1. Status of the Yokogawa Group

The Yokogawa Group consists of Yokogawa Electric Corporation ("the Company"), 104 subsidiaries and 18 affiliated companies. The major businesses of the group companies and businesses pertaining to each company in the group by segment are as follows:

Note that business activities are classified as either (1) the measurement, control, and information equipment business segment, or (2) the other businesses segment. This classification is based on a consideration of product affiliations and market similarities.

(1) The measurement, control, and information equipment business: 108 companies

In this business segment, the Company is the main manufacturer and seller of equipment. Products manufactured by consolidated subsidiaries such as Yokogawa Electronics Manufacturing are also purchased and sold by the Company.

Some consolidated subsidiaries outside Japan manufacture their own goods and purchase products from the Company and Yokogawa Electric Asia Pte. Ltd. for sale in their home regions. The main subsidiaries carrying out such activities are Yokogawa Engineering Asia Pte. Ltd. in Southeast Asia, Yokogawa Europe B.V. in Europe, and Yokogawa Corporation of America in the United States.

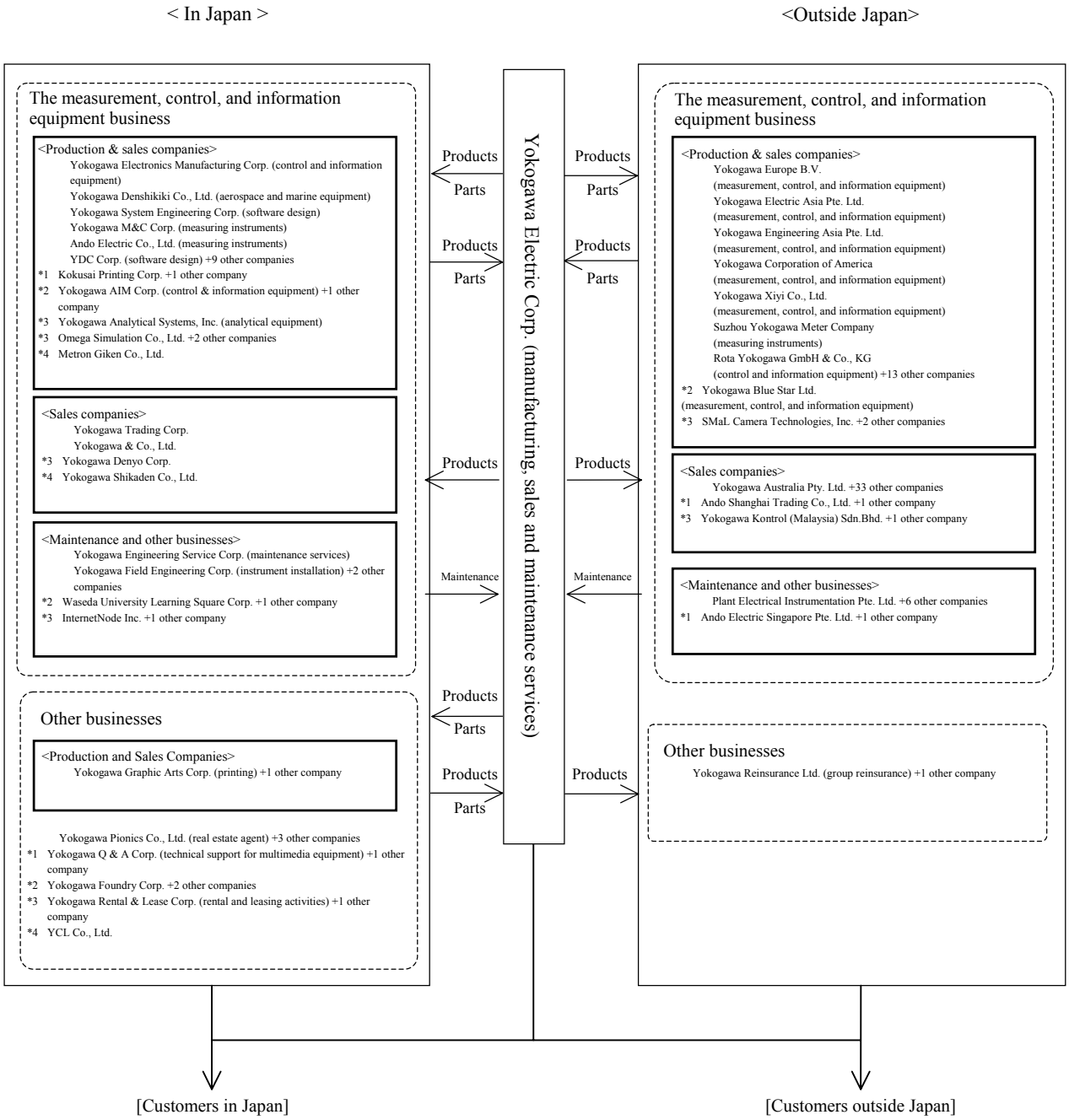
The Company and Yokogawa Engineering Service Corporation oversee engineering and after-sales services. Yokogawa Denshikiki Co., Ltd. is mainly engaged in the production and sale of aerospace equipment, marine equipment, and flight ignition equipment.

(2) Other businesses: 16 companies

Yokogawa Pionics Co., Ltd. handles operations relating to real estate, while Yokogawa Human Create Corporation acts as a temporary staffing agency.

Business Overview

The following diagram illustrates the relations of the Group companies.



(Note)

No indication Consolidated subsidiary

*1 Unconsolidated subsidiary

*2 Unconsolidated subsidiary as to investments in which the equity method has been carried out

*3 Affiliated company as to investments in which the equity method has been carried out

*4 Affiliated company as to investments in which the equity method has not been carried out

2. Management Policies

(1) Core Management Policies

In keeping with the core goals of VISION-21 and ACTION-21, which was announced in January 2000 and embraces the new corporate strategy of the Yokogawa Group aiming at healthy and profitable operation, the Group is currently pursuing a business strategy of bringing about innovations in business structure and group management.

Driven by the strategic emphasis on innovating its business structure, the Group is implementing several programs to reach the quantitative goals it has set for achievement by fiscal year 2005, as the first milestone year. One is to improve profitability through enhancing the efficiency of industrial automation and control business operation, and particularly within the market for plant control systems. Efforts also are being made to encourage a transformation in business structure by shifting more of the Group's resources into markets and industries that appear poised for growth and prosperity in the years ahead, namely information services, optical fiber communications and multimedia, and semiconductors.

To bring about innovations in Group management, we have embarked on a quest to maximize the consolidated operating income through the realignment and consolidation of the Group companies and other efforts designed to build on and refine the Group's operating frameworks and mechanisms.

(2) Policy on Appropriation of Profit

Taking into consideration such factors as business performance and dividend payout ratios while aiming at the establishment of stable corporate foundations, the Company is determined, as its core philosophy, to continue a steady payment of dividends to its shareholders, recognizing that the distribution of earnings to shareholders is one of the most important corporate policies. In the interest of achieving our new corporate strategy and bolstering consolidated Group performance, funds from retained earnings will be secured to prepare for the financial requirements of essential new business ventures and the development of new products for growing markets. At the same time these funds will be effectively invested in the development of frameworks for efficient consolidated management.

(3) Stance on Reduction in the Minimum Trading Unit of Shares

The Company recognizes that improving the liquidity of its shares to encourage the participation of more diverse investors is a matter of top management priority. However, in view of the potentially heavy burden of costs that could accrue from a reduction in the minimum trading unit of shares, the Company has decided to carefully address this issue while paying adequate attention to shareholder expectations.

(4) Management Targets

We have declared several consolidated management targets for achievement by fiscal year 2005 through steady implementation of the core strategies outlined by VISION-21 and ACTION-21 for our principal business domains: consolidated net sales of 500 billion yen, consolidated operating income of 50 billion yen, a consolidated ROA of 5 percent, and a consolidated ROE of 10 percent.

(5) Medium- and Long-term Business Strategies

The Group has classified its operations into key business domains: the industrial automation and control business, the test and measurement business, the information systems business, and the aviation and industry support businesses. Yokogawa is now pursuing an aggressive business strategy in each of these domains, the core strategies for which are outlined below.

Industrial Automation and Control Business

The Group is striving to win more contracts in international markets where levels of capital spending have been strong and sustained. In Japan, the Group is actively tapping into markets that have been the focus of relatively steady investment, such as food and pharmaceuticals, and is aiming for improved profitability while promptly meeting demand to update and replace existing business facilities. Yokogawa is solidifying its industrial automation and control business by continually striving to deliver a highly reliable product mix and optimal system solutions that are tailored to market needs. It is also expanding its service and maintenance operations through refining and enlarging Group frameworks to respond to demand in market segments.

Test and Measurement Business

Yokogawa is expanding the Group's business presence in the semiconductor and communications network equipment market segments through the strategic debut of competitive new products. In the market segment for semiconductor testers, the Group is expanding operations with a product strategy geared to the provision of devices and memories for use in broadband communications equipment, information appliances, and related areas. The Group is also expanding operations in the measuring instruments business by enlarging its line of high-frequency measuring instruments for the development of next-generation information and communications network equipment and information appliances, and by utilizing the latest technologies to perfect and commercialize measuring instruments and related equipment for the optical transmission systems that will pave the way for the emerging age of broadband communications.

Information Systems Business

Yokogawa is expanding its business in medical imaging and information systems, a market segment where the Group already commands a strong share. Furthermore, it is providing competitive solutions primarily for the manufacturing industry that is striving for business efficiency using the information technology.

Aviation and Industry Support Businesses

Yokogawa is expanding operations in the aircraft-related measuring instruments business by working more aggressively to accommodate private sector demand. In addition, it is pushing forward with efforts to expand the Group's proprietary electronics manufacturing service (EMS) business, which enlists a broad array of manufacturing technologies and production management know-how.

(6) Challenges for the Company

In keeping with the core goals of VISION-21 and ACTION-21, namely, healthy and profitable operation, the Group has been pursuing a business strategy aimed at increasing sales turnover and improving net profit on a consolidated basis. The challenges the Company now faces are outlined below.

Improved profitability in the industrial automation and control business

Build a global business foundation for stable and strong profit through taking steps to boost business efficiency and profitability.

Accelerated expansion of the test and measurement business

Implement sweeping changes in management structure and establish a healthier framework for stronger Group earnings by shifting more resources into semiconductors, optical fiber communications, and other promising growth markets and businesses.

Maximization of consolidated operating income

Continue a quest to maximize consolidated operating income through the realignment and consolidation of Group companies and other efforts designed to build on and refine the Group's operating frameworks and mechanisms.

Structural reforms

Adopt a compensation framework that rewards personnel in a manner commensurate with their value-added contributions, implement the downsizing of back-office operations personnel engaged in all businesses which is followed by a large-scale downsizing of the Group's office work force, and move forward with the realignment of the Group's global manufacturing frameworks, thereby setting the stage for healthy and profitable operation.

(7) Basic Concepts on Corporate Governance and Relevant Measures Already Implemented

The Company is well aware that the basic mission of corporate management lies in the maximization of benefits to shareholders. By positioning corporate governance as a mechanism to fulfill this mission, it has implemented various activities aiming at structural reforms and revitalization that focus on the Board of Directors and the Board of Corporate Auditors. It considers the one of the main functions of the Board of Directors to be the monitoring of corporate strategies and their implementation which is mandated by shareholders, and the Board of Corporate Auditors as a mechanism to monitor the Board of Directors. One of the basic policies is to strengthen corporate governance by enhancing transparency, objectivity, and validity of management through the reinforcement of these two functions.

Based on this policy, it plans to elect one outside director at the annual shareholders meeting in 2003 to receive objective advice from various perspectives. As a result, it will have eight directors in total, including seven inside directors and one outside director. It will also have four corporate auditors in total, including two inside and two outside auditors.

In the area of compliance, the Company established the “Standards of Business Conduct for the Yokogawa Group” for all Group companies worldwide in the interest of cultivating a culture that encourages each and every employee to act in accord with a strong sense of corporate ethics. In addition, the Company’s Audit and Compliance Headquarters reviews the code of conduct and ensures legal compliance for the entire Group.

3. Business Results and Financial Condition

(1) Business Results

<General Overview>

In the industrial automation and control business, which focuses on the provision of control systems for industrial use, sales revenues increased during the fiscal year thanks to overall brisk performance reflecting a series of large orders from leading companies in the international market, although Japanese sales revenue in this business segment remained weak, largely due to the continued slowdown in capital investment.

In the test and measurement business as a whole, sales revenues increased due to steady performance of the semiconductor tester business, while the measuring instruments business was sluggish. The slowdown in capital investment in Japan caused net sales in the information systems business and the aviation and industry support businesses to fall below their levels for the same period of the year before.

These factors contributed to a set of bleak business results for the current fiscal year. Consolidated net sales totaled 328.7 billion yen for a gain (up 17.9 billion yen, or 5.8 percent compared with the same period of the previous year). Consolidated operating income was 1.5 billion yen (down 100 million yen, or 10.5 percent from the same period of the previous year). Consolidated ordinary loss was 1.2 billion yen (a 4.8 billion yen decline from the same period of the previous year) due to such factors as exchange rate fluctuations. Consolidated net loss came to 26.2 billion yen (a 3.1 billion yen increase compared with the same period of the year before) largely due to valuation losses on investment securities and business restructuring losses.

During the fiscal year under review, the Company solidified its frameworks to boost sales and secure profits by implementing the realignment of subsidiaries and affiliates with the aim of maximizing profits on a consolidated basis and the large-scale shift of personnel from back-office operations to direct business operations such as sales, services, and manufacturing. Moreover, Ando Electric Co., Ltd., an affiliated company to which the equity method of accounting had been applied, became a wholly-owned subsidiary of the Company through a stock swap in October 2002. In line with this, it implemented drastic business restructuring by consolidating Ando's semiconductor tester business into its operations and its communications measuring instruments business into Ando's, thereby strengthening and expanding the businesses of the respective companies. In addition, it established Yokogawa Electric China Co., Ltd. as a wholly-owned subsidiary aiming at capturing the largest market share in China. In the area of manufacturing, it is now building a new factory in Suzhou, China. It is also carrying out restructuring activities on a massive scale from the global perspective, in addition to the realignment of manufacturing sites in Japan.

<Results by Business Segment>

Results by individual business segment are outlined below.

Industrial Automation and Control Business

The slump in capital spending had a damping effect on the net sales of the industrial automation and control business in Japan. However, net sales outside Japan remained firm.

Test and Measurement Business

The brisk semiconductor tester business contributed to an increase in sales revenues of the test and measurement business as a whole, although sales revenues of the measuring instruments business were undermined by such factors as drops in product prices.

Information Systems Business

Net sales in this segment demonstrated gains thanks to an active drive by the Company to expand its presence in the medical information systems business and the systems solutions business for the manufacturing industry. The Company merged three information systems subsidiaries to form Yokogawa Information Systems Corporation, a measure aiming at business expansion and improved profitability.

Aviation and Industry Support Businesses

In this segment, the Company poured additional resources into satisfying growth in private sector demand for aircrafts as well as for magnetoencephalographs (MEGs).

<Results by Region>

Results by region were as follows.

In the European market, the Company registered increased net sales of 23.7 billion yen (up 2.8 billion yen, or 13.7 percent compared with the same period of the year before). Operating income also showed an improvement, reaching 1.0 billion yen (up 200 million yen for a 31.8 percent gain compared with the same period of the year before).

In Asia, net sales increased to 27.1 billion yen (up 3.8 billion yen for a 16.3 percent increase compared with the same period of the year before). Operating income also increased to 2.1 billion yen (up 800 million yen for a 64.7 percent gain compared with the same period of the previous year).

In the North American market, the Company posted net sales of 17.7 billion yen (down 400 million yen for a 2.6 percent setback). As a result, this market recorded a negative operating income of 400 million yen (down 900 million yen as against the figure for the same period of the year before).

In the Middle East and other markets combined, net sales totaled 10.1 billion yen (up 600 million yen for a 7.3 percent gain). Operating income increased to 600 million yen (up 200 million yen for a 57.1% gain compared with the same period of the previous year).

In Japan, net sales totaled 249.9 billion yen (up 11 billion yen for a 4.6 percent increase). However, operating income registered a loss of 2.3 billion yen (500 million yen below the figure for the corresponding term of the previous year).

(2) Financial Condition

On a consolidated basis, the balance in cash and cash equivalents totaled 47.8 billion yen for the fiscal year, up 1.9 billion yen on the level recorded a year earlier. In addition, free cash flow from operating and investing activities combined totaled a decrease of 1.2 billion yen (compared to an increase of 16.1 billion yen a year earlier).

<Cash Flow from Operating Activities>

For the fiscal year under review, cash flow from operating activities increased by 1.8 billion yen (compared to an increase of 20.4 billion yen for the same period of the year before) as a result of our efforts to reduce trades receivables (by 6.5 billion yen) and inventories (by 3.1 billion yen) in spite of a large deficit.

<Cash Flow from Investing Activities>

Cash flow from investing activities decreased by 3.0 billion yen (compared to a decrease of 4.3 billion yen for the same period of the year before). Fixed assents acquired during the fiscal year amounted to 12.4 billion yen, including intangible fixed assets such as software. The Company sold the shares of its affiliate, Yokogawa Johnson Controls Corporation for the amount of 8.0 billion yen in April 2002. The Company also sold a part of its shares of financial institutions due to the unraveling of cross shareholdings.

<Cash Flow from Financing Activities>

Cash flow from financing activities increased by 3.6 billion yen (compared to a decrease of 22.9 billion yen in the same period of the year before). The Company raised the funds by issuing new commercial paper in the amount of 35 billion yen and borrowing long-term fixed loans from financial institutions, thereby repaying the outstanding loan obligations of various subsidiaries and affiliates and buying back its own stocks.

Though in July 2002 and February 2003 the Company was preparing to redeem 10 billion yen in Japanese straight bonds from its second and third issues respectively, it issued another 10 billion yen in Japanese straight bonds for the sixth issue in July 2002 and the seventh issue in December 2002 respectively to raise the funds it needed for the purpose of redeeming the foregoing bonds.

<Profit Dividend>

The fiscal year under review resulted in high losses exceeding the initial projections, as in the previous fiscal year. Although bleak conditions persist, the Company has placed emphasis on maintaining steady dividends. Hence, it plans to pay a dividend of 3.75 yen per share (7.50 yen per share including an interim dividend), unchanged from the interim dividend of the current fiscal year.

For future profit dividends, the Company will continue to strengthen its financial structure in order to enhance corporate values. Also, it will continue to focus on stable profit dividends for shareholders by improving return on shareholders' equity and further enhancing shareholder values. One of the Company's basic principles is to pay out profits to shareholders. The Company is determined to make every effort to satisfy the expectations of shareholders.

According to the provisions of Article 210 of the Japanese Commercial Code, the Company adopted the resolution of buying back its stocks at the annual shareholders meeting held on June 27, 2002, buying back 10 million of its stocks worth a total of 7.4 billion yen during the period ending in October 21, 2002.

(3) Outlook of Operations for the Next Fiscal Year

<General Overview>

Yokogawa's industrial automation and control systems business has earned unprecedented levels of expectations from an array of major corporate clients abroad for its collective strength including technological prowess, engineering capabilities, quality, and services. Naturally, the Company plans to capitalize on these strengths and continue working to expand its sales force and win more contracts in the international marketplace. In the meantime, Yokogawa will also actively strive to boost its sales in the Japanese market through efforts to spur replacement demand.

The semiconductor tester business has maximized synergy effects by combining the Company's logic tester technologies and the memory tester technologies transferred from Ando Electric Co., Ltd. The Company plans to accelerate this business in system-on-a-chip (SoC), visual, and communications LSI markets and attain highly superior market positions through its efforts, including the build-out of a new customer base in the memory tester market and the reinforcement of its liquid crystal driver tester business in Asian markets. In the measurement business segment, the Company's strategy is to expand and refine product lineups and boost sales accordingly for all Group units.

In the information systems segment, Yokogawa plans to move forward with the expansion of its medical information systems business, and to accelerate the expansion of its business in the delivery of system solutions to the manufacturing industry.

Among its undertakings in the aviation and industry support businesses, the Company will continue working to spur growth in private sector demand for its aerospace instrument and MEG markets.

With respect to cash flow, the Company plans to redeem 10 billion yen from its fourth issue of Japanese straight bonds in November 2003 and 10 billion yen from its fifth issue of Japanese straight

bonds in March 2004. The Company will continue to reduce its assets further and enhance its financial structure.

In the year ahead, the Company will also continue to concentrate its energies and resources on a Group-wide promotional drive aimed at boosting sales revenue through the reinforcement of existing business operations and efforts to tap into new markets.

<Consolidated Forecasts for FY2003>

Net sales	365.0 billion yen (up 11.0 percent)
Operating income	10.0 billion yen (up 540.6 percent)
Ordinary income	7.0 billion yen (-)
Net income for the year	2.0 billion yen (-)

<Unconsolidated Forecasts for FY2003>

Net sales	200.0 billion yen (up 17.0 percent)
Operating income	4.0 billion yen (-)
Ordinary income	5.0 billion yen (-)
Net income for the year	3.0 billion yen (-)

Note: The consolidated business forecast assumes an average exchange rate of US$1 = 115 yen throughout FY2003.

<Notes Regarding Forecasts>

The above forecasts are based on certain assumptions deemed reasonable by Yokogawa at the present time, and may differ from actual business results.

Major factors that may affect business performance include the following:

- Fluctuations in the U.S. dollar, European currencies, and Asian currencies relative to the yen
- Sudden changes in economic conditions in major markets, or in trade regulations or other aspects of the business environment
- Sudden fluctuations in product supply or demand
- Rapid technological innovations
- Fluctuations in Japanese share prices
- Protection of Yokogawa patents and the licensing of patents held by other companies
- Alliances with other companies for product development or other ends.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

(¥ million)

	March 31,2002		March 31,2003	
Current Assets:		%		%
Cash on hand and in bank	30,003		48,242	
Notes and accounts receivables	96,895		102,766	
Marketable securities	14,382		100	
Inventories	35,938		43,236	
Deferred tax assets - current	4,000		4,780	
Other current assets	14,021		14,828	
Allowance for doubtful accounts	-1,299		-1,323	
Total currents assets	193,943	54.8	212,630	58.3
Fixed Assets:				
(Tangible fixed assets)				
Building and structures	40,146		39,047	
Machinery, transportation equipment	8,326		6,974	
Land	15,040		17,263	
Construction in progress	673		1,677	
Tools, furniture and fixtures	8,881		9,759	
Total tangible fixed assets	73,068	20.6	74,722	20.5
(Intangible fixed assets)				
Consolidated goodwill	142		-	
Others	11,761		12,685	
Total intangible fixed assets	11,903	3.4	12,685	3.5
(Investment and other assets)				
Investments in securities	40,325		33,617	
Long-term loans	-		1,158	
Deferred tax assets - non-current	20,061		15,189	
Other investments	15,192		15,624	
Allowance for doubtful accounts	-606		-897	
Total investment and other assets	74,972	21.2	64,692	17.7
Total fixed assets	159,945	45.2	152,100	41.7
Deferred assets	11	0.0	0	0.0
Total Assets	353,899	100.0	364,730	100.0

(¥ million)

	March 31,2002		March 31,2003	
Current liabilities:		%		%
Notes and accounts payable	28,890		32,484	
Short-term bank loans	6,657		6,238	
Current portion of bonds	22,000		20,000	
Income taxes payable	1,524		1,981	
Accrued bonuses	6,791		7,085	
Commercial paper	-		35,000	
Other current liabilities	35,435		34,867	
Total current liabilities	101,299	28.6	137,655	37.8
Long-term liabilities:				
Long-term bonds	20,000		20,000	
Long-term bank loans	16,794		27,436	
Deferred tax liabilities - non-current	2,094		2,514	
Reserve for retirement payments	38,914		40,248	
Reserve for retirement payments of directors	963		765	
Other reserves	146		228	
Others	1,727		1,203	
Total long-term liabilities	80,641	22.8	92,397	25.3
Total liabilities	181,940	51.4	230,053	63.1
Minority intrests in consolidated subsidiaries	2,901	0.8	2,893	0.8
Shareholders` equity:				
Common stock	32,306	9.1	32,306	8.8
Additional paid-in capital	35,020	9.9	35,255	9.7
Retained earnings	104,814	29.6	76,777	21.0
Variances on securities valuations	1,114	0.3	977	0.3
Foreign currency translation adjustments	-3,991	-1.1	-5,562	-1.5
Treasury stock	-85	-0.0	-7,968	-2.2
Subsidiary holdings in parent company	-121	-0.0	0	-
Total shareholders` equity	169,057	47.8	131,784	36.1
Total liabilities and stockholders` equity	353,899	100.0	364,730	100.0

Consolidated Statements of Income

(¥ million)

	March 31, 2002		March 31, 2003	
		%		%
Net sales	310,828	100.0	328,766	100.0
Cost of sales	209,759	67.5	218,989	66.6
Gross profit	101,068	32.5	109,777	33.4
Selling, general and administrative expenses	99,323	31.9	108,215	32.9
Operating profit	1,744	0.6	1,561	0.5
Non-operating profit:				
Interest income	689		492	
Dividend income	2,139		1,243	
Profit from investments in subsidiairies and affiliates accounted for by the equity method	-		657	
Others	2,042		1,487	
Total non-operating profit	4,871	1.5	3,880	1.1
Non-operating expenses:				
Interest expense	1,852		1,692	
Loss on disposal of inventories	1,230		932	
Loss on price declines of inventories	2,210		485	
Foreign exchange loss	-		1,926	
Investment loss of equity method	5,234		-	
Others	2,205		1,637	
Total non-operating expenses	12,733	4.1	6,675	2.0
Recurring profit	-6,116	-2.0	-1,233	-0.4
Extraordinary profit:				
Gain on sales of property	621		409	
Gain on sales of investments in marketable securities	396		7,373	
Gain on return of pension investment	-		3,614	
Others	287		532	
Total extraordinary profit	1,305	0.4	11,929	3.6
Extraordinary loss:				
Loss on sales of property	88		286	
Loss on retirement of property	676		1,864	
Loss on sales of investments in marketable securities	200		490	
Loss on devaluation of investments in marketablesecurities	5,857		8,451	
Loss from investments in subsidiaries and affiliates accounted for by the equity method	6,577		-	
Loss on reorganization of business	-		17,876	
Others	2,592		1,342	
Total extraordinary loss	15,993	5.1	30,312	9.2
Income before income taxes	-20,803	-6.7	-19,617	-6.0

Corporate, resident and enterprise tax	2,652		2,305	
Income tax and residential tax refund	11		197	
Adjustment of corporate tax, etc.	-793		4,138	
Minority shareholders` loss	460		367	
Net income	-23,112	-7.4	-26,232	-8.0

Statements of Consolidated Retained Earnings

(¥ million)

	March 31,2002	March 31,2003
Consolidated balance at the beginning of period:		
Consolidated balance at the beginning of period	133,697	104,814
Previous-period tax effect adjustment	-	
Total consolidated balance beginning of period	133,697	104,814
Consolidated amount of increase in retained earnings:		
Increase due to change in the number of unconsolidated subsidiaries and affiliates applying the equity method	-	46
Other increase	-	100
Total consolidated amount of increase in retained earnings	-	104,960
Consolidated amount of decrease in retained earnings:		
Dividends	3,065	1,793
Bonuses to directors and corporate auditors	115	33
Change in the number of unconsolidated subsidiaries and affiliates applying the equity method	132	
Redemption of treasury stock	2,393	-
Decrease due to currency fluctuation	33	-
Others	31	123
Total consolidated amount of decrease in retained earnings	5,771	
Net profit (loss) for the period under review	(23,112)	(26,232)
Consolidated balance at the end of period	104,814	76,777

Consolidated Cash Flow Statements

(¥ million)

	March 31, 2002	March 31, 2003
I Cash flows from operating activities		
Net profit (loss) for the period under review before tax and other adjustment	-20,803	-19,617
Depreciation	13,964	14,298
Amortization of consolidated goodwill	370	170
Changes in allowance for doubtful accounts	-35	231
Increase in reserve for retirement payments	-9,675	-7,214
Increase in accrued bonuses	-1,568	-16
Interest and dividend income	-2,829	-1,735
Interest expenses	1,852	1,692
Loss on valuation of investment in marketable securities	-	8,322
Gain on equity method	11,811	-657
Gain on investment in marketable securities	-67	-6,884
Loss on elimination of fixed assets	-	2,155
Changes in trades receivables	20,062	6,552
Changes in inventories	8,768	3,114
Changes in trade payable	-8,722	294
Others	3,344	2,953
Subtotal	16,471	3,660
Interest and dividend income received	4,381	1,591
Interest expenses paid	-2,128	-1,777
Income taxes paid	1,758	-1,646
Total net cash provided by operating activities	20,483	1,829
II Cash flows from investing activities		
Payments for deposit in time deposits	-1,417	-354
Proceeds from return on time deposits	2,603	430
Payments for purchase of property, plant and equipment	-8,124	-8,181
Payments from sales of property, plant and equipment	1,608	1,000
Payment of purchase of intangible fixed assets	-	-4,304
Payments for purchase of investments in marketable securities	-2,919	-2,578
Proceeds from sales of investments in marketable securities	6,994	9,925
Others	-3,118	1,009
Total net cash provided by investing activities	-4,374	-3,053
III Cash flows from financing activities		
Decrease in short-term bank borrowings, net	-6,689	-24,693
Issuance of commercial paper	-	35,000
Issuance of long-term debt	79	9,865
Repayment of long-term debt	-891	-4,599
Issuance of corporate bond	-	20,000
Corporate bond redemption	-10,000	-22,000
Paid of undertaking ofincrease of capital of minority shareholders	252	-
Paid of gain of treasury stock	-2,450	-7,752
Cash dividends paid	-3,065	-1,793

Dividend paid of minority shareholders	-120	-276
Others	-52	-106
Total net cash used in financing activities	-22,937	3,643
IV Effect of exchange rate on cash and cash equivalents	63	-437
V Net increase or decrease in cash and cash equivalents	-6,765	1,981
VI Cash and cash equivalents at the beginning of the period	50,759	43,994
VII Increase in cash and cash equivalents because of changing of subsidiary	-	1,833
VIII Cash and cash equivalents at the end of the period	43,994	47,809