

# Consolidated Financial Results for the First Quarter of the Year Ending March, 2004

Date: August 12, 2003

Name of Listed Company: Yokogawa Electric Corporation

(URL: <http://www.yokogawa.co.jp>)

(Stock Code: 6841, Listed in TSE 1st Section)

Personnel to whom inquiries should be addressed:

Name and Position of the Representative Person:

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Name and Position of the Person in Charge:

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## 1. Basis for Preparation of Quarterly Operating Results

[1] Differences in the accounting policy from the most recent consolidated financial statements: Yes (Shortcut methods of accounting have been partially applied to the calculation of corporate tax, etc.)

[2] Changes in the scope of consolidation and the application of the equity method of accounting: Yes

Consolidated subsidiaries: Newly included: 2; Excluded: 4

Companies as to investments in which the equity method of accounting has been carried out: Newly included: 0; Excluded: 2

## 2. Consolidated Business Results for the First Quarter of the Year Ending March, 2004 (April 1 – June 30, 2003)

(1) Results of operations on a consolidated basis (Any amount less than one million yen is disregarded)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the 1st quarter of the year ending March, 2004	67,749	15.2	(2,091)	-	(2,047)	-	(3,447)	-
For the 1st quarter of the year ending March, 2003	58,800	-	(7,400)	-	(7,700)	-	(1,600)	-
(Reference) For the year ended March, 2003	328,766	-	1,561	-	(1,233)	-	(26,232)	-

	Net Earnings per Share	Diluted Net Earnings per Share
	yen	yen
For the 1st quarter of the year ending March, 2004	(14.19)	-
For the 1st quarter of the year ending March, 2003	(6.60)	-
(Reference) For the year ended March, 2003	(108.39)	-

Notes: 1. Presentation of percentages in the net sales, operating income, etc. shows an increase or decrease ratio in comparison with the first quarter of the previous fiscal year.

2. The figures shown for the first quarter of the year ended March, 2003 are for reference only.

[Overview of consolidated business results for first quarter of fiscal year 2003]

The Yokogawa Group posted consolidated net sales of 67,749 million yen in the first quarter, an increase of 8,949 million yen (15.2%) from the same period last year. Although the Group registered a 2,091 million yen operating loss and a 2,047 million yen ordinary loss, operating income and ordinary income are up considerably from last year, with respective increases of 5,209 million yen and 5,653 million yen. The major reason for this improvement was strong demand in the first quarter for semiconductor devices used in mobile phones. Even though the overall semiconductor business has not yet achieved a full recovery, this enabled us to increase our sales and order intake of semiconductor

automatic test equipment. A further benefit from this increase in sales was a reduction in our manufacturing costs.

Sales of measuring instruments for use in communication networks remain sluggish, but the restructuring of Ando Electric Corporation in the past fiscal year has reduced costs. In the industrial automation and control business, domestic demand remains weak due to the continued slowdown in capital investment by Japanese corporations; however, sales and operating profit for the business as a whole have improved over the past fiscal year, and this has been driven by the high level of capital expenditure in markets outside Japan.

It should be noted that net income for the year ended March 31, 2003, includes an approximate 6.9 billion yen gain from the sale of Yokogawa Johnson Control Corporation stock.

It also should be noted that our consolidated net sales peak towards the end of each half of the fiscal year. Consequently, the first and third quarters of the fiscal year tend to account for a lower percentage of annual consolidated net sales than the second and fourth quarters.

Consolidated sales for the first quarter of the year ended March 31, 2003: 58.8 billion yen

Consolidated operating loss for the first quarter of the year ended March 31, 2003: (7.4 billion)

Consolidated sales for the second quarter of the year ended March 31, 2003: 96.3 billion yen

Consolidated operating profit for the first quarter of the year ended March 31, 2003: 4.7 billion yen

(2) Financial conditions on a consolidated basis

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million yen	Million yen	%	yen
For the 1st quarter of the year ending March, 2004	351,472	129,184	36.8	531.64
For the 1st quarter of the year ending March, 2003	-	-	-	-
(Reference) For the year ended March, 2003	364,730	131,784	36.1	542.20

Note: Figures for the first quarter of the previous fiscal year have not been calculated.

[Overview of consolidated business results for first quarter of fiscal year 2003]

Financial results for the first quarter compare as follows with the results for the same period in the fiscal year ended March 31, 2003:

Total assets have decreased by 13.2 billion yen to 351.4 billion yen. Though there were increases in some asset categories such as inventories, which grew by 16.5 billion yen, these were more than offset by other items, chief of which was a 22.3 billion yen decrease in accounts receivable.

Debt has decreased by 11.0 billion yen to 218.9 billion yen. This is mainly because short-term bank loans have decreased by 12.2 billion yen since the end of the previous fiscal year.

Shareholders' equity has decreased by 2.6 billion yen to 129.1 billion yen, largely due to the first-quarter operating losses. Consequently, the shareholders' equity ratio has improved by 0.7 points from the previous fiscal year end to 36.8%, and the ratio of interest-bearing debt to shareholders' equity has improved by 8.1 points to 74.4%.

It should be noted that our sales tend to increase at the end of the first half of the fiscal year and at the end of the fiscal year. For this reason, the balance of accounts receivable usually decreases in the first quarter.

### 3. Consolidated business forecast for the year ending March 31, 2004 (April 1, 2003 – March 31, 2004)

No changes have been made to the forecasts announced on May 13, 2003 for both the first half-year period and for the whole fiscal year.

	Net Sales	Ordinary Income	Net Income
	Million yen	Million yen	Million yen
For the half year ending Sept. 30, 2003	170,000	1,000	(3,000)
For the year ending Mar. 31, 2004	365,000	7,000	2,000

Note: The statement provided herein has been prepared based on the information available as of the date when this statement was issued. Actual business results may differ significantly from such forecasts depending on various forthcoming factors.

#### Financial Statements for the First Quarter of the Year Ending March, 2004

##### (1) Consolidated Income Statements Income

Division	For the 1st quarter of the year ending March, 2004		(Reference) For the year ended March, 2003	
	Million yen	%	Million yen	%
I Net sales	67,749	100.0	328,766	100.0
II Cost of sales	43,629	64.4	218,989	66.6
Gross profit	24,119	35.6	109,777	33.4
III Selling, general and administrative expenses	26,211	38.7	108,215	32.9
Operating profit or loss	(2,091)	-3.1	1,561	0.5
IV Non-operating profit	620	0.9	3,880	1.1
V Non-operating expenses	576	0.8	6,675	2.0
Recurring profit	2,047	-3.0	1,233	-0.4
VI Extraordinary profit	147	0.2	11,929	3.6
VII Extraordinary loss	1,174	1.7	30,312	9.2
Income before income taxes	3,074	-4.5	19,617	-6.0
corporate tax, etc.	323	0.5	6,247	1.9
Minority shareholders' loss	49	0.1	367	0.1
Net loss	3,447	-5.1	26,232	-8.0

(2) Consolidated Balance Sheets

	For the 1st quarter of the year ending March, 2004		(Reference) For the year ended March, 2003	
	Million yen	%	Million yen	%
(Assets)				
I Current Assets				
Cash on hand and in bank	38,857		48,242	
Notes and accounts receivables	80,371		102,766	
Inventories	59,772		43,236	
Other current assets	20,589		18,385	
Total currents assets	199,590	56.8	212,630	58.3
II Fixed Assets				
tangible fixed assets	74,570		74,722	
Intangible fixed assets	11,741		12,685	
Investment and other assets	65,570		64,692	
Total fixed assets	151,882	43.2	152,100	41.7
Total Assets	351,472	100.0	364,730	100.0
(Liabilities)				
I Current liabilities				
Notes and accounts payable	28,147		32,484	
Short-term bank loans	29,027		41,238	
Other current liabilities	69,865		63,933	
Total current liabilities	127,041	36.1	137,655	37.8
II Long-term liabilities				
Long-term bonds	20,000		20,000	
Long-term bank loans	27,046		27,436	
Reserve for retirement payments	40,073		40,248	
Others Long-term liabilities	4,797		4,711	
Total long-term liabilities	91,917	26.2	92,397	25.3
Total liabilities	218,958	62.3	230,053	63.1
(Minority intrests in consolidated subsidiaries)				
	3,329	0.9	2,893	0.8
(Shareholders` equity)				
I Common stock	32,306	9.2	32,306	8.8
II Additional paid-in capital	35,255	10.0	35,255	9.7
III Retained earnings	72,623	20.7	76,777	21.0
IV Variances on securities valuations	1,780	0.5	977	0.3
V Foreign currency translation adjustments	(4,795)	-1.3	(5,562)	-1.5
VI Treasury stock	(7,985)	-2.3	(7,968)	-2.2
Total shareholders` equity	129,184	36.8	131,784	36.1
Total liabilities and stockholders` equity	351,472	100.0	364,730	100.0