

## **Status of Yokogawa Group**

The Yokogawa Group consists of Yokogawa Electric Corporation (or the Company), its 108 subsidiaries, and 30 affiliated companies. The major businesses of group companies and businesses pertaining to each company in the group by segment are stated as follows.

However, business activities are divided into three segments taking into account product affiliations, market similarities, and asset standards for separate types of businesses. These are (1) the measurement, control, and information equipment business segment; (2) the other businesses segment.

(1) The measurement, control, and information equipment business: 113 companies

In this business segment, the Company is the main manufacturer and seller of equipment. Products manufactured by such consolidated subsidiaries as Yokogawa Electronics Co., Ltd., Yokogawa Flowtech Co., Ltd., Yokogawa Fine Technology Corporation, and Yokogawa M&C Corporation are also purchased and sold by the Company.

Moreover, some consolidated subsidiaries abroad manufacture their own goods and purchase production from the Company for sales in their home regions. The main subsidiaries carrying out these activities are Yokogawa Electric Asia Pte. Ltd., in Southeast Asia, Yokogawa Europe B.V., in Europe, and Yokogawa Corporation of America, in the United States.

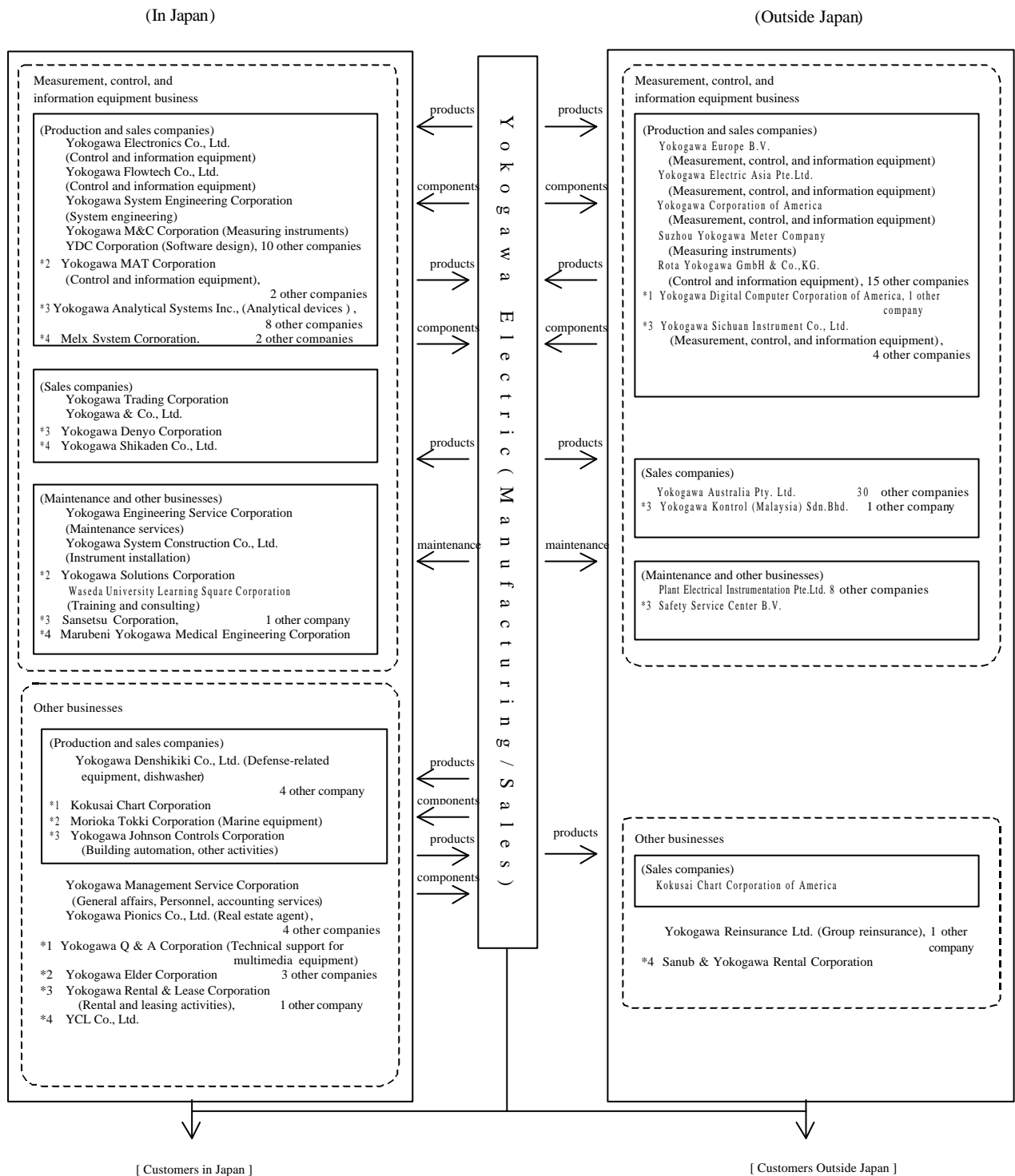
Yokogawa Engineering Service Corporation oversees engineering and after-sale services. Yokogawa System Engineering Corporation mainly designs and sells application software.

(2) Other businesses: 27 companies

In other businesses, the Company and a consolidated subsidiary Yokogawa Denshikiki Co., Ltd., manufacture and sell defense-related electronics equipment, marine equipment, flight ignition equipment, and other products. Kokusai Chart Corporation produces and sells various types of recording materials. Yokogawa Management Service Corporation provides general affairs, personnel, and accounting services.

# Business Overview

The relations of each of the Group companies are described as follows:



Note:  
 No asterisk = Consolidated subsidiary  
 \*1 = Unconsolidated subsidiary  
 \*2 = Unconsolidated subsidiary as to investments in which the equity method of accounting has been carried out  
 \*3 = Affiliated company as to investments in which the equity method of accounting has been carried out  
 \*4 = Affiliated company as to investments in which the equity method of accounting has not been carried out

## **Management Policies**

In January 2000 Yokogawa announced the Yokogawa Group's new corporate vision and strategy, "VISION-21 & ACTION-21," which aims at achieving sound and profitable management. In line with this vision, Yokogawa's management strategies currently center around the transformation of the company's business structure and the revitalization of group management.

With regard to the transformation of the company's business structure, Yokogawa is working to boost profits by improving the business efficiency of the company's plant automation and control systems and other industrial automation (IA) operations, for which the market is maturing. At the same time, the company is shifting resources into promising new markets and growth areas such as information technology (IT), telecommunications, multimedia, and semiconductors. Through this major transformation of the company's business structure, Yokogawa is working to achieve its quantitative business targets by FY2005.

Concerning the revitalization of group management, Yokogawa is working towards the maximization of group profits by undertaking the realignment and consolidation of subsidiaries and developing group management frameworks and mechanisms based on the principles of autonomy and coordination.

Under the new corporate vision and strategy, "VISION-21 & ACTION-21," Yokogawa's operating domain is divided into three main businesses: the industrial automation and control business, the measurement business and the information service business. Yokogawa is aggressively pursuing the following basic strategies in each business.

### **Industrial Automation and Control Business**

In a maturing market the Yokogawa Group is actively proposing system solutions to prospective customers who are concerned about achieving efficient operations. The Group is also working to enhance its business foundations by responding to new demand from the service sector and other sectors. Also expanding in the Asian market as well as other overseas markets and breaking into growth areas in Japan (such as food, pharmaceuticals, and fine chemicals) which are likely to remain the focus of aggressive investment.

### **Measurement Business**

The Yokogawa Group is expanding its business through the active introduction of highly competitive products into the growing semiconductor and communications network equipment markets. The market for semiconductor testers is entering an adjustment phase, but the markets for next-generation mobile information terminals and information appliances are expected to grow significantly in the medium to long term. The Group is working to strengthen its business by developing a tester product strategy for the devices to be used in these products (liquid-crystal driver ICs, system LSI, high-frequency devices, CMOS / CCD image sensor devices, etc.) In the area of motion and measurement, the Group has developed a range of unique component products targeted at the semiconductor production device market as well as highly-competitive products such as IC handlers, and is working to expand its business through coordination with the Group's tester operations. Regarding measurement instruments, the Group is bolstering its lineup of products for use in the development of communications devices and household electrical appliances with digital information capabilities, including measurement instruments for use in the development of next-generation mobile information terminals using W-CDMA and other protocols, as well as the development of information appliances using the Bluetooth next-generation short-distance wireless interface. The Group is also working to strategically expand operations by developing infrastructure-related products for use in optical telecommunications, including next-generation

WDM optical telecommunications measurement instruments and telecommunications devices. Meanwhile, in the component business, which handles products including switching power supplies used in computer peripherals and other devices, the Group is working to expand sales channels in the growing market for information appliances.

### **Information Service Business**

The Yokogawa Group is working to quickly establish a business platform in rapid-growth areas by fully exploiting the Group's leading-edge information technology, while further expanding the group's business in the areas of medical and educational information systems, in which the Group has made steady progress to date. The Group is also engaged in vigorous efforts to develop new IT-related businesses, making active use of alliances with specialist partners to develop IT-related service businesses such as information network security monitoring and system solution businesses targeting manufacturers seeking to make further use of IT in their business information systems.

By steadily pursuing these strategies in each of the Yokogawa Group's business domains, the Group hopes to achieve the following consolidated business targets by FY2005: consolidated sales of 500 billion yen, consolidated operating profits of 50 billion yen, a consolidated ROA of 5.0%, and a consolidated ROE of 10.0%. The anticipated breakdown for the consolidated sales of 500 billion yen is as follows: industrial automation and control business: 200 billion yen (40% of sales); measurement business: 150 billion yen (30%); information service business: 100 billion yen (20%); and aeronautical equipment and other businesses: 50 billion yen (10%). In order to achieve a stable business balance, the Group hopes to ultimately generate equal sales in each of its mainstay businesses: industrial automation and control, measurement and information services.

Yokogawa constantly strives to enhance corporate value and maintain stable shareholder dividends. Funds from retained earnings are invested, with a view to improve consolidated group performance, in the new businesses necessary to achieve the transformation of the company's business structure and the revitalization of group management, the development of new products targeting potential growth markets and the development of the mechanisms necessary to achieve efficient consolidated management. In addition, Yokogawa works continually to strengthen its financial structure and maintains a basic policy of repurchasing and retiring shares when appropriate and returning profits to shareholders.

# Business Results

## 1. Overview of FY2000

### General Overview

The IA market in Japan failed to recover from a slump in capital investment in FY2000, with the Group's industrial automation and control business stalling as a result. However, the measurement business, which includes semiconductor testers, IC handlers, and measurement instruments, achieved sharp growth thanks to the strength of the semiconductor and telecommunications markets. As a result, consolidated sales reached 352.6 billion yen, an increase of 39.2 billion yen (12.5%) from FY1999. The Group as a whole achieved reductions in sales and general administrative expenses, resulting in consolidated pretax profits of 15.3 billion yen, up 4.7 billion yen (44.8%) from FY1999. Net profits totaled 25.4 billion yen, a massive increase of 19.5 billion yen (336.7%). In addition to the improvement in pretax profits, the Group posted 35.4 billion yen in profits on the sale of shares in Agilent Technologies Japan (formerly Hewlett-Packard Japan) and 5.7 billion yen in profits on stock sales following the conversion of common stock shareholdings in GE Yokogawa Medical Systems, Ltd. to preferred stock issued by the same company. The Group also posted an extraordinary loss of 10.2 billion yen as a result of the full amortization of the amount equivalent to the consolidation adjustment account in relation to the acquisition of shares in Ando Electric Co., Ltd., which is discussed below.

### Results by Business Segment

The "measurement, control and information equipment business" achieved sales of 303.7 billion yen, an increase of 40.2 billion yen (15.3%) from FY1999, thanks to increased sales of semiconductor testers, IC handlers, and other products. In the "other businesses" segment, which consists mainly of aeronautical equipment, consolidated sales edged down to 48.9 billion yen. Looking at the breakdown of sales by geographic region, the depreciation of the Euro pushed down consolidated sales in Europe to 17.2 billion yen, but lower operating costs allowed the Group's European operations to move from a deficit of 1.4 billion yen in FY1999 to a surplus of 300 million yen. Japan drove the recovery in profits, with sales increasing by 35.2 billion yen (13.8%) to 290.8 billion yen, and profits increasing by 7 billion yen (139.7%) to 12.1 billion yen. In Asia, where markets are showing signs of recovery, sales increased by 4.1 billion yen (28.3%) to 19 billion yen. Details of each business segment are as follows.

### Measurement, Control, and Information Equipment Business

The IA market in Japan failed to recover from a slump in private-sector capital investment in FY2000, resulting in reduced sales for the industrial automation and control business. In the information service business, however, the IT Business Headquarters (established in April 2000) and related domestic Group companies continue to propel expansion in existing information businesses while the Group makes concerted efforts to get new businesses up and running. For the measurement business, the strength of the semiconductor market enabled the area of IC handlers and semiconductor testers to grow sharply into a 40 billion yen operation, becoming one of Yokogawa's mainstay businesses. In particular, the TS6000 model for logic testing is a new type of product that minimizes testing costs for System-on-a-chip and other system LSI used in information appliances. Sales of this model rose sharply in FY2000 as the product concept gained acceptance in the market. In addition, Yokogawa's IC handlers are highly competitive in terms of both performance and cost thanks to the use of key components developed in-house, and have contributed to a sharp increase in sales due to synergy effects with Yokogawa's semiconductor tester operations. With regard to measuring instruments designed for use in product development, orders increased for new products tailored to the development of communications network-related devices

and multimedia devices. Moreover, orders remained strong for the existing lineup of measuring instruments as these products made headway in new markets for use in production lines.

### **Other Businesses**

Output rose steadily in the production consignment business thanks to an alliance with Lam Research, a US manufacturer of semiconductor etching equipment. The alliance has been expanded and strengthened in areas including service consignments. In the aeronautical equipment business, Yokogawa continues to actively focus on boosting non-military demand.

### **Cash Flow Summary**

Net cash flow from business activities totaled -2.4 billion yen in FY2000 as working capital increased due to higher sales and payments rose by 11.3 billion yen from FY1999 to 24.1 billion yen as a result of the early repayment of past liabilities in retirement pensions. Net cash flow from investment activities totaled +12.4 billion yen. This figure was due largely to financial revenues of 34.1 billion yen associated with the sale of shares in Agilent Technologies.

Free cash flow for FY2000, calculated by combining cash flow from business activities and investment activities, totaled +9.9 billion yen. Following the repayment of outside borrowings totaling 17.3 billion yen (as of the end of FY2000, interest-bearing debt stood at 81.8 billion yen), the balance of cash and cash equivalents stood at 50.7 billion yen as of the end of FY2000, a decrease of 8.9 billion yen from the end of FY1999.

### **Profit Dividend**

Yokogawa plans to pay shareholder dividends for FY2000, at a total of 8.75 yen per share (a total dividend for the year of 12.5 yen including the interim dividend), consisting of an ordinary dividend of 3.75 yen and an extraordinary dividend of 5 yen. The maintenance of stable dividends is one of Yokogawa's basic policies, but a decision has been made to pay out an extraordinary dividend for FY2000 in light of the extraordinary profits posted in relation to the sale of shares in Agilent Technologies.

## **2. Outlook for FY2001**

### **General Overview**

Yokogawa's industrial automation and control business, which centers around control systems for use in manufacturing plants, the situation is likely to remain difficult as capital investment in Japan appears unlikely to recover in the near future. However, orders are beginning to rise in some areas, particularly in the case of smaller orders, and the Group will fully prepare for an increase in replacement demand from firms in the Japanese market. In particular, the mainstay product CENTUM will be upgraded, and the Group will work to promote sales of solutions such as the new product "CENTUM CS3000 R3," which will make it easy for customers to update their existing systems. The market for semiconductor-related products, which remained strong through the third quarter of FY2000, entered a sudden adjustment phase during the fourth quarter, resulting in a harsher sales environment for semiconductor testers and IC handlers. However, the markets for next-generation mobile information terminals and information appliances are expected to grow significantly in the medium to long term, and the Group's semiconductor tester and IC handler operations, which are following a product strategy centering around the devices to be used in these products, are expected to continue to register strong growth. The group's IT operations, for which a number of dynamic initiatives were launched during FY2000, are also expected to generate concrete results beginning in FY2001.

As an important management strategy to achieve the transformation of the company's business structure, Yokogawa acquired 33% of all issued shares of Ando Electric Co., Ltd. on February 28, 2001, becoming that company's largest shareholder. This represents the start of a joint effort to expand the business of both companies, by sharing a joint strategy in relation to measuring instruments, semiconductor testers, IC handlers, and other products, and making extensive and effective use of pooled resources in areas including technical development, marketing, sales, manufacturing, and services. This strategic partnership will be exploited in the area of telecommunications through the dynamic development of next-generation WDM devices, measuring instruments, and other products expected to play a major role in the optical telecommunications market. It is hoped that the synergy effects stemming from joint operations by the two companies, such as the use of Yokogawa's compound semiconductor technology, will prove fruitful over the coming years.

### **Consolidated Forecasts for FY2001**

Sales	360 billion yen (+2.1%)
Operating profits	15 billion yen (-7.5%)
Pretax profits	14.5 billion yen (-5.3%)
Net profits	8 billion yen (-68.5%)

### **Parent Forecasts for FY2001**

Sales	220 billion yen (+8.5%)
Operating profits	8.5 billion yen (+0.3%)
Pretax profits	9.5 billion yen (-0.6%)
Net profits	5 billion yen (-79.7%)

*Note: We assume an exchange rate of US\$1 = 110 yen throughout FY2001.*

### **<Notes Regarding 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 which may affect performance include the following.

- Fluctuations in the US dollar, European currencies, and Asian currencies relative to the yen
- A sudden change in economic conditions in major markets, or a change in trade regulations or other aspects of the business environment
- A sudden change in product supply or demand
- Rapid technological innovation
- Fluctuations in Japanese share prices
- Protection of Yokogawa patents and the use of other companies' patents
- Tie-ups with other companies in relation to product development etc.

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheets

(¥ million)

	(A) March 31 2001		(B) March 31 2000		Difference (A) - (B)
		%		%	
<b>Current Assets:</b>					
Cash on hand and in bank	26,533		31,108		(4,575)
Notes and accounts receivables	116,013		100,793		15,219
Marketable securities	25,108		42,442		(17,334)
Inventories	43,067		43,638		(570)
Deferred tax assets - current	4,763		15,922		(11,158)
Other current assets	18,289		21,739		(3,450)
Allowance for doubtful accounts	(1,410)		(1,361)		(48)
Total currents assets	<u>232,364</u>	56.6	<u>254,282</u>	60.5	<u>(21,917)</u>
<b>Fixed Assets:</b>					
(Tangible fixed assets)					
Building and structures	42,265		40,936		1,329
Machinery, transportation equipment	8,825		8,618		207
Land	14,957		17,187		(2,229)
Construction in progress	266		1,531		(1,265)
Tools, furniture and fixtures	10,083		9,678		405
Total tangible fixed assets	<u>76,399</u>	18.6	<u>77,951</u>	18.5	<u>(1,552)</u>
(Intangible fixed assets)					
Consolidated goodwill	433		795		(362)
Others	10,608		9,101		1,507
Total intangible fixed assets	<u>11,042</u>	2.7	<u>9,897</u>	2.4	<u>1,144</u>
(Investment and other assets)					
Investments in securities	64,150		39,443		24,706
Long-term loans	313		518		(204)
Deferred tax assets - non-current	13,022		16,482		(3,460)
Other investments	13,953		14,964		(1,011)
Allowance for doubtful accounts	(451)		(85)		(365)
Total investment and other assets	<u>90,988</u>	22.1	<u>71,323</u>	16.9	<u>19,664</u>
Total fixed assets	<u>178,429</u>	43.4	<u>159,172</u>	37.8	<u>19,257</u>
<b>Deferred assets</b>	37	0	60	0	23
<b>Foreign currency translation adjustments</b>	-	-	7,191	1.7	(7,191)
<b>Total Assets</b>	<u><u>410,831</u></u>	100	<u><u>420,706</u></u>	100	<u><u>(9,874)</u></u>

(¥ million)

	(A) March 31 2001		(B) March 31 2000		Difference (A) - (B)
<b>Current liabilities:</b>		%		%	
Notes and accounts payable	35,709		35,216		492
Short-term bank loans	9,698		25,234		(15,535)
Current portion of bonds	10,000		-		10,000
Accrued expenses	9,072		27,833		(18,761)
Income taxes payable	2,280		2,746		(465)
Deferred tax liabilities - current	1		144		(143)
Accrued bonuses	8,306		6,357		1,948
Other current liabilities	<u>20,814</u>		<u>21,780</u>		<u>(966)</u>
Total current liabilities	95,883	23.3	119,315	28.4	(23,431)
<b>Long-term liabilities:</b>					
Long-term bonds	42,000		52,000		(10,000)
Long-term bank loans	20,165		21,999		(1,834)
Long-term accrued expenses	-		34,505		(34,505)
Deferred tax liabilities - non-current	211		1,548		(1,337)
Reserve for retirement allowances	-		8,515		(8,515)
Reserve for retirement payments	48,556		-		48,556
Other reserves	1,206		1,598		(391)
Others	<u>613</u>		<u>1,109</u>		<u>(495)</u>
Total long-term liabilities	112,753	27.5	121,277	28.8	(8,523)
<b>Total liabilities</b>	208,637	50.8	240,592	57.2	(31,955)
<b>Minority interests in consolidated subsidiaries</b>	2,154		2,517		(362)
<b>Shareholders' equity:</b>					
Common stock	32,306	7.9	32,306	7.7	-
Additional paid-in capital	35,020	8.5	35,020	8.3	-
Retained earnings	133,697	32.5	110,445	26.2	23,252
Variances on securities valuations	5,535	1.3	-	-	5,535
Foreign currency translation adjustments	(6,371)	-1.5	-	-	(6,371)
Treasury stock	(28)	-0	(54)	-0	26
Subsidiary holdings in parent company	<u>(121)</u>	-0	<u>(121)</u>	-0	-
Total shareholders' equity	200,039	48.7	177,596	42.2	22,442
<b>Total liabilities and stockholders' equity</b>	<u>410,381</u>	100	<u>420,706</u>	100	<u>(9,874)</u>

## Consolidated Statements of Income

(¥ million)

	(A) March 31 2001		(B) March 31 2000		Difference (A) - (B)
		%		%	
Net sales	352,611	100.0	313,353	100.0	39,258
Cost of sales	236,009	66.9	212,137	67.7	23,872
<b>Gross profit</b>	<b>116,602</b>	<b>33.1</b>	<b>101,215</b>	<b>32.3</b>	<b>15,386</b>
Selling, general and administrative expenses	100,386	28.5	95,306	30.4	5,079
<b>Operating profit</b>	<b>16,216</b>	<b>4.6</b>	<b>5,909</b>	<b>1.9</b>	<b>10,307</b>
<b>Non-operating profit:</b>					
Interest income	485		641		(156)
Dividend income	1,677		310		1,367
Gain on sale of securities	9		489		(480)
Rent earned	464		396		68
Foreign exchange gain	1,188		-		1,188
Profit from investments in subsidiaries and affiliates accounted for by the equity method	805		7,850		(7,044)
Others	1,317		806		511
Total non-operating profit	5,948	1.7	10,494	3.3	(4,545)
<b>Non-operating expenses:</b>					
Interest expense	1,991		2,093		(101)
Loss on disposal of inventories	2,151		599		1,552
Loss on price declines of inventories	573		298		275
Rent expense	201		190		11
Foreign exchange loss	-		1,762		(1,762)
Others	1,936		884		1,052
Total non-operating expenses	6,855	1.9	5,828	1.8	1,026
<b>Recurring profit</b>	<b>15,309</b>	<b>4.4</b>	<b>10,575</b>	<b>3.4</b>	<b>4,734</b>
<b>Extraordinary profit:</b>					
Gain on sales of property	267		1,035		(767)
Gain on sales of investments in marketable securities	41,676		20,593		21,082
Usage of allowance for employee retirement	-		3,317		(3,317)
Others	495		1,398		(903)
Total extraordinary profit	42,439	12.0	26,344	8.4	16,094
<b>Extraordinary loss:</b>					
Loss on sales of property	862		125		736
Loss on retirement of property	951		2,115		(1,163)
Loss on sales of investments in marketable securities	4		1,620		(1,615)
Loss on devaluation of investments in marketable securities	3,012		1,188		1,823
Allowance for directors retirement	-		85		(85)
Pension expense for prior service cost	-		40,007		(40,007)
Loss from investments in subsidiaries and affiliates accounted for by the equity method	10,280		-		10,280
Retirement benefit costs income tax and residential tax refund	2,021		-		2,021
Others	3,574		4,309		(734)
Total extraordinary loss	20,707	5.9	49,452	15.8	(28,745)
<b>Income before income taxes</b>	<b>37,041</b>	<b>10.5</b>	<b>(12,532)</b>	<b>(4.0)</b>	<b>49,574</b>
Corporate, resident and enterprise tax	2,891	0.8	2,919	0.9	(28)
Income tax and residential tax refund	258	0.1	467	0.2	(208)
Adjustment of corporate tax, etc.	9,132	2.6	(20,703)	(6.6)	29,835
Minority shareholders' loss	139	0.0	102	0.0	37
<b>Net income</b>	<b>25,415</b>	<b>7.2</b>	<b>5,820</b>	<b>1.9</b>	<b>19,595</b>

## Statements of Consolidated Retained Earnings

(¥ million)

	(A) March 31 2001	(B) March 31 2000	Difference (A) - (B)
<b>Consolidated balance at the beginning of period:</b>			
Consolidated balance at the beginning of period	110,445	103,691	6,753
Previous-period tax effect adjustment	-	13,311	(13,311)
Total consolidated balance beginning of period	<u>110,445</u>	<u>117,002</u>	<u>20,064</u>
<b>Consolidated amount of increase in retained earnings:</b>			
Increase due to change in the number of unconsolidated subsidiaries and affiliates applying the equity method	46	-	46
Increase due to currency fluctuation	-	39	(39)
Other increase	29	-	29
Total consolidated amount of increase in retained earnings	<u>76</u>	<u>39</u>	<u>36</u>
<b>Consolidated amount of decrease in retained earnings:</b>			
Dividends	1,838	1,876	(37)
Bonuses to directors and corporate auditors	117	91	25
Decrease due to consolidation of additional subsidiaries	-	619	(619)
Decrease due to change in the number of unconsolidated subsidiaries and affiliates applying the equity method	49	6,022	(5,973)
Redemption of treasury stock	-	3,806	(3,806)
Decrease due to currency fluctuation	115	-	115
Decrease due to merger of subsidiaries	83	-	83
Others	33	-	33
Total consolidated amount of decrease in retained earnings	<u>2,239</u>	<u>12,417</u>	<u>10,177</u>
<b>Net profit (loss) for the period under review</b>	25,415	5,820	19,595
<b>Consolidated balance at the end of period</b>	<u><u>133,697</u></u>	<u><u>110,445</u></u>	<u><u>23,252</u></u>

## Consolidated Cash Flow Statements

(¥ million)

	(A) March 31 2001	(B) March 31 2000	Difference (A) - (B)
<b>I Cash flows from operating activities</b>			
Net profit (loss) for the period under review before tax and other adjustment	37,041	(12,532)	49,574
Depreciation	13,190	13,197	(6)
Amortization of consolidated goodwill	472	169	303
Changes in allowance for doubtful accounts	391	(305)	696
Decrease in reserve for retirement allowances	(8,515)	(25,574)	17,059
Increase in reserve for retirement payments	48,556	-	48,556
Increase in accrued bonuses	1,919	417	1,501
Interest and dividend income	(2,162)	(951)	(1,211)
Interest expenses	1,991	2,093	(101)
Gain on equity method	9,475	(7,850)	17,325
Gain on investment in marketable securities	(41,671)	(18,973)	(22,698)
Changes in trades receivables	(14,778)	21,344	(36,122)
Changes in inventories	904	(6,772)	7,676
Changes (increase) in trade payable	448	384	64
Decrease (increase) in pension payable	(54,653)	54,653	(109,306)
Others	7,063	1,066	5,996
Subtotal	(326)	20,365	(20,691)
Interest and dividend income received	2,288	3,283	(994)
Interest expenses paid	(2,029)	(2,335)	306
Income taxes paid	(2,378)	(6,670)	4,292
Total net cash provided by operating activities	(2,445)	14,642	17,087
<b>II Cash flows from investing activities</b>			
Payments for deposit in time deposits	(2,342)	(1,406)	(935)
Proceeds from return on time deposits	2,262	4,657	(2,395)
Payments for purchase of property, plant and equipment	(14,769)	(10,415)	(4,354)
Payments from sales of property, plant and equipment	2,554	1,598	956
Payments for purchase of investments in marketable securities	(26,950)	(1,290)	(25,660)
Proceeds from sales of investments in marketable securities	53,637	27,974	25,662
Others	(1,981)	8,718	(10,700)
Total net cash provided by investing activities	12,409	29,836	(17,427)
<b>III Cash flows from financing activities</b>			
Decrease in short-term bank borrowings, net	(16,013)	(7,858)	(8,155)
Issuance of long-term debt	76	3,913	(3,836)
Repayment of long-term debt	(1,350)	(19,599)	18,248
Corporate bond redemption	-	(4,530)	4,530
Cash dividends paid	(1,838)	(1,863)	24
Others	(75)	(3,902)	3,826
Total net cash used in financing activities	(19,202)	(33,839)	14,637
<b>IV Effect of exchange rate on cash and cash equivalents</b>	256	(516)	772
<b>V Net increase (decrease) in cash and cash equivalents</b>	(8,981)	10,123	(19,105)
<b>VI Cash and cash equivalents at the beginning of the period</b>	59,741	49,461	10,279
<b>VII Increase due to change in the range of consolidated subsidiaries</b>	-	155	(155)
<b>VIII Cash and cash equivalents at the end of the period</b>	50,759	59,741	(8,981)

## Segment Information

### 1. Segment Information by Type of Business

(1) For the year ending March 31, 2001(From April 1, 2000 – March 31, 2001)

(¥ million)

	Measurement, Control and Information Equipment	Other	Total	Elimination or Common Assets	Consolidated
<b>I Sales and Operating Profit</b>					
Net Sales					
(1) Sales to Outside Customer	303,700	48,911	352,611	–	352,611
(2) Inter-segment Sales	1,151	17,633	18,784	(18,784)	–
Total Sales	304,851	66,545	371,396	(18,784)	352,611
Operating Expenses	273,946	64,119	338,065	(1,670)	336,395
Operating Profit	30,905	2,425	33,330	(17,114)	16,216
<b>II Assets, Depreciation and Capital Expenditure</b>					
Assets	238,784	61,435	300,219	110,611	410,831
Depreciation	9,328	1,204	10,533	1,924	12,458
Capital Expenditure	14,155	1,211	15,366	2,806	18,173

(2) For the year ending March 31, 2000(From April 1, 1999 – March 31, 2000)

(¥ million)

	Measurement, Control and Information Equipment	Other	Total	Elimination or Common Assets	Consolidated
<b>I Sales and Operating Profit</b>					
Net Sales					
(1) Sales to Outside Customer	263,490	49,862	313,353	–	313,353
(2) Inter-segment Sales	1,111	17,591	18,703	(18,703)	–
Total Sales	264,601	67,454	332,056	(18,703)	313,353
Operating Expenses	246,113	64,831	310,945	(3,501)	307,443
Operating Profit	18,487	2,623	21,110	(15,201)	5,909
<b>II Assets, Depreciation and Capital Expenditure</b>					
Assets	248,664	63,789	312,453	108,252	420,706
Depreciation	9,861	1,365	11,227	1,969	13,197
Capital Expenditure	9,553	1,467	11,020	3,679	14,699

(Notes)

1. Business classification method

Business segments are classified taking into consideration product affiliations, similarities in marketing methods, and asset standards for the separate types of businesses.

2. The principal products in each of the business segments are as follows.

Business Segment	Principal Products
Measurement, control, and information equipment	Integrated production control systems; distributed control systems; production-line control systems; computer systems for industry; programmable controllers; recording instruments; flow meters; differential pressure and pressure transmitters; analyzing devices; power supply for computers; medical information systems; digital oscilloscopes; LSI test systems; arbitrary waveform generators; analyzing recorders; oscillographic recorders; electric power, temperature, pressure, and optical measuring instruments; hybrid recorders; communications equipment; and confocal scanners
Other businesses	Engine devices and control devices; flight navigation and control devices; integrated testing apparatus for flight equipment; integrated display systems; ultrasonic dishwasher; marine equipment; maritime observation equipment; audio visual devices; other products. Services include general affairs, personnel, accounting etc.

3. Of operating expenses, unallocated operating expenses included under the column “Elimination or Common Assets” were ¥17,955 million the end of fiscal year 2000. Most of these expenses were incurred by the parent company in personnel, administrative, accounting, and other corporate function operations.

4. Of assets, corporate assets included under the column “Elimination or Common Assets” were ¥119,723 million for the period ending March 31, 2001. Most assets were surplus working funds (cash deposits and marketable securities), long-term investment capital (investment securities), and assets held in administrative divisions of the parent company.

## 2. Segment Information by Geographical Area

(1) For the year ending March 31, 2001(From April 1, 2000 – March 31, 2001)

(¥ million)

	Japan	Asia	Europe	North America	Other Countries	Total	Elimination or Common Assets	Consolidated
I Sales and Operating Profit								
Net Sales								
(1) Sales to Outside Customers	290,841	19,011	17,229	18,687	6,842	352,611	—	352,611
(2) Inter-segment Sales	24,276	16,041	1,273	863	254	42,708	(42,708)	
Total Sales	315,117	35,052	18,502	19,551	7,096	395,320	(42,708)	352,611
Operating Expenses	302,947	32,776	18,164	19,258	6,806	379,953	(43,557)	336,395
Operating Profit	12,170	2,275	338	293	289	15,367	848	16,216
II Assets	303,158	24,406	14,622	9,840	4,528	356,556	54,274	410,831

## (2) For the year ending March 31, 2000(From April 1, 1999 – March 31, 2000)

(¥ million)

	Japan	Asia	Europe	North America	Other Countries	Total	Elimination or Common Assets	Consolidated
I Sales and Operating Profit								
Net Sales								
(1) Sales to Outside Customers	255,566	14,814	19,205	17,881	5,885	313,353	—	313,353
(2) Inter-segment Sales	20,688	12,547	1,561	1,222	271	36,291	(36,291)	
Total Sales	276,255	27,362	20,766	19,103	6,156	349,644	(36,291)	313,353
Operating Expenses	271,176	25,821	22,181	18,838	5,901	343,920	(36,476)	307,443
Operating Profit	5,078	1,540	(1,414)	265	255	5,724	184	5,909
II Assets	290,261	18,972	17,889	10,943	4,311	342,377	78,328	420,706

## (Notes)

- Classification of countries or area depends on relative geographical locations.
- Major countries and areas belonging to segments other than Japan, are as follows.
  - Asia Singapore, China, South Korea
  - Europe The Netherlands, France, United Kingdom, Germany
  - North America United States
  - Other countries Brazil, Australia
- Of assets, corporate assets included under the column “Elimination or Common Assets” were ¥119,723 million for the period ending March 31, 2001, compared with ¥117,205 million in the previous fiscal year. Most assets were surplus working funds (cash deposits and marketable securities), long-term investment capital (investment securities), and assets held in administrative divisions of the parent company.

## 3.Sales Outside Japan

## (1) For the year ending March 31, 2001(From April 1, 2000 – March 31, 2001)

(¥ million)

	Asia	Europe	North America	Other Countries	Total
I Sales Outside Japan	47,150	20,884	21,879	8,826	98,741
II Consolidated Sales					352,611
III Sales Outside Japan as a Percentage of Total Consolidated Sales %	% 13.4	% 5.9	% 6.2	% 2.5	% 28.0

(2) For the year ended March 31, 2000(From April 1, 1999 – March 31, 2000)

(¥ million)

	Asia	Europe	North America	Other Countries	Total
I Sales Outside Japan	33,264	21,385	21,708	9,008	85,366
II Consolidated Sales					313,353
III Sales Outside Japan as a Percentage of Total Consolidated Sales %	% 10.6	% 6.8	% 6.9	% 2.9	% 27.2

(Notes)

1. Classification of countries or area depends on relative geographical locations.
2. Major countries and areas belonging to segments other than Japan, are as follows.
  - (1) Asia Singapore, China, South Korea
  - (2) Europe The Netherlands, France, United Kingdom, Germany
  - (3) North America United States
  - (4) Other countries Brazil, Australia
3. Sales outside Japan are net sales generated in countries and areas other than Japan by the Company and its consolidated subsidiaries.

## Conditions of Production, Order Placed and Sales

### 1. Production Results

(¥ million)

Name of Segment by Type of Business	Year ended March 31, 2001 (From April 1, 2000 – March 31, 2001)		Year ended March 31, 2000 (From April 1, 1999 – March 31, 2000)	
		Compared with the Corresponding Period of the Previous Fiscal Year		Compared with the Previous Fiscal Year
Measurement, control, and information equipment business	303,670	16.2%	261,279	–%
Other businesses	33,638	(9.0)	36,952	–
Total	337,308	13.1	298,232	–

(Notes)

1. The figures stated above are based on sale prices to customers.
2. No consumption tax is included in the amount stated above.

Since the fiscal year ending March 31, 2000, represents the first periods in which the Company has disclosed respective conditions for production, orders placed, and sales, production comparisons with corresponding periods are unfeasible.

### 2. Conditions of Order Placed

#### (1) Order by Segment

(¥ million)

Name of Segment by Type of Business	Year ended March 31, 2001 (From April 1, 2000 – March 31, 2001)		Year ended March 31, 2000 (From April 1, 1999 – March 31, 2000)	
		Compared with the Corresponding Period of the Previous Fiscal Year		Compared with the Previous Fiscal Year
Measurement, control, and information equipment business	305,693	17.3%	260,623	–%
Other businesses	49,650	4.4	47,560	–
Total	355,343	15.3	308,184	–

#### (2) Backlog by Segment

(¥ million)

Name of Segment by Type of Business	Year ended March 31, 2001 (From April 1, 2000 – March 31, 2001)		Year ended March 31, 2000 (From April 1, 1999 – March 31, 2000)	
		Compared with the Corresponding Period of the Previous Fiscal Year		Compared with the Previous Fiscal Year
Measurement, control, and information equipment business	73,319	(3.8) %	76,198	– %
Other businesses	16,635	5.9	15,714	–
Total	89,954	(2.1)	91,912	–

Since the fiscal year ending March 31, 2000, represents the first periods in which the Company has disclosed respective for production, orders placed, and sales, comparisons of orders placed with corresponding periods are unfeasible.

### 3.Sales Results

(¥ million)

Name of Segment by Type of Business	Year ended March 31, 2001 (From April 1, 2000 – March 31, 2001)		Year ended March 31, 2000 (From April 1, 1999 – March 31, 2000)	
		Compared with the Corresponding Period of the Previous Fiscal Year		Compared with the Previous Fiscal Year
Measurement, control, and information equipment business	303,700	15.3%	263,490	10.7%
Finance business	–	–	455	(17.2)
Other businesses	48,911	(1.0)	49,407	18.5
Total	352,611	12.5	313,353	11.8

(Notes)

1. No consumption tax is included in the amount stated above.
2. No customers account for more than 10% of total sales.
3. Finance business is now included in the ‘other businesses’ for the period ending March 31, 2001. Using the former classification the ‘finance business’ has decreased by ¥457 million, and ‘other businesses’ has increased by the same amount.