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ANNUAL REPORT 2013

Year ended March 20, 2013

The Complete Source for Sensing Solutions

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CORPORATE PROFILE

Keyence Corporation has steadily grown since 1974 to become a leading company in factory automation. It accomplished this by delivering the quality sensors that automation needs. Today, Keyence serves 200,000 customers in some 90 countries around the world, where its name stands for innovation and excellence.

Sensors, found in millions of applications, provide the positioning information essential for factory automation. There could be no automation of assembly lines without sensors. Keyence has consistently aided the automation revolution by developing superior sensor solutions.



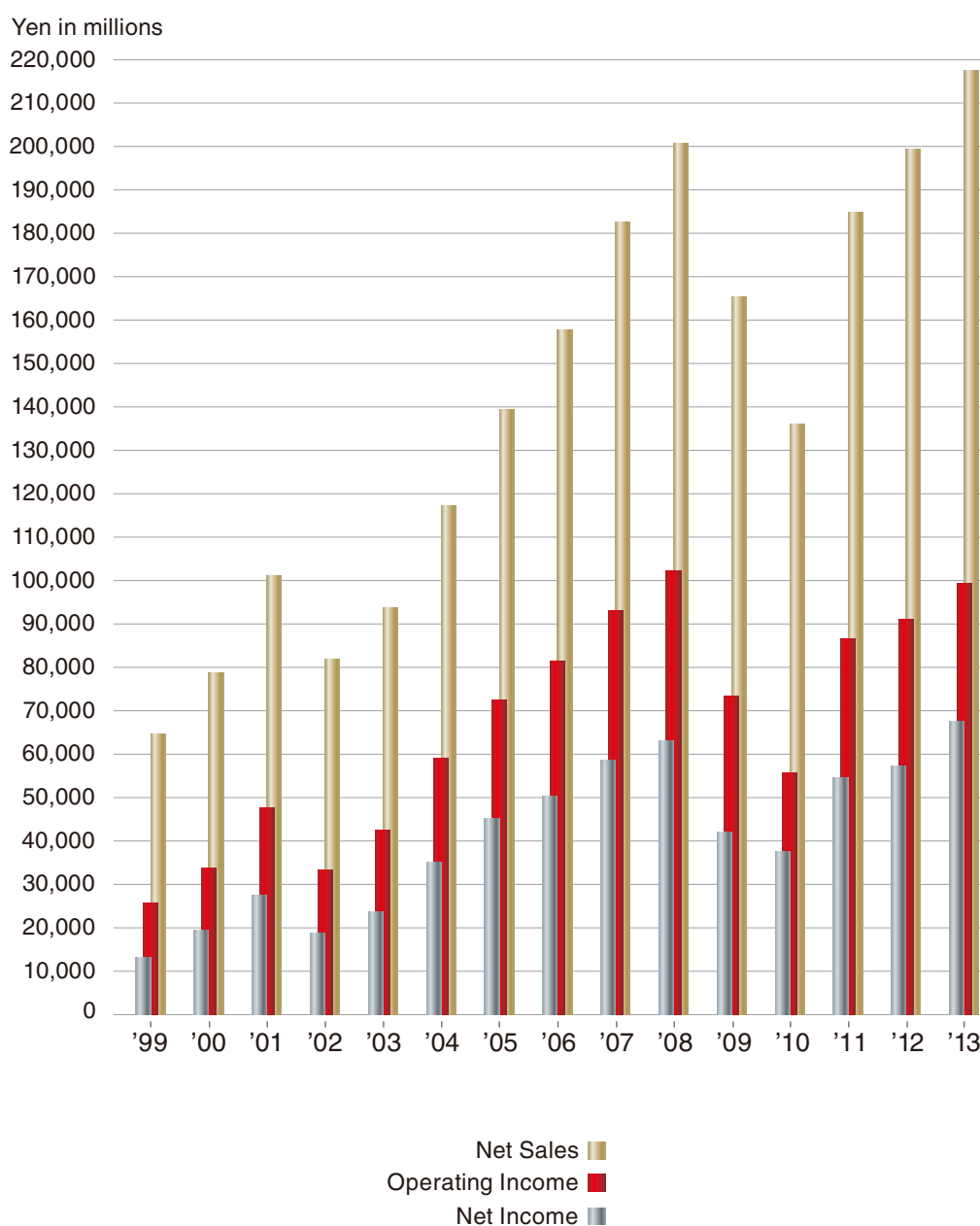
KEYENCE CORPORATION AND SUBSIDIARIES

FINANCIAL HIGHLIGHTS

YEARS ENDED MARCH 20

| | Millions of Yen | | Thousands of U.S. Dollars |
|--|-----------------|----------|------------------------------|
| | 2013 | 2012 | 2013 |
| Net Sales | ¥217,830 | ¥199,334 | \$2,269,062 |
| Operating Income | 99,222 | 91,145 | 1,033,562 |
| Net Income | 67,578 | 58,162 | 703,937 |
| Amounts Per Common Share (in yen and U.S. dollars) | | | |
| Net Income | 1,114.32 | 958.64 | 11.61 |
| Cash dividends applicable to the year | 60.00 | 60.00 | 0.62 |
| Total Assets | 753,985 | 684,670 | 7,854,010 |

Note: 1. All dollar figures herein refer to U.S. dollars. Dollar amounts are translated from Japanese yen, for convenience only, at ¥96 = US\$1, the approximate exchange rate on March 20, 2013.
2. Refer to Notes 11 and 13 in the notes to consolidated financial statements.



TO OUR SHAREHOLDERS



Business results

During this consolidated fiscal year, there were signs of the world economy bottoming out and recovering in countries such as America and China, but transitions in Europe have been slow due to the ongoing sovereign-debt crisis.

Regarding Japan, there have been bright signs, such as the correction from the strong yen and the recovery of stock prices, ever since the change in the government.

However, as overseas economies are still decelerating, we have, in general, less invested in manufacturing industries. Under these economic conditions, we have been committed to enhancing product development and improving sales strategies to ensure continued growth over the medium and long term.

In the product development field, we have developed new products that include a high-speed optical micrometer and a ultra high speed sensing ioniser hybrid type.

In the sales field, we made efforts to expand our overseas sales offices and to increase our human resources.

As a result of these activities, we marked an increase in both sales and profit.

Sales in this year totaled JPY 217,830 million (increased by 9.3% from the previous year) and operating income was JPY 99,222 million (increased by 8.9% from the previous year).

Income before income taxes was JPY 108,396 million (increased by 15.0% from the previous year) and net income was JPY 67,578 million (increased by 16.2% from the previous year).

TO OUR SHAREHOLDERS

Performance by region

1)Japan

In Japan, we were influenced by the deceleration of overseas economies, which has led to slow growth in exporting and production.

As such, we have less invested in manufacturing industries. Under such circumstances, we concentrated on releasing new products and enhancing our sales system, which contributed to sales totaling JPY 131,791 million.

2)Overseas

Overseas, there have been movements toward the economy bottoming out and recovering in countries such as America and China, but the continued European sovereign-debt crisis has led to continuance of unpredictable situations.

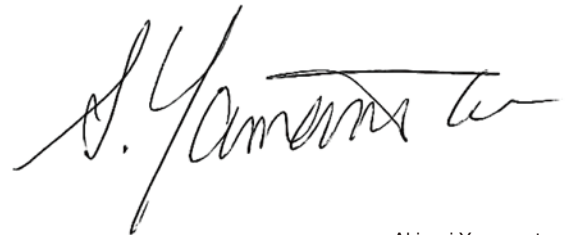
Under such circumstances, we concentrated on strengthening our sales system through projects such as expanding our sales offices and increasing our human resources, which contributed to sales totaling JPY 86,038 million.

Regarding the world economy in the immediate future, while uncertainties such as the European sovereign-debt crisis remain, there are expectations for a steady recovery. We are determined to further focus on enhancing product development and strengthening our sales force.

In the long term, as global competition is expected to be increasingly fierce, it is critical to continue to streamline and reduce labor costs, improve quality, and enhance the research and development capabilities of manufacturing industries.

We view these global trends as having great potential for expanding our business.

We are determined to pursue this potential, and vigorously expand our business by concentrating our abilities and accumulated expertise.



Akinori Yamamoto
President
June 2013

NEW PRODUCT HIGHLIGHTS



High-speed 2D/3D Laser Scanner

This inline profile measuring instrument is the world's first 2D laser displacement sensor to adopt a blue laser, which enables this product to achieve a high level of quality control provided by measuring the shapes of products in extreme detail.

This product is useful in solving a number of problems relevant to production lines such as improvements in product quality, defect detection, and yield and thereby has many advantages in improving production efficiency.



Ultra High Speed Sensing Ioniser Hybrid Type

This ioniser is a static electricity remover that is widely used as countermeasures against for problems with static electricity such as damage caused by electrostatic discharges and foreign contamination seen in production lines.

The industry's first supersonic structure makes the fastest static elimination in the world possible. What is more, the lowest air volume in the world reduces running costs by a maximum of 60% compared to those of conventional models while still achieving high static elimination properties, which contributes to improvements in production efficiency.

NEW PRODUCT HIGHLIGHTS



Intuitive, Auto-Teaching Machine Vision System

This image sensor is used in a wide range of production line inspections.

It is equipped with a teaching function and achieves stable inspections through the use of its algorithm that provides a result extremely close to that provided by human senses.

Traditionally, complicated settings required a high level of expertise. Because this product is equipped with a navigation function to simplify settings, anyone can configure inspection settings for stable production lines.



High-speed Optical Micrometer

This thru-beam highly precise dimension measuring instrument achieves high speed, high stability, and high durability.

Equipped with three CMOS devices, this product recognizes the orientation of the target object and correct measurement values. The product also performs 2D measurement in the direction of a transmitter/receiver which enables accurate measurements.

This product is also used in evaluations of prototypes and other similar operating at research and development facilities, which leads to improvements in operating efficiency.

INDEPENDENT AUDITOR'S REPORT



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To the Board of Directors of Keyence Corporation:

We have audited the accompanying consolidated balance sheet of Keyence Corporation and its subsidiaries as of March 20, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Keyence Corporation and its subsidiaries as of March 20, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 3 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC
June 13, 2013

Member of
Deloitte Touche Tohmatsu Limited

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

MARCH 20, 2013

| ASSETS | Millions of Yen | | Thousands of U.S. Dollars (Note 3) |
|---|-----------------|-----------------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| CURRENT ASSETS : | | | |
| Cash and cash equivalents (Note 9) | ¥20,790 | ¥16,721 | \$216,562 |
| Time deposits (Note 9) | 92,922 | 82,250 | 967,937 |
| Marketable securities (Notes 4 and 9) | 309,025 | 278,377 | 3,219,010 |
| Notes and accounts receivable (Note 9) | 68,517 | 65,912 | 713,718 |
| Allowance for doubtful receivables | (180) | (226) | (1,875) |
| Inventories (Note 5) | 16,126 | 14,040 | 167,979 |
| Deferred tax assets (Note 8) | 5,794 | 5,780 | 60,354 |
| Other | 1,982 | 1,556 | 20,645 |
| Total current assets | 514,979 | 464,413 | 5,364,364 |
| PROPERTY, PLANT AND EQUIPMENT : | | | |
| Land | 6,920 | 6,920 | 72,083 |
| Buildings and structures | 18,673 | 18,533 | 194,510 |
| Furniture and fixtures | 20,717 | 18,977 | 215,802 |
| Other | 1,717 | 1,179 | 17,885 |
| Total property, plant and equipment | 48,029 | 45,610 | 500,302 |
| Accumulated depreciation | (30,173) | (27,856) | (314,302) |
| Net property, plant and equipment | 17,855 | 17,753 | 185,989 |
| INVESTMENTS AND OTHER ASSETS : | | | |
| Investments in associated companies (Note 9) | 8,884 | 10,227 | 92,541 |
| Investment securities (Notes 4 and 9) | 189,609 | 173,266 | 1,975,093 |
| Funds in trust (Notes 4 and 9) | 19,750 | 17,064 | 205,729 |
| Deferred tax assets (Note 8) | 142 | 61 | 1,479 |
| Other | 2,762 | 1,883 | 28,770 |
| Total investments and other assets | 221,150 | 202,503 | 2,303,645 |
| TOTAL | ¥753,985 | ¥684,670 | \$7,854,010 |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES : | | | |
| Notes and accounts payable (Note 9) | ¥3,624 | ¥3,962 | \$37,750 |
| Income taxes payable (Note 9) | 15,127 | 18,923 | 157,572 |
| Accrued bonuses | 4,646 | 4,339 | 48,395 |
| Other | 8,196 | 6,880 | 85,375 |
| Total current liabilities | 31,595 | 34,106 | 329,114 |
| LONG-TERM LIABILITIES : | | | |
| Other | 4,132 | 2,130 | 43,041 |
| Total long-term liabilities | 4,132 | 2,130 | 43,041 |
| EQUITY (Notes 7 and 13) : | | | |
| Common stock, authorized, 150,000,000 shares; issued, 60,801,921 shares in 2013 and 55,274,474 shares in 2012 | 30,637 | 30,637 | 319,135 |
| Capital surplus | 30,531 | 30,531 | 318,031 |
| Retained earnings | 657,239 | 592,224 | 6,846,239 |
| Treasury stock at cost, 157,199 shares in 2013 and 118,768 shares in 2012 | (2,845) | (2,330) | (29,635) |
| Accumulated other comprehensive income | | | |
| Net unrealized gain on available-for-sale securities | 3,258 | 2,383 | 33,937 |
| Foreign currency translation adjustments | (563) | (5,013) | (5,864) |
| Total equity | 718,256 | 648,433 | 7,481,833 |
| TOTAL | ¥753,985 | ¥684,670 | \$7,854,010 |

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED MARCH 20, 2013

| | Millions of Yen | | Thousands of U.S. Dollars (Note 3) |
|--|-----------------|-------------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| NET SALES | ¥217,830 | ¥199,334 | \$2,269,062 |
| COSTS AND EXPENSES : | | | |
| Cost of sales | 53,306 | 47,542 | 555,270 |
| Selling, general and administrative | 55,430 | 50,366 | 577,395 |
| Research and development | 9,870 | 10,281 | 102,812 |
| Total costs and expenses | 118,607 | 108,189 | 1,235,489 |
| OPERATING INCOME | 99,222 | 91,145 | 1,033,562 |
| OTHER INCOME (EXPENSES) : | | | |
| Interest and dividend income | 1,105 | 1,324 | 11,510 |
| Foreign exchange gain (loss) | 2,732 | 319 | 28,458 |
| Equity in earnings of associated companies | 1,295 | 1,573 | 13,489 |
| Gain on redemption of securities | 2,500 | | 26,041 |
| Gain(Loss) from funds in trust | 1,137 | (50) | 11,843 |
| Loss on disposal of property and equipment | (32) | (80) | (333) |
| Other - net | 435 | 12 | 4,531 |
| Other income (expenses) - net | 9,174 | 3,098 | 95,562 |
| INCOME BEFORE INCOME TAXES | 108,396 | 94,244 | 1,129,125 |
| INCOME TAXES (Note 8) : | | | |
| Current | 39,342 | 36,159 | 409,812 |
| Deferred | 1,475 | (77) | 15,364 |
| Total income taxes | 40,817 | 36,081 | 425,177 |
| NET INCOME | ¥67,578 | ¥58,162 | \$703,937 |

| | Yen | | U.S. Dollars |
|---|-------------|-------------|--------------|
| AMOUNTS PER COMMON SHARE (Notes 11 and 13) : | 2013 | 2012 | 2013 |
| Net income | ¥1,114.32 | ¥958.64 | \$11.61 |
| Cash dividends applicable to the year | 60.00 | 60.00 | 0.62 |

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED MARCH 20, 2013

| | 2013 | Millions of Yen 2012 | Thousands of U.S. Dollars (Note 3) 2013 |
|---|----------------|-------------------------|---|
| NET INCOME | ¥67,578 | ¥58,162 | \$703,937 |
| OTHER COMPREHENSIVE INCOME (Note 10) : | | | |
| Unrealized gain on available-for-sale securities | 875 | 1,325 | 9,114 |
| Foreign currency translation adjustments | 3,560 | (135) | 37,083 |
| Share of other comprehensive income in associated companies | 889 | (132) | 9,260 |
| Total other comprehensive income | 5,324 | 1,057 | 55,458 |
| COMPREHENSIVE INCOME | 72,902 | 59,219 | 759,395 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | |
| Owners of the parent | 72,902 | 59,219 | 759,395 |
| Minority interests | - | - | - |

See notes to consolidation financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED MARCH 20, 2013

Millions of Yen

| | Outstanding number of shares of common stock | Common stock | Capital surplus | Retained earnings | Treasury stock | Accumulated other comprehensive income | | Total Equity |
|----------------------------------|--|-----------------|--------------------|----------------------|-------------------|---|---|-----------------|
| | | | | | | Net unrealized gain (loss) on available-for- sale securities | Foreign currency translation adjustments | |
| BALANCE, MARCH 21, 2011 | 55,157,246 | ¥30,637 | ¥30,531 | ¥537,371 | (¥2,299) | ¥1,057 | (¥4,744) | ¥592,554 |
| Net income | | | | 58,162 | | | | 58,162 |
| Cash dividends, ¥60.00 per share | | | | (3,309) | | | | (3,309) |
| Repurchase of treasury stock | (1,540) | | | | (31) | | | (31) |
| Net change in the year | | | | | | 1,326 | (269) | 1,057 |
| BALANCE, MARCH 20, 2012 | 55,155,706 | 30,637 | 30,531 | 592,224 | (2,330) | 2,383 | (5,013) | 648,433 |
| Stock split | 5,527,447 | | | | | | | |
| Net income | | | | 67,578 | | | | 67,578 |
| Cash dividends, ¥60.00 per share | | | | (2,564) | | | | (2,564) |
| Repurchase of treasury stock | (38,648) | | | | (519) | | | (519) |
| Disposal of treasury stock | 217 | | 0 | | 3 | | | 3 |
| Net change in the year | | | | | | 874 | 4,449 | 5,324 |
| BALANCE, MARCH 20, 2013 | 60,644,722 | ¥30,637 | ¥30,531 | ¥657,239 | (¥2,845) | ¥3,258 | (¥563) | ¥718,256 |

Thousands of U.S. Dollars (Note 3)

| | Common stock | Capital surplus | Retained earnings | Treasury stock | Accumulated other comprehensive income | | Total Equity |
|----------------------------------|------------------|--------------------|----------------------|-------------------|---|---|--------------------|
| | | | | | Net unrealized gain (loss) on available-for- sale securities | Foreign currency translation adjustments | |
| BALANCE, MARCH 20, 2012 | \$319,135 | \$318,031 | \$6,169,000 | (\$24,270) | \$24,822 | (\$52,218) | \$6,754,510 |
| Net income | | | 703,937 | | | | 703,937 |
| Cash dividends, \$0.63 per share | | | (26,708) | | | | (26,708) |
| Repurchase of treasury stock | | | | (5,406) | | | (5,406) |
| Disposal of treasury stock | | 0 | | 31 | | | 31 |
| Net change in the year | | | | | 9,104 | 46,343 | 55,458 |
| BALANCE, MARCH 20, 2013 | \$319,135 | \$318,031 | \$6,846,239 | (\$29,635) | \$33,937 | (\$5,864) | \$7,481,833 |

See notes to consolidated financial statements.

KEYENCE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 20, 2013

| | Millions of Yen | | Thousands of U.S. Dollars (Note 3) |
|---|-----------------|-----------------|---------------------------------------|
| | 2013 | 2012 | 2013 |
| OPERATING ACTIVITIES : | | | |
| Income before income taxes | ¥108,396 | ¥94,244 | \$1,129,125 |
| Adjustments for : | | | |
| Income taxes-paid | (43,062) | (39,908) | (448,562) |
| Depreciation and amortization | 2,990 | 2,925 | 31,145 |
| Equity in earnings of associated companies | (1,295) | (1,573) | (13,489) |
| Gain on redemption of securities | (2,500) | | (26,041) |
| Loss (Gain) from funds in trust | (1,137) | 50 | (11,843) |
| Changes in assets and liabilities: | | | |
| Decrease (Increase) in notes and accounts receivable | 788 | (4,812) | 8,208 |
| Decrease (Increase) in inventories | (1,061) | (2,848) | (11,052) |
| Decrease (Increase) in interest and dividend receivable | 3,193 | 1,833 | 33,260 |
| Increase (Decrease) in notes and accounts payable | (510) | 214 | (5,312) |
| Increase (Decrease) in accrued bonuses | 225 | 390 | 2,343 |
| Other - net | (2,147) | (495) | (22,364) |
| Total adjustments | (44,520) | (44,223) | (463,750) |
| Net cash provided by operating activities | 63,876 | 50,020 | 665,375 |
| INVESTING ACTIVITIES : | | | |
| Net decrease (increase) in time deposits | (9,600) | (64,439) | (100,000) |
| Capital expenditures | (2,789) | (3,544) | (29,052) |
| Net decrease (increase) in marketable and investment securities and other | (46,638) | 22,288 | (485,812) |
| Proceeds from purchase of investments in subsidiaries resulting in charge in scope of consolidation | 214 | | 2,229 |
| Other-net | 103 | (13) | 1,072 |
| Net cash used in investing activities | (58,710) | (45,707) | (611,562) |
| FINANCING ACTIVITIES : | | | |
| Cash dividends paid | (2,564) | (3,309) | (26,708) |
| Net increase in treasury stock | (515) | (31) | (5,364) |
| Net cash used in financing activities | (3,079) | (3,340) | (32,072) |
| EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS | | | |
| | 1,982 | (59) | 20,645 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 4,068 | 912 | 42,375 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 16,721 | 15,808 | 174,177 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | ¥20,790 | ¥16,721 | \$216,562 |

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. In preparing these consolidated financial statements certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013. Amounts less than one million yen and one thousand U.S. dollars are rounded down, except for per share data. Therefore, total or subtotal amounts may not correspond with the aggregation of such account balances.

In Japan, reduction of income tax rate is applicable for the fiscal year beginning on or after April 1, 2012. In order to apply it earlier, the Company has split its fiscal year into two fiscal periods as three months from March 21, 2012 to June 20, 2012 and nine months from June 21, 2012 to March 20, 2013 with approval of shareholders meeting held at June 13, 2012. For reader's convenience, the amount of the consolidated statements of income, comprehensive income, changes in equity and cash flows for 2013 is total of the previous consolidated fiscal period (3 months) and the current consolidated fiscal period (9 months) as they are.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Consolidation** – The consolidated financial statements include the accounts of Keyence Corporation (the "Company") and all subsidiaries (together, the "Group"). Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from intercompany transactions is eliminated.
- b. Cash Equivalents** – Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, all of which mature or become due within three months of the date of acquisition.
- c. Inventories** – Inventories of the Company and its domestic subsidiaries are principally stated at the lower of cost, determined by the average cost method, or net selling value. Inventories of foreign subsidiaries are principally stated at the lower of cost, determined by the average method, or market.
- d. Marketable and Investment Securities** – All of the Group's securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.
- e. Allowance for Doubtful Receivables** – The Company and its domestic subsidiaries have provided an allowance for doubtful receivables stated in an amount considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding. Foreign subsidiaries have provided an allowance for doubtful receivables at the estimated amount of probable bad debts.
- f. Property, Plant and Equipment** – Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is principally computed by the declining-balance method at rates based on the estimated useful lives of the assets. Depreciation of property, plant and equipment of foreign subsidiaries is principally computed by the straight-line method at rates based on the estimated useful lives of the assets. (Change of accounting policy that is difficult to distinguish from change of accounting estimate)
Due to the change in Corporate Tax Act of Japan effective April 1, 2012, the Company and its subsidiaries changed depreciation methods of their property, plant and equipment for the year beginning on or after April 1, 2012. The effect of this change in the consolidated financial statements is immaterial.
- g. Long-Lived Assets** – The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.
- h. Asset Retirement Obligations** – In March 2008, the Accounting Standards Board of Japan (ASBJ) published ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

- i. Foreign Currency Transactions** – All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.
- j. Foreign Currency Financial Statements** – The balance sheet accounts of foreign subsidiaries and associated companies are translated into Japanese yen at the current exchange rates as of the balance sheet date, except for equity, which is translated at the historical rates. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.
- k. Income Taxes** – The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- l. Research and Development Costs** – Research and development costs are charged to income as incurred.
- m. Per Share Information** – Basis net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The Company did not have securities or contingent stock agreements that could potentially dilute net income per common share in the years ended March 20, 2013 and 2012 (Note 11) .
- n. Leases** – In March 2007, the ASBJ issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions,” which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007. Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the note to the lessee’s financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions. The Company applied the revised accounting standard effective March 21, 2009. All other leases are accounted for as operating leases.
- o. Unification of Accounting Policies Applied to Foreign Subsidiaries and Associated Companies for the Consolidated Financial Statements** – In May 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements”. PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material:
- 1) amortization of goodwill;
 - 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity;
 - 3) expensing capitalized development costs of R&D;
 - 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and
 - 5) exclusion of minority interests from net income, if contained.
- In March 2008, the ASBJ issued ASBJ Statement No.16 (Revised 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments.” The new standard requires adjustments to be made to conform the associate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate’s financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and the incorporation of the cost model of accounting; (5) exclusion of minority interests from net income, if contained in net income.
- p. Accounting Changes and Error Corrections** – In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows:

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2013

(1) Changes in Accounting Policies:

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors

When an error in prior-period financial statements is discovered, those statements are restated.

3. TRANSLATIONS INTO U.S. DOLLARS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥96 to \$1, the approximate rate of exchange at March 20, 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities, and securities held as funds in trust as of March 20, 2013 and 2012 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars | | Millions of Yen | | Thousands of U.S. Dollars |
|-----------------------------------|-----------------|-----------------|------------------------------|----------------------------------|-----------------|-----------------|------------------------------|
| | 2013 | 2012 | 2013 | | 2013 | 2012 | 2013 |
| Current: | | | | Non-current: | | | |
| Government and corporate bonds | ¥299,025 | ¥278,377 | \$3,114,843 | Equity securities | ¥1,605 | ¥1,609 | \$16,718 |
| Negotiable certificate of deposit | 10,000 | - | 104,166 | Government and corporate bonds | 174,284 | 159,950 | 1,815,458 |
| TOTAL | ¥309,025 | ¥278,377 | \$3,219,010 | Trust fund investments and other | 33,470 | 28,771 | 348,645 |
| | | | | TOTAL | ¥209,360 | ¥190,330 | \$2,180,833 |

The carrying amounts and aggregate fair values of marketable and investment securities, and securities held as funds in trust at March 20, 2013 and 2012 were as follows:

| | Millions of Yen | | | | | Thousands of U.S. Dollars | | | |
|----------------------------------|---------------------|---------------------|----------------------|------------|----------------------------------|---------------------------|---------------------|----------------------|------------|
| | 2013 | | | | | 2013 | | | |
| Securities classified as: | Cost | Unrealized Gains | Unrealized Losses | Fair Value | Securities classified as: | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| | Available-for-sale: | | | | | | Available-for-sale: | | |
| Equity securities | ¥768 | ¥841 | ¥8 | ¥1,600 | Equity securities | \$8,000 | \$8,760 | \$83 | \$16,666 |
| Government and corporate bonds | 472,871 | 440 | 2 | 473,309 | Government and corporate bonds | 4,925,739 | 4,583 | 20 | 4,930,302 |
| Trust fund investments and other | 39,673 | 3,796 | - | 43,470 | Trust fund investments and other | 413,260 | 39,541 | - | 452,812 |

| | Millions of Yen | | | | | Thousands of U.S. Dollars | | | |
|----------------------------------|---------------------|---------------------|----------------------|------------|----------------------------------|---------------------------|---------------------|----------------------|------------|
| | 2012 | | | | | 2012 | | | |
| Securities classified as: | Cost | Unrealized Gains | Unrealized Losses | Fair Value | Securities classified as: | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| | Available-for-sale: | | | | | | Available-for-sale: | | |
| Equity securities | ¥766 | ¥915 | ¥77 | ¥1,604 | Equity securities | \$7,660 | \$9,150 | \$77 | \$16,666 |
| Government and corporate bonds | 435,471 | 2,908 | 52 | 438,327 | Government and corporate bonds | 4,354,710 | 2,908 | 52 | 4,383,270 |
| Trust fund investments and other | 28,560 | 1,004 | 793 | 28,771 | Trust fund investments and other | 28,560 | 1,004 | 793 | 28,771 |

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2013

5. INVENTORIES

Inventories at March 20, 2013 and 2012 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|-------------------|-----------------|----------------|---------------------------|
| | 2013 | 2012 | 2013 |
| Finished products | ¥9,511 | ¥7,523 | \$99,072 |
| Work-in-process | 3,141 | 2,994 | 32,718 |
| Raw materials | 3,472 | 3,523 | 36,166 |
| TOTAL | ¥16,126 | ¥14,040 | \$167,979 |

6. EMPLOYEES' RETIREMENT BENEFITS

The Company and certain subsidiaries have the prepayment retirement benefits and the defined contribution pension plans. The net periodic benefit costs for the years ended March 20, 2013 and 2012 were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|-----------------|------|---------------------------|
| | 2013 | 2012 | 2013 |
| Contribution to defined contribution pension plans and prepayment retirement benefits | ¥860 | ¥783 | \$8,958 |

7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit supervisory Board, and (4) having a term of service for the directors prescribed as one year rather than two years of normal term per its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

b. Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon the resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2013

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 37.9% and 40.5% for the years ended March 20, 2013 and 2012, respectively.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 20, 2013 and 2012 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|--|-----------------|----------------|------------------------------|
| | 2013 | 2012 | 2013 |
| Deferred tax assets: | | | |
| Accrued bonuses | ¥1,512 | ¥1,592 | \$15,750 |
| Inventories | 2,468 | 1,977 | 25,708 |
| Accrued enterprise tax | 1,134 | 1,446 | 11,812 |
| Other | 1,232 | 1,233 | 12,833 |
| Deferred tax assets | 6,348 | 6,250 | 66,125 |
| Deferred tax liabilities: | | | |
| Undistributed earnings | (1,838) | (1,314) | (19,145) |
| Other | (1,936) | (624) | (1,770) |
| Deferred tax liabilities | (3,775) | (1,938) | (39,322) |
| Net deferred tax assets (liabilities) | ¥2,573 | ¥4,312 | \$26,802 |

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the year ended March 20, 2012 is as follows:

| | 2012 |
|--|--------------|
| Normal effective statutory tax rate | 40.5% |
| Tax credit for research and development expenses | (1.1) |
| Equity in earnings of associated companies | (0.7) |
| Other-net | (0.4) |
| Actual effective tax rate | 38.3% |

There is no significant difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 20, 2013.

9. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group policy for financial instruments

The Group invests in financial instruments, in low risk financial assets including bonds.

(2) Nature of financial instruments, extent of risks arising from financial instruments and risk management for financial instruments

Notes and accounts receivables are exposed to customer credit risk. In order to reduce the risk, the Group monitors the financial status and transaction history, and detects the default risk of customers in early stage. Since marketable securities, investment securities and funds in trusts are mainly composed with high credit rated bonds, the credit risk associated with the investments is not considered to be significant. However, they are exposed to the risk of market price fluctuations, the Group monitors the market value and reviews the validity of the continuance possession on a regular basis. Notes and accounts payable and income taxes payable are all due within less than one year.

(3) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2013

(a) Fair value of financial instruments

| | Millions of Yen | | | Thousands of U.S.Dollars | | |
|--|-----------------|----------------|-----------------------|--------------------------|------------------|-----------------------|
| | 2013 | | | 2013 | | |
| Assets: | Carrying amount | Fair value | Unrealized gain(loss) | Carrying amount | Fair value | Unrealized gain(loss) |
| Cash and cash equivalents and time deposits | ¥113,713 | ¥113,713 | | \$1,184,510 | \$1,184,510 | |
| Notes and accounts receivable | 68,517 | 68,517 | | 713,718 | 713,718 | |
| Marketable securities and investment securities and investment in associated companies | 507,514 | 515,880 | 8,366 | 5,286,604 | 5,373,750 | 87,145 |
| Funds in trust | 19,750 | 19,750 | | 205,729 | 205,729 | |
| Assets | 709,496 | 717,863 | 8,366 | 7,390,583 | 7,477,739 | 87,145 |
| Liabilities: | | | | | | |
| Notes and accounts payable | ¥3,624 | ¥3,624 | | \$37,750 | \$37,750 | |
| Income taxes payable | 15,127 | 15,127 | | 157,572 | 157,572 | |
| Liabilities | ¥18,752 | ¥18,752 | | \$195,333 | \$195,333 | |

| | Millions of Yen | | |
|---|-----------------|----------------|-----------------------|
| | 2012 | | |
| Assets: | Carrying amount | Fair value | Unrealized gain(loss) |
| Cash and cash equivalents and time deposits | ¥98,972 | ¥98,972 | |
| Notes and accounts receivable | 65,912 | 65,912 | |
| Marketable securities and investment securities and investments in associated companies | 459,399 | 458,696 | (702) |
| Funds in trust | 17,064 | 17,064 | |
| Assets | 641,349 | 640,646 | (702) |
| Liabilities: | | | |
| Notes and accounts payable | ¥3,962 | ¥3,962 | |
| Income taxes payable | 18,923 | 18,923 | |
| Liabilities | ¥22,886 | ¥22,886 | |

1) **Cash and cash equivalents, time deposits, notes and accounts receivable, notes and accounts payable and income taxes payable** – The carrying values of cash and cash equivalents, notes and accounts receivable, notes and accounts payable and income taxes payable are used as the fair values because of their short maturities.

2) **Marketable securities, investments securities, investments in associated company and funds in trust** –

The fair values of marketable securities, investment securities, investment in associated company and funds in trust are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Negotiable certificate of deposits are by the acquisition price concerned because current price approximates with the acquisition price, since they are settled for short maturities. The information of the fair value for the marketable securities, investment securities, funds in trust by classification and negotiable certificate of deposits is included in Note 4.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

| | Millions of Yen | | Thousands of U.S.Dollars |
|--|-----------------|--------|--------------------------|
| | 2013 | 2012 | 2013 |
| Investments in equity instruments that do not have a quoted market price in an active market | ¥5 | ¥2,471 | \$52 |

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2013

(4) Maturity analysis for financial assets and securities with contractual maturities

| | Millions of Yen | | Thousands of U.S.Dollars | |
|---|-------------------------|---------------------------------------|--------------------------|---------------------------------------|
| | 2013 | | 2013 | |
| | Due in one year or less | Due after one year through five years | Due in one year or less | Due after one year through five years |
| Cash and cash equivalents and time deposits | ¥113,713 | | \$1,184,510 | |
| Notes and accounts receivables | 68,517 | | 713,718 | |
| Marketable securities and investment securities- Available-for-sale securities with contractual maturities | 308,500 | 172,000 | 3,213,541 | 1,791,666 |
| TOTAL | ¥490,731 | ¥172,000 | \$5,111,781 | \$1,791,666 |

| | Millions of Yen | |
|---|-------------------------|---------------------------------------|
| | 2012 | |
| | Due in one year or less | Due after one year through five years |
| Cash and cash equivalents and time deposits | ¥98,972 | |
| Notes and accounts receivables | 65,912 | |
| Marketable securities and investment securities- Available-for-sale securities with contractual maturities | 278,100 | 156,800 |
| TOTAL | ¥442,985 | ¥156,800 |

10. COMPREHENSIVE INCOME

Each component of other comprehensive income was the following :

| | Millions of Yen | Thousands of U.S.Dollars |
|---|-----------------|--------------------------|
| | 2013 | 2013 |
| Unrealized gain (loss) on available-for-sale securities | | |
| Gains (losses) arising during the year | ¥4,689 | \$48,843 |
| Reclassification adjustments to profit or loss | (3,526) | (36,729) |
| Amount before income tax effect | 1,163 | 12,114 |
| Income tax effect | (288) | (3,000) |
| Total | ¥875 | \$9,114 |
| Foreign currency translation adjustments | | |
| Adjustments arising during the year | ¥3,560 | \$37,083 |
| Share of other comprehensive income in associates | | |
| Gains (losses) arising during the year | (¥42) | (\$437) |
| Reclassification adjustments to profit or loss | 931 | 9,697 |
| Total | ¥889 | \$9,260 |
| Total other comprehensive income | ¥5,324 | \$55,458 |

11. AMOUNT PER COMMON SHARE

The computation of net income per common share is based on the weighted-average number of common shares outstanding, retroactively adjusted to give effect to the stock split at the rate of 0.1 shares for each outstanding share that occurred on March 21, 2012. The average number of common shares used in the computations was 60,645,850 and 60,671,960 shares for 2013 and 2012, respectively.

Cash dividends per common share represent amounts applicable to the respective periods including dividends to be paid after the end of the period, without retroactive adjustments for the stock split in 2012.

12. SEGMENT INFORMATION

Under ASBJ Statement No.17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No.20, "Guidance on Accounting Standard for Segment Information Disclosures". An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

KEYENCE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 20, 2013

(1) Reportable Segments

Information about reportable segments is not disclosed because the Company has one operating segment.

(2) Related Information**•Information by product and service**

As the sales of one product group accounts for more than 90% of the Group's total consolidated sales, the disclosure for the years ended March 20, 2013 and 2012, has been omitted.

•Information by geographical area

| | Millions of Yen | | Thousands of U.S. Dollars |
|----------------|-----------------|-----------------|---------------------------|
| Revenue | 2013 | 2012 | 2013 |
| Japan | ¥131,791 | ¥136,727 | \$1,372,822 |
| Overseas | | | |
| USA | 27,461 | 16,660 | 286,052 |
| Other | 58,577 | 45,947 | 610,177 |
| Total | 86,038 | 62,607 | 896,229 |
| TOTAL | ¥217,830 | ¥199,334 | \$2,269,062 |

•Property

As the carrying value of the property located in Japan accounts for more than 90% of the Group's total consolidated property as of March 20, 2013 and 2012, disclosure has been omitted.

•Information on principal customers

There is no customer, whose sales exceed 10% of the total consolidated sales for the years ended March 20, 2013 and 2012.

13. SUBSEQUENT EVENT

At the Shareholders' General Meeting held on June 13, 2013, the shareholders approved payment of ¥45.00 (\$0.46) per share or total of ¥2,729 million (\$28,427 thousand) to shareholders of record on March 20, 2013.

BOARD OF DIRECTORS / AUDIT & SUPERVISORY BOARD / CORPORATE DATA / DIRECTORY

BOARD OF DIRECTORS

As of June 14, 2013

| | | |
|---|------------------------------------|---|
| Takemitsu Takizaki Chairman and Representative Director | Akira Kanzawa Director | Masayuki Konishi Director |
| Akinori Yamamoto President and Representative Director | Tsuyoshi Kimura Director | Tomohide Ideno Director |
| | Yoshihiro Ueda Director | Michio Sasaki Special Advisory Director |

AUDIT & SUPERVISORY BOARD

As of June 14, 2013

| | | |
|-------------------------|---------------------|---------------------|
| Hiroaki Kitayama | Keizo Kosaka | Koichi Ogawa |
|-------------------------|---------------------|---------------------|

CORPORATE DATA

As of March 20, 2013

| | |
|--------------------------------|---|
| Established: | March, 1972 |
| Incorporated: | May, 1974 |
| Capital: | 30,637 million yen |
| Number of Employees: | 3,803 (consolidated) |
| Common Stock: | 150,000,000 shares Authorized 60,801,921 shares Issued |
| Number of Shareholders: | 5,139 |
| Stock Listing: | Tokyo Stock Exchange, Inc. Osaka Securities Exchange Co., Ltd. |
| Share Registrar: | Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, 100-8212, JAPAN |

DIRECTORY

As of June 14, 2013

KEYENCE CORPORATION

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AFFILIATES:

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PRODUTOS ELETRONICOS LTDA.**
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Shanghai, China Tel: +86-21-5058-7128

KEYENCE (HONG KONG) CO., LTD.
Kowloon, Hong Kong Tel: +852-3104-1010

KEYENCE TAIWAN CO., LTD.
Taipei, Taiwan Tel: +886-2-2718-8700

KOREA KEYENCE CO., LTD.
Gyeonggi-do, Korea Tel: +82-31-789-4300

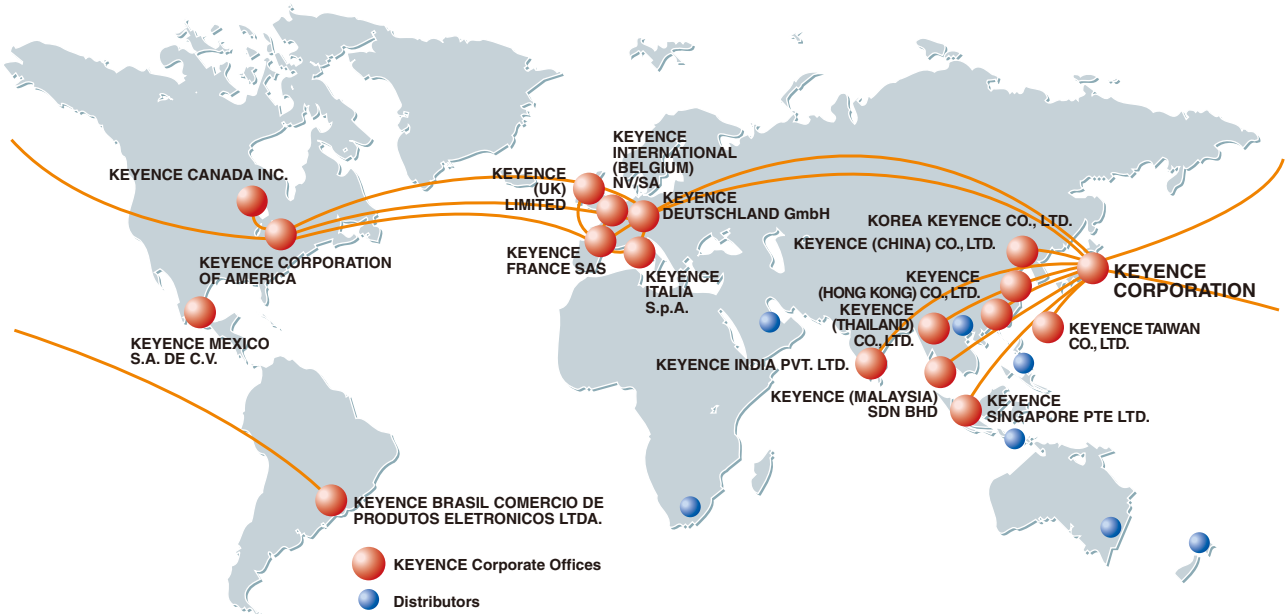
KEYENCE SINGAPORE PTE LTD.
Singapore Tel: +65-6392-1011

KEYENCE INDIA PVT. LTD.
Chennai, India Tel: +91-44-4963-0900

KEYENCE (MALAYSIA) SDN BHD
Kuala Lumpur, Malaysia Tel: +60-3-2092-2211

KEYENCE (THAILAND) CO., LTD.
Bangkok, Thailand Tel: +66-2-369-2777

WORLD NETWORK



The Americas

KEYENCE CORPORATION OF AMERICA

| | | |
|--------------|---------------------|--------------|
| Chicago | New Jersey | Atlanta |
| Austin | Birmingham | Boston |
| Charlotte | Cincinnati | Cleveland |
| Dallas | Denver | Detroit |
| Grand Rapids | Greenville | Indianapolis |
| Kansas City | Knoxville | Los Angeles |
| Louisville | Milwaukee | Minneapolis |
| Nashville | Northern California | Philadelphia |
| Portland | Raleigh | Richmond |
| Rochester | Seattle | St. Louis |
| Tampa | | |

KEYENCE CANADA INC.

| | |
|---------|----------|
| Toronto | Montreal |
|---------|----------|

KEYENCE MEXICO S.A. DE C.V.

| | | |
|-------------|-----------|---------------|
| Mexico City | Monterrey | Ciudad Juárez |
| Leon | Tijuana | |

KEYENCE BRASIL COMERCIO DE PRODUTOS ELETRONICOS LTDA.

São Paulo

Europe

KEYENCE DEUTSCHLAND GmbH

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|-----------|-----------|---------|
| Frankfurt | Berlin | Essen |
| Hamburg | Hannover | Jena |
| Karlsruhe | Köln | Leipzig |
| Mannheim | Montabaur | München |
| Nürnberg | Stuttgart | |

KEYENCE INTERNATIONAL (BELGIUM) NV/SA

| | | |
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| Mechelen | AUSTRIA | CZECH |
| HUNGARY | NETHERLANDS | POLAND |
| SLOVAKIA | SWITZERLAND | |

KEYENCE (UK) LIMITED

| | | |
|---------------|-----------|------------|
| Milton Keynes | Newcastle | Birmingham |
| IRELAND | | |

KEYENCE FRANCE SAS

| | | |
|-------|---------|----------|
| Paris | Belfort | Bordeaux |
| Lille | Lyon | Nantes |

KEYENCE ITALIA S.p.A.

| | | |
|---------|---------|--------|
| Milano | Bologna | Torino |
| Pescara | Treviso | |

Asia

KEYENCE (CHINA) CO., LTD.

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|-----------|----------|---------|----------|
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| Guangzhou | Hangzhou | Qingdao | Shenzhen |
| Suzhou | Tianjin | Wuhan | |

KEYENCE (HONG KONG) CO., LTD.

Hong Kong

KEYENCE TAIWAN CO., LTD.

| | | | |
|--------|---------|-----------|----------|
| Taipei | Hsinchu | Kaohsiung | Taichung |
|--------|---------|-----------|----------|

KOREA KEYENCE CO., LTD.

| | | | |
|-------|-------|---------|------|
| Seoul | Busan | Cheonan | Gumi |
|-------|-------|---------|------|

KEYENCE SINGAPORE PTE LTD.

Singapore

KEYENCE INDIA PVT. LTD.

| | |
|---------|-------|
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