YOKOGAWA ◆

Consolidated Financial Statements for the Year Ended March 31, 2011
(Japan GAAP)

May 13, 2011

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: Shuzo Kaihori, President and Chief Executive Officer
Name and Position of Person in Charge: Hikaru Kikkawa, General Manager of Public Relations & Investor Relations Dept.
Telephone Number: +81-422-52-5530
Planned Date of the Regular General Meeting of Shareholders: June 24, 2011
Planned Dividend Payment Starting Date: —
Planned Date to File Annual Report: June 24, 2011
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, 2011 (April 1, 2010-March 31, 2011)

(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, 2011	325,620	2.8	11,079	323.0	8,590	—	(6,692)	—
For the year ended March 31, 2010	316,606	-15.9	2,619	-44.4	239	-13.1	(14,799)	—

(Note) Comprehensive income: For the year ended March 31, 2011 (10,663) million yen (—%)
For the year ended March 31, 2010 (11,344) 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, 2011	(25.98)	—	-4.5	2.3	3.4
For the year ended March 31, 2010	(57.45)	—	-9.2	0.1	0.8

(Note) Profit or loss from investments accounted for by the equity method: For the year ended March 31, 2011 593 million yen
For the year ended March 31, 2010 507 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, 2011	361,233	145,232	39.2	550.19
For the year ended March 31, 2010	398,792	157,360	38.5	595.42

(Note) Shareholders' equity: For the year ended March 31, 2011 141,702 million yen
For the year ended March 31, 2010 153,361 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, 2011	16,168	(7,993)	(25,688)	57,334
For the year ended March 31, 2010	21,371	(13,178)	11,059	76,555

2. Dividend status

	Dividends per Share					Total Dividends (annual)	Payout Ratio (consol.)	Net Asset Dividend Rate (consol.)
(Record date)	June 30	September 31	December 31	End of Term	Annual Total			
	yen	yen	yen	yen	yen	Million yen	%	%
For the year ended March 31, 2010	—	0.0	—	2.0	2.0	515	—	0.3
For the year ended March 31, 2011	—	0.0	—	0.0	0.0	—	—	—
For the year ending March 31, 2012 (Forecast)	—	—	—	—	—		—	

(Note) The plan for a yearly dividend for the year ending March 31, 2012 will be announced as soon as it is finalized.

3. Business forecast for the year ending March 31, 2012 (April 1, 2011-March 31, 2012)

We have decided not to announce an official forecast of the consolidated business results for the fiscal year ending March 31, 2012 as not enough information is available for a rational assessment of the anticipated business results following the impact of the March 2011 Great East Japan Earthquake. As soon as the situation becomes clearer, we will publically announce our forecast.

4. Other

(1) Changes to important subsidiaries during the period: No

(2) Changes to the principles/procedures for accounting or the method of display, etc.
a. Changes accompanying revision of accounting standards: Yes
b. Changes other than (a) above: 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, 2011 268,624,510 shares
For the year ended March 31, 2010 268,624,510 shares
b. Treasury stock at the end of the period
For the year ended March 31, 20111 11,071,323 shares
For the year ended March 31, 20101 11,055,405 shares
c. Average number of shares in the period
For the year ended March 31, 2011 257,563,314 shares
For the year ended March 31, 2010 257,580,204 shares

(Note) Overview of non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2011 (April 1, 2010-March 31, 2011)

(1) Results of operations on a non-consolidated basis (Percentages show the increase or decrease since the previous period.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2011	153,412	-2.3	(10,364)	—	(4,786)	—	(11,705)	—
For the year ended March 31, 2010	156,948	-15.1	(16,294)	—	(15,974)	—	(25,849)	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
For the year ended March 31, 2011	(45.45)	—
For the year ended March 31, 2010	(100.36)	—

(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, 2011	252,495	101,340	40.1	393.47
For the year ended March 31, 2010	293,130	113,937	38.9	442.36

(Note) Shareholders' equity: For the year ended March 31, 2011 101,340 million yen
For the year ended March 31, 2010 113,937 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.

Attachment
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1. Business Results

(1) Analysis of Business Results

This section reviews the performance of the Yokogawa Group for the consolidated accounting period (fiscal year) under review. The global economy remained generally steady thanks to the continued growth of emerging economies in Asia and other regions, although there were signs of a slowdown in the economic recovery in Europe and the United States. The Japanese economy started to pick up in the first half of the fiscal year, supported by stronger exports to emerging countries. But in the second half, uncertainty about the economic outlook increased due to expectations that the yen is likely to remain strong for an extended period and as a result of the economic stagnation and deterioration in earnings brought on by the massive earthquake that struck eastern Japan.

Under such business circumstances, the Group reviewed its business portfolio and reduced fixed costs by taking measures that included the reassignment of staff to more appropriate positions. This fiscal year is the last year of a two-year process of carrying out structural reforms for future growth.

In the fiscal year under review, net sales were up year on year thanks to continued growth in emerging countries, although the strong yen had a negative influence. Operating income increased due to increased sales and continued efforts to implement structural reforms that strengthened the company by reducing fixed costs. As a result, ordinary income also increased. Although a net loss was reported due to extraordinary losses such as a loss on valuation of investment securities and a business structure improvement expense, the net loss this fiscal year was down from the previous year.

Consolidated — Billions of yen

	Year ended March 31, 2010	Year ended March 31, 2011	Change
Net Sales	316.606	325.620	up 9.014
Operating Income	2.619	11.079	up 8.460
Ordinary Income	0.239	8.590	up 8.351
Net Loss	(14.799)	(6.692)	down 8.106

Results by individual segment are outlined below.

Please note that an accounting standard on the disclosure of segment information, etc. (Corporate Accounting Standard No. 17 of March 27, 2009) and a guideline for applying the standard (Corporate Accounting Standard Application Guideline No. 20 of March 21, 2008) have been applied since the start of the fiscal year under review. As a result, the method for aggregating segment data has been changed, though the reporting segments remain unchanged from the previous fiscal year. For comparison purposes only, the segment information for the previous fiscal year has been reclassified based on the new aggregation method.

Industrial Automation and Control Business

Billions of yen

	Year ended March 31, 2010	Year ended March 31, 2011	Change
Net Sales	257.312	260.665	up 3.353
Operating Income	19.713	16.464	down 3.249

The industrial automation and control business was strong throughout the year thanks to the growing number of new electric power and energy related construction projects in China, India, Russia, South Korea, Southeast Asia, and the Middle East, which more than offset slack demand in North America and Europe. In the Japan market, although demand started to pick up in the first half in markets related to pulp and paper, steel, water supply and drainage, and electric power, capital investment slowed in the second half due to economic uncertainty.

Under such circumstances, the Group concentrated on the booming upstream markets for the exploration, development, and production of oil and natural gas and on the electric power sector, which is experiencing strong demand in emerging countries. We also focused on providing plant energy conservation diagnostic services to our customers in Asia. In Japan, we expanded the service business, advanced into new markets, and captured market share by improving our marketing and proposal development capability and strengthening our cost competitiveness.

As a result of these proactive efforts to respond to market changes, sales in the industrial automation and control business rose to 260.665 billion yen, a year-on-year increase of 3.353 billion yen that was achieved despite the impact on yen-denominated sales of the strong yen. However, operating income declined to 16.464 billion yen, a decrease of 3.249 billion yen from the previous year, due to the strong yen and increased R&D expenditure.

Test and Measurement Business

Billions of yen

	Year ended March 31, 2010	Year ended March 31, 2011	Change
Net Sales	31.926	37.076	up 5.150
Operating Loss	(18.268)	(6.391)	down 11.877

In the test and measurement businesses, although investment by major semiconductor manufacturers in Asia and the United States was buoyed by strong demand for semiconductors used in mobile devices and other types of electronic equipment, capital investment lagged for front-end memory testers, a major Yokogawa product, due to factors such as falling DRAM prices. Meanwhile, in the measuring instruments market, demand for power and optical measurement products remained strong in the booming energy-saving, alternative energy, and optical market sectors.

Under such market circumstances, we sought to reduce fixed costs and R&D expenditure for the semiconductor tester business, and strengthened marketing of our measuring instruments in emerging countries, with an emphasis on the energy-saving, alternative energy, and optical market sectors.

As a result, sales for the test and measurement business rose to 37.076 billion yen, an increase of 5.150 billion yen from the previous year, whereas the operating loss declined to 6.391 billion yen, a decrease of 11.877 billion yen from the previous year.

Other Businesses

Billions of yen

	Year ended March 31, 2010	Year ended March 31, 2011	Change
Net Sales	27.368	27.879	up 0.511
Operating Income	1.174	1.006	down 0.168

With our Other Businesses segment, net sales were 27.879 billion yen, up 511 million yen from the previous fiscal year. Operating income was 1.006 billion yen, down 168 million yen from the previous year.

(2) Full Year Business Forecast

Although none of our Group companies suffered damage to their facilities as the result of the March 2011 Great East Japan Earthquake, we have decided not to announce an official forecast of the consolidated business results for the fiscal year ending March 2012 as not enough information is available to make a rational assessment of the anticipated business results following the impact of this disaster. As soon as the situation becomes clearer, we will publically announce our forecast.

(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 361.233 billion yen, down 37.558 billion yen from the end of the previous fiscal year. The decline in total assets is mainly attributed to a 19.257 billion yen decrease in cash and deposits, an 8.012 billion yen decrease in notes and accounts receivable-trade, and a 7.321 billion yen decrease in property, plant and equipment.

Total liabilities were 216 billion yen, down 25.431 billion from the end of the previous fiscal year. The decline in total liabilities is mainly attributed to a 26.068 billion yen decrease in short-term loans payable and long-term loans payable.

Net assets were 145.232 billion yen, down 12.127 billion yen from the end of the previous fiscal year. The decline in net assets is mainly attributed to a 7.292 billion yen decrease in retained earnings and 3.827 billion yen decrease in the foreign currency translation adjustment. As a result, the shareholders' equity ratio was 39.2%, up 0.7% from the end of the previous year.

2) Cash flow status

The balance of cash and cash equivalents at the end of the fiscal year under review was 57.334 billion yen, down 19.220 billion yen from the previous fiscal year as a result of a net inflow of 16.168 billion yen from operating activities, a net outflow of 7.993 billion yen from investing activities, and a net outflow of 25.688 billion yen from financing activities.

The cash flow from operating activities was a net inflow of 16.168 billion yen, a decrease of 5.202 billion yen from the previous fiscal year, as a consequence of adjustments for such positive factors as 13.836 billion yen in depreciation and amortization and 6.8 billion yen for business structure improvement expenses, and the negative factor of a 1.127 billion yen net loss before taxes and minority interests.

The cash flow from investing activities saw a net outflow of 7.993 billion yen, a year-on-year decrease of 5.184 billion yen, as a consequence of items such as the acquisition of 4.718 billion yen in property, plant and equipment and 5.335 billion yen in intangible assets.

The cash flow from financing activities saw a net outflow of 25.688 billion yen due to items such as a repayment of 24.236 billion yen in long-term loans payable.

(Note) Trends in cash flow indicators

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011
Shareholders' equity ratio (%) (Shareholders' equity / total assets)	53.4	49.6	41.7	38.5	39.2
Market value based shareholders' equity ratio (%) (Total market value of stock / total assets)	108.2	57.8	25.3	52.6	45.2
Cash flow to interest bearing debt ratio (Interest-bearing debt / cash flow)	1.5	4.5	5.1	6.4	6.9
Interest coverage ratio (multiple) (Cash flow / interest payments)	37.6	15.0	16.9	11.4	5.7

(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 Period

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 business investment for long-term growth, and taking under consideration the need to secure an internal reserve and strengthen our financial standing, we have set the consolidated dividend payout ratio at 30%.

Regarding the period under review, we regret to inform that no year-end dividend will be paid due to the net loss (both on a consolidated and a non-consolidated basis) and the decrease in net assets. This follows the decision earlier this year not to pay an interim dividend. Our business forecast for the fiscal year ending March 31, 2012, which is to be announced once we are able to make an informed assessment of anticipated business results, will address the topic of dividend payments.

2. Status of the Yokogawa Group

The Yokogawa Group consists of Yokogawa Electric Corporation ("the Company"), 86 subsidiaries, and 4 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, mainly 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 conduct sales, engineering, and after-sales service.

(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, semiconductor test systems, and confocal scanners.

Yokogawa Manufacturing Corporation and Yokogawa Electronics Manufacturing Korea Co., Ltd. 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. Yokogawa Manufacturing Corporation manufactures semiconductor test systems and the Company handles sales and after-sales service for these products in all markets in and outside Japan except South Korea, where after-sales service is handled by Yokogawa Measuring Instruments Korea Corporation, and Taiwan, where Yokogawa Taiwan Corporation provides after-sales service. Confocal scanners are mainly manufactured by Yokogawa Manufacturing Corporation and sales and after-sales service for these products are handled by the Company.

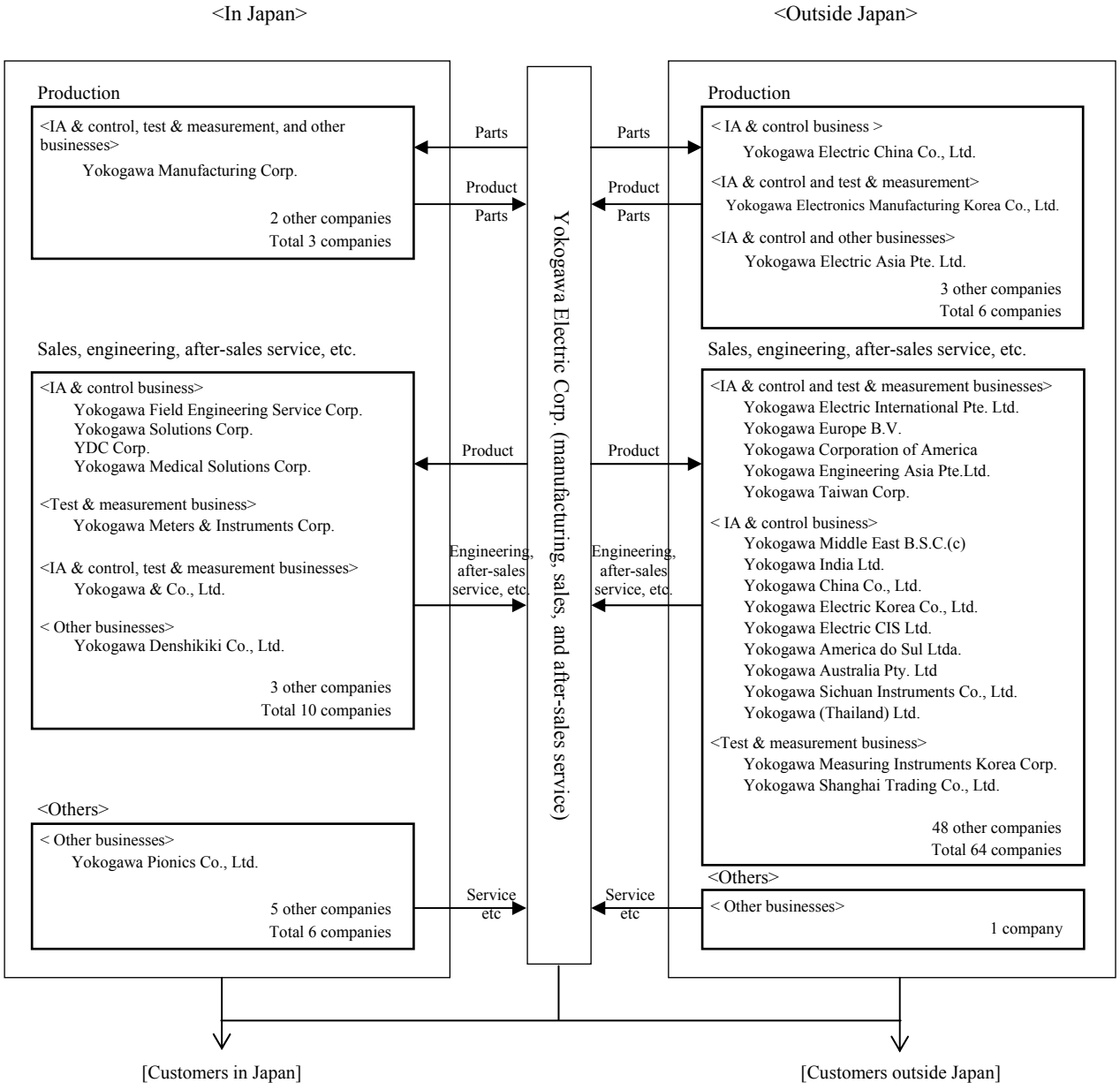
(3) Other Businesses

The major product is aviation equipment.

The Company and Yokogawa Denshikiki Co., Ltd. are engaged in the manufacture and sale of aviation 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.



(Note) All companies whose names are mentioned in the diagram are consolidated subsidiaries.

3. Management Policies

(1) Core Management Policies

Corporate Philosophy

As a group, 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

Planning was underway for a public announcement regarding a medium-term business plan that would commence in fiscal year 2011. However, due to the uncertain situation that followed the March 2011 Great East Japan Earthquake, we decided to postpone the public announcement of this medium-term business plan. We will announce this plan, which will include target management indicators, as soon as the outlook becomes clearer.

(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 create a profitable corporate structure, the Yokogawa Group positioned fiscal years 2009 and 2010 as a period of structural reforms that would improve efficiency and prepare the way for the next growth phase by reducing fixed costs and reviewing the business portfolio. Regarding the reduction of fixed costs, we have surpassed the initial target. As for the review of the business portfolio, we decided to scale down or withdraw from almost all unprofitable businesses. In fiscal year 2011, we will complete the revision of our business portfolio centering on the industrial automation and control business.

Uncertainty about our business operations has increased due to the earthquake in March. Therefore, we have decided to focus our activities in fiscal year 2011 on contributing to Japan’s economic recovery while continuing to take measures that will strengthen our corporate structure by, for example, promoting efficiency.

Challenges in enhancing corporate governance

Our Group will place a 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 outside directors who are independent from the full-time 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, 2010	Year ended March 31, 2011
Assets		
Current assets		
Cash and deposits	77,921	58,663
Notes and accounts receivable-trade	111,505	103,492
Merchandise and finished goods	15,802	16,477
Work in process	9,839	8,745
Raw materials and supplies	9,042	10,250
Deferred tax assets	3,269	2,829
Other	10,245	9,853
Allowance for doubtful accounts	(3,276)	(3,175)
Total current assets	234,350	207,136
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	52,843	48,927
Machinery, equipment and vehicles, net	9,110	7,219
Tools, furniture and fixtures, net	5,394	4,569
Land	18,645	17,243
Lease assets, net	455	488
Construction in progress	1,974	2,653
Total property, plant and equipment	88,423	81,101
Intangible assets	30,137	30,095
Investments and other assets		
Investment securities	34,178	31,731
Long-term loans receivable	99	—
Deferred tax assets	2,317	2,076
Other	9,898	9,459
Allowance for doubtful accounts	(613)	(368)
Total investments and other assets	45,881	42,899
Total noncurrent assets	164,442	154,096
Total assets	398,792	361,233

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,942	28,806
Short-term loans payable	32,214	54,258
Income taxes payable	2,296	3,270
Provision for bonuses	10,407	11,526
Accounts payable-other	10,251	12,828
Other	40,315	41,402
Total current liabilities	124,426	152,093
Noncurrent liabilities		
Long-term loans payable	104,851	56,739
Deferred tax liabilities	1,809	1,672
Provision for retirement benefits	2,855	2,067
Provision for directors' retirement benefits	209	203
Long-term accounts payable-other	4,840	—
Other	2,438	3,224
Total noncurrent liabilities	117,005	63,907
Total liabilities	241,431	216,000
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,345	50,344
Retained earnings	80,303	73,011
Treasury stock	(10,991)	(11,001)
Total shareholders' equity	163,058	155,755
Total other comprehensive income		
Valuation difference on available-for-sale securities	2,450	2,145
Deferred gains or losses on hedges	82	(137)
Pension liability adjustment	(369)	(374)
Foreign currency translation adjustment	(11,859)	(15,686)
Total other comprehensive income	(9,696)	(14,053)
Minority interests	3,998	3,529
Total net assets	157,360	145,232
Total liabilities, net assets	398,792	361,233

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

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Net sales	316,606	325,620
Cost of sales	214,474	215,130
Gross profit	102,132	110,489
Selling, general and administrative expenses	99,512	99,410
Operating income (loss)	2,619	11,079
Non-operating income		
Interest income	272	305
Dividend income	1,591	1,553
Equity in earnings of affiliates	507	593
Miscellaneous income	702	1,302
Total non-operating income	3,074	3,754
Non-operating expenses		
Interest expenses	2,117	2,815
Foreign exchange losses	385	1,752
Miscellaneous expenses	2,951	1,676
Total non-operating expenses	5,454	6,244
Ordinary income (loss)	239	8,590
Extraordinary income		
Gain on sale of noncurrent assets	199	205
Gain on sales of investment securities	2	502
State subsidy	346	333
Gain on prior period adjustment	239	—
Other	162	417
Total extraordinary income	950	1,459
Extraordinary losses		
Loss on sale of noncurrent assets	36	79
Loss on retirement of noncurrent assets	796	304
Impairment loss	6,159	707
Loss on valuation of investment securities	220	2,250
Restructuring loss	1,551	—
Business structure improvement expense	1,085	6,800
Impairment loss on software for sale	562	—
Other	1,471	931
Total extraordinary losses	11,883	11,074
Loss before income taxes and minority interests	(10,693)	(1,025)
Income taxes-current	3,095	4,490
Income taxes-deferred	484	630
Total income taxes	3,579	5,121
Loss before minority interests	—	(6,146)
Minority interests in income	525	545
Net loss	(14,799)	(6,692)

Statements of Comprehensive Income

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Income before minority interests	—	(6,146)
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(316)
Deferred gains or losses on hedges	—	(219)
Pension liability adjustment	—	(5)
Foreign currency translation adjustment	—	(3,970)
Share of other comprehensive income of associates accounted for using equity method	—	(4)
Total other comprehensive income	—	(4,517)
Comprehensive income	—	(10,663)
（Comprehensive income attributable to）		
Comprehensive income attributable to owners of the parent	—	(11,048)
Comprehensive income attributable to minority interests	—	385

(3) Consolidated Statements of Changes in Net Assets

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	43,401	43,401
Balance at the end of current period	43,401	43,401
Capital surplus		
Balance at the end of previous period	50,345	50,345
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	50,345	50,344
Retained earnings		
Balance at the end of previous period	97,134	80,303
Changes of items during the period		
Dividends from surplus	(2,060)	(515)
Net income (loss)	(14,799)	(6,692)
Other	28	(84)
Total changes of items during the period	(16,831)	(7,292)
Balance at the end of current period	80,303	73,011
Treasury stock		
Balance at the end of previous period	(10,978)	(10,991)
Changes of items during the period		
Purchase of treasury stock	(14)	(11)
Disposal of treasury stock	2	1
Total changes of items during the period	(12)	(9)
Balance at the end of current period	(10,991)	(11,001)
Total shareholders' equity		
Balance at the end of previous period	179,902	163,058
Changes of items during the period		
Dividends from surplus	(2,060)	(515)
Net income (loss)	(14,799)	(6,692)
Purchase of treasury stock	(14)	(11)
Disposal of treasury stock	1	1
Other	28	(84)
Total changes of items during the period	(16,844)	(7,302)
Balance at the end of current period	163,058	155,755

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Total other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	17	2,450
Changes of items during the period		
Net changes of items other than shareholders' equity	2,432	(304)
Total changes of items during the period	2,432	(304)
Balance at the end of current period	2,450	2,145
Deferred gains or losses on hedges		
Balance at the end of previous period	—	82
Changes of items during the period		
Net changes of items other than shareholders' equity	82	(219)
Total changes of items during the period	82	(219)
Balance at the end of current period	82	(137)
Pension liability adjustment		
Balance at the end of previous period	(384)	(369)
Changes of items during the period		
Net changes of items other than shareholders' equity	14	(5)
Total changes of items during the period	14	(5)
Balance at the end of current period	(369)	(374)
Foreign currency translation adjustment		
Balance at the end of previous period	(12,311)	(11,859)
Changes of items during the period		
Net changes of items other than shareholders' equity	451	(3,827)
Total changes of items during the period	451	(3,827)
Balance at the end of current period	(11,859)	(15,686)
Total other comprehensive income		
Balance at the end of previous period	(12,678)	(9,696)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,981	(4,356)
Total changes of items during the period	2,981	(4,356)
Balance at the end of current period	(9,696)	(14,053)
Minority interests		
Balance at the end of previous period	3,783	3,998
Changes of items during the period		
Net changes of items other than shareholders' equity	214	(468)
Total changes of items during the period	214	(468)
Balance at the end of current period	3,998	3,529

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Total net assets		
Balance at the end of previous period	171,008	157,360
Changes of items during the period		
Dividends from surplus	(2,060)	(515)
Net income (loss)	(14,799)	(6,692)
Purchase of treasury stock	(14)	(11)
Disposal of treasury stock	1	1
Other	28	(84)
Net changes of items other than shareholders' equity	3,196	(4,825)
Total changes of items during the period	(13,648)	(12,127)
Balance at the end of period under review	157,360	145,232

(4) Consolidated Cash Flow Statements

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(10,693)	(1,025)
Depreciation and amortization	16,033	13,836
Increase (decrease) in allowance for doubtful accounts	322	(239)
Increase (decrease) in provision for bonuses	1,591	1,309
Increase (decrease) in provision for retirement benefits	(228)	(58)
Interest and dividend income	(1,863)	(1,859)
Interest expense	2,117	2,815
Loss (gain) on valuation of investment securities	220	2,250
Equity in (earnings) losses of affiliates	(507)	(593)
Loss (gain) on sales of investment securities	(2)	(502)
Loss on retirement of noncurrent assets	796	304
Impairment loss	6,159	707
Restructuring loss	1,551	—
Business structure improvement expense	1,085	6,800
Impairment loss on software for sale	562	—
Decrease (increase) in notes and accounts receivable-trade	2,704	2,293
Decrease (increase) in inventories	10,262	(1,669)
Increase (decrease) in notes and accounts payable-trade	(779)	2,290
Decrease in payment liability due to change in retirement payment system	(4,915)	(4,235)
Other, net	(378)	2,122
Subtotal	24,038	24,547
Interest and dividend income received	2,015	1,921
Interest expenses paid	(1,875)	(2,827)
Payments for extra retirement payments	—	(4,020)
Income taxes paid	(2,807)	(3,452)
Net cash provided by (used in) operating activities	21,371	16,168
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,622)	(3,377)
Proceeds from withdrawal of time deposits	2,549	3,336
Purchase of property, plant and equipment	(5,278)	(4,718)
Proceeds from sale of property, plant and equipment	321	514
Purchase of intangible assets	(8,183)	(5,335)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	818
Other, net	1,034	768
Net cash provided by (used in) investment activities	(13,178)	(7,993)

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(4,176)	(669)
Increase (decrease) in commercial paper	(10,000)	—
Proceeds from long-term loans payable	27,603	—
Repayment of long-term loans payable	(8)	(24,236)
Purchase of treasury stock	(14)	(11)
Cash dividends paid	(2,063)	(521)
Cash dividends paid to minority shareholders	(281)	(250)
Other, net	1	1
Net cash provided by (used in) financing activities	11,059	(25,688)
Effect of exchange rate change on cash and cash equivalents	337	(1,784)
Net increase (decrease) in cash and cash equivalents	19,590	(19,297)
Cash and cash equivalents at beginning of period	56,833	76,555
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	131	76
Cash and cash equivalents at end of period	76,555	57,334

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

(Increase: 7 companies)

Increasing importance:	Yokogawa Engineering Services de Mexico, S.A. de C.V. (Mexico)
Formation:	Yokogawa Medical Solutions Corporation
Foundation:	Yokogawa Electric Kazakhstan Ltd. (Kazakhstan)
	Yokogawa Services Solutions Nigeria Limited (Nigeria)
	Yokogawa Nigeria Limited. (Nigeria)
	Yokogawa Process Control (SHANGHAI) Co., Ltd. (China)
	Yokogawa Test Solutions Corporation

(Decrease: 4 companies)

Liquidation:	Yokogawa China Co., Ltd.
Merger:	Yokogawa Measurement Technologies GmbH (Germany) Merged with Yokogawa Deutschland GmbH (subsidiary)
	Yokogawa Trading Corporation Merged with Yokogawa Manufacturing Corporation (subsidiary)
Divestment of subsidiary's shares	Kokusai Chart Corporation

(2) Non-consolidated subsidiaries

(Names of major companies) 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

(Names of the company) Yokogawa Foundry Corporation
The range of equity method has been revised due to changes involving the following companies:
(Decrease: 1 company)

Merger:	Morioka Tokki Corporation Merged with Yokogawa Denshikiki Co., Ltd. (subsidiary)

(2) Affiliated companies: 3 companies

(Names of major companies) Yokogawa Rental & Lease Corporation

(3) Companies for which the equity method is not applicable

(Names of major companies) Yokogawa Q&A Corporation
This company does not significantly influence the consolidated financial statements, and has therefore been excluded from the range of application of the equity method.

(4) 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 12 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.

(7) Changes to Important Items that Serve as the Foundation for the Creation of Consolidated Financial Statements

(Application of accounting standards on asset retirement obligations)

An accounting standard on asset retirement obligations (Corporate Accounting Standard No. 18 of March 31, 2008) and a guideline for applying the standard (Corporate Accounting Standard Application Guideline No. 21 of March 31, 2008) have been applied since the fiscal year under review. Their influence on the consolidated financial statements for the fiscal year under review is negligible.

(Application of accounting standard on equity method and interim accounting treatment for application of equity method to affiliated companies)

The accounting standard on the equity method (Corporate Accounting Standard No. 16 of March 10, 2008) and an interim accounting treatment that applies the equity method to affiliated companies (Practice Handling Report No. 24 of March 10,

2008) have been applied since the fiscal year under review. These have no influence on the consolidated financial statements for the fiscal year under review.

(8) Changes to the Method of Display

(Consolidated balance sheets)
The "Long-term loans receivable" that was classified and shown in the noncurrent assets category in the previous fiscal year is, from the viewpoint of materiality, included and shown in "Other" in the noncurrent assets category in the fiscal year under review. Note that the amount concerned for the fiscal year under review is 83 million yen.

The "Long-term accounts payable-other" item that was classified and shown in the noncurrent liabilities category in the previous year is now included and shown in "Other" under the noncurrent liabilities category for the fiscal year under review, as the amount is marginal. Note that the amount concerned for the fiscal year under review is 1,101 million yen.

(Consolidated statements of income)
The "Restructuring loss" item that was classified and shown in the extraordinary losses category in the previous year is included and shown in "Other" in the extraordinary losses category for the fiscal year under review, as the amount is marginal. Note that the amount concerned for the fiscal year under review is 23 million yen.

Beginning with the fiscal year under review, we use "Cabinet Office Ordinance that amends part of the rules, etc. concerning the term, style and method of preparing financial statements, etc." (Cabinet Office Ordinance No. 5 dated March 24, 2009) based on the ASBJ Statement No. 22 Accounting Standard for Consolidated Financial Statements (December 26, 2008). Thus, we use the account title "Loss before minority interests."

(Consolidated statements of cash flows)
The payments for extra retirement payments that were included and shown in "Others" in the "Net cash provided by (used in) operating activities in the previous fiscal year" category have been, from the increase of materiality, reclassified and are now shown as a separate item ("Payments for extra retirement payments") for the fiscal year under review. Note that the amount concerned for the previous fiscal year was 823million yen.

The "Restructuring loss" item that was classified and shown in the "Net cash provided by (used in) operating activities" category in the previous year is included and shown in "Other" in the "Net cash provided by (used in) operating activities" category for the fiscal year under review, as the amount is marginal. Note that the amount concerned for the fiscal year under review is 23 million yen.

(9) Additional Information

As for "Other securities," losses have conventionally been realized when their market price falls 30% or more below the acquisition cost, based on a judgment that there is no possibility for recovery in such a case. However, we now believe that the possibility for a recovery in the market price should be considered more carefully, in view of the increased volatility of stock prices caused by recent changes in the financial markets. From the fiscal year under review, for those stocks whose prices have fallen over 30% but not more than 50%, we will examine each stock's past price trends and prospects for a price recovery and decide whether to take a loss. This is expected to have a negligible influence on the consolidated financial statements for the fiscal year under review.

(10) Notes to Consolidated Financial Statements

(Statements of Comprehensive Income)
Year ended March 31, 2011 (April 1, 2010-March 31, 2011)

i Comprehensive income for the previous fiscal year

Comprehensive income attributable to owners of the parent	(11,817) million yen
Comprehensive income attributable to minority interests	473 million yen
Total	(11,344) million yen

ii Other comprehensive income for the previous fiscal year

Valuation difference on available-for-sale securities	2,458 million yen
Deferred gains or losses on hedges	82 million yen
Pension liability adjustment	14 million yen
Foreign currency translation adjustment	363 million yen
Share of other comprehensive income of associates accounted for using equity method	10 million yen
Total	2,929 million yen

(Additional information)

Beginning with the fiscal year under review, we use the ASBJ Statement No.25 Accounting Standard for Presentation of Comprehensive Income (June 30, 2010). However, the "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" of the previous fiscal year include the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments," respectively.

(Segment information)

(Additional information)

Please note that an accounting standard on the disclosure of segment information, etc. (Corporate Accounting Standard No. 17 of March 27, 2009) and a guideline for applying the standard (Corporate Accounting Standard Application Guideline No. 20 of March 21, 2008) have been applied since the fiscal year under review. As a result, the method for aggregating segment data has been changed, though the reporting segments remain unchanged from the previous fiscal year.

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 measurement instruments, optical communications measurement instruments, signal generators, and electric voltage, current, and power measurement instruments; semiconductor testers for memory and LCD drivers; 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 system 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, 2010		Year ended March 31, 2011		Change
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Industrial Automation and Control Business	Net sales to unaffiliated customers	257,312	81.3	260,665	80.0	3,353
	Operating income (loss)	19,713	752.7	16,464	148.6	(3,249)
	Assets	199,087	75.2	192,761	77.0	(6,326)
	Depreciation	11,173	69.7	10,638	76.9	(535)
	Loss on impaired assets	124		305		181
	Capital expenditure	9,255	83.2	8,929	78.8	(326)
Test and Measurement Business	Net sales to unaffiliated customers	31,926	10.1	37,076	11.4	5,150
	Operating income (loss)	(18,268)	-697.5	(6,391)	-57.7	11,877
	Assets	41,047	15.5	34,274	13.7	(6,773)
	Depreciation	3,742	23.3	2,172	15.7	(1,570)
	Loss on impaired assets	5,548		378		(5,170)
	Capital expenditure	1,411	12.7	884	7.8	(527)
Other Businesses	Net sales to unaffiliated customers	27,368	8.6	27,879	8.6	511
	Operating income (loss)	1,174	44.8	1,006	9.1	(168)
	Assets	24,504	9.2	22,957	9.2	(1,547)
	Depreciation	1,117	7.0	1,024	7.4	(93)
	Loss on impaired assets	278		23		(255)
	Capital expenditure	457	4.1	1,523	13.4	1,066
Consolidated	Net sales to unaffiliated customers	316,606	100.0	325,620	100.0	9,014
	Operating income (loss)	2,619	100.0	11,079	100.0	8,460
	Assets	264,750	100.0	250,163	100.0	(14,587)
	Depreciation	16,033	100.0	13,836	100.0	(2,196)
	Loss on impaired assets	6,159		707		(5,451)
	Capital expenditure	11,125	100.0	11,337	100.0	212

(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. The segment information for the previous fiscal year has been reclassified based on the new aggregation method.

[Reference]
Industrial Automation and Control Business segment information by geographical location Millions of yen

		(Reference) Year ended March 31, 2010	Year ended March 31, 2011	Change
Japan	Net sales to unaffiliated customers	106,301	106,159	(142)
	Operating income (loss)	10,016	3,354	(6,662)
Asia	Net sales to unaffiliated customers	65,677	72,687	7,010
	Operating income (loss)	5,169	7,623	2,454
Europe	Net sales to unaffiliated customers	35,519	29,219	(6,300)
	Operating income (loss)	1,666	1,596	(70)
North America	Net sales to unaffiliated customers	18,714	16,804	(1,910)
	Operating income (loss)	(335)	(245)	90
Middle East	Net sales to unaffiliated customers	16,558	17,408	850
	Operating income (loss)	2,725	2,909	184
Other	Net sales to unaffiliated customers	14,543	18,388	3,845
	Operating income (loss)	472	1,227	755
Consolidated	Net sales to unaffiliated customers	257,312	260,665	3,353
	Operating income (loss)	19,713	16,464	(3,249)

(Note) 1. 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.
2. Geographical location net sales are net sales by location of the Company and consolidated subsidiaries in countries or regions.

3. Non-Japan net sales

Millions of yen

Term / Region	(Reference) Year ended March 31, 2010		Year ended March 31, 2011		Change
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Asia	72,872	23.0	77,037	23.7	4,165
Europe	32,007	10.1	26,843	8.2	(5,164)
North America	20,931	6.6	20,997	6.5	65
Middle East	25,199	8.0	22,952	7.0	(2,246)
Other	26,289	8.3	36,868	11.3	10,579
Non-Japan net sales	177,299	56.0	184,699	56.7	7,400
Consolidated net sales	316,606	—	325,620	—	9,014

(Note) 1. 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.
2. Non-Japan net sales are net sales of the Company and consolidated subsidiaries in countries or regions outside Japan.

(Per-share Information)

	Year ended March 31, 2010	Year ended March 31, 2011
Net assets per share (yen)	595.42	550.19
Net income or loss per share (yen)	(57.45)	(25.98)

(Note) 1. The amount of the fully diluted net income per share for the fiscal year under review is not described because it is a net loss per share and there is no residual security.
2. The basis for calculation of net income per share is as follows.

	Year ended March 31, 2010	Year ended March 31, 2011
Net income or loss (millions of yen)	(14,799)	(6,692)
Net income or loss related to common stock (millions of yen)	(14,799)	(6,692)
Average number of shares during the period	257,580,204	257,563,314

(Important Post-balance Sheet Events)

No applicable items

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

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Assets		
Current assets		
Cash and deposits	44,206	24,508
Notes and accounts receivable-trade	1,819	1,425
Accounts receivable-trade	55,294	47,947
Merchandise and finished goods	4,387	3,511
Work in process	2,215	2,432
Raw materials and supplies	1,865	1,695
Advance payments-trade	710	136
Prepaid expenses	1,211	1,326
Short-term loans receivable	17,064	11,079
Accounts receivable-other	5,076	4,282
Other	343	327
Allowance for doubtful accounts	(23)	(2,537)
Total current assets	134,172	96,137
Noncurrent assets		
Property, plant and equipment		
Buildings, net	30,911	30,366
Structures, net	1,254	1,092
Machinery and equipment, net	1,857	1,112
Tools, furniture and fixtures, net	2,596	2,100
Land	11,241	12,527
Construction in progress	2,136	2,675
Other, net	60	40
Total property, plant and equipment	50,058	49,917
Intangible assets		
Goodwill	355	219
Patent right	44	30
Leasehold right	602	602
Software	7,889	7,180
Software in progress	17,533	18,370
Other	59	55
Total intangible assets	26,485	26,458

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Investments and other assets		
Investment securities	28,250	25,526
Stocks of subsidiaries and affiliates	29,504	31,019
Investment in capital of subsidiaries and affiliates	12,958	12,559
Long-term loans receivable from subsidiaries and affiliates	9,266	6,101
Long-term prepaid expenses	307	110
Lease and guarantee deposits	1,092	1,069
Long-term financial assets	5,770	5,810
Other	608	481
Allowance for doubtful accounts	(5,344)	(2,696)
Total investments and other assets	82,414	79,982
Total noncurrent assets	158,958	156,357
Total assets	293,130	252,495
Liabilities		
Current liabilities		
Notes payable-trade	192	100
Accounts payable-trade	17,388	14,003
Short-term loans payable	648	1,204
Current portion of long-term loans payable	24,176	48,176
Accounts payable-other	10,090	11,041
Accrued expenses	3,821	4,423
Income taxes payable	172	178
Advances received	760	485
Deposits received	387	360
Unearned revenue	573	436
Provision for bonuses	4,911	5,469
Other	3,304	5,490
Total current liabilities	66,427	91,370
Noncurrent liabilities		
Long-term loans payable	104,846	56,519
Long-term accounts payable-other	2,921	213
Deferred tax liabilities	1,319	1,433
Other	3,679	1,617
Total noncurrent liabilities	112,766	59,784
Total liabilities	179,193	151,154

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus		
Legal capital surplus	46,350	46,350
Other capital surplus	3,801	3,801
Total capital surplus	50,151	50,151
Retained earnings		
Legal retained earnings	5,372	5,372
Other retained earnings		
Reserve for retirement allowance	1,255	—
Reserve for dividends	1,235	—
Reserve for advanced depreciation of noncurrent assets	1,418	1,353
General reserve	11,783	11,783
Retained earnings brought forward	7,922	(1,742)
Total retained earnings	28,986	16,766
Treasury stock	(10,991)	(11,001)
Total shareholders' equity	111,548	99,317
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,389	2,022
Total valuation and translation adjustments	2,389	2,022
Total net assets	113,937	101,340
Total liabilities, net assets	293,130	252,495

(2) Statements of Income

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Net sales		
Net sales of finished goods	156,948	153,412
Total net sales	156,948	153,412
Cost of sales		
Beginning finished goods	5,934	3,291
Cost of products manufactured	121,315	119,251
Transfer from other account	2,443	0
Total	129,693	122,543
Transfer to other account	754	1,516
Ending finished goods	3,291	2,734
Cost of finished goods sold	125,647	118,292
Gross profit	31,301	35,119
Selling, general and administrative expenses	47,596	45,484
Operating loss	(16,294)	(10,364)
Non-operating income		
Interest income	273	208
Dividend income	4,405	9,085
Rent receivable	1,445	1,840
Miscellaneous income	335	703
Total non-operating income	6,460	11,838
Non-operating expenses		
Interest expenses	1,686	2,523
Contribution	76	121
Rent payable	1,342	1,713
Compensation for damage	440	—
Foreign exchange losses	614	949
Foreign withholding taxes	277	—
Miscellaneous loss	1,702	953
Total non-operating expenses	6,140	6,260
Ordinary loss	(15,974)	(4,786)

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Extraordinary income		
Gain on sale of noncurrent assets	165	176
Gain on sale of investment securities	59	239
Gain on sales of subsidiaries and affiliates' stocks	—	947
State subsidy	333	333
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	9	525
Gain on prior period adjustment	94	—
Other	90	425
Total extraordinary income	752	2,647
Extraordinary losses		
Loss on sale of noncurrent assets	27	2
Loss on retirement of noncurrent assets	534	139
Impairment loss	5,747	567
Compensation for impairment loss on affiliated companies' production facilities	102	39
Loss on sale of shares in subsidiaries and affiliates	1,926	—
Loss on valuation of stock of subsidiaries and affiliates	44	—
Loss on valuation of investment securities	199	2,247
Restructuring loss	842	—
Business structure improvement expense	—	5,974
Impairment loss on software for sale	562	—
Other	625	465
Total extraordinary losses	10,613	9,436
Loss before income taxes and minority interests	(25,835)	(11,575)
Income taxes-current	61	153
Income taxes-deferred	(46)	(23)
Total income taxes	14	130
Net loss	(25,849)	(11,705)

(3) Statements of Changes in Net Assets

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	43,401	43,401
Balance at the end of current period	43,401	43,401
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	46,350	46,350
Balance at the end of current period	46,350	46,350
Other capital surplus		
Balance at the end of previous period	3,802	3,801
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	3,801	3,801
Total capital surplus		
Balance at the end of previous period	50,152	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 end of previous period	5,372	5,372
Balance at the end of current period	5,372	5,372
Other retained earnings reserve		
Reserve for retirement allowance		
Balance at the end of previous period	1,255	1,255
Changes of items during the period		
Reversal of reserve for retirement allowance	—	(1,255)
Total changes of items during the period	—	(1,255)
Balance at the end of current period	1,255	—
Reserve for dividends		
Balance at the end of previous period	1,235	1,235
Changes of items during the period		
Reversal of reserve for dividends	—	(1,235)
Total changes of items during the period	—	(1,235)
Balance at the end of current period	1,235	—
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	1,485	1,418
Changes of items during the period		
Reversal of reserve for advanced depreciation of noncurrent assets	(67)	(65)
Total changes of items during the period	(67)	(65)
Balance at the end of current period	1,418	1,353

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
General reserve		
Balance at the end of previous period	11,783	11,783
Balance at the end of current period	11,783	11,783
Retained earnings brought forward		
Balance at the end of previous period	35,765	7,922
Changes of items during the period		
Reversal of reserve for retirement allowance	—	1,255
Reversal of reserve for dividends	—	1,235
Reversal of reserve for advanced depreciation of noncurrent assets	67	65
Dividends from surplus	(2,060)	(515)
Net loss	(25,849)	(11,705)
Total changes of items during the period	(27,842)	(9,665)
Balance at the end of current period	7,922	(1,742)
Total retained earnings		
Balance at the end of previous period	56,897	28,986
Changes of items during the period		
Dividends from surplus	(2,060)	(515)
Net loss	(25,849)	(11,705)
Total changes of items during the period	(27,910)	(12,220)
Balance at the end of current period	28,986	16,766
Treasury stock		
Balance at the end of previous period	(10,978)	(10,991)
Changes of items during the period		
Purchase of treasury stock	(14)	(11)
Disposal of treasury stock	2	1
Total changes of items during the period	(12)	(9)
Balance at the end of current period	(10,991)	(11,001)
Total shareholders' equity		
Balance at the end of previous period	139,472	111,548
Changes of items during the period		
Dividends from surplus	(2,060)	(515)
Net loss	(25,849)	(11,705)
Purchase of treasury stock	(14)	(11)
Disposal of treasury stock	1	1
Total changes of items during the period	(27,923)	(12,230)
Balance at the end of current period	111,548	99,317

Millions of yen

	(Reference) Year ended March 31, 2010	Year ended March 31, 2011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2	2,389
Changes of items during the period		
Net changes of items other than shareholders' equity	2,386	(366)
Total changes of items during the period	2,386	(366)
Balance at the end of current period	2,389	2,022
Total valuation and translation adjustments		
Balance at the end of previous period	2	2,389
Changes of items during the period		
Net changes of items other than shareholders' equity	2,386	(366)
Total changes of items during the period	2,386	(366)
Balance at the end of current period	2,389	2,022
Total net assets		
Balance at the end of previous period	139,474	113,937
Changes of items during the period		
Dividends from surplus	(2,060)	(515)
Net loss	(25,849)	(11,705)
Purchase of treasury stock	(14)	(11)
Disposal of treasury stock	1	1
Net changes of items other than shareholders' equity	2,386	(366)
Total changes of items during the period	(25,537)	(12,596)
Balance at the end of current period	113,937	101,340

(4) Changes in Accounting Policies

(Application of accounting standards on asset retirement obligations)

An accounting standard on asset retirement obligations (Corporate Accounting Standard No. 18 of March 31, 2008) and a guideline for applying the standard (Corporate Accounting Standard Application Guideline No. 21 of March 31, 2008) have been applied since the fiscal year under review. Their influence on the financial statements for the fiscal year under review is negligible.

(5) Change to the Method of Display

(Statements of Income)

The “Compensation for damage” which were classified and shown as such in the previous year is included and shown in “Other” of “Non-operating expenses” for the fiscal year under review as the amount is marginal. Note that the “Compensation for damage” in the fiscal year under review is 98 million yen.

The “Business structure improvement expense” which was included and shown in “Others” of the extraordinary loss in the previous fiscal year, is reclassified and shown as such for the fiscal year under review because it exceeds 10% of the total extraordinary loss. Note that the “Business structure improvement expense” in the previous fiscal year was 50 million yen.

(6) Additional Information

As for "Other securities," losses have conventionally been realized when their market price falls 30% or more below the acquisition cost, based on a judgment that there is no possibility of recovery in such a case. However, we now believe that the possibility for a recovery in the market price should be considered more carefully, in view of the increased volatility of stock prices caused by recent changes in the financial markets. From the fiscal year under review, for those stocks whose prices have fallen over 30% but not more than 50%, we will examine each stock’s past price trends and prospects for a price recovery and decide whether to take a loss. This has no influence on the financial statements for the fiscal year under review.

6. Other

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

Please note that an accounting standard on the disclosure of segment information, etc. (Corporate Accounting Standard No. 17 of March 27, 2009) and a guideline for applying the standard (Corporate Accounting Standard Application Guideline No. 20 of March 21, 2008) have been applied since the fiscal year under review. As a result, the method for aggregating segment data has been changed, though the reporting segments remain unchanged from the previous fiscal year. For comparison purposes only, the segment information for the previous fiscal year has been reclassified based on the new aggregation method.

(1) Production results — Millions of yen

Name of segment by business type	(Reference) Year ended March 31, 2010		Year ended March 31, 2011		Change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Change rate (%)
Industrial Automation and Control Business	257,301	81.7	260,665	80.3	3,364	1.3
Test and Measurement Business	31,926	10.1	37,075	11.4	5,149	16.1
Other Businesses	25,683	8.2	26,948	8.3	1,265	4.9
Total	314,910	100.0	324,688	100.0	9,778	3.1

(Note) 1. Amounts are based on sales price.
2. Consumption tax is not included in the above amounts.

(2) Order intake status — Millions of yen

Name of segment by business type	(Reference) Year ended March 31, 2010		Year ended March 31, 2011		Change	
	Order intake	Order backlog	Order intake	Order backlog	Order intake	Order backlog
Industrial Automation and Control Business	257,259	133,708	268,925	135,369	11,666	1,661
Test and Measurement Business	31,716	9,236	34,910	5,662	3,194	(3,574)
Other Businesses	26,272	15,683	30,258	18,565	3,985	2,882
Total	315,247	158,627	334,093	159,596	18,845	969

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

(3) Sales results — Millions of yen

Name of segment by business type	(Reference) Year ended March 31, 2010		Year ended March 31, 2011		Change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Change rate (%)
Industrial Automation and Control Business	257,312	81.3	260,665	80.0	3,353	1.3
Test and Measurement Business	31,926	10.1	37,076	11.4	5,150	16.1
Other Businesses	27,368	8.6	27,879	8.6	511	1.9
Total	316,606	100.0	325,620	100.0	9,014	2.8

(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 Candidates” and “Retirement/Appointment of Outside Directors”, that was announced on April 26, 2011.

[Reference]

May 13, 2011
Yokogawa Electric Corporation

Consolidated Financial Statements for the Year Ended March 31, 2011

Millions of yen

	Year ended March 31, 2010		Year ended March 31, 2011		Change	
	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales
Net Sales	316,606	—	325,620	—	9,014	—
Operating Income	2,619	0.8%	11,079	3.4%	8,460	2.6%
Ordinary Income	239	0.1%	8,590	2.6%	8,351	2.5%
Net Income	(14,799)	-4.7%	(6,692)	-2.1%	8,106	2.6%
Comprehensive Income	(11,344)	-3.6%	(10,663)	-3.3%	680	0.3%
Total Assets	398,792		361,233		(37,558)	
Shareholders' Equity	157,360		145,232		(12,127)	
Net Income to Shareholders' Equity Ratio	-9.2%		-4.5%		4.7%	
Net Income per Share	(57.45) yen		(25.98) yen		31.47 yen	
Shareholders' Equity per Share	595.42 yen		550.19 yen		(45.23) yen	
Capital Investment	11,125		11,337		212	
Depreciation	16,033		13,836		(2,196)	
Research and Development Expenses	28,786		29,179		393	
Average Exchange Rate during the Term						
USD	92.61 yen		85.13 yen		(7.48) yen	
EUR	130.68 yen		112.45 yen		(18.23) yen	

The method for aggregating segment data was changed in the fiscal year under review. In the following tables, the results are compared using the data calculated based on the previous and new aggregation methods.

Consolidated orders by segment

Millions of yen

	Based on previous aggregation method Year ended March 31, 2010	Based on new aggregation method Year ended March 31, 2010	Based on new aggregation method Year ended March 31, 2011
Industrial Automation and Control Business	256,505	257,259	268,925
Measurement Business	30,950	31,716	34,910
Other Businesses	27,792	26,272	30,258
Total	315,247	315,247	334,093

Consolidated sales by segment

Millions of yen

	Based on previous aggregation method Year ended March 31, 2010	Based on new aggregation method Year ended March 31, 2010	Based on new aggregation method Year ended March 31, 2011
Industrial Automation and Control Business	256,781	257,312	260,665
Measurement Business	31,481	31,926	37,076
Other Businesses	28,344	27,368	27,879
Total	316,606	316,606	325,620

Consolidated operating income by segment

Millions of yen

	Based on previous aggregation method Year ended March 31, 2010	Based on new aggregation method Year ended March 31, 2010	Based on new aggregation method Year ended March 31, 2011
Industrial Automation and Control Business	19,942	19,713	16,464
Measurement Business	(18,955)	(18,268)	(6,391)
Other Businesses	1,632	1,174	1,006
Total	2,619	2,619	11,079

Consolidated orders by segment

Millions of yen

	Based on previous aggregation method First Two Quarters of the Year ended March 31, 2010	Based on new aggregation method First Two Quarters of the Year ended March 31, 2010	Based on new aggregation method First Two Quarters of the Year ended March 31, 2011
Industrial Automation and Control Business	131,332	131,795	137,640
Measurement Business	12,732	13,016	17,982
Other Businesses	10,673	9,926	14,067
Total	154,737	154,737	169,689

Consolidated sales by segment

Millions of yen

	Based on previous aggregation method First Two Quarters of the Year ended March 31, 2010	Based on new aggregation method First Two Quarters of the Year ended March 31, 2010	Based on new aggregation method First Two Quarters of the Year ended March 31, 2011
Industrial Automation and Control Business	124,520	124,816	123,781
Measurement Business	13,343	13,449	18,025
Other Businesses	12,792	12,390	11,535
Total	150,655	150,655	153,341

Consolidated operating income by segment

Millions of yen

	Based on previous aggregation method First Two Quarters of the Year ended March 31, 2010	Based on new aggregation method First Two Quarters of the Year ended March 31, 2010	Based on new aggregation method First Two Quarters of the Year ended March 31, 2011
Industrial Automation and Control Business	8,361	8,289	6,711
Measurement Business	(11,095)	(10,878)	(2,898)
Other Businesses	354	209	58
Total	(2,380)	(2,380)	3,871