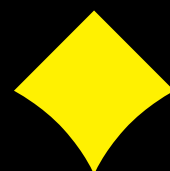




Yokogawa Electric Corporation

annual report **1999**

For the Fiscal Year Ended March 31, 1999



YOKOGAWA

profile

Founded in 1915, Yokogawa Electric Corporation is one of the world's leading suppliers of solutions to industries and enterprises. In October 1997, Yokogawa ushered in a new business concept announcing it would become a provider of enterprise technology solutions that encompass resource management information, manufacturing execution information, and production control.

The company is dedicated to promoting the quality, efficiency, and profitability of enterprise customers around the globe by providing total solutions in addition to supplying the most reliable leading-edge instruments and control systems. The company carries out these business activities conscientiously as an environmentally minded group of companies operating in the world.

Yokogawa's facilities in Japan, consisting of 3 factories, 21 offices and 71 affiliates, are complemented by a global network that extends throughout Asia, North and South America, Europe, Africa and Oceania. Our strong presence all over the world includes 18 factories, 70 affiliates in 26 countries and over 200 sales and engineering offices.

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Financial Highlights

Consolidated

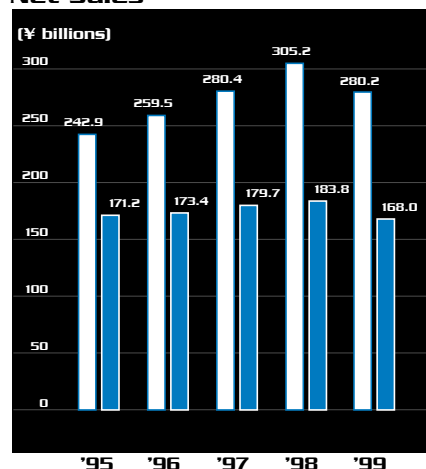
	Millions of Yen			Thousands of U.S. Dollars
	1997	1998	1999	31st March, 1999
For the Year				
Net sales	¥280,426	¥305,231	¥280,186	\$2,324,231
Net income	3,853	7,564	(4,428)	(36,731)
At Year-End				
Total assets	¥424,000	¥439,417	¥400,559	\$3,322,762
Total shareholders' equity	180,496	177,728	171,018	1,418,648
	Yen			U.S. Dollars
Per Share Data				
Net income, adjusted	¥ 14.9	¥ 29.6	¥ (17.7)	\$ (0.147)

Non-Consolidated

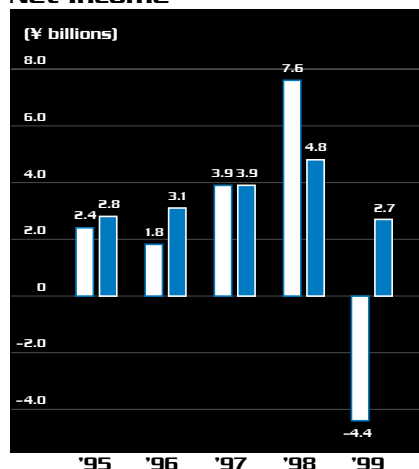
	Millions of Yen			Thousands of U.S. Dollars
	1997	1998	1999	31st March, 1999
For the Year				
Net sales	¥179,651	¥183,831	¥168,021	\$1,393,787
Net income	3,895	4,759	2,706	22,447
Capital investment	6,190	7,227	6,623	54,940
Depreciation and amortization	6,737	6,611	7,499	62,207
Research and development expenditures	16,808	17,778	17,745	147,200
At Year-End				
Total assets	¥286,704	¥309,697	¥287,415	\$2,384,197
Total shareholders' equity	173,130	169,209	169,966	1,409,921
	Yen			U.S. Dollars
Per Share Data				
Net income, adjusted	¥ 15.0	¥ 18.6	¥ 10.8	\$ 0.09
Cash dividends, unadjusted	7.5	7.5	7.5	0.062

Note: Yen amounts have been translated into U.S. dollars, for convenience only, at ¥120.55=US\$1.00, the approximate rate in effect on 31st March, 1999.

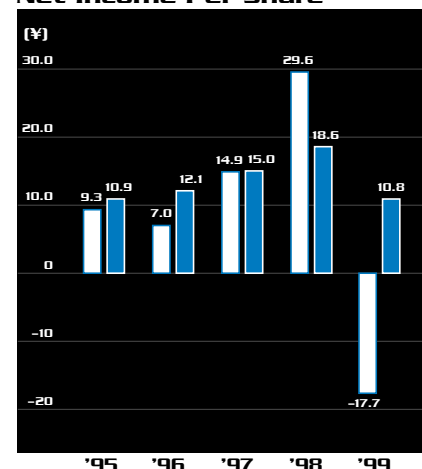
Net Sales



Net Income



Net Income Per Share



Consolidated
Non-Consolidated

Consolidated
Non-Consolidated

Consolidated
Non-Consolidated



Isao Uchida **President and Chief Executive Officer**

Under the common direction to become a provider of Enterprise Technology Solutions (ETS), Yokogawa and its group of companies took many forward-looking steps in the fiscal year ended on March 31, 1999, such as release of Foundation Fieldbus products, and CENTUM CS 3000, acquisition of power plant operation simulation company and Tonen System Plaza.

However, reflecting the difficult operating climate in Japan and Asia, particularly, and for the reason explained below, Yokogawa's consolidated performance turned out to be disappointing. While the Aerospace Business Division, with its flat panel display, enjoyed a growth in sales of ¥1.18 billion (US\$9.8 million), the Industrial Automation and Information Systems divisions felt the impact of weak equipment investments in Japan and Asia. The Test and Measurement business also suffered from inactivity in its semi-conductor business and weak investments in research and development.

Net sales decreased 8.2 percent to ¥280.2 billion (US\$2.3 billion). Operating expenses were ¥94.1 billion (US\$780.7 million), a decrease of 3.2 percent. Operating income fell 105 percent to minus ¥0.6 billion (US\$5.1 million) while the net deficit was ¥4.4 billion (US\$36.7 million). This was the first time in many years that the company had recorded a decrease in net sales and net income. Of these totals, sales outside Japan accounted for 21 percent.

These disappointing results can be explained partially by the extraordinary change in the accounting method adopted during the fiscal year. The business results for the year of most of the affiliated companies and subsidiaries in Japan and overseas cover only eleven months rather than twelve. This accounting method was introduced in preparation for a fully consolidated operation beginning with the fiscal year in April 1999.

Enterprise Technology Solutions

In October 1997, Yokogawa announced its business concept of Enterprise Technology Solutions. Upholding the ETS concept, Yokogawa aims to study and plan alongside its enterprise clients to arrive at solutions that make rational, efficient, and effective use of resources at all levels of production operation, production control, and business management. Our role in ETS goes beyond supplying such hardware that will meet these objectives but also is to propose solutions for system integration, engineering, and maintenance service that will reduce the life-cycle costs of the hardware and system. In other words, we want to offer solutions to our clients that optimize satisfaction in terms of the total cost of ownership.

The solutions introduced in fiscal year 1998 included CENTUM CS 3000, the latest distributed control system (DCS). CENTUM CS 3000, recognized by the editors of Control Engineering magazine as the "best choice" in 1998, was released globally in May 1998 as the core system for integrated production control in ETS. This system covers the large-scale production control market, while its predecessor, CENTUM CS 1000 released in September of the year before, caters to medium- and small-scale operations.

To further enhance our ETS capabilities, also in May Yokogawa acquired all shares of Tonen System Plaza, known for its Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES) engineering. In like fashion, to enhance our solutions capability in the power industry, the company acquired TechComm Simulation Pty. Ltd., the power simulation division of Utility Service Corporation of Australia in October 1998. These acquisitions supplement the ones in the previous year of Yokogawa Industrial Safety Systems B.V. for safety systems and Yokogawa Marex Technology Ltd. for MES capabilities.

The ETS approach and concept have been highly appreciated by our clients. At a Dutch exhibition in October 1998 and ISA.Expo '98 in the United States, Yokogawa's booths featuring ETS were the most popular of all the exhibitors'. Up to now we have delivered over 20 ETS systems to customers around the world, including Caltex Philippines and Aramco of Saudi Arabia.

Fieldbus, the network technology that allows digital communications between field instruments and control systems, permits a total cost of ownership reduction in industrial plant operations. At Yokogawa, this technology is regarded as one of the core technologies of ETS. An active participant in the Fieldbus Foundation and its predecessor since 1992, Yokogawa introduced its EJA series of transmitters and CENTUM CS as Foundation fieldbus products. In January 1999, Yokogawa also added YEWFO*E, CENTUM CS 1000 and CENTUM CS 3000 as Foundation fieldbus products.

New Technology, New Products, New Business

Yokogawa has continuously been investing in new technology, products and businesses. Some of the new products and technologies introduced in 1998 include the SG400 CO/O₂ Gas Analytical Device, for use in the prevention of dioxins; the DUONUS industrial network computer; the FIELDEYE CCD color camera; the OR300 handy oscillographic recorder; the DL708E and DL716 digital scopes; the DL1540C/DL1540CL digital oscilloscope; the PZ4000 power analyzer; and the TA520 time interval analyzer. Our measurement and control instruments subsidiary, Yokogawa M&C Corporation, introduced a very attractive power monitor, too.

The LSI testers and components businesses have become important segments of the company's business. With the help of ever-advancing information technologies, our Medical Information business has been growing steadily. In Japan, over 100 hospitals have installed our medical information systems in the past 3 years.

The encouragement of this innovative business led to a successful manufacturing project, too. Under a contract signed with Lam Research Corporation, a leading supplier of wafer fabrication equipment to semi-conductor and flat panel display industries throughout the world, Yokogawa is supplying etching equipment and undertaking the entire manufacturing processes of procurement, customization, production, modification, improvement and quality control. Covering LSI testers and other semi-conductor-related products, this contract gives us a synergy effect in manufacturing operations.

Global Operations

Yokogawa is currently operating in 26 countries. In 1998 the company further strengthened its presence in Asia, Europe and North America. Yokogawa Electric Korea Co., Ltd. became a fully owned subsidiary in April. Our ASEAN headquarters in Singapore established a company in Myanmar and a joint venture in providing service, Plant Electrical Instrumentation Pte. Ltd., in Singapore. As mentioned earlier, TechComm Simulation Pty. Ltd. of Australia joined our group, too.

To strengthen our test and measurement capabilities in the United Kingdom, Yokogawa Europe B.V. acquired Martron Ltd. Yokogawa Europe B.V. also enhanced its marketing and service in Eastern Europe by establishing Yokogawa Hungaria Kft. in addition to liaison offices in the Czech Republic, Slovakia, and Poland. Yokogawa Industrial Safety Systems B.V. in the Netherlands formed a joint venture called Safety Service Center B.V. with Toegepast Natuurwetenschappelijk Onderzoek (Organization for Applied Scientific Research), also of the Netherlands, to present lifecycle safety systems to customers.

In November, Yokogawa's two subsidiaries in the United States finalized consolidation and formed Yokogawa Corporation of America. With a leaner, more efficient and consolidated organization, the company started to achieve healthy and profitable operations.

Cost Effective Operations

Yokogawa initiated streamlining of its organization in Japan, too. In April 1998, a new headquarters building was completed to include the sales divisions that had been located in Shinjuku up to that time. Having all functions at the headquarters brings many advantages. The "intelligent" office building is equipped with the latest information technology that allows effective communications, both internally among employees and externally with customers. Supplemented with mobile equipment and satellite offices, the move to the new head office building cuts back on wasted time and expenses.

In October 1998, three manufacturing facilities were consolidated to form Yokogawa Fine Technology Corporation. In March 1999, six affiliated companies handling corporate staff functions at Yokogawa were reduced to four. These steps were designed to make the Yokogawa Group a solid and sound organization.

To enhance consolidated management, Yokogawa will continue to rationalize its organization and ways of carrying out business.

Environment Management System

Yokogawa's environmental conservation activities expanded further during fiscal year 1998. These activities encompass "green procurement," environmentally friendly production technology, eco-minded product design, environmental protection products, environmentally minded offices, cooperation and harmonious environmental management with the community, and zero-emissions.

The new head offices building completed in April 1998 expresses the company's environmental policy well. Its power system is a cogeneration system that helps protect the environment. The new building features energy-saving measures designed to use resources efficiently, such as automatically dimming the lighting system and natural ventilation with window sashes.

During 1997, the Kofu site, Headquarters are the Komine site were awarded the ISO 14001 environmental management certificate. In the following year, Suzhou Yokogawa Meter Company, Yokogawa Flowtech Co., Ltd., GE Yokogawa Medical Systems Ltd., and Yokogawa Electric Asia Pte., Ltd. (Singapore) were also certified. Following the footsteps of the above, other Yokogawa group companies are preparing to apply for certification in 1999.

Year 2000

The company has been paying careful attention to the Year 2000 (Y2K) Issue. In December 1995 Yokogawa began investigating the Y2K readiness of its products. A dedicated task force, the Y2K Committee, was established in September 1996. The committee undertook the initiative to advocate a common understanding of the issue among the Yokogawa Group companies and to promote Year 2000-related activities with the products of all the business units in discussions with customers worldwide. In December 1998, the committee was elevated to a department to oversee Y2K readiness activities not only for Yokogawa products but also for the company's in-house systems and facilities.

The target date for completing Y2K readiness for in-house systems is September 1999. To complement our Y2K compliance activities for our customers, a special year-end/new-year task force is being organized to assist customers in Japan in any emergency needs during the period. Similar arrangements for the customers outside Japan are under way at Yokogawa offices around the world. Periodic announcements of these activities are made public on the Internet and are privately announced on the company's intranet.

Outlook for 1999

Economic forecasts for Japan and most Asian countries predict this to be a slow year once again. Yet, we are seeing some signs of recovery in our operations in Korea and India.

We will continue our task of extending optimum solutions and the most cost-effective management proposals to our enterprise customers.

The semiconductor, measurement, liquid crystal and multimedia industries are expected to grow as we move toward the next millenium. Having proprietary technologies in the areas of motion, probing and measurement, optical sensors and information management that are essential in growing industries, Yokogawa is determined to become an active player and to this end in April 1999 established a new business division, M&M (meaning Motion, Measurement and Management) Business Division. This business division will support the operations of Yokogawa Sertec Co., Ltd. and Yokogawa Precision Corporation in motion technology and Yokogawa ADS Corporation in image and data processing and transmission technology. As a group, they plan to develop a ten-billion-yen business in 1998 that will increase to twenty billion yen in 2000 and later to thirty billion yen in 2001.

The company intends to grow the M&M and LSI Testers businesses as its core businesses along with Industrial Automation and Test & Measurement in the 21st century.

Our management will continue to improve the profitability and investment efficiency of the group's operations. The forecast for the present fiscal year ending in March 2000 predicts net sales of ¥389 billion (US\$3 billion), operating profits of ¥13 billion (US\$108 million) and a net income of ¥8 billion (US\$66 million).

It was with great sorrow that on June 19, 1999, our president and chief executive officer, Eiji Mikawa, passed away. He will be greatly missed by his family, friends, and all the management and employees of Yokogawa as well as our valued customers. We will continue in the same manner of fine management and leadership that the late Mr. Mikawa provided.

August 1999



Isao Uchida
President and Chief Executive Officer

Results of Operations

Yokogawa's net sales in 1998 decreased by eight percent. The weak economy in Japan and the rest of Asia continued making the business environment quite difficult for the Yokogawa group. Another reason for the decrease was the change in the fiscal period for the major group companies. To start a fully consolidated operation in fiscal year 1999, it was necessary to shorten their fiscal year to eleven months ending in February 1999.

The decrease in sales also led to a decrease in operating profit. Gross profit could not cover selling, general and administrative expenses. As a result, for the first time in the company's history, consolidated operating profit came out in the red.

As for non-operating expenses, the retirement fund that had been run within the company up to now was transferred to a non-contributory funded pension plan run by an external financial institution. To effect this shift, ¥5.3 billion (US\$44.1 million) were recorded as the past service costs for fiscal year 1998. At the same time, a profit of ¥4.4 billion (US\$36.8 million) was entered as cancellation of reserve for retirement benefits.

During the fiscal year, the exchange rate of the Japanese yen against the US and European currencies remained high, and the company suffered an exchange loss of ¥1.6 billion (US\$12.9 million).

The 1998 results were disappointing. Due to the loss in operating profit arising from the decrease in net sales and

the increase in non-operating expenses, net profit decreased by ¥12 billion (US\$99.5 million) incurring a loss of ¥4.4 billion (US\$36.7 million).

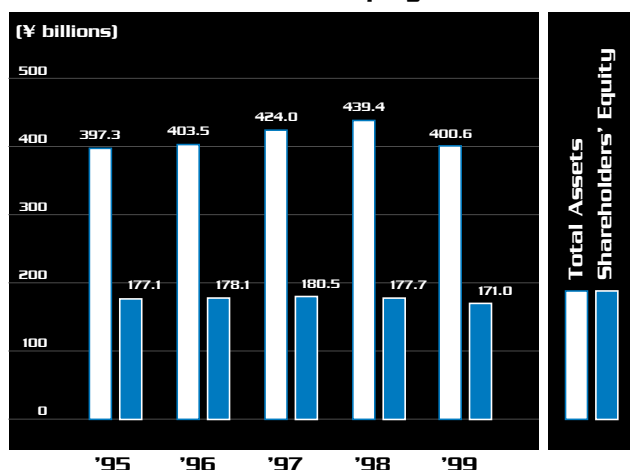
Consolidated sales decreased from ¥305 billion (US\$2.5 billion) in 1997 to ¥280 billion (US\$2.3 billion). Gross profit also decreased by ¥15.8 billion, and the percentage of sales was 33.4 percent, 2.4 percent down from the 35.8 percent recorded the previous year. The primary reason for this decrease was the nature of the product mix.

Operating expenses were ¥94.1 billion (US\$780.7 million), down three percent, or ¥3.1 billion (US\$25.7 million). Nevertheless, this smaller decrease could not compensate for the decrease in gross profit, and operating losses were ¥0.6 billion (US\$5 million).

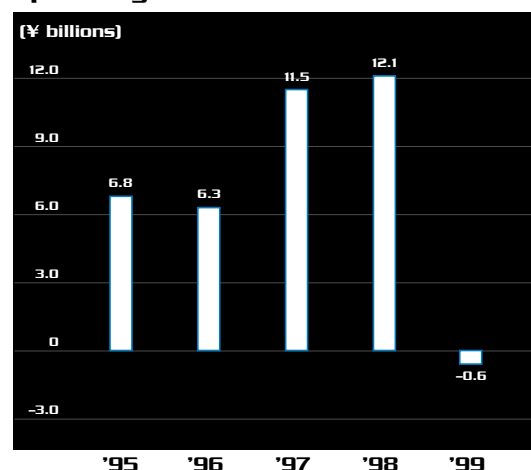
Japanese revenues were approximately ¥220 billion (US\$1.8 billion), an 8.7percent decrease from the previous year. Japanese sales represented approximately 79 percent of total sales. Operating profit in Japan fell considerably from ¥10.6 billion (US\$80.6 million) in 1997 to ¥0.8 billion (US\$6.6 million), a decrease of ¥9.8 billion (US\$74.0 million).

Although non-Japanese revenues also decreased by six percent to ¥60 billion (US\$498 million), sales outside Japan in the past three years have grown steadily from ¥57 billion to ¥60 billion. Still, the growth in Yokogawa's sales in this market does not sufficiently meet increasing and potential demands. The company intends to continue efforts to increase its market share in strong-growth markets such as the US and Europe.

Total Assets/Shareholders' Equity



Operating Profit



The deficit of approximately ¥2 billion (US\$16.6 million) incurred in North American operations had an adverse effect of causing a ¥1.9 billion (US\$16.0 million) deficit, a large decrease of ¥2.4 billion from ¥0.5 billion (US\$4.1 million) deficit in the previous year.

Non-Operating Items

Net interest expenses, deducting interest receivables from interest expenses, increased from ¥0.8 billion (US\$6.2 million) in 1997 to ¥1.3 billion (US\$11.1 million.) The increase was principally due to the interest expenses of ¥10 billion from the third straight bond issued in Japan in February 1997 and of ¥10 billion from the fourth straight bond issued in November 1998.

Equity in earnings from unconsolidated subsidiaries (generally, the companies in which Yokogawa holds less than a fifty-percent interest) was ¥3.1 billion (US\$25.4 million), the majority of which was derived from successful joint ventures in Japan with non-Japanese partners. This continues to be an important income source for the company.

The income tax for the year was ¥1.2 billion (US\$9.8 million) and was mainly paid by the profitable subsidiaries rather than the group headquarters.

The company has been investing heavily in research and development in order to maintain its technical dominance in core markets. Research and development expenses were ¥19.5 billion (US\$161.7 million) in 1998. This represents approximately seven percent of revenue, and expenses are increasing steadily. While the principal research and development facilities are located in Japan, these development activities are firmly based on global market research aimed at reducing total cost of ownership for worldwide users.

Financial Condition and Liquidity

Financially, Yokogawa remains strong. The company maintains working capital in excess of ¥153 billion (US\$1.3 billion) and is able to borrow funds at favorable rates without pledging its assets as collateral.

Yokogawa invests excess cash in short and long-term investments, depending on its projected cash needs from operations, capital expenditures, and other business

purposes. The company supplements its internally generated cash flow with a combination of short and long-term borrowings.

In 1998 Yokogawa introduced a cash management system in Japan aiming to reduce borrowings or to lower gross assets. The system consists of Yokogawa's financial subsidiary in Japan accepting bank deposits from subsidiaries' excess funds to lend them to other subsidiaries, that are borrowing from banks, to settle payments. Under this system, a savings of approximately ¥5 billion on borrowings was achieved in its initial year. The company intends to enhance and expand the system to cover the remaining Japanese subsidiaries and major subsidiaries outside Japan.

Capital expenditures for the year were ¥18.8 billion (US\$156.2 million). Principal expenditures were directed to construction of a new headquarters building in Tokyo and to enhancement of new product development facilities and a management information system.

The company also invested in a subsidiary's construction of a new factory to manufacture printed wiring boards in the Ome area of Tokyo. The construction requires funds totaling ¥3.3 billion (US\$27.4 million). The Japan Development Bank is financing major part of this cost under a long-term low-interest loan in its program to promote regional industry.

Yokogawa's subsidiary in Singapore also constructed a new office and factory building in Bedok, Singapore, to rationalize and improve operational efficiency in consolidation of production and sales. The investment of ¥2.0 billion (US\$16.6 million) was managed by a capital increase from Yokogawa.

During the year Yokogawa issued Japanese bonds that totaled ¥20 billion (US\$166 million). They consisted of a fourth straight bond worth ¥10 billion with an annual interest rate of 1.95 percent due to mature in November 2003, and a fifth straight bond worth ¥10 billion with an annual interest rate of 2.0 percent that will mature in March 2004. The funds thus raised were allocated to the redemption of convertible bonds worth ¥29.9 billion (US\$248.4 million) that reached maturity in March 1999.

Consolidated Statements of Income and Retained Earnings

Yokogawa Electric Corporation and Subsidiaries
For the years ended March 31, 1997, 1998, and 1999

	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	for the year ended March 31,			for the year ended March 31,
	1997	1998	1999	1999
Net Sales	¥280,426	¥305,231	¥280,186	\$2,324,231
Cost of Sales	174,286	195,879	186,686	1,548,619
Gross profit	106,140	109,352	93,500	775,612
Selling, General and Administrative Expenses	94,652	97,207	94,111	780,680
Operating profit	11,488	12,145	(611)	(5,068)
Other Income and Expenses:				
Interest and dividend income	1,417	1,535	1,372	11,381
Interest expenses	(1,917)	(2,285)	(2,708)	(22,464)
Loss on disposal/write-down of inventories	(1,641)	(1,126)	(1,283)	(10,643)
Gain on sale of short-term investments in marketable securities	—	—	483	4,007
Loss on sales of investments in marketable securities	—	(708)	—	—
Gain/(loss) on sale/write-down of investments in securities	(124)	1,925	143	1,186
Foreign exchange gain/(losses)	1,095	(552)	(1,558)	(12,924)
Gain/(loss) on disposal of property	(775)	(1,139)	(706)	(5,857)
Loss on liquidation of subsidiaries and affiliates (Note 7)	(1,031)	—	—	—
Gain on equity method	—	—	3,069	25,458
Reversal of retirement allowance	—	—	4,443	36,856
Prior year approved retirement annuity expense of reserve for retirement allowance	—	—	(5,318)	(44,114)
Other, net	(1,022)	(179)	(675)	(5,599)
Income/(loss) before income taxes	7,490	9,616	(3,349)	(27,781)
Income Taxes	6,823	5,495	1,179	9,780
	667	4,121	(4,528)	(37,561)
Minority Interests in Earnings of Consolidated Subsidiaries	(60)	51	(100)	(830)
Amortization of Difference between Cost and Equity in Net Assets of Consolidated Subsidiaries	(155)	(517)	—	—
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	3,401	3,909	—	—
Adjustments on Foreign Currency Statement Translation	—	—	—	—
Net income	3,853	7,564	(4,428)	(36,731)
Retained Earnings:				
Balance at beginning of year (Note 1)	106,591	108,802	110,403	915,827
Increase due to application of the equity method to investments in additional affiliates	52	249	44	365
Increase/(Decrease) due to consolidation of additional subsidiaries	586	(1,225)	(137)	(1,136)
Decrease due to redemption of treasury stock	—	(6,665)	—	—
Decrease due to adjustments on foreign currency statement translation	—	(522)	(142)	(1,178)
Decrease due to merger of subsidiaries	—	(79)	—	—
Appropriations:				
Cash dividends	(1,971)	(1,977)	(1,880)	(15,595)
Transfer to legal reserve	(202)	(202)	—	—
Officers' bonuses	(107)	(112)	(168)	(1,394)
Adjustments on foreign currency statement translation	—	—	—	—
Balance at end of year	¥108,802	¥105,833	¥103,692	\$ 860,158

	Yen			U.S. Dollars (Note 3)
Per Share:				
Net income/(loss) (Note 6)	¥14.87	¥29.56	¥(17.66)	\$(0.147)
Cash dividends	¥7.5	¥7.5	¥7.5	\$0.062
Weighted average number of shares (in thousands)	259,306	255,961	250,621	

The accompanying notes are an integral part of the statements.

Consolidated Balance Sheets

Yokogawa Electric Corporation and Subsidiaries
March 31, 1998 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	March 31,		March 31,
	1998	1999	1999
ASSETS			
Current Assets:			
Cash on hand and in banks	¥ 54,592	¥ 31,340	\$ 259,975
Short-term investments in marketable securities	46,102	44,645	370,344
Notes and accounts receivable			
Trade	127,754	116,023	962,447
Other	1,982	3,381	28,046
	129,736	119,404	990,493
Less: Allowance for doubtful accounts	(1,321)	(1,657)	(13,745)
	128,415	117,747	976,748
Inventories	36,712	36,121	299,635
Other current assets	24,653	17,339	143,833
Total current assets	290,474	247,192	2,050,535
Investments and Advances:			
Investments in securities	44,444	45,679	378,922
Long-term loans	1,194	414	3,434
Other	14,126	20,998	174,185
Total investments and advances	60,424	67,091	556,541
Property, Plant and Equipment, at book value (Note 4):			
Buildings and structures	32,370	42,098	349,216
Machinery and equipment	9,210	8,567	71,066
Furniture and fixtures	12,007	12,058	100,025
Land	14,360	14,469	120,025
Construction in progress	7,991	1,392	11,547
Total property, plant and equipment	75,938	78,584	651,879
Deferred Charges and Other Assets	8,638	1,176	9,755
Consolidation goodwill	–	981	8,138
Excess of Investment Cost over Underlying equity in Net Assets of Consolidated Subsidiaries	545	–	–
Adjustments on Foreign Currency Statement Translation	3,398	5,535	45,914
	¥439,417	¥400,559	\$3,322,762

The accompanying notes are an integral part of the statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	March 31,		March 31,
	1998	1999	1999
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term bank loans	¥ 40,052	¥ 26,514	\$ 219,942
Current maturity of bonds with warrants	29,949	—	—
Current maturity of bonds	—	5,095	42,265
Notes and accounts payable:			
Trade	40,976	32,209	267,184
Other	3,669	3,617	30,004
	44,645	35,826	297,188
Accrued expenses	16,740	10,038	83,268
Income taxes payable	5,181	1,986	16,474
Advances received and other current liabilities	6,885	14,293	118,565
Total current liabilities	143,452	93,752	777,702
 Long-Term Debt	 76,755	 98,264	 815,130
 Reserve for Retirement Benefits	 38,762	 34,895	 289,465
 Minority Interests in Consolidated Subsidiaries	 2,720	 2,630	 21,817
 Shareholders' Equity:			
Common stock:			
Authorized: 500,000,000 shares at March 31, 1998 and 491,347,000 shares at March 31, 1999			
Issued (par value, ¥50 per share):			
250,653,012 shares			
at March 31, 1998 and 1999, respectively			
	32,306	32,306	267,988
Additional paid- in capital	35,020	35,020	290,502
Retained earnings	110,402	103,692	860,158
Total shareholders' equity	177,728	171,018	1,418,648
	¥439,417	¥400,559	\$3,322,762

The accompanying notes are an integral part of the statements.

Notes to the Consolidated Financial Statements

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting Principles

The accompanying consolidated financial statements of Yokogawa Electric Corporation (the "Company") have been prepared by the Company in conformity with accounting principles and practices generally accepted in Japan. The accounts of the Company and its domestic consolidated subsidiaries are maintained in accordance with the provisions set forth in the Japanese Commercial Code, the Securities and Exchange Law and in conformity with generally accepted accounting principles and practices prevailing in Japan which are different in a certain respects as to application and disclosure requirement of International Accounting Standards. The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries. In general, no adjustments to the accounts of overseas consolidated subsidiaries have been reflected in the accompanying consolidated financial statements.

Certain items presented in the consolidated financial statements filed with the Ministry of Finance (the "MOF") in Japan have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(2) Reference as to Accounting Policies

Accounting principles and practices employed by the Company and its domestic consolidated subsidiaries in preparing the

accompanying consolidated financial statements, which have significant effects thereon, are explained in Note 2 of the Notes to the Non-Consolidated Financial Statements. Therefore, unless otherwise set out below, the accompanying consolidated financial statements should be read in conjunction with such notes.

(3) Changes in Presentation of Accounts

Due to the amendments of the Consolidated Financial Statements Regulation, the following presentations of the accounts in the consolidated financial statements have been changed for the fiscal year ended 31st March, 1999.

- 1) "Legal Reserve", which was previously reported as a separate account within Shareholders' Equity, is included in "Retained Earnings". Accordingly, the beginning balance and the ending balance of the fiscal year of "Retained Earnings" include "Legal Reserve".
- 2) "Equity in Earnings of Unconsolidated Subsidiaries and Affiliates", which was previously reported as a separate account after "Income/(loss) before income taxes", is included in "Other Income and Expenses".
- 3) "Amortization of Difference between Cost and Equity in Net Assets of Consolidated Subsidiaries", which was previously reported as a separate account after "Income/(loss) before income taxes", is included in "Selling, General and Administrative Expenses".

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

The Company had 107 subsidiaries (majority-owned companies) as at March 31, 1999 (91 as at March 31, 1998). The consolidated financial statements include the accounts of the Company and its 91 subsidiaries as at March 31, 1999 (76 for 1998).

In line with this change in the regulation, the Company included in the consolidation, the accounts of the 91 major subsidiaries listed below (the Company and these consolidated subsidiaries are together, referred to as the "Companies"):

Name of Subsidiary	Percentage owned by the Company (directly or indirectly)	Fiscal Year End	Additional Information (See Footnote)
Yokogawa Electronics Co., Ltd.	100%	Feb. 28, 1999	*1
Kokusai Chart Corporation	86	Mar. 31, 1999	
Yokogawa Precision Corporation	100	Feb. 28, 1999	*1
Yokogawa Engineering Service Corporation	100	Feb. 28, 1999	*1
Yokogawa Sertec Co., Ltd.	100	Feb. 28, 1999	*1
Yokogawa Flowtech Co., Ltd.	100	Feb. 28, 1999	*1
Yokogawa Weathac Corporation	92	Feb. 28, 1999	*1
Yokogawa Denshikiki Co., Ltd.	74	Feb. 28, 1999	*1
Yokogawa Digital Computer Corporation	69	Feb. 28, 1999	*1
Yokogawa Graphic Arts Corporation	100	Feb. 28, 1999	*1
Yokogawa IMT Corporation	100	Feb. 28, 1999	*1
Yokogawa Business Service Corporation	100	Feb. 28, 1999	*1
Yokogawa Financial Service Corporation	100	Feb. 28, 1999	*1

Name of Subsidiary	Percentage owned by the Company (directly or indirectly)	Fiscal Year End	Additional Information (See Footnote)
Yokogawa Fine Technology Corporation	100	Feb. 28, 1999	*1
Yokogawa Human Create Corporation	100	Feb. 28, 1999	*1
Yokogawa System Engineering Corporation	100	Feb. 28, 1999	*1
Yokogawa Infotec Corporation	100	Feb. 28, 1999	*1
Yokogawa M&C Corporation	100	Feb. 28, 1999	*1
Yokogawa Logistics Corporation	100	Feb. 28, 1999	*1
Yokogawa Research Institute Corporation	100	Feb. 28, 1999	*1
Yokogawa Pionics Co., Ltd.	84	Feb. 28, 1999	*1
Yokogawa Design Engineering Corporation	100	Feb. 28, 1999	*1
Techno System Kyushu Corporation	65	Feb. 28, 1999	*1
YS Techno Systems Co., Ltd.	70	Feb. 28, 1999	*1
Yokogawa Trading Corporation	100	Feb. 28, 1999	*1
Yokogawa ADS Corporation	100	Feb. 28, 1999	*1
Yokogawa Ibaden Components Corporation	65	Feb. 28, 1999	*1
Yokogawa Multimedia Co., Ltd.	81	Feb. 28, 1999	*1
Nippon System Gijutsu Co.	76	Feb. 28, 1999	*1
Yokogawa Facilities Corporation	100	Feb. 28, 1999	*1
System Plaza Inc.	100	Feb. 28, 1999	*4
Infotec Service Corporation	100	Feb. 28, 1999	*1
Yokogawa International Finance B.V.	100	Dec. 31, 1998	
Yokogawa USA, Inc.	100	Feb. 28, 1999	*1
Yokogawa Corporation of America	100	Feb. 28, 1999	*1
Yokogawa Electric Asia Pte, Ltd.	100	Feb. 28, 1999	*1
Yokogawa Controle Bailey S.A.	100	Feb. 28, 1999	*1
Yokogawa Europe B.V.	100	Feb. 28, 1999	*1
Rota Yokogawa GmbH & Co., KG	100	Feb. 28, 1999	*1
Yokogawa Italia S.R.L.	100	Feb. 28, 1999	*1
Yokogawa Austria Ges.m.b.H.	100	Feb. 28, 1999	*1
Yokogawa Belgium N.V./S.A.	100	Feb. 28, 1999	*1
Yokogawa Deutschland GmbH	100	Feb. 28, 1999	*1
Yokogawa United Kingdom Ltd.	100	Feb. 28, 1999	*1
Yokogawa Espana S.A.	100	Feb. 28, 1999	*1
Yokogawa Nederland B.V.	100	Feb. 28, 1999	*1
Yokogawa nbn GmbH.	100	Feb. 28, 1999	*1
Yokogawa Australia Pty Ltd.	100	Feb. 28, 1999	*1
Yokogawa Taiwan Corporation	90	Dec. 31, 1998	
Suzhou Yokogawa Meter Company	59	Dec. 31, 1998	
P.T. Yokogawa Engineering Indonesia	80	Feb. 28, 1999	*1
P.T. Yokogawa Manufacturing Batam	100	Feb. 28, 1999	*1
Yokogawa Technical Services Philippines Inc.	80	Feb. 28, 1999	*1
Yokogawa Sichuan Instrument Co., Ltd.	60	Dec. 31, 1998	
Iker S/A Industria e Comercio	100	Feb. 28, 1999	*1
Yokogawa America do Sul S.A.	98	Feb. 28, 1999	*1
Shanghai Yokogawa Petrochemical Instrumentation Co., Ltd.	90	Dec. 31, 1998	
Yokogawa Philippines Inc.	57	Feb. 28, 1999	*1
P.T. Yokogawa Power Supply Batam	100	Feb. 28, 1999	*1
Yokoshin Software Engineering (WUXI) Co., LTD.	100	Dec. 31, 1998	
Yokogawa Measuring Instruments Korea Corporation	100	Feb. 28, 1999	*1
Yokogawa Middle East E.C.	100	Feb. 28, 1999	*1
Yokogawa (Thailand) Ltd.	85	Feb. 28, 1999	*1
Rota Yokogawa France S.A.R.L.	100	Feb. 28, 1999	*1
Yokogawa South Africa Pty. Ltd.	100	Feb. 28, 1999	*1
Yokogawa Engineering Asia Pte. Ltd.	100	Feb. 28, 1999	*1
Yokogawa Industrial Safety Systems B.V.	100	Feb. 28, 1999	*1
Yokogawa Industrial Safety Systems Sdn. Bhd.	100	Feb. 28, 1999	*1

Name of Subsidiary	Percentage owned by the Company (directly or indirectly)	Fiscal Year End	Additional Information (See Footnote)
Yokogawa Industrial Safety Systems Ltd.	100	Feb. 28, 1999	*1
Yokogawa Capital Unlimited	100	Feb. 28, 1999	*1
Limited Yokogawa Electric	100	Dec. 31, 1998	*2
Kokusai Chart Corporation of America	100	Feb. 28, 1999	*1
Yokogawa Trading Asia Pte. Ltd.	100	Feb. 28, 1999	*1
Yokogawa Trading Europe B.V.	100	Feb. 28, 1999	*1
Yokogawa Trading Hong Kong Limited	100	Feb. 28, 1999	*1
Yokogawa Trading U.S.A., Inc.	100	Feb. 28, 1999	*1
Yokogawa Marex Technology Ltd.	100	Feb. 28, 1999	*3
Yokogawa Hungaria Kft.	100	Feb. 28, 1999	*1
Yokogawa Martron Ltd.	100	Feb. 28, 1999	*1
Yokogawa Industrial Safety Systems Inc.	100	Feb. 28, 1999	*1
River Process Engineering Co., Ltd.	85	Feb. 28, 1999	*1
Myanmar Yokogawa Electric Ltd.	100	Feb. 28, 1999	*1
TechComm Simulation Pty. Ltd.	100	Feb. 28, 1999	*1
Yokogawa Electric Korea Co., Ltd.	100	Feb. 28, 1999	*1
DU BI Industrial Co., Ltd.	100	Feb. 28, 1999	*1
HAN YO Telecom Co., Ltd.	100	Feb. 28, 1999	*1
Yokogawa Trading Korea Co., Ltd.	100	Feb. 28, 1999	*1
Yokogawa Marex Technology B.V.	100	Feb. 28, 1999	*3
Measurement Inc.	51	Feb. 28, 1999	*1
Measurement Systems Pte. Ltd.	100	Feb. 28, 1999	*1
Yokogawa Reinsurance Ltd.	100	Dec. 31, 1998	

Footnote

- *1 For fiscal year 1998 these companies changed the fiscal year end from March 31 to February 28. The Company has used their figures for April 1, 1998 to February 28, 1999.
- *2 For fiscal year 1998 this company changed the fiscal year end from March 31 to December 31. The Company has used its figure for April 1, 1998 to December 31, 1998.
- *3 For fiscal year 1998 this company changed the fiscal year end from December 31 to February 28. The Company has used its figure for January 1, 1998 to February 28, 1999.
- *4 The Company has used this company's figure for July 1, 1998 to February 28, 1999.

The accounts of these subsidiaries have been consolidated by using the account balances for such fiscal year since there were no material transactions that occurred between the different fiscal year-end.

The remaining 16 (15 for 1998) unconsolidated subsidiaries' combined assets, net sales and net income in the aggregate are not significant compared to those of the consolidated financial statements of the Companies; therefore, the accounts of such subsidiaries have not been included in consolidation (See (c) below).

(b) Elimination and Combination

For the purposes of preparing the consolidated financial statements of the Companies, all significant inter-company transactions, account balances and unrealized profits among the Companies have been eliminated.

In elimination, any difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary is treated as an asset or a liability, as the case may be, and amortized over a period of five years on a straight-line basis.

Legal reserve of consolidated subsidiaries provided subsequent to the acquisition of such subsidiaries by the Company is included in retained earnings and is not shown separately in the consolidated financial statements.

(c) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The Company had 16 (15 for 1998) unconsolidated subsidiaries and 33 (34 for 1998) affiliates (meaning companies which are 20% to 50% owned) at March 31, 1999. The equity method is applied to the investments in 13 unconsolidated subsidiary (9 for 1998) and 26 major affiliates (27 major affiliates for 1998) since the investments in the other unconsolidated subsidiaries and remaining affiliates do not have a material effect on consolidated net income and retained earnings in the consolidated financial statements.

The 13 unconsolidated subsidiary and 26 affiliates accounted for by the equity method as at and for the year ended March 31, 1999 are listed below:

Name of Subsidiary and Affiliate	Percentage owned by the Company (directly or indirectly)	Fiscal Year End	Additional Information (See Footnote)
Hewlett-Packard Japan, Ltd.	25.0	Oct. 31, 1998	
GE Yokogawa Medical Systems, Ltd.	25.0	Mar. 31, 1999	
Kokusai Keiso Co., Ltd.	35.0	Sep. 30, 1998	
Yokogawa System Construction Co., Ltd.	48.9	Feb. 28, 1999	*1
Yokogawa Johnson Controls Corporation	45.0	Aug. 31, 1998	
Yokogawa Rental & Lease Corporation	47.4	Mar. 31, 1999	
Yokogawa Analytical Systems Inc.	49.0	Oct. 31, 1998	
Yokogawa Xiyi Corporation	50.0	Dec. 31, 1998	
Yokogawa & Co., Ltd.	50.0	Feb. 28, 1999	*1
Aqua Consult & Engineering Co., Ltd.	100.0	Feb. 28, 1999	*1
Yokogawa Wavetek Corporation	100.0	Feb. 28, 1999	*2
Yokogawa A.I.M Corporation	60.0	Feb. 28, 1999	*1
Morioka Tokki Corporation	65.0	Feb. 28, 1999	*1
Yokogawa Elder Corporation	100.0	Feb. 28, 1999	*1
Yokogawa Green Farm Corporation	100.0	Feb. 28, 1999	*1
Yokogawa Marchandising Design Corporation	100.0	Feb. 28, 1999	*1
Yokogawa Visual Production Corporation	100.0	Feb. 28, 1999	*1
Yokogawa Advanced Applications, Inc.	93.7	Feb. 28, 1999	*1
Yokogawa Denyo Corporation	50.0	Feb. 28, 1999	*1
Omega Simulation Co., Ltd.	50.0	Mar. 31, 1999	
Yokoshou Engineering Corporation	100.0	Feb. 28, 1999	*1
YK System Engineering Co., Ltd.	35.0	Mar. 31, 1999	
YN System Co., Ltd.	35.0	Mar. 31, 1999	
Kanazawa System House Co., Ltd.	35.0	Mar. 31, 1999	
YM Engineering Corporation	35.0	Mar. 31, 1999	
Sansetsu Corporation	33.3	Sep. 30, 1998	
Tokyo Sokuon Co.	25.0	Mar. 31, 1999	
Toyota Macs Incorporated	26.0	Mar. 31, 1999	
Yokogawa Fukuyama Keisou	50.0	Feb. 28, 1999	*1
Yokogawa Blue Star Ltd.	40.0	Dec. 31, 1998	*3
Beijing Metallurgy Yokogawa Automation Engineering Co., Ltd.	30.0	Dec. 31, 1998	
Yokogawa Electric (Malaysia) Sdn. Bhd.	49.0	Feb. 28, 1999	*1
Yokogawa Kontrol (Malaysia) Sdn. Bhd.	30.0	Feb. 28, 1999	*1
Yokogawa Shanghai Instrumentation Co., Ltd.	49.0	Dec. 31, 1998	
Yokogawa Solutions Corporation	100.0	Feb. 28, 1999	*1
Yokogawa Sales Promotions Corporation	100.0	Feb. 28, 1999	*1
Yokogawa Organization Resources Counselors Corporation	51.0	Dec. 31, 1998	
Analyzer Expert Corporation	100.0	Feb. 28, 1999	*1
Safety Service Center B.V.	50.0	Feb. 28, 1999	*1

Footnote

- *1 For fiscal year 1998 these companies changed the fiscal year end from March 31 to February 28. The Company has used their figures for April 1, 1998 to February 28, 1999.
- *2 For fiscal year 1997 this company changed the fiscal year end from September 30 to February 28. The Company has used their figure for October 1, 1997 to February 28, 1999.
- *3 The Company has used this company's figure for April 1, 1998 to December 31, 1998.

(d) Translation of Foreign Currency Financial Statements (Accounts of Overseas Consolidated Subsidiaries)

The translation of foreign currency financial statements of overseas subsidiaries into Japanese yen for consolidation purposes is made by the method of translation prescribed by the statements

issued by the Business Accounting Council (BAC) of Japan.

In compliance with the new accounting standards for foreign currency transactions, which became effective in the year ended March 31, 1997, the Company changed its translation method. Under the new standards, all assets and liabilities are translated into Japanese yen at current exchange rates while capital accounts and retained earnings are translated at historical rates, and revenue and expense items are translated at the average exchange rates during the year. The resulting translation adjustments are, as before, shown as "Adjustments on Foreign Currency Statement Translation" in the accompanying balance sheets.

The "income before income taxes" for the year ended March 31, 1997 was increased by ¥3 million (\$24 thousand) as compared with the amount which would have been reported if the previous method had been applied consistently.

(e) Reserve for Retirement Benefits

Other consolidated subsidiaries generally provide for reserve for retirement benefits in an amount equivalent to 100 percent of such benefits the subsidiaries would be required to pay if all eligible employees voluntarily terminated employment at the balance sheet date.

Until the year ended March 31, 1997, Yokogawa Precision Corporation ("YPC") and Yokogawa Research Institute Corporation ("YRC") had charged the officers' retirement payments to income when actually paid. During the year ended March 31, 1998, YPC and YRC changed its accounting policy for the recognition of accrued officers' retirement benefits to reserve as 100% of the liabilities YPC and YRC would have been required to pay if all eligible directors and statutory auditors had been retired at the respective balance sheet date in order to recognize periodic cost of such benefits over a period of services by the directors and statutory auditors and to achieve better measurement of results of operations and to strengthen the soundness of the financial structures.

As a result of the change, past service costs of the retirement benefits to directors and statutory auditors determined by reference to YPC's internal rules in an amount of ¥40 million have been amortized over a 2-year period by the straight-line method. The Company charged to income in amount of ¥20 million as "Other Expenses" in the accompanying consolidated statement of income for the year ended March 31, 1998 and the current cost of the benefit for this year in an amount of ¥19 million was charged to "Selling, General and Administrative Expenses".

As a result of the change, "Operating Profit" and "Income before Income Taxes" for the year ended March 31, 1998 were decreased by ¥19 million and ¥39 million, respectively, as compared with the amounts which would have been reported if the

previous method had been applied consistently.

Until the year ended March 31, 1998, Nippon System Gijutsu Co. ("NSG") and Yokogawa Pionics Co., Ltd. ("YPK") had charged the officers' retirement payments to income when actually paid. During the year ended March 31, 1999, NSG and YPK changed its accounting policy for the recognition of accrued officers' retirement benefits to reserve as 100% of the liabilities NSG and YPK would have been required to pay if all eligible directors and statutory auditors had been retired at the respective balance sheet date in order to recognize periodic cost of such benefits over a period of services by the directors and statutory auditors and to achieve better measurement of results of operations and to strengthen the soundness of the financial structures.

As a result of the change, past service costs of the retirement benefits to directors and statutory auditors determined by reference to NSG and YPK's internal rules in an amount of ¥64 million were charged to income in amount of ¥64 million as "Other Expenses" in the accompanying consolidated statement of income for the year ended March 31, 1999 and the current cost of the benefit for this year in an amount of ¥7 million was charged to "Selling, General and Administrative Expenses".

As a result of the change, "Operating Profit" and "Income before Income Taxes" for the year ended March 31, 1999 were decreased by ¥7 million and ¥72 million, respectively, as compared with the amounts which would have been reported if the previous method had been applied consistently.

(f) Accounting for Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method similar to that applicable to ordinary operating leases.

3. United States Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on a basis of ¥120.55=US\$1, the approximate effective rate of exchange pre-

vailing at March 31, 1999. The inclusion of such U.S. dollar amounts is solely for the convenience of the reader and is not intended to imply that Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

4. Accumulated Depreciation

Accumulated depreciation deducted from cost of property, plant and equipment in the accompanying consolidated balance

sheet amounted to ¥108,527 million and ¥112,586 million (\$933,936 thousand) at March 31, 1998 and 1999, respectively.

5. Lease transactions

The Company and its subsidiaries have various lease agreements whereby it acts as a lessee. The Company and its subsidiaries' finance lease contracts which are not deemed to transfer the ownership of the leased assets are accounted for by the method that is applicable to ordinary operating leases. Certain key information on such lease contracts of the Company and its subsidiaries for the year ended March 31, 1999 is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	Acquisition Cost	Accumulated Depreciation	Balance as of March 31, 1999	Balance as of March 31, 1999
Machinery and equipment	¥1,532	¥ 665	¥ 866	\$ 7,184
Furniture and fixtures	3,581	1,715	1,865	15,471
Total	¥5,113	¥2,381	¥2,731	\$22,655

The scheduled maturities of future lease rental payments, which included the portion of interest thereon, on such lease contracts as of March 31, 1999, and lease rental expenses for the year are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	1999	1999
Due within one year	¥ 821	\$ 6,811
Due over one year	1,910	15,844
	¥2,731	\$22,655
Lease rental expenses for the year	¥931	\$7,723

The scheduled maturities of future lease rental payments of operating lease as of March 31, 1999, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	1999	1999
Due within one year	¥20	\$166
Due over one year	20	166
	¥40	\$332

6. Net income per share

Net income per share is based upon the weighted average number of shares of common stock outstanding during each year.

Since there is no dilutive effect of convertible bonds on net income per share such information is not required to be disclosed.

7. Segment Information

(1) Industry segment information

The Company and its subsidiaries operate principally in three industrial segments: Measurement, Control and Information Equipment Division, Finance Division and Other Division.

The Measurement, Control and Information Equipment Division produces and sells total control systems, scattering control systems, electric control systems, product line control systems and industrial computer systems, analyzing recorders, digital multi-meters, electric power measuring instruments, temperature measuring instruments, pressure measuring instruments, etc.

The Finance Division manages financing activities, settlement of foreign currency transactions, etc.

The Other Division produces and sells engine instruments, control instruments, integrated display systems, gyrocompasses, etc.

Segment information classified by industry segments of the Companies for each of the three years ended March 31, 1999 is as follows:

Industry segments	1997							
	Millions of Yen							
	Unaffiliated Customer Sales	Inter-segment Sales	Total Sales	Operating Expenses	Operating Profit	Assets	Depreciation	Capital Expenditure
Measurement, Control and Information Equipment	¥242,731	¥ 634	¥243,365	¥218,299	¥25,066	¥185,256	¥ 7,623	¥ 8,115
Finance	1,553	495	2,048	1,755	293	62,254	0	4
Other	36,142	11,733	47,875	45,539	2,336	40,194	1,135	1,170
Total	280,426	12,862	293,288	265,593	27,695	287,704	8,758	9,289
Elimination of inter-segment sales/profit or Common assets	—	(12,862)	(12,862)	3,345	(16,207)	136,296	1,279	3,660
Consolidated Total	¥280,426	¥ —	¥280,426	¥268,938	¥11,488	¥424,000	¥10,037	¥12,949

Industry segments	1998							
	Millions of Yen							
	Unaffiliated Customer Sales	Inter- segment Sales	Total Sales	Operating Expenses	Operating Profit	Assets	Depreciation	Capital Expenditure
Measurement, Control and Information Equipment	¥263,790	¥ 780	¥264,570	¥237,778	¥26,792	¥222,439	¥ 8,114	¥11,535
Finance	2,526	497	3,023	3,010	13	52,093	2	4
Other	38,915	15,223	54,138	51,917	2,221	42,577	1,131	2,064
Total	305,231	16,500	321,731	292,705	29,026	317,109	9,247	13,603
Elimination of inter-segment sales/ profit or Common assets	—	(16,500)	(16,500)	1,646	(18,146)	122,308	1,127	3,830
Consolidated Total	¥305,231	¥ —	¥305,231	¥294,351	¥10,880	¥439,417	¥10,374	¥17,433

Industry segments	1999											
	Millions of Yen								Thousands of U.S. Dollars			
	Unaffiliated Customer Sales	Inter- segment Sales	Total Sales	Operating Expenses	Operating Profit	Assets	Depreciation	Capital Expenditure	Operating Profit/(loss)	Assets	Capital Depreciation	Capital Expenditure
Measurement, Control and Information Equipment	¥237,955	¥ 970	¥238,925	¥223,749	¥15,176	¥211,281	¥ 8,221	¥13,532	\$125,890	\$1,752,642	\$68,196	\$112,252
Finance	550	614	1,164	1,635	(471)	56,246	2	0	(3,907)	466,578	16	0
Other	41,680	14,207	55,887	54,941	946	43,470	1,228	1,801	7,847	360,598	10,187	14,940
Total	280,185	15,791	295,976	280,325	15,651	310,997	9,451	15,333	129,830	2,579,818	78,399	127,192
Elimination of inter-segment sales/ profit or Common assets (Note 1)	—	(15,791)	(15,791)	472	(16,262)	89,562	1,580	3,502	(134,898)	742,944	13,107	29,050
Consolidated Total	¥280,185	¥-	¥280,185	¥280,797	¥(611)	¥400,559	¥11,031	¥18,835	\$(5,068)	\$3,322,762	\$91,506	\$156,242

(Note 1) The common assets of ¥119,254 million in the column "Elimination or common assets" mainly consist of surplus working fund (cash and marketable securities), long-term investment fund (investment in securities) and other assets which belong to the administrative departments.

(2) Geographic Segment Information

Segment information classified by geographic area (inside and outside Japan) for each of the three years ended March 31, 1999 is summarized as follows:

	1997						
	Millions of Yen						Thousands of U.S. Dollars
	Unaffiliated Customer Sales	Inter- segment Sales	Total Sales	Operating Expenses	Operating Profit	Operating Profit	Operating Profit
Domestic (inside Japan)	¥223,581	¥18,379	¥241,960	¥230,299	¥11,661		\$93,965
Outside Japan	56,845	6,018	62,863	62,281	582		4,690
Total	280,426	24,397	304,823	292,580	12,243		98,655
Elimination of inter-segment sales	—	(24,397)	(24,397)	(23,642)	(755)		(6,084)
Consolidated Total	¥280,426	¥ —	¥280,426	¥268,938	¥11,488		\$92,571

	1998					
	Millions of Yen					Thousands of U.S. Dollars
	Unaffiliated Customer Sales	Inter-segment Sales	Total Sales	Operating Expenses	Operating Profit	Operating Profit
Japan	¥241,206	¥ 18,561	¥259,767	¥249,123	¥10,644	\$80,575
Asia	15,411	7,734	23,145	22,043	1,102	8,342
Europe	23,667	766	24,433	24,356	77	583
North America	18,427	466	18,893	19,318	(425)	(3,217)
Other	6,520	171	6,691	6,901	(210)	(1,590)
Total	305,231	27,698	332,929	321,741	11,188	84,693
Elimination of inter-segment sales	—	(27,698)	(27,698)	(28,655)	957	7,245
Consolidated Total	¥305,231	¥ —	¥305,231	¥293,086	¥12,145	\$91,938

	1999					
	Millions of Yen					Thousands of U.S. Dollars
	Unaffiliated Customer Sales	Inter-segment Sales	Total Sales	Operating Expenses	Operating Profit	Operating Profit/(Loss)
Japan	¥220,152	¥ 18,343	¥238,496	¥237,699	¥ 797	\$ 6,611
Asia	16,075	10,835	26,910	25,803	1,107	9,183
Europe	22,297	1,785	24,083	24,706	(623)	(5,168)
North America	16,167	2,186	18,353	20,353	(2,000)	(16,591)
Other	5,494	385	5,878	6,290	(412)	(3,417)
Total	280,185	33,534	313,720	314,851	(1,131)	(9,382)
Elimination of inter-segment sales	—	(33,534)	(33,534)	(34,054)	520	4,314
Consolidated Total	¥280,185	¥ —	¥280,185	¥280,796	¥ (611)	\$ (5,068)

(Note 1) Asia Singapore, China, Korea etc.
Europe Netherlands, France, Britain, Germany etc.
North America USA
Other Brazil, Australia etc.

(3) Export sales and sales by overseas subsidiaries

	1998	1999				
	Total	Asia	Europe	North America	Other	Total
Overseas sales	¥ 99,118	¥29,773	¥24,179	¥19,408	¥9,994	¥ 83,354
Consolidated sales	¥305,231	—	—	—	—	¥280,185
Ratio	32.5%	10.6%	8.6%	6.9%	3.6%	29.8%

Report of Independent Certified Public Accountants

To: The Board of Directors of Yokogawa Electric Corporation

We have audited the accompanying consolidated balance sheets of Yokogawa Electric Corporation and its subsidiaries as at March 31, 1998 and 1999, and the related consolidated statements of income and retained earnings for each of the three years in the period ended March 31, 1999, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yokogawa Electric Corporation and its consolidated subsidiaries as at March 31, 1998 and 1999, and the consolidated results of their operations for each of the three years in the period ended March 31, 1999, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amount expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

Tokyo, Japan
June 29, 1999

Chuo Audit Corporation

Chuo Audit Corporation
Independent Certified Public Accountants

Non-Consolidated Statements of Income

Yokogawa Electric Corporation
For the years ended March 31, 1997, 1998 and 1999

	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	for the year ended March 31,			for the year ended March 31,
	1997	1998	1999	1999
Net Sales (Note 14)	¥179,651	¥183,831	¥168,021	\$1,393,787
Cost of Sales (Notes 14 and 15)	118,039	119,510	113,540	941,850
Gross profit	61,612	64,321	54,481	451,937
Selling, General and Administrative Expenses (Note 15)	54,843	57,776	51,742	429,216
Operating profit	6,769	6,545	2,739	22,721
Other Income and Expenses (Note 14):				
Interest and dividend income	4,876	5,268	3,935	32,642
Interest expenses	(879)	(1,129)	(1,461)	(12,120)
Rental income	1,339	1,320	1,314	10,899
Rental expenses	(838)	(810)	(761)	(6,313)
Gain on sale of short-term investments in marketable securities	—	—	483	4,006
Loss on sale (write-down) of marketable securities	—	(709)	(156)	(1,294)
Gain/(loss) on sale/write-down of investments in securities	(124)	1,385	232	1,925
Loss on write-down of investments in a subsidiary	—	(3,073)	(439)	(3,642)
Loss on liquidation of subsidiaries	(1,031)	—	(380)	(3,152)
Loss on sale/disposal of property	(492)	(700)	(367)	(3,044)
Loss on sale/disposal/write-down of obsolete inventories	(1,489)	(877)	(1,053)	(8,735)
Foreign exchange gains (loss)	909	579	(831)	(6,893)
Prior year approved retirement annuity expense of reserve for retirement allowance	—	—	(4,959)	(41,136)
Reversal of retirement allowance	—	—	4,060	33,679
Other, net	(877)	(422)	168	1,394
	1,394	832	(215)	(1,784)
Income before income taxes	8,163	7,377	2,524	20,937
Income Taxes (Note 11)	4,268	2,618	48	398
Refund of income tax	—	—	230	1,908
Net income	¥ 3,895	¥ 4,759	¥ 2,706	\$ 22,447

	Yen			U.S. Dollars (Note 3)
Per Share:				
Net income, adjusted (Note 2(i))	¥15.02	¥18.59	¥10.80	\$0.090
Cash dividends, unadjusted	¥7.5	¥7.5	¥7.5	\$0.062
Weighted average number of shares (in thousands)	259,306	255,961	250,621	—

The accompanying notes are an integral part of the statements.

Non-Consolidated Balance Sheets

Yokogawa Electric Corporation
For the years ended March 31, 1998 and 1999

Yokogawa Electric Corporation
March 31, 1998 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	March 31,		March 31,
	1998	1999	1999
ASSETS			
Current Assets:			
Cash	¥ 43	¥ 47	\$ 390
Time deposits and certificates of deposits	35,950	13,456	111,622
Short-term investments in marketable securities (Note 4)	25,738	31,395	260,431
Marketable securities held under non-money trust	8,002	2,522	20,921
Notes and accounts receivable:			
Trade	73,805	64,766	537,254
Subsidiaries and affiliates	19,955	17,424	144,538
Other	360	1,424	11,812
	94,120	83,614	693,604
Less: Allowance for doubtful accounts	(736)	(524)	(4,347)
	93,384	83,090	689,257
Inventories (Note 6)	11,445	11,765	97,594
Short-term loans to subsidiaries	6,667	11,026	91,464
Beneficiary certificate	4,986	—	—
Other current assets	3,901	2,497	20,714
Total current assets	190,116	155,798	1,292,393
Investments and Advances:			
Investments in securities (Note 4)	22,314	26,860	222,812
Investments in and advances to subsidiaries and affiliates (Note 7)	39,199	47,734	395,969
Long-term loans to employees mostly for housing	1,049	326	2,704
Other investments	5,844	5,987	49,664
	68,406	80,907	671,149
Property, Plant and Equipment, at book value (Note 8)			
Buildings and structures	19,570	25,063	207,905
Machinery and equipment	2,382	2,180	18,084
Furniture and fixtures	6,133	6,027	49,996
Land	8,585	8,590	71,257
Construction in progress	4,566	—	—
Total property, plant and equipment	41,236	41,860	347,242
Other Assets			
	9,939	8,850	73,413
	¥309,697	¥287,415	\$2,384,197

The accompanying notes are an integral part of the statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	March 31,		March 31,
	1998	1999	1999
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term bank loans (Note 9)	¥ 2,390	¥ 2,390	\$ 19,826
Current maturity of long-term debt (Note 9)	30,001	38	315
Notes and accounts payable:			
Trade	11,434	7,104	58,930
Subsidiaries and affiliates	13,252	12,492	103,625
Others	3,596	2,110	17,503
	28,282	21,706	180,058
Accrued expenses	10,018	8,387	69,573
Income taxes payable (Note 11)	2,314	767	6,362
Other	1,347	1,377	11,423
Total current liabilities	74,352	34,665	287,557
Long-Term Debt (Note 9)	34,430	55,146	457,453
Reserve for Retirement Benefits (Note 10)	31,706	27,638	229,266
Contingent Liabilities (Note 16)			
Shareholders' Equity:			
Common stock:			
Authorized: 500,000,000 shares at March 31, 1998 and 491,347,000 shares at March 31, 1999			
Issued (par value, ¥50 per share):			
250,653,012 shares at March 31, 1998 and 1999, respectively	32,306	32,306	267,988
Additional paid-in capital	35,020	35,020	290,502
Legal reserve (Note 12)	4,569	4,764	39,519
Voluntary reserve (Note 12)	14,273	14,273	118,399
Special tax-purpose reserves (Note 13)	4,158	3,731	30,950
Retained earnings (Notes 12 and 18)	78,883	79,872	662,563
Total shareholders' equity	169,209	169,966	1,409,921
	¥309,697	¥287,415	\$2,384,197

Non-Consolidated Statements of Shareholders' Equity

Yokogawa Electric Corporation
For the years ended March 31, 1997, 1998 and 1999

	Number of Shares of Common Stock (in thousands)	Millions of Yen					
		Common Stock	Additional Paid-in Capital	Legal Reserve	Voluntary Reserve	Special Tax-purpose Reserves	Retained Earnings
Balance at March 31, 1996	259,306	¥32,306	¥35,020	¥4,165	¥14,273	¥5,046	¥80,438
Net income for the year	—	—	—	—	—	—	3,895
Cash dividends	—	—	—	—	—	—	(971)
Officers' bonuses	—	—	—	—	—	—	(71)
Transfer to legal reserve	—	—	—	105	—	—	(105)
Transfer to special tax-purpose reserves	—	—	—	—	—	58	(58)
Transfer from special tax-purpose reserves	—	—	—	—	—	(492)	492
Cash dividends – interim	—	—	—	—	—	—	(971)
Transfer to legal reserve	—	—	—	97	—	—	(97)
Balance at March 31, 1997	259,306	32,306	35,020	4,367	14,273	4,612	82,552
Net income for the year	—	—	—	—	—	—	4,759
Cash dividends	—	—	—	—	—	—	(972)
Officers' bonuses	—	—	—	—	—	—	(71)
Transfer to legal reserve	—	—	—	105	—	—	(105)
Transfer from special tax-purpose reserves	—	—	—	—	—	(454)	454
Cash dividends – interim	—	—	—	—	—	—	(972)
Transfer to legal reserve	—	—	—	97	—	—	(97)
Redemption of treasury stock	(8,653)	—	—	—	—	—	(6,665)
Balance at March 31, 1998	250,653	32,306	35,020	4,569	14,273	4,158	78,883
Net income for the year	—	—	—	—	—	—	2,706
Cash dividends	—	—	—	—	—	—	(939)
Officers' bonuses	—	—	—	—	—	—	(70)
Transfer to legal reserve	—	—	—	101	—	—	(101)
Transfer from special tax-purpose reserves	—	—	—	—	—	(427)	427
Cash dividends – interim	—	—	—	—	—	—	(940)
Transfer to legal reserve	—	—	—	94	—	—	(94)
Balance at March 31, 1999	250,653	¥32,306	¥35,020	¥4,764	¥14,273	¥3,731	¥79,872
	Number of Shares of Common Stock (in thousands)	Thousands of U.S. Dollars (Note 3)					
		Common Stock	Additional Paid-in Capital	Legal Reserve	Voluntary Reserve	Special Tax-purpose Reserves	Retained Earnings
Balance at March 31, 1998	250,653	\$267,988	\$290,502	\$37,901	\$118,399	\$34,492	\$654,359
Net income for the year	—	—	—	—	—	—	22,448
Cash dividends	—	—	—	—	—	—	(15,587)
Officers' bonuses	—	—	—	—	—	—	(581)
Transfer from special tax-purpose reserves	—	—	—	—	—	(3,542)	3,542
Transfer to legal reserve	—	—	—	1,618	—	—	(1,618)
Redemption of treasury stock	—	—	—	—	—	—	—
Balance at March 31, 1999	250,653	\$267,988	\$290,502	\$39,519	\$118,399	\$30,950	\$662,563

The accompanying notes are an integral part of the statements.

Non-Consolidated Statements of Cash Flows

Yokogawa Electric Corporation
For the years ended March 31, 1997, 1998 and 1999

	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	for the year ended March 31,			for the year ended March 31,
	1997	1998	1999	1999
Cash Flows from Operating Activities:				
Net income	¥ 3,895	¥ 4,759	¥ 2,706	\$ 22,447
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	6,737	6,611	7,499	62,207
Loss on sale/disposal of property	492	700	367	3,044
Loss on liquidation of subsidiaries	1,031	—	380	3,152
Addition to director's retirement allowance	2,979	2,508	185	1,535
(Gain)/loss on sale/write-down of investments in securities	124	(1,385)	(232)	(1,925)
Loss on write-off of investments in affiliate	—	3,073	439	3,642
Loss on write-off/disposal of obsolete inventories	1,489	877	1,053	8,735
Loss on write-down of other assets	—	451	58	481
Reversal of retirement allowance	—	—	(4,060)	(33,679)
	12,852	12,835	5,689	47,192
Changes in assets and liabilities				
Decrease/(increase) in receivables	1,027	(8,431)	10,294	85,392
Decrease/(increase) in inventories	3,766	(2,287)	(1,373)	(11,389)
(Increase)/decrease in other current assets	(5,148)	(9,564)	7,511	62,306
Increase/(decrease) in payables	(3,109)	6,811	(6,576)	(54,550)
Increase/(decrease) in income tax payables	2,751	(1,331)	(1,547)	(12,833)
Increase/(decrease) in accrued expenses	380	371	(1,631)	(13,530)
Increase/(decrease) in other current liabilities	(1,669)	142	30	249
Other payments	(1,618)	(2,912)	(263)	(2,181)
Net cash provided by (used for) operating activities	13,127	393	14,840	123,103
Cash Flows from Investing Activities:				
Acquisition of property, plant and equipment	(6,190)	(7,227)	(6,623)	(54,940)
Proceeds from sales of plant and equipment	—	110	239	1,982
Increase in short-term investments	—	(4,986)	—	—
Decrease/(increase) in investments in securities	(5,906)	1,677	(4,314)	(35,786)
Increase in investments in and advances to subsidiaries and affiliates	(4,620)	(8,178)	(9,354)	(77,594)
Decrease/(increase) in other investments	(921)	(141)	580	4,811
Increase in other assets	(1,941)	(2,943)	(1,075)	(8,917)
Net cash used for investing activities	(19,578)	(21,688)	(20,547)	(170,444)
Cash Flows from Financing Activities:				
Proceeds from issue of bonds	10,000	20,000	20,000	165,906
Borrowing of long-term debt	1,600	2,000	211	1,750
Cash dividends	(1,942)	(1,944)	(1,879)	(15,587)
Repayment of long-term debt	(310)	(136)	(30,151)	(250,112)
Decrease in short-term bank loans	—	(610)	—	—
Increase in other long-term debt	37	—	693	5,749
Redemption of treasury stock	—	(6,665)	—	—
Net cash provided by (used for) financing activities	9,385	12,645	(11,126)	(92,294)
Increase/(Decrease) in Cash and Cash Equivalents	2,934	(8,650)	(16,833)	(139,635)
Cash and Cash Equivalents at Beginning of Year	67,447	70,381	61,731	512,078
Cash and Cash Equivalents at End of Year	¥ 70,381	¥ 61,731	¥ 44,898	\$ 372,443

The accompanying notes are an integral part of the statements.

1. Basis of Presenting the Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements have been prepared from accounts and records maintained by Yokogawa Electric Corporation (the "Company") in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with generally accepted accounting principles and practices in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the non-consolidated financial statements filed with the Ministry of Finance (the "MOF") in

Japan have been reclassified for the convenience of readers outside Japan. In addition, the non-consolidated financial statements of cash flows are not required to be filed with the MOF, but have been prepared and included in the non-consolidated financial statements.

The non-consolidated financial statements are not intended to present the non-consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Summary of Significant Accounting Policies

(a) Valuation of Securities

Short-term investments in marketable securities (current portfolio) and investments in securities (non-current portfolio) are valued at cost. In both cases, cost is determined by the moving-average method.

Appropriate write-downs are recorded for the securities of which the value has declined substantially and such impairments of the value are considered not to be temporary.

Marketable securities held under non-money trust are valued at cost determined by the moving-average method. In applying the valuation at cost, all securities under one money trust are considered as one unit of securities and the cost is aggregated for each money trust.

(b) Inventories

Inventories are stated mostly at cost. Cost is determined by the following methods:

Products and material the average method
Work-in-process the individual identified cost method
Supplies the last purchase-invoice price method

When the net realizable value of certain classes of inventories is substantially less than the carrying value (cost) due to deterioration and obsolescence, and the decline of value is not expected to be recoverable, appropriate write-downs are recorded on such items and loss on such write-downs are included in other expenses.

(c) Investments in and Advances to Subsidiaries and Affiliates

Investments in subsidiaries (majority-owned companies) and affiliates (20% to 50% owned companies) are carried at cost. Accordingly, income from subsidiaries and affiliates is recognized only when the Company receives dividends from such companies and unrealized intercompany profits arising from transactions among the Company, subsidiaries and affiliates, if any, have not been eliminated in the accompanying non-consolidated financial statements.

(d) Depreciation and Amortization

Depreciation is computed on the declining balance method for property, plant and equipment at rates mostly based on the estimated useful lives of assets which are, in certain instances,

shorter than those prescribed by the Japanese income tax laws.

According to the recent amendments of the Japanese corporate tax laws, the Company has computed the depreciation for the buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) which have newly been acquired on or after April 1, 1998 by the straight-line method.

As a result of this change, the depreciation cost for the year ended March 31, 1999 was decreased by ¥119 million (\$987 thousand), and income before income taxes were increased by the same amount as compared with the previous method, respectively.

The Company adopted useful lives of buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) which are shorter than those used in previous years, pursuant to the amendments of the Japanese corporate tax laws, which took effect from the year starting on and after April 1, 1998.

As a result of adopting the new useful lives of buildings, depreciation cost for the year ended March 31, 1999 was increased by ¥113 million (\$937 thousand), and income before income taxes were decreased by the same amount as compared with the previous method, respectively.

Amortization of intangible assets and deferred charges is computed on the straight-line method over the period regulated by the Japanese Commercial Code or income tax laws.

Research and development costs and bond issue expenses are charged to income as incurred.

The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation are eliminated from the related accounts, and the resulting profit or loss is reflected in income.

(e) Allowance for Doubtful Accounts

Allowance for doubtful accounts are provided at the maximum amount deductible for tax purposes, which determined by income tax laws. In addition, the amount deemed necessary to cover uncollectible receivables is provided when appropriate.

(f) Income Taxes

Income taxes are provided based on amounts required by the tax returns for the year. No tax effect is recorded for timing

differences in the recognition of certain revenue and expenses between tax and financial reporting.

(g) Appropriation of Retained Earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, the plan for appropriation of retained earnings (primarily for cash dividend payments) proposed by the Board of Directors should be approved by the annual shareholders' meeting which must be held within three months after the end of each financial year. The appropriation of retained earnings reflected in the accompanying non-consolidated financial statements is applicable to the immediate preceding financial year but it was approved by the shareholders' meeting and disposed of during that year. Dividends are paid to shareholders on the shareholders' register at the end of each financial year. As is customary practice in Japan, the payment of bonuses to directors and statutory auditors is made out of retained earnings instead of being charged to income of the year, which constitutes a part of appropriations cited above.

The Japanese Commercial Code also provides that interim cash dividends may be distributed upon approval by the Board of Directors. The Company has paid such interim dividends to its shareholders on the shareholders' register as at September 30 of each year.

(h) Accounting for Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method similar to that applicable to ordinary operating leases.

(i) Net Income and Dividends per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each period appropriately adjusted for subsequent stock splits of common stock. Cash dividends per share shown in the accompanying non-consolidated statements of income represent dividends declared as applicable to the respective year (unadjusted).

Since there is no dilutive effect of convertible bonds on net income per share such information is not required to be disclosed.

(j) Consumption Tax

The consumption tax withheld by the Company on sales of products is not included in the amount of net sales in the accompanying non-consolidated statements of income. The consumption tax borne by the Company on purchases of goods and services, is not included in the amounts of costs and expenses in the accompanying non-consolidated statements of income.

3. United States Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the non-consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on a basis of ¥120.55=US\$1, the approximate effective rate of exchange

prevailing at March 31, 1999. The inclusion of such U.S. dollar amounts is solely for the convenience of the reader and is not intended to imply that Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

4. Short-Term Investments in Marketable Securities and Investments in Securities

Short-term investments in marketable securities (current assets) and investments in securities (non-current assets) at March 31, 1998 and 1999 consisted of the following:

	Millions of Yen		Thousands of
	1998	1999	U.S. Dollars
Short-term investments in marketable securities:			
Listed corporate shares	¥ 454	¥ 407	\$ 3,376
Corporate and government bonds	8,080	2,730	22,646
Other securities			
(mainly Money market funds)	17,204	28,258	234,409
	25,738	31,395	260,431
Investments in securities:			
Listed corporate shares	20,426	25,810	214,102
Unlisted shares	1,888	1,050	8,710
	¥22,314	¥26,860	\$222,812

Market value information of listed corporate shares held by the Company at March 31, 1998 and 1999 is summarized as follows:

	Millions of Yen						Thousands of U.S. Dollars
	1998			1999			1999
	Book Value per Balance Sheet	Market Value	Unrealized Gain (Loss)	Book Value per Balance Sheet	Market Value	Unrealized Gain (Loss)	Unrealized Gain (Loss)
Listed corporate shares:							
Short-term investments in marketable securities: (Current assets)	¥ 454	¥ 1,108	¥ 654	¥ 407	¥ 701	¥ 294	\$ 2,439
Investments in securities: (Non-current assets)	¥20,426	¥30,351	¥9,925	¥25,810	¥35,057	¥9,247	\$76,707

5. Financial Derivative Transactions

(1) Transactions, Company's Policy and Purpose of Derivative Transactions

The Company uses derivative financial instruments, which comprise principally interest swap transactions, foreign forward exchange contract, currencies option contract and currencies swap transactions to reduce its exposure to market risks from fluctuations in foreign currency exchange.

The Company does not hold or issue derivative financial instruments for trading purposes.

(2) Risk of transactions

The derivative transactions have market risk associated with the market price volatility and credit risk related to the possibility of a counterparty's default.

The Company uses the derivative transactions as a hedge against a reduction in the value of assets held by the Company and does not anticipate that the Company occur significant losses from the derivative arrangements due to the event of nonperformance by the counterparties.

(3) Risk management

All derivative contracts are approved by the chief financial officer. The recording on the book and the payment and receipt of money are carried out by the staff other than those in charge of the derivative transactions.

(4) Financial derivatives information on a non-consolidated basis as of March 31, 1998 and 1999 is as follows:

Currency Related Transactions

	Millions of Yen					
	Contractual Value or Notional Principal Amounts					
	1998		1999			
	Total	Over one year	Total	Over one year	Market Value	Unrealized Gain(loss)
Option transaction						
Call option						
U.S. Dollar put •						
Yen call	¥2,365	¥-	¥4,701	¥-	¥-	¥-
(Option premium) (¥ 31)	(¥-)	(¥-)	(¥ 138)	(¥-)	(¥105)	(¥(33))
Yen Put •						
U.S. Dollar call	¥-	¥-	¥361	¥-	¥-	¥-
(Option premium)	(¥-)	(¥-)	(¥6)	(¥-)	(¥3)	(¥3)

Interest Rate Related Transactions

	Millions of Yen					
	Contractual Value or Notional Principal Amounts					
	1998		1999			
	Total	Over one year	Total	Over one year	Market Value	Unrealized Gain(loss)
Interest rate swaps transaction						
Receipts Fixed •						
Payment Floating	¥-	¥-	¥2,500	¥2,500	¥83	¥83
Receipts Floating •						
Payments Floating	5,000	5,000	-	-	-	-
Total	¥5,000	¥5,000	¥2,500	¥2,500	¥83	¥83

6. Inventories

Inventories at March 31, 1998 and 1999 consist of:

	Millions of Yen		Thousands of U.S. Dollars
	1998	1999	1999
Finished products	¥2,199	¥2,035	\$16,881
Semi-finished products	2,894	3,103	25,740
Work-in-process	6,123	6,458	53,571
Materials	136	99	821
Supplies	93	70	581
	¥11,445	¥11,765	\$97,594

7. Investments in and Advances to Subsidiaries and Affiliates

Investments in and advances to subsidiaries and affiliates at March 31, 1998 and 1999 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	1998	1999			1999	
	Total	Ownership percentage (%)	Investments in capital stock	Advances	Total	Total
Subsidiaries:						
Yokogawa Digital Computer Corporation	¥3,005	69	¥3,009	¥ –	¥3,009	\$ 24,961
Yokogawa Electric Asia Pte. Ltd.	2,255	100	4,333	–	4,333	35,944
Nippon System Gijutsu Co.	1,601	76	1,601	–	1,601	13,281
System Plaza Inc.	–	100	1,700	–	1,700	14,102
Yokogawa America do Sul S.A.	1,066	98	1,066	–	1,066	8,843
Yokogawa Precision Corporation	1,718	100	1,807	–	1,807	14,990
Yokogawa Electric Korea Co., Ltd.	–	100	1,041	–	1,041	8,635
Yokogawa IMT Corporation	1,400	100	1,400	–	1,400	11,613
Yokogawa Europe B.V.	4,639	100	4,876	–	4,876	40,448
Yokogawa Engineering Service Corporation	1,005	100	1,005	–	1,005	8,337
Yokogawa USA, Inc.	6,037	100	9,087	–	9,087	75,379
Yokogawa Controle Bailey S.A.	3,113	55	3,113	–	3,113	25,823
Other	6,690		7,017	454	7,471	61,974
	32,529		41,055	454	41,509	344,330
Affiliates:						
Yokogawa Johnson Controls Corporation	720	45	720	–	720	5,973
GE Yokogawa Medical Systems, Ltd.	1,470	25	1,470	–	1,470	12,194
Hewlett-Packard Japan, Ltd.	1,397	25	1,397	–	1,397	11,589
Yokogawa Analytical Systems Inc.	700	49	700	–	700	5,807
Yokogawa Blue Star Ltd. (*1)	454	40	454	–	454	3,766
Other	1,929		1,484	–	1,484	12,310
	6,670		6,225	–	6,225	51,639
Total	¥39,199		¥47,280	¥454	¥47,734	\$395,969

(*1) The shares of common stock of Yokogawa Blue Star Ltd. are listed on the Bombay Stock Exchange. The aggregate market value of the shares shown above held by the Company at March 31, 1998 and 1999 amounted to ¥1,197 million and ¥751 million (\$6.2 million), respectively.

8. Accumulated Depreciation

Accumulated depreciation deducted from cost of property, plant and equipment in the accompanying consolidated balance sheet amounted to ¥65,689 million and ¥67,153 million (\$557,055 thousand) at March 31, 1998 and 1999, respectively.

9. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans outstanding are generally represented by 365-day notes issued by the Company to banks and bear interest at annual rates ranging from 0.9921% to 7.3% at March 31, 1998 and at annual rates ranging from 0.56104% to 7.200% at March 31, 1999.

Additional information with respect to short-term loans outstanding for the years ended March 31, 1998 and 1999 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1998	1999	1999
Maximum month-end balance	¥3,263	¥2,443	\$ 20,265
Average month-end balance	¥2,695	¥2,439	\$ 20,232

Substantially all of the notes are issued to banks which have agreements with the Company to the effect that, with respect to all present or future loans with the relevant bank, the Company shall provide collateral (including sums on deposit with such bank) or guarantors for such loans, immediately upon the bank's request, and that any collateral furnished pursuant to such agreement or otherwise will be applicable to all indebtedness to the bank.

Long-term debt at March 31, 1998 and 1999 consists of:

	Millions of Yen		Thousands of U.S. Dollars
	1998	1999	1999
1.6% convertible bonds due 1999	¥29,949	¥ —	\$ —
2.9% straight bonds due 2001	10,000	10,000	82,953
2.15% straight bonds due 2002	10,000	10,000	82,953
2.475% straight bonds due 2003	10,000	10,000	82,953
1.95% straight bonds due 2003	—	10,000	82,953
2.0% straight bonds due 2004	—	10,000	82,953
Loans principally from banks and Pension Welfare Agency applied towards employee housing at rates ranging from 2.9% to 7.3% for the years ended March 31, 1998 and 1999	4,105	4,114	34,127
Other	377	1,070	8,876
	64,431	55,184	457,768
Less: current portion	(30,001)	(38)	(315)
	¥34,430	¥55,146	\$457,453

None of the Company's assets were pledged as collateral for any of the short-term and long-term debt at March 31, 1998 and 1999.

Information with respect to the Company's straight bonds and convertible bonds at March 31, 1999 is as follows:

Description of the issue

	Issued on	Initial principal amount	Due date
2.9% straight bonds	May 21, 1996	¥10,000 million	May 21, 2001
2.15% straight bonds	July 24, 1997	¥10,000 million	July 24, 2002
2.475% straight bonds	Feb. 20, 1998	¥10,000 million	Feb. 20, 2003
1.95% straight bonds	Nov. 25, 1998	¥10,000 million	Nov. 25, 2003
2.0% straight bonds	March 26, 1999	¥10,000 million	March 26, 2004

10. Reserve for Retirement Benefits and Pension Plan

Employees (excluding directors and statutory auditors) with more than one year of service are generally entitled to receive a lump-sum payment upon their retirement, amount of which is determined by reference to the basic rate of pay, length of service and conditions under which the termination occurred. The liabilities for these employees' retirement benefits are shown as "Reserve for retirement benefits to employees" in the accompanying non-consolidated balance sheets, which is not funded.

The Company also adopted a non-contributory funded pension plan ("Chosei Nenkin") which covers 50% of the retirement benefits payable to employees retiring at the mandatory retirement age of 60, 10% of the retirement benefits payable to employees retiring at the age of younger than 55. At March 31, 1999, the balance of the fund assets was ¥17,888 million (\$148.39 million).

Previously it was the policy of the Company to provide for "reserve for retirement benefits" in an amount equivalent to the present value of gross benefits payable to all employees of the Company upon their retirement at the balance sheet date, less total balance of accumulated fund assets of the pension plan mentioned above.

The past service cost relative to the funded pension plan is amortized over a 20-year period.

With effect from the year ended March 31, 1999, the Company adopted another non-contributory funded pension plan ("Tekikaku Taishoku Nenkin") which covers 50% of the retirement benefits payable to employees retiring at the mandatory retirement age of 60, 90% of the retirement benefits payable to employees retiring at the age of younger than 55. At February 28, 1999, the balance of the fund assets was ¥4,472 million (\$37,097 thousand).

The past service cost relative to the funded pension plan is amortized over a 7-year and 7-month period.

Due to the non-contributory funded pension plan, the reversal of retirement allowance is now being carried out over the same period as the above (7-year and 7-month).

As is a customary practice in Japan, the Company provides for

lump-sum payment to retiring directors and statutory auditors, the amount of which is determined by reference to the Company's internal rules. The amounts of such retirement payments are subject to approval by the shareholders at the time of an individual director's or statutory auditor's resignation or retirement.

11. Income Taxes

Income taxes in Japan applicable to the Company for the three years ended March 31, 1999 consisted of corporate income tax (national), enterprise tax (local) and resident income taxes (local) at the approximate rates indicated as follows:

	Rates on taxable income		
	1997	1998	1999
Corporate income tax	37.5%	37.5%	34.5%
Enterprise tax	12.6	12.6	11.4
Resident income taxes	20.7	20.7	20.7
	70.8%	70.8%	60.6%
Statutory tax rate in effect to reflect the deductibility of enterprise tax when paid	51.4%	51.4%	47.62%

Income tax rates shown in the accompanying non-consolidated statements of income differ from the above-mentioned statutory tax rates. The principal reasons for such differences are that entertainment expenses as defined by the Japanese income tax laws are not allowed tax deductions and dividend income from domestic corporations is not taxable. In addition, the difference arises because no tax effects have been recognized on certain timing differences between financial accounting and tax reporting primarily in relation to accrued enterprise tax not deductible until paid, and special reserves have been provided and reversed through retained earnings, which is added to or deducted from taxable income. See Note 13 for deferred capital gain.

12. Legal Reserve and Appropriation of Retained Earnings

The Japanese Commercial Code provides that an amount equal to at least 10% of cash distribution out of retained earnings each year should be appropriated to legal reserve until such reserve equals 25% of common stock account. This reserve may be transferred to common stock by a resolution of the Board of Directors or used to reduce a deficit by a resolution of the shareholders' meeting, but is not available for dividend payments.

The Company's Board of Directors, with subsequent approval by shareholders, has made annual appropriations of retained

earnings for various purposes, the accumulated balance of which is presented as "voluntary reserves" in the accompanying financial statements. Any disposition of such voluntary reserves shall be at the discretion of the Board of Directors and shareholders.

13. Special Tax-Purpose Reserves

Special tax-purpose reserves, which are allowed as deductions in one year and are reversed into taxable income in subsequent years, are provided by the Company pursuant to the provisions of the Special Taxation Measures Law of Japan. Essentially, special reserves result in deferral of income tax payments and do not represent income or loss to be recognized for financial reporting purposes.

The Company carries "special tax-purpose reserves" in the shareholders' equity section and provides for or reverses the reserves through appropriations of retained earnings in amounts required by the tax laws.

14. Related Party Transactions

The Company's sales to and purchases from subsidiaries and affiliates for each of the three years in the period ended March 31, 1999 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	1997	1998	1999	1999
Sales	¥36,919	¥39,259	¥36,038	\$298,946
Purchases	¥75,133	¥83,057	¥78,617	\$652,153

Revenues from subsidiaries and affiliates for each of the three years in the period ended March 31, 1999, which are included in "Other Income and Expenses" in the non-consolidated statements of income were principally as follows:

	Millions of Yen			Thousands of U.S. Dollars
	1997	1998	1999	1999
Interest and dividend income	¥ 784	¥ 942	¥2,975	\$24,679
Rental fees	1,208	1,194	1,187	9,846
	¥1,992	¥2,136	¥4,162	\$34,525

15. Research and Development Cost

The cost for research and development activities of the Company included in "Cost of Sales" and "Selling, General and Administrative Expenses" in the accompanying non-consolidated statements of income for each of the three years in the period ended March 31, 1999 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	1997	1998	1999	1999
	¥16,808	¥17,778	¥17,745	\$147,200

16. Contingent Liabilities

(i) Guaranty of Liabilities

The Company guarantees loans for housing made by employees in the amount of ¥2,188 million (\$18.2 million) at March 31, 1999.

As at March 31, 1999, the Company also has contingently liabilities for guarantees of loans of its subsidiaries as follows:

	Millions of Yen	Thousands of U.S. Dollars and Sterling Pounds
Loans made by:		
Yokogawa Corporation of America	¥1,278	\$10,601
Yokogawa America Do Sul S.A.	¥ 302	\$ 2,505
Yokogawa Marex Technology Limited	¥ 253	£ 1,301
Ltd. Yokogawa Electric	¥ 12	\$ 100
		£ 1,301
	¥1,845	\$13,206

(ii) Guarantee Contract of Liabilities

The Company has guarantee contract loans of "cash-less system", employees' overdraft facility, in the amount of ¥100 million (\$830 thousand) at March 31, 1999.

As at March 31, 1999, the Company also has guarantee contract to banks of bond-issuance and loans of its subsidiaries as follows:

	Millions of Yen	Thousands of U.S. Dollars
Bond-issuance by:		
Yokogawa Financial Service Corporation	¥2,000	\$16,591
Yokogawa International Finance B.V.	5,000	41,476
	¥7,000	\$58,067
Loans by:		
Yokogawa Financial Service Corporation	¥25,729	\$213,430
Yokogawa Ibdien Components Corporation	2,820	23,393
Yokogawa Pionics Co., Ltd.	1,079	8,951
Yokogawa International Finance B.V.	3,579	29,689
Yokogawa Europe B.V.	2,943	24,413
Yokogawa Corporation of America	1,145	9,498
Other	3,912	32,451
	¥41,207	\$341,825

The Company's guarantee contract amount in foreign currency is as follows:

U.S. Dollars	\$26,950
Dutch Guilder	NLG56,174
Singapore	S\$13,017

17. Lease Transactions

(i) The Company has various lease agreements whereby the Company acts as a lessee. The Company's finance lease contracts which are not deemed to transfer the ownership of the leased assets are accounted for by the method that is applicable to ordinary operating leases. Certain key information on such lease contracts of the Company for the years ended March 31, 1998 and 1999 were as follows:

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, which included the portion of interest thereon, were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	March 31,		March 31,
	1998	1999	1999
Machinery & equipment	¥ 82	¥ 60	\$ 497
Vehicles	228	281	2,331
Furniture and fixtures	788	945	7,839
	1,098	1,286	10,667
Less: Accumulated depreciation	(450)	(638)	(5,292)
Net book value	¥ 648	¥ 648	\$ 5,375
Depreciation	¥ 192	¥ 290	\$ 2,406

Depreciation is based on the straight-line method over the lease term of the lease assets.

18. Subsequent Events

The appropriations of retained earnings in respect of the year ended March 31, 1999 proposed by the Board of Directors and approved by shareholders at the general shareholders' meeting held on June 29, 1999 were as follows:

The scheduled maturities of future lease rental payments, which included the portion of interest thereon, on such lease contracts as of March 31, 1998 and 1999 and lease rental expenses for the year were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1998	1999	1999
Due within one year	¥225	¥229	\$1,899
Due over one year	423	419	3,476
	¥648	¥648	\$5,375
Lease rental expenses for the year	¥192	¥290	\$2,406

(ii) The scheduled maturities of future lease rental payments of operating lease as of March 31, 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	1998	1999	1999
Due within one year	¥ 30	¥ 18	\$ 149
Due over one year	15	19	158
	¥ 45	¥ 37	\$ 307

	Millions of Yen	Thousands of U.S. Dollars
Balance of retained earnings at March 31, 1999	¥79,872	\$662,563
Reversal of special tax-purpose reserves	278	2,306
Appropriations:		
Year-end cash dividend(¥3.75 per share)	940	7,797
Transfer to legal reserve	100	829
Transfer to special tax-purpose reserves	169	1,402
Officers' bonuses	60	498
	1,269	10,526
Balance of retained earnings to be carried forward	¥78,881	\$654,343

Report of Independent Certified Public Accountants

To: The Board of Directors of Yokogawa Electric Corporation

We have audited the accompanying non-consolidated balance sheets of Yokogawa Electric Corporation as at March 31, 1998 and 1999 and the related non-consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 1999, all expressed in Japanese yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the non-consolidated financial statements referred to above present fairly the non-consolidated financial position of Yokogawa Electric Corporation at March 31, 1998 and 1999 and the non-consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 1999, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

The amount expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying non-consolidated financial statements.

Tokyo, Japan
June 29, 1999

Chuo Audit Corporation

Chuo Audit Corporation
Independent Certified Public Accountants

Directors and Auditors

As of July 1, 1999

President and Chief Executive Officer

Isao Uchida

Senior Executive Director

Fumio Mizoguchi

Executive Directors

Joichi Ueba

Taiki Utsumi

Corporate Auditors

Mineo Kato

Takaomi Kakurai

Takahide Sakurai

Toru Hashimoto

Corporate Data

As of March 31, 1999

Headquarters and Main Factory

2-9-32, Nakacho, Musashino-shi

Tokyo 180-8750, Japan

Tel: 81-422-52-5526

Fax: 81-422-52-5927

Telex: 02822 327 YEW MTJ

(Corporate Treasury Department)

Founded

September 1, 1915

Paid-in Capital

¥32,306,071,542

Number of Employees

6,049

Number of Shares of Common Stock Issued

250,653,012

Number of Shareholders

15,126

Domestic Facilities

3 factories and 21 offices

Overseas Facilities

70 affiliates in 26 countries including

18 factories

Stock Exchange Listings

Japan: Tokyo, Osaka, Nagoya,

Fukuoka and Niigata

Overseas: Amsterdam

Transfer Agent and Registrar

The Yasuda Trust and Banking
Company, Limited

1-2-1, Yaesu, Chuo-ku

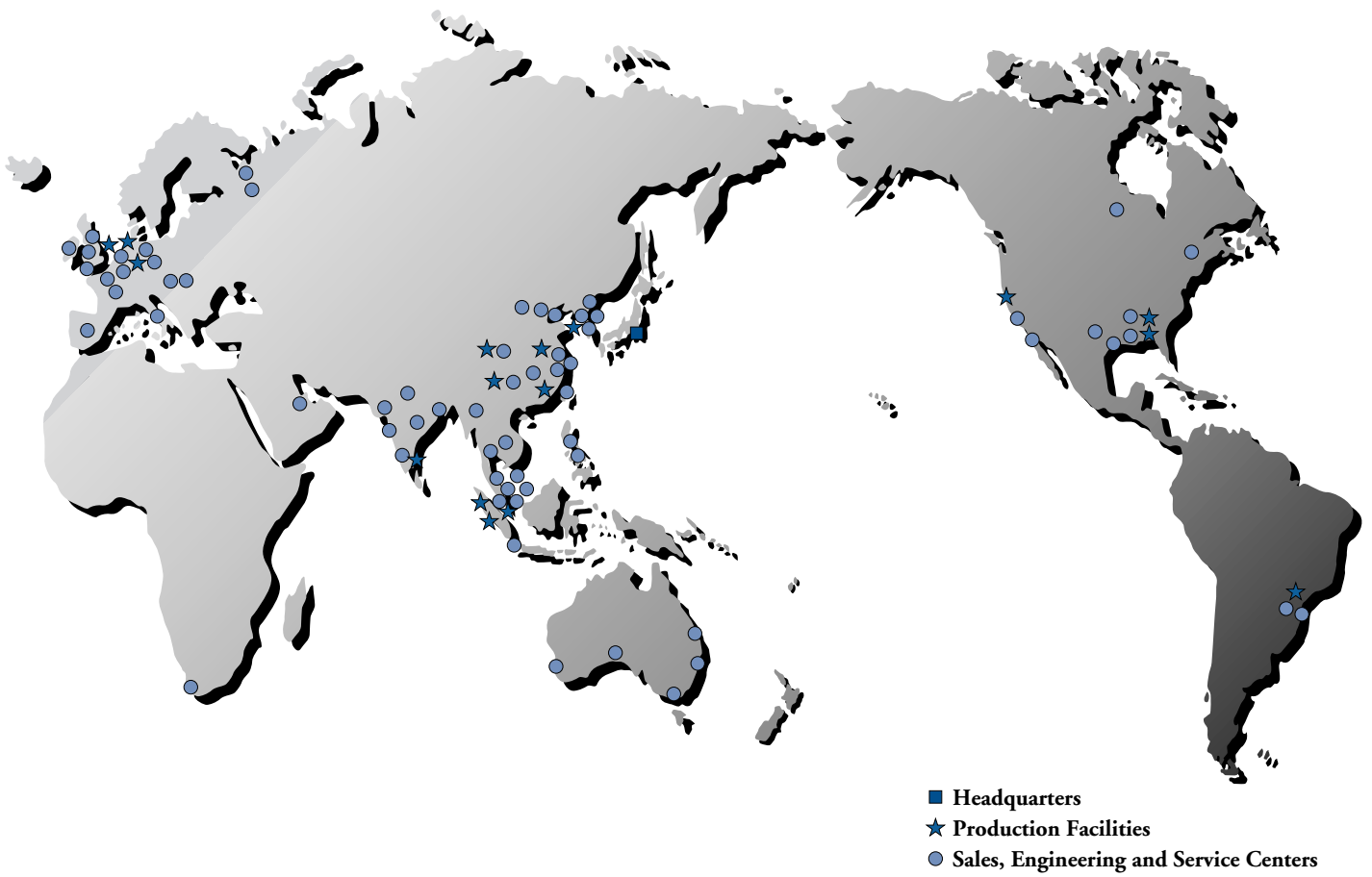
Tokyo 103-8670, Japan

Annual Meeting

The annual general meeting of shareholders of the Company is normally held in June each year in Tokyo, Japan. In addition, the Company may hold an extraordinary meeting of shareholders as necessary, giving at least two week's prior notice to shareholders.

Auditors

Chuo Audit Corporation



North America	Yokogawa USA Inc. Yokogawa Corporation of America Measurement Inc. Kokusai Chart Corporation of America Yokogawa Trading USA Inc. Yokogawa Industrial Safety Systems Inc.
South America	Yokogawa America do Sul SA Iker S/A Industrial Comercio
Europe	Yokogawa Europe B.V. Yokogawa International Finance B.V. Yokogawa Capital Unlimited Yokogawa Nederland B.V. Yokogawa Industrial Safety Systems B.V. Safety Service Center B.V. Yokogawa Marex Technology B.V. Yokogawa Trading Europe B.V. Yokogawa Italia S.r.l. Yokogawa Controle Bailey S.A. Yokogawa Austria Ges.m.b.H. Yokogawa Hungaria Kft Yokogawa Belgium N.V./S.A. Yokogawa Deutschland GmbH Rota Yokogawa GmbH & Co.KG Rota France S.A.R.L. Yokogawa nbn GmbH Yokogawa United Kingdom, Ltd. Yokogawa Martron Ltd. Yokogawa Industrial Safety Systems Ltd. Yokogawa Espana S.A. Yokogawa Reinsurance Ltd. Yokogawa Marex Technology Limited
Africa	Yokogawa South Africa (Pty.) Ltd.
Russia	Ltd. Yokogawa Electric
Middle East	Yokogawa Middle East E.C.
Asia	Yokogawa Electric Asia Pte. Ltd. Yokogawa Engineering Asia Pte. Ltd. Yokogawa Trading Asia Pte. Ltd. Measurement Systems Pte. Ltd. Plant Electrical Instrumentation Pte. Ltd. Yokogawa Electric (Malaysia) Sdn. Bhd. Yokogawa Kontrol (Malaysia) Sdn. Bhd. Yokogawa Industrial Safety Ststems Sdn. Bhd. Yokogawa (Thailand) Ltd. River Process Engineering Company Ltd. P.T. Yokogawa Engineering Indonesia P. T. Yokogawa Manufacturing Batam P. T. Yokogawa Power Supply Batam Yokogawa Philippines, Inc. Yokogawa Technical Services Philippines, Inc. Myanmar Yokogawa Electric Ltd. Yokogawa Electric Korea Co., Ltd. HAN YO Telecom Co. Ltd. DU BI Industrial Co., Ltd. Yokogawa Measuring Instruments Korea Corp. Sanub & Yokogawa Rental Corporation Yokogawa Trading Korea Co., Ltd. Yokogawa Taiwan Corporation Yokogawa Blue Star Ltd. Yokogawa Australia Pty. Ltd. TechComm Simulation Pty. Ltd.
China	Yokogawa Xiyi Corporation Suzhou Yokogawa Meter Company Yokogawa Shanghai Instrumentation Co., Ltd. Shanghai Yokogawa Petrochemical Instrumentation Co., Ltd. Yokogawa Sichuan Instrument Co., Ltd. Beijing Metallurgy Yokogawa Automation Engineering Co. Ltd. Yokoshin Software Engineering (Wuxi) Co., Ltd. Yokogawa Trading Hong Kong Ltd.



YOKOGAWA

Yokogawa Electric Corporation