

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

Date: February 3, 2004

Name of Listed Company: Yokogawa Electric Corporation

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

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

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Name and Position of the Representative Person:

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Name and Position of the Person in Charge:

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1. Basis for Preparation of Quarterly Operating Results

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

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

Consolidated subsidiaries: Newly included: 2; Excluded: 4

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

2. Consolidated Business Results for the Third Quarter of the Year Ending March, 2004

(April 1 - December 31, 2003)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the 3 rd quarter of the year ending March, 2004	246,836	13.4	5,200	-	3,007	-	(2,777)	-
For the 3 rd quarter of the year ending March, 2003	217,700	-	(7,200)	-	(9,700)	-	(12,500)	-
(Reference) For the year ended March, 2003	328,766	-	1,561	-	(1,233)	-	(26,232)	-

	Net Earnings per Share	Diluted Net Earnings per Share
	yen	yen
For the 3 rd quarter of the year ending March, 2004	(11.43)	-
For the 3 rd quarter of the year ending March, 2003	(51.65)	-
(Reference) For the year ended March, 2003	(108.39)	-

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

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

[Overview of Consolidated Business Results for Third Quarter of Fiscal Year 2003]

In the third quarter of the Yokogawa Group's current fiscal year, both sales and operating income were significantly higher than the figures reported in the same period last year. The Yokogawa Group posted consolidated net sales of 246,836 million yen in the third quarter, up 29,136 million yen (13.4%) from the corresponding period last year. Operating income for the Group totaled 5,200 million yen, an improvement of 12,400 million yen over the same period last year. This increase in operating income is the result of improved performance in sales and cost-cutting measures.

The measurement business experienced increased orders and sales thanks to strong demand for automatic test equipment in vibrant semiconductor-related markets. The overall industrial automation and control business also

remained strong thanks to a recovery in the capital expenditures of the domestic basic materials industry and the award of major projects in overseas markets, where the level of capital expenditure has remained high. The Group has also started to benefit from restructuring measures such as those that have reduced costs by restructuring Ando's operation and realigning production in Japan. These initiatives are a key factor in the Group's improved sales and operating income performance in the third quarter.

It should be noted that sales tend to be higher in the month ending each half of the fiscal year, so the first and third quarters each routinely account for less than 25% of the fiscal year's total consolidated net sales.

(2) Financial conditions on a consolidated basis

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million yen	Million yen	%	yen
For the 3 rd quarter of the year ending March, 2004	366,048	130,733	35.7	538.25
For the 3 rd quarter of the year ending March, 2003	-	-	-	-
(Reference) For the year ended March, 2003	364,730	131,784	36.1	542.20

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

[Financial Conditions on a Consolidated Basis]

Financial results for the third quarter are as follows. These figures are provided in comparison with the end of the previous fiscal year (ended March 31, 2003):

Although accounts receivable and other items decreased by 15.4 billion yen, total assets increased by 1.3 billion yen to 366 billion yen because inventories are up 20.5 billion yen since the end of the previous fiscal year.

Debt increased by 1.6 billion yen to 231.6 billion yen despite respective decreases of 15 billion yen and 10 billion yen in commercial paper and straight bonds. This can mainly be attributed to the Group's issuance in the Euro market of 30 billion yen in zero coupon convertible bonds.

Shareholders' equity decreased by 1 billion yen to 130.7 billion yen mainly due to net losses that were incurred in the first three quarters. Consequently, the shareholders' equity ratio dropped by 0.4 points from the previous year end to 35.7%, and the ratio of interest-bearing debt to shareholders' equity also declined by 5.5 points during the same period to 88.0%.

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

	Net Sales	Ordinary Income	Net Income
	Million yen	Million yen	Million yen
For the year ending Mar. 31, 2004	370,000	14,000	4,000

(Reference) Non-consolidated business forecast for the year ending March 31, 2004(April1, 2003-March 31, 2004)

	Net Sales	Ordinary Income	Net Income
	Million yen	Million yen	Million yen
For the year ending Mar. 31, 2004	210,000	7,500	3,000

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

[Ref.] Consolidated Financial Statements

(1) Consolidated Balance Sheets

	For the 3 rd quarter of the year ending March, 2004			For the year ended March, 2003		
	Million yen		(%)	Million yen		(%)
Assets						
1. Current Assets						
Cash on hand and in bank	43,099			48,242		
Notes and accounts receivables	87,355			102,766		
Inventories	63,813			43,236		
Others	13,384			18,385		
Total currents assets		207,652	56.7		212,630	58.3
2. Fixed Assets						
Tangible fixed assets	77,095			74,722		
Intangible fixed assets	12,446			12,685		
Investment and other assets	68,852			64,692		
Total fixed assets		158,395	43.3		152,100	41.7
Total Assets		366,048	100.0		364,730	100.0
Liabilities						
1. Current liabilities:						
Notes and accounts payable	30,830			32,484		
Short-term loans	30,579			41,238		
Others	53,946			63,933		
Total current liabilities		115,356	31.5		137,655	37.8
2. Long-term liabilities						
Long-term bonds	50,000			20,000		
Long-term bank loans	24,417			27,436		
Reserve for retirement payments	39,172			40,248		
Others	2,732			4,711		
Total long-term liabilities		116,323	31.8		92,397	25.3
Total liabilities		231,679	63.3		230,053	63.1
Minority interests in consolidated subsidiaries		3,635	1.0		2,893	0.8
Shareholders' equity						
1. Common stock		32,306	8.8		32,306	8.8
2. Additional paid-in capital		35,257	9.6		35,255	9.7
3. Retained earnings		72,132	19.7		76,777	21.0
4. Variances on securities valuations		5,355	1.5		977	0.3
5. Foreign currency translation adjustments		(6,218)	(1.7)		(5,562)	(1.5)
6. Treasury stock		(8,099)	(2.2)		(7,968)	(2.2)
Total shareholders' equity		130,733	35.7		131,784	36.1
Total liabilities and stockholders' equity		366,048	100.0		364,730	100.0

(2) Consolidated Statements of Income

	Apr.1, 2003-Dec. 31, 2003		Apr.1, 2002-Mar. 31, 2003	
	Million yen	(%)	Million yen	(%)
1. Net sales	246,836	100.0	328,766	100.0
2. Cost of sales	159,346	64.6	218,989	66.6
Gross profit	87,490	35.4	109,777	33.4
3. Selling, general and administrative expenses	82,290	33.3	108,215	32.9
Operating Income	5,200	2.1	1,561	0.5
4. Non-operating income	2,398	1.0	3,880	1.1
5. Non-operating expenses	4,591	1.9	6,675	2.0
Ordinary Income	3,007	1.2	(1,233)	(0.4)
6. Extraordinary income	2,571	1.0	11,929	3.6
7. Extraordinary loss	7,082	2.8	30,312	9.2
Loss before income taxes	1,503	(0.6)	19,617	(6.0)
Corporate, resident and enterprise tax	797	0.3	6,247	1.9
Minority shareholders` gain	476	0.2	367	0.1
Net loss	2,777	(1.1)	26,232	(8.0)

(3) Consolidated Statements of Income (Quarterly)

	1 st quarter (Apr. 1, 2003-Jun. 30, 2003)		2 nd quarter (Jul. 1, 2003-Sep. 30, 2003)		3 rd quarter (Oct. 1, 2003-Dec. 31, 2003)	
	Million yen	(%)	Million yen	(%)	Million yen	(%)
1. Net sales	67,749	100.0	98,722	100.0	80,364	100.0
2. Cost of sales	43,629	64.4	64,008	64.8	51,707	64.3
Gross income	24,119	35.6	34,714	35.2	28,656	35.7
3. Selling, general and administrative expenses	26,211	38.7	27,960	28.3	28,118	35.0
Operating Income	(2,091)	(3.1)	6,753	6.9	538	0.7
4. Non-operating expenses	620	0.9	1,033	1.0	743	0.9
5. Non-operating expenses	576	0.8	2,535	2.6	1,479	1.8
Ordinary Income	(2,047)	(3.0)	5,251	5.3	(196)	(0.2)
6. Extraordinary income	147	0.2	1,657	1.7	766	1.0
7. Extraordinary loss	1,174	1.7	3,285	3.3	2,622	3.3
Loss before income taxes	(3,074)	(4.5)	3,623	3.7	(2,052)	(2.5)
Corporate, resident and enterprise tax	323	0.5	132	0.2	340	0.4
Minority shareholders' gain	49	0.1	298	0.3	129	0.2
Net loss	(3,447)	(5.1)	3,192	3.2	(2,521)	(3.1)