shown as such under "Noncurrent liabilities" in the previous fiscal year is, from the viewpoint of materiality, included in "Other" under "Noncurrent liabilities" for the fiscal year under review. Note that the amount of "Provision for directors' retirement benefits" in the previous fiscal year was 165 million yen.

(Consolidated statements of income)

The compensation for damage received that was included in "Miscellaneous income" under "Non-operating income" in the previous fiscal year has been reclassified and is shown as "Compensation for damage received" for the fiscal year under review because it exceeds 10% of total non-operating income. Note that the amount of the compensation for damage received in "Miscellaneous income" in the previous fiscal year was 65 million yen.

(Consolidated statements of cash flows)

The "Loss (gain) on sales of noncurrent assets" included and shown the previous fiscal year as "Other, net" under "Net cash provided by (used in) operating activities" has been reclassified and is shown as a separate category ("Loss (gain) on sales of noncurrent assets") for the fiscal year under review because it is significantly larger. Note that a 507 million yen gain on sales of noncurrent assets was shown as "Other, net" for the previous fiscal year. Also note that a 1 million yen item for the purchase of investments in subsidiaries that was included and shown the previous fiscal year as "Other, net" under "Net cash provided by (used in) investment activities" has been reclassified in the same manner.

The "Loss (gain) on valuation of investment securities" and the "Decrease in payment liability due to change in retirement payment system" that were classified and shown the previous fiscal year as separate categories under "Net cash provided by (used in) operating activities" have been included in "Other, net" under "Net cash provided by (used in) operating activities" for the fiscal year under review because they have decreased considerably. For the previous fiscal year, the "Loss (gain) on valuation of investment securities" was 0 million yen and the "Decrease in payment liability due to change in retirement payment system" was 3.426 billion yen.

(8) Notes to Consolidated Financial Statements
(Segment information)

1. Overview of reporting segments

The business segments for financial reporting are categorized as the industrial automation and control business, test and measurement business, and other businesses.

The industrial automation and control business offers comprehensive solutions including field instruments such as flowmeters, differential pressure/pressure transmitters, and process analyzers; control systems and programmable controllers; various types of software that enhance productivity; and services that minimize plant lifecycle costs.

The test and measurement business offers waveform measuring instruments, optical communications measuring instruments, signal generators, and electric power, temperature, and pressure measuring instruments, and confocal scanners for observation of live cells.

The other businesses segment mainly offers cockpit flat-panel displays, engine meters, and other instruments for aviation use; marine navigation equipment such as gyrocompasses and autopilot systems; and meteorological/hydrological monitoring systems equipment.

2. Information concerning the amount of sales, profit or loss, assets, liabilities and other accounts by reported segment

Millions of yen

Business \ Term		(Reference)		Year ended March 31, 2013		Change
		Year ended March 31, 2012				
		Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Industrial automation and control business	Net sales to unaffiliated customers	277,185	82.8	295,696	85.0	18,511
	Operating income (loss)	19,896	119.8	18,011	97.8	(1,885)
	Assets	195,761	77.6	208,431	79.4	12,670
	Depreciation	10,535	82.6	11,475	85.0	940
	Loss on impaired assets	261		965		704
Test and measurement business	Capital expenditure	8,813	79.1	11,224	83.3	2,411
	Net sales to unaffiliated customers	34,580	10.3	28,977	8.3	(5,603)
	Operating income (loss)	(3,572)	-21.5	(225)	-1.2	3,347
	Assets	32,824	13.0	25,049	9.6	(7,775)
	Depreciation	1,417	11.1	1,314	9.8	(103)
Other businesses	Loss on impaired assets	1,046		305		(741)
	Capital expenditure	1,034	9.3	1,407	10.5	373
	Net sales to unaffiliated customers	22,903	6.9	23,226	6.7	323
	Operating income (loss)	277	1.7	624	3.4	347
	Assets	23,611	9.3	28,773	11.0	5,162
Consolidated	Depreciation	803	6.3	706	5.2	(97)
	Loss on impaired assets	108		79		(29)
	Capital expenditure	1,295	11.6	836	6.2	(459)
	Net sales to unaffiliated customers	334,668	100.0	347,899	100.0	13,230
	Operating income (loss)	16,601	100.0	18,409	100.0	1,808
	Assets	252,318	100.0	262,370	100.0	10,052
	Depreciation	12,756	100.0	13,496	100.0	739
	Loss on impaired assets	1,416		1,350		(65)
	Capital expenditure	11,143	100.0	13,468	100.0	2,325

- (Note)
1. The profit or loss of the reported segment is the numerical value of the operating income or loss.
 2. The assets of the reported segment are the numerical value of "Notes and accounts receivable-trade, inventory, property, plant and equipment, and intangible assets."
 3. In the test and measurement business, an asset impairment loss of 950 million yen has been recorded as a restructuring loss in the consolidated statements of income for the previous fiscal year.

3. Sales by geographical location

Millions of yen

Region \ Term	(Reference) Year ended March 31, 2012		Year ended March 31, 2013		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	135,785	40.6	133,937	38.5	(1,788)
Non-Japan net sales	198,882	59.4	213,902	61.5	15,019
Asia	87,287	26.1	87,991	25.3	704
Europe	26,366	7.9	27,521	7.9	1,155
North America	21,276	6.3	21,500	6.2	224
Middle East	27,815	8.3	32,141	9.2	4,326
Other	36,137	10.8	44,747	12.9	8,609
Consolidated net sales	334,668	100.0	347,899	100.0	13,230

(Note) Sales are based on a customer's geographical location (classified above as a country or region).

The breakdown of countries and regions belonging to groups is as follows.

- (1) Asia China, Singapore, South Korea, India, etc.
- (2) Europe The Netherlands, France, the United Kingdom, Germany, etc.
- (3) North America The United States, Canada
- (4) Middle East Bahrain, Saudi Arabia, etc.
- (5) Other Russia, Brazil, Australia, etc.

(Per-share Information)

	Year ended March 31, 2012	Year ended March 31, 2013
Net assets per share (yen)	565.69	653.83
Net income or loss per share (yen)	23.11	57.03

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

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

	Year ended March 31, 2012	Year ended March 31, 2013
Net income or loss (millions of yen)	5,952	14,688
Net income or loss related to common stock (millions of yen)	5,952	14,688
Average number of shares during the period	257,550,540	257,545,276

(Important Post-balance Sheet Events)

Not applicable

5. Non-consolidated Financial Statements
(1) Balance Sheets

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Assets		
Current assets		
Cash and deposits	24,774	23,897
Notes and accounts receivable-trade	1,323	431
Accounts receivable-trade	50,605	46,579
Merchandise and finished goods	3,170	2,391
Work in process	1,790	1,787
Raw materials and supplies	2,022	2,117
Prepaid expenses	1,736	1,888
Short-term loans receivable	7,882	13,058
Accounts receivable-other	7,839	6,272
Other	555	325
Allowance for doubtful accounts	(1,035)	(247)
Total current assets	100,665	98,502
Noncurrent assets		
Property, plant and equipment		
Buildings, net	27,921	26,432
Structures, net	931	801
Machinery and equipment, net	563	448
Tools, furniture and fixtures, net	4,590	4,341
Land	12,295	11,421
Construction in progress	453	279
Other, net	40	57
Total property, plant and equipment	46,796	43,784
Intangible assets		
Software	22,755	20,105
Software in progress	1,520	2,969
Leasehold right	675	675
Other	150	71
Total intangible assets	25,101	23,822
Investments and other assets		
Investment securities	25,715	29,070
Stocks of subsidiaries and affiliates	28,132	30,518
Investment in capital of subsidiaries and affiliates	12,559	13,360
Long-term loans receivable from subsidiaries and affiliates	4,257	4,556
Lease and guarantee deposits	783	761
Long-term financial assets	5,078	4,718
Other	603	641
Allowance for doubtful accounts	(2,727)	(3,423)
Total investments and other assets	74,403	80,204
Total noncurrent assets	146,301	147,811
Total assets	246,966	246,314

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Liabilities		
Current liabilities		
Notes payable-trade	161	145
Accounts payable-trade	14,548	13,403
Short-term loans payable	5,103	897
Current portion of long-term loans payable	3,872	26,264
Accounts payable-other	8,288	7,885
Accrued expenses	2,909	2,609
Income taxes payable	188	222
Advances received	411	685
Deposits received	314	344
Provision for bonuses	7,711	5,782
Other	2,543	2,596
Total current liabilities	46,053	60,838
Noncurrent liabilities		
Long-term loans payable	88,079	63,814
Deferred tax liabilities	1,329	1,717
Other	3,425	2,175
Total noncurrent liabilities	92,834	67,706
Total liabilities	133,888	128,544
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus		
Legal capital surplus	36,350	36,350
Other capital surplus	13,800	13,800
Total capital surplus	50,151	50,151
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	1,409	1,372
Retained earnings brought forward	21,763	28,504
Total retained earnings	23,172	29,877
Treasury stock	(11,005)	(11,007)
Total shareholders' equity	105,718	112,422
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,359	5,347
Total valuation and translation adjustments	2,359	5,347
Total net assets	108,078	117,769
Total liabilities, net assets	246,966	246,314

(2) Statements of Income

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Net sales		
Net sales of finished goods	151,070	145,259
Total net sales	151,070	145,259
Cost of sales		
Beginning finished goods	2,734	2,280
Cost of products manufactured	89,871	86,502
Transfer from other account	68	10
Total	92,673	88,794
Transfer to other account	388	625
Ending finished goods	2,280	1,774
Cost of finished goods sold	90,004	86,394
Gross profit	61,066	58,865
Selling, general and administrative expenses	64,346	64,288
Operating loss	(3,280)	(5,423)
Non-operating income		
Dividend income	14,363	13,991
Rent receivable	1,784	1,644
Foreign exchange gains	66	388
Miscellaneous income	1,033	802
Total non-operating income	17,247	16,826
Non-operating expenses		
Interest expenses	2,421	1,920
Rent payable	1,582	1,464
Miscellaneous loss	1,670	1,623
Total non-operating expenses	5,674	5,008
Ordinary income (loss)	8,292	6,394

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Extraordinary income		
Gain on sale of noncurrent assets	360	3,841
Gain on sale of investment securities	—	76
Gain on sales of subsidiaries and affiliates' stocks	2,061	—
State subsidy	333	—
Total extraordinary income	2,756	3,917
Extraordinary losses		
Loss on sale of noncurrent assets	7	3
Loss on retirement of noncurrent assets	171	126
Impairment loss	254	1,116
Loss on sales of investment securities	155	—
Loss on valuation of investment securities	—	20
Restructuring loss	4,533	—
Business structure improvement expense	755	—
Total extraordinary losses	5,878	1,267
Income (loss) before income taxes and minority interests	5,170	9,045
Income taxes-current	(1,087)	(209)
Income taxes-deferred	(43)	(26)
Total income taxes	(1,131)	(235)
Net income (loss)	6,301	9,280

(3) Statements of Changes in Net Assets

Millions of yen		
	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	43,401	43,401
Balance at the end of current period	43,401	43,401
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	46,350	36,350
Changes of items during the period		
Transfer to other capital surplus from legal capital surplus	(10,000)	—
Total changes of items during the period	(10,000)	—
Balance at the end of current period	36,350	36,350
Other capital surplus		
Balance at the beginning of current period	3,801	13,800
Changes of items during the period		
Disposal of treasury stock	(0)	(0)
Transfer to other capital surplus from legal capital surplus	10,000	—
Total changes of items during the period	9,999	(0)
Balance at the end of current period	13,800	13,800
Total capital surplus		
Balance at the beginning of current period	50,151	50,151
Changes of items during the period		
Disposal of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	50,151	50,151
Retained Earnings		
Legal retained earnings		
Balance at the beginning of current period	5,372	—
Changes of items during the period		
Reversal of legal retained earnings	(5,372)	—
Total changes of items during the period	(5,372)	—
Balance at the end of current period	—	—
Other retained earnings reserve		
Reserve for advanced depreciation of noncurrent assets		
Balance at the beginning of current period	1,353	1,409
Changes of items during the period		
Reversal of reserve for advanced depreciation of noncurrent assets	(49)	(36)
Increase of reserve for advanced depreciation of noncurrent assets due to a change in tax rates	105	—
Total changes of items during the period	55	(36)
Balance at the end of current period	1,409	1,372

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
General reserve		
Balance at the beginning of current period	11,783	—
Changes of items during the period		
Reversal of general reserve	(11,783)	—
Total changes of items during the period	(11,783)	—
Balance at the end of current period	—	—
Retained earnings brought forward		
Balance at the beginning of current period	(1,742)	21,763
Changes of items during the period		
Reversal of legal retained earnings	5,372	—
Reversal of general reserve	11,783	—
Reversal of reserve for advanced depreciation of noncurrent assets	49	36
Dividends from surplus	—	(2,575)
Net income (loss)	6,301	9,280
Total changes of items during the period	23,506	6,741
Balance at the end of current period	21,763	28,504
Total retained earnings		
Balance at the beginning of current period	16,766	23,172
Changes of items during the period		
Increase of reserve for advanced depreciation of noncurrent assets due to a change in tax rates	105	—
Dividends from surplus	—	(2,575)
Net income (loss)	6,301	9,280
Total changes of items during the period	6,406	6,705
Balance at the end of current period	23,172	29,877
Treasury stock		
Balance at the beginning of current period	(11,001)	(11,005)
Changes of items during the period		
Purchase of treasury stock	(4)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(4)	(1)
Balance at the end of current period	(11,005)	(11,007)
Total shareholders' equity		
Balance at the beginning of current period	99,317	105,718
Changes of items during the period		
Increase of reserve for advanced depreciation of noncurrent assets due to a change in tax rates	105	—
Dividends from surplus	—	(2,575)
Net income (loss)	6,301	9,280
Purchase of treasury stock	(4)	(1)
Disposal of treasury stock	(0)	0
Total changes of items during the period	6,401	6,703
Balance at the end of current period	105,718	112,422

Millions of yen

	(Reference) Year ended March 31, 2012	Year ended March 31, 2013
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	2,022	2,359
Changes of items during the period		
Net changes of items other than shareholders' equity	336	2,987
Total changes of items during the period	336	2,987
Balance at the end of current period	2,359	5,347
Total valuation and translation adjustments		
Balance at the beginning of current period	2,022	2,359
Changes of items during the period		
Net changes of items other than shareholders' equity	336	2,987
Total changes of items during the period	336	2,987
Balance at the end of current period	2,359	5,347
Total net assets		
Balance at the beginning of current period	101,340	108,078
Changes of items during the period		
Increase of reserve for advanced depreciation of noncurrent assets due to a change in tax rates	105	—
Dividends from surplus	—	(2,575)
Net income (loss)	6,301	9,280
Purchase of treasury stock	(4)	(1)
Disposal of treasury stock	(0)	0
Net changes of items other than shareholders' equity	336	2,987
Total changes of items during the period	6,738	9,691
Balance at the end of current period	108,078	117,769

(4) Change to the Method of Display

(Balance Sheets)

The “Advance payments–trade” classified and shown as such under “Current assets” in the previous fiscal year is included in “Other” under “Current assets” for the fiscal year under review as the amount is marginal. Note that the amount of “Advance payments–trade” in the previous fiscal year was 261 million yen.

The “Goodwill” and “Patent right” classified and shown as such under “Intangible assets” in the previous fiscal year are included in “Other” under “Intangible assets” for the fiscal year under review as their amounts are marginal. Note that the amounts of “Goodwill” and “Patent right” in the previous fiscal year were 83 million yen and 15 million yen, respectively.

(Statements of income)

The “Interest income” classified and shown as such under “Non-operating income” in the previous fiscal year is included in “Miscellaneous income” under “Non-operating income” for the fiscal year under review as the amount is marginal. Note that the amount of “Interest income” in the previous fiscal year was 139 million yen.

The “Contribution” classified and shown as such under “Non-operating expenses” in the previous fiscal year is included in “Miscellaneous loss” under “Non-operating expenses” for the fiscal year under review as the amount is marginal. Note that the amount of “Contribution” in the previous fiscal year was 21 million yen.

(5) Notes to Non-consolidated Financial Statements

(Important Post-balance Sheet Events)

In an absorption-type split and merger, the Company transferred the business operations of its Industrial Solutions Service Business Headquarters to Yokogawa Field Engineering Service Corporation on April 1, 2013. On the same day, Yokogawa Field Engineering Service Corporation (the remaining company) merged with Yokogawa Solutions Corporation (the absorbed company), a wholly owned subsidiary of the Company. The merged entity was subsequently renamed Yokogawa Solution Service Corporation.

For detailed information about this reorganization, refer to the statement “Update: Absorption-type Split and Merger as Part of Short-form Reorganization of Japan IA and Control Business Sales and Services” that was released on January 22, 2013.

6. Other

(1) Status of Production, Order Reception, and Sales

(Production results)

Millions of yen

Name of segment by business type	(Reference) Year ended March 31, 2012		Year ended March 31, 2013		Change	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Change rate (%)
Industrial automation and control business	277,161	83.0	295,696	85.2	18,535	6.7
Test and measurement business	34,580	10.3	28,977	8.4	(5,603)	-16.2
Other businesses	22,288	6.7	22,285	6.4	(3)	0.0
Total	334,029	100.0	346,958	100.0	12,929	3.9

(Note) 1. Amounts are based on sales price.

2. Consumption tax is not included in the above amounts.

(Order intake status)

Millions of yen

Name of segment by business type	(Reference) Year ended March 31, 2012		Year ended March 31, 2013		Change	
	Order intake	Order backlog	Order intake	Order backlog	Order intake	Order backlog
Industrial automation and control business	288,452	144,825	304,348	166,039	15,895	21,214
Test and measurement business	33,995	4,144	27,958	4,230	(6,037)	86
Other businesses	21,619	17,101	22,192	17,018	573	(83)
Total	344,066	166,070	354,498	187,288	10,431	21,218

(Note) Consumption tax is not included in the above amounts.

(Sales results)

Millions of yen

Name of segment by business type	(Reference) Year ended March 31, 2012		Year ended March 31, 2013		Change	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	Change rate (%)
Industrial automation and control business	277,185	82.8	295,696	85.0	18,511	6.7
Test and measurement business	34,580	10.3	28,977	8.3	(5,603)	-16.2
Other businesses	22,903	6.9	23,226	6.7	323	1.4
Total	334,668	100.0	347,899	100.0	13,230	4.0

(Note) 1. Consumption tax is not included in the above amounts.

2. No customers account for 10% or more of total sales results.

3. Transactions between segments offset each other

(2) Retirement/Appointment of Directors

Please refer to "Director and Audit & Supervisory Board Member Candidates", that was announced on March 27, 2013.

[Reference]

May 14, 2013
Yokogawa Electric Corporation

Consolidated Financial Statements for the Year Ended March 31, 2013

Millions of yen

	Year ended March 31, 2012		Year ended March 31, 2013		Change	
	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales
Net Sales	334,668	—	347,899	—	13,230	—
Operating Income	16,601	5.0%	18,409	5.3%	1,808	0.3%
Ordinary Income	14,037	4.2%	18,002	5.2%	3,965	1.0%
Net Income	5,952	1.8%	14,688	4.2%	8,736	2.4%
Comprehensive Income	4,596	1.4%	26,758	7.7%	22,161	6.3%
Total Assets	359,500		379,931		20,431	
Shareholders' Equity	149,574		172,396		22,822	
Net Income to Shareholders' Equity Ratio	4.1%		9.4%		5.3%	
Net Income per Share	23.11 yen		57.03 yen		33.92 yen	
Shareholders' Equity per Share	565.69 yen		653.83 yen		88.14 yen	
Capital Investment	11,143		13,468		2,325	
Depreciation	12,756		13,496		739	
Research and Development Expenses	27,472		25,477		(1,994)	
Average Exchange Rate during the Term						
USD	78.82 yen		83.33 yen		4.51 yen	
EUR	109.34 yen		107.40 yen		(1.94)yen	

Consolidated orders by segment

Millions of yen

	Year ended March 31, 2012	Year ended March 31, 2013	Year ending March 31, 2014 (forecast)
Industrial automation and control business	288,452	304,347	340,000
Test and measurement business	33,995	27,958	30,000
Other businesses	21,619	22,192	20,000
Total	344,066	354,498	390,000

Consolidated sales by segment

Millions of yen

	Year ended March 31, 2012	Year ended March 31, 2013	Year ending March 31, 2014 (forecast)
Industrial automation and control business	277,185	295,696	332,000
Test and measurement business	34,580	28,977	31,000
Other businesses	22,903	23,226	22,000
Total	334,668	347,899	385,000

Consolidated operating income by segment

Millions of yen

	Year ended March 31, 2012	Year ended March 31, 2013	Year ending March 31, 2014 (forecast)
Industrial automation and control business	19,896	18,011	22,000
Test and measurement business	(3,572)	(225)	1,500
Other businesses	277	624	500
Total	16,601	18,409	24,000