Financial Statement Analysis for 1994

I. Overview

In 1994, Korean manufacturing corporations registered their most favorable performance so far in the 1990's, reflecting the upswing in the business cycle. The growth of sales, profitability and productivity all showed strong improvement, but there was a slight weakening of firms' financial stability.

The growth rate of sales rose to 18.2%, following the 9.9% increase in the previous year, thanks to favorable domestic sales and brisk exports.

As for profitability, the ratio of ordinary income to sales was 2.7%, higher than the year before by one percentage point. This improvement was attributable to a net gain on foreign exchange transactions, the reduced ratio of financial expenses to sales and the fall in the cost of goods manufactured.

Turning to productivity, the growth rate of gross value added per capita stood at 18.1%, higher than the previous year's 14.0%, owing to improved profitability and increased sales.

The current ratio, an indicator of the degree of short-term solvency, moved up to 94.6% from the previous year's 94.1%, and the ratio of total borrowings and bonds payable to total assets improved from 46.8% to **44.5%.** But in spite of improved profitability, the ratio of stockholders' equity to total assets dropped from 25.3% to 24.8% in the year under review, as gains arising from asset revaluation decreased greatly compared with the previous year and total assets, whose growth was associated with the expansionary phase of the business cycle, increased more rapidly than stockholders' equity.

By sector, while the growth rate of sales in all sectors increased sharply, the profitability of large enterprises and enterprises in heavy & chemical industries was higher than that of medium enterprises and those in light industries.

In construction, the growth rate of sales was recorded as 13.7%, higher than the previous year's 5.5%. The main reason for the growth was the increases in infrastructure projects and overseas construction. But the increased financial burden lowered the ratio of ordinary income to sales from 2.9% to 2.6%.

In the case of wholesale and retail trade, the growth rate of sales rose strongly and profitability improved owing to buoyant consumer spending.

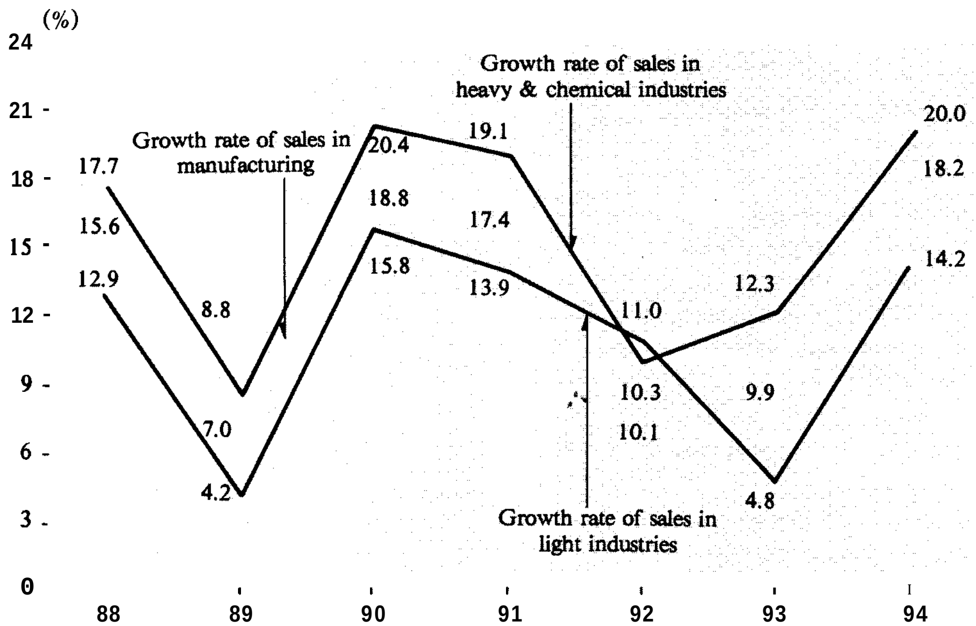
II. Growth

1. Manufacturing

During the year under review, the growth rate of sales in manufacturing was 18.2 per cent, much higher than the previous year's 9.9 per cent. This was attributable to the expansion of exports, boosted by the strong yen and the economic recovery in advanced countries, and to brisk domestic sales driven by heavy consumer spending and facilities investment.

Meanwhile, the growth rate of property, plant and equipment remained at the same figure of 13.2% as in the preceding year, since gains from asset revaluation decreased greatly compared with the previous year, offsetting the favorable performance of fixed investment.

[Chart 1] **Manufacturing Growth Trends**



Looking at the growth rate of sales by manufacturing sector, there were rises in most sectors except wood & wood products and coke & refined petroleum. Most notably, the growth rate of sales in food & beverages rose from the previous year's 5.7% to 13.2%, thanks to the increased demand associated with the economic recovery in the domestic market and demand creation through sales of new products. Improved fee income in advertising and buoyant sales growth in teaching materials pushed the growth rate in publishing & printing up from 15.7% to 32.2%.

[Table 11 Growth by Manufacturing Sector

unit : %

	Growth rate of sales			Growth rate of property, plant & equipment		
	92	93	94	92	93	94
Manufacturing	**10.3**	**9.9**	**18.2**	**11.0**	**13.2**	**13.2**
Food & beverages	12.4	5.7	13.2	14.0	9.9	12.2
Textiles	10.5	2.2	15.7	13.0	11.7	8.7
Wearing apparel	4.1	A0.9	15.6	18.0	4.8	13.4
Leather & footwear	9.6	A2.5	2.4	13.7	1.1	4.8
Wood & products	11.9	12.9	9.0	26.5	25.5	2.1
Pulp & paper	8.7	7.3	17.3	17.0	23.9	10.6
Publishing & printing	18.3	15.7	32.2	16.7	18.3	10.7
Coke & refined petroleum	19.4	10.2	8.0	1.5	1.1	15.1
Chemicals	9.6	9.5	16.4	13.0	6.5	7.6
Rubber & plastic	12.8	9.4	13.2	16.9	8.7	10.5
Nonmetallic mineral products	8.7	3.1	12.6	13.7	11.8	10.7
Basic metals	4.0	11.6	15.0	7.1	△0.2	8.8
Fabricated metal products	2.5	6.3	21.1	3.7	16.4	10.8
Machinery & equipment	2.3	7.8	20.0	15.3	31.8	13.7
Office & computing machinery	37.6	21.0	38.7	A2.1	45.2	41.5
Electrical machinery	13.7	5.7	20.3	8.7	21.4	9.0
Radio, TV, communications equipment	10.2	20.7	28.5	11.6	11.2	24.3
Medical, precision equipment	A4.1	2.8	20.4	4.8	13.9	12.8
Motor vehicles	11.3	19.0	22.8	13.1	29.3	14.0
Ship building & other transport	17.2	6.8	22.9	9.7	43.9	26.7
Furniture & manufacturing n.e.c.	13.4	9.9	8.3	9.8	19.0	8.4
Large corporations	11.7	11.2	19.0	11.4	13.6	13.5
Small & medium corporations	6.3	7.1	16.5	8.7	11.7	11.9
Heavy & chemical industries	10.1	12.3	20.0	9.6	13.6	14.4
Light industries	11.0	4.8	14.2	14.6	12.3	10.0

The growth rate of sales in radio, TV and communications equipment registered 28.5%, much higher than the previous year's 20.7%, owing to enlarged exports of semiconductors. That in office & computing machinery leaped from 21.0% to 38.7%, on the back of a shift in preference to high quality PCs, the unleashing of potential demand caused by the decline in price, and increased investment for office automation by government and enterprises. Meanwhile, the growth rates of sales in fabricated metal products ; machinery & equipment ; electrical machinery ; and motor vehicles were all boosted by increased demand in related industries and brisk exports.

In contrast, the growth rate of sales dipped from 12.9% to 9.0% in wood & wood products, due to the sector's sluggish exports and lackluster residential construction. Price reductions caused by overcompetition drove that in coke & refined petroleum down from 10.2% to 8.0%.

The growth rates of sales in medium enterprises and light industries rose over the year before's, but were still lower than those in large enterprises and heavy & chemical industries.

2. Non-Manufacturing

Growth rates of sales in all non-manufacturing industries rose from the previous year's. The growth rate of sales in construction registered 13.7%, much higher than the previous year's 5.5%. This improvement was mainly led by the strong investment in plant and facilities by corporations, increased infrastructure construction in the latter half of the year, and the sustained rapid growth of overseas construction activity centering on the expansion of the infrastructure in ASEAN countries and the revival of orders from the Middle East.

The growth rate of sales in wholesale and retail trade moved up from 13.3 % to 17.5% thanks to the increased private consumption sparked off by the economic upturn, the expansion of external trade and to business group's improvement of their distribution network as well as sales promotion.

The electricity, gas & steam industry's growth of sales rose from 14.3% to 18.8%, owing mainly to the increased utilization of electricity and gas.

The growth rate of sales in transport, storage & communications remained high, edging up from 15.5% to 15.6%, since both exports and imports increased greatly in line with the recovery of the world economy, telecommunication networks expanded, and the market for cellular phones and other mobile telecommunication facilities enjoyed a remarkable boom.

[Table 21 Growth by Industry

unit : %

	Growth rate of sales		
	92	93	94
Fishing	5.3	1.3	11.2
Mining	a4.3	A6.7	15.5
Manufacturing	10.3	9.9	18.2
Electricity, gas & steam heating	18.7	14.3	18.8
Construction	16.0	5.5	13.7
Wholesale & retail trade	18.5	13.3	17.5
Transport, storage & communications	14.4	15.5	15.6
Real estate, renting & business activities	15.7	9.1	27.3
Recreational, cultural & sporting activities	12.0	8.5	16.6

III. Profitability

1. Manufacturing

During the year under review, the ratio of operating income to sales in manufacturing rose from the previous year's **7.0** per cent to **7.7** per cent, mainly owing to higher sales growth and the mitigation of the upward pressure of such manufacturing costs as labor and materials. The ratio of ordinary income to sales also rose sharply from **1.7** per cent to **2.7** per cent due to a rise in the ratio of operating income to sales and a decline in the scale of non-operating deficits, which was caused by the decreased ratio of financial expenses to sales **(5.9% — 5.6%)** and net gains on foreign exchange transactions'' thanks to the appreciation of the Korean won against the U.S. dollar in **1994.**

The ratio of manufacturing industry's financial expenses to its sales dropped to **5.6** per cent from the **5.9** per cent of the previous year. This improvement was largely attributable to an increase in sales exceeding that of financial expenses and to a decline in the ratio of borrowings and bonds payable vis-à-vis total assets **(46.8% — 44.5%)**. The ratio of net financial expenses" to sales also eased from **4.3** per cent to **4.1** per cent, since the ratio of financial expenses to sales dropped considerably, even though the ratio of financial income to sales was maintained at the level of a year earlier.

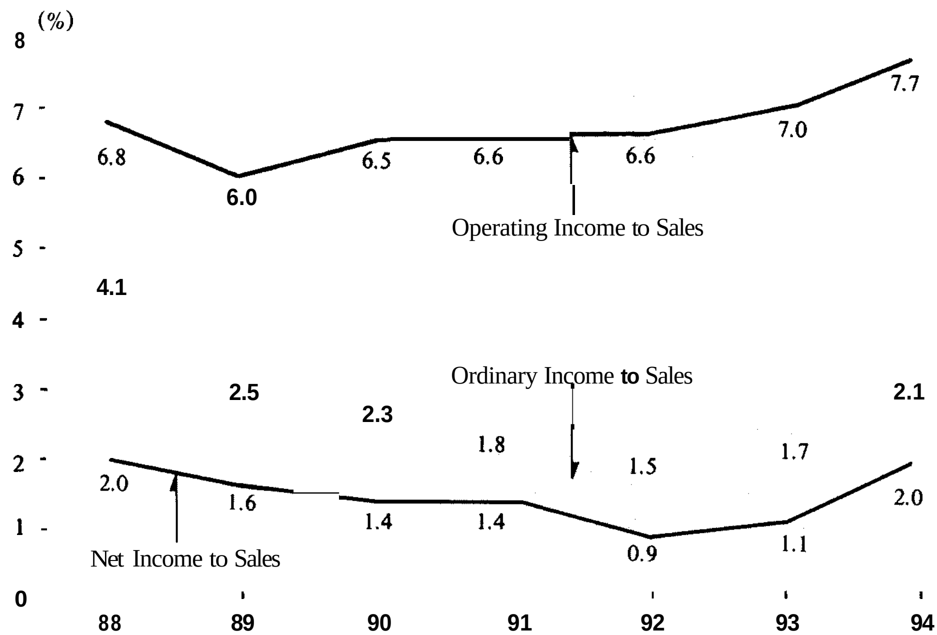
Notes : 1) Includes gains on foreign exchange translations.
2) Net financial expenses= Financial expenses − Financial income.

[Table 31 Ratios concerning Financial Expenses

unit : %

	1991	1992	1993	1994
Financial expenses to sales	5.7	6.3	5.9	5.6
Financial income to sales	1.8	2.1	1.6	1.6
Net financial expenses to sales	3.9	4.3	4.3	4.1
Financial expenses to total borrowings	13.0	12.3	11.2	11.4
Total borrowings and bonds payable to total assets	44.5	47.2	46.8	44.5

[Chart 21 Manufacturing Profitability Trends



In most sectors except non-metallic mineral products and ship building & other transport equipment, the ratios of ordinary income to sales rose during the year.

The ratio of operating income to sales in the pulp & paper sector rose from 6.9 per cent to 8.0 per cent owing to a rise in prices, increased demand for its products, and the easing of the burden of labor costs. The ratio of ordinary income to sales turned positive, standing at 1.2 per cent as against the -0.1 per cent of a year earlier, thanks to increased operating income and net gains on foreign exchange transactions.

Because of the lightening of the cost of sales resulting from their high growth (32.2%), the ratio of operating income to sales in publishing & printing rose sharply to 6.1 per cent from the previous year's 1.8 per cent. The sector's ratio of ordinary income to sales also improved from -2.0 per cent to 2.4 per cent due to the easing of its financial burden, as reflected in the decreased ratio of total borrowings & bonds payable to total assets (44.2%→37.3%).

In the case of chemicals, the ratios of operating income to sales and ordinary income to sales were both higher (10.4%, 2.8%) than those of a year earlier (8.9%, 1.3%), thanks to a fall in raw material prices and a rise in the prices charged for its products.

(Table 4) **Profitability by Manufacturing Sector**

unit : %

	Operating Income to Sales			Ordinary Income to sales			Ordinary Income to Assets		
	92	93	94	92	93	94	92	93	94
Manufacturing	6.6	7.0	7.7	1.5	1.7	2.7	1.5	1.6	2.6
Food & beverages	5.3	5.9	5.9	0.6	1.1	1.4	0.7	1.2	1.5
Textiles	6.5	5.8	5.2	1.2	0.6	0.7	1.0	0.5	0.6
Wearing apparel	2.8	3.9	4.8	A0.3	1.0	2.1	A0.4	1.3	2.7
Leather & footwear	2.2	1.8	3.5	△0.8	△1.5	1.1	A1.2	A2.2	1.5
Wood & products	4.0	5.2	5.3	0.3	1.3	1.4	0.3	1.6	1.6
Pulp & paper	7.9	6.9	8.0	1.6	A0.l	1.2	1.4	A0.l	0.9
Publishing & printing	5.1	1.8	6.1	2.3	A2.0	2.4	2.3	02.0	2.6
Coke & refined petroleum	4.3	4.6	4.1	1.3	1.7	1.9	1.4	1.9	2.0
Chemicals	9.0	8.9	10.4	3.1	1.3	2.8	2.6	1.0	2.1
Rubber & plastic	7.7	6.3	5.4	2.6	0.5	1.1	2.2	0.5	1.1
Non-metallic mineral products	8.5	9.3	8.0	3.9	4.4	2.8	3.2	3.4	2.2
Basic metals	6.5	8.4	7.3	2.1	3.4	3.1	1.6	2.7	2.6
Fabricated metal products	4.3	5.5	5.2	A1.8	1.3	2.7	A1.9	1.7	3.6
Machinery & equipment	7.1	7.6	7.0	1.3	3.1	3.5	1.2	2.9	3.7
Office & computing machinery	14.0	12.5	12.2	2.5	3.3	4.5	2.1	3.1	5.5
Electrical machinery	4.7	6.5	5.7	A1.4	1.5	1.5	A1.6	1.6	1.6
Radio,TV,communications equipment	8.9	10.6	13.5	1.4	2.3	6.5	1.4	2.6	8.1
Medical,precision equipment	1.0	5.5	6.9	05.9	A1.2	0.1	A5.9	△1.0	0.1
Motor vehicles	4.3	4.5	5.8	O.OAO.l		1.1	O.OAO.l		1.1
Ship building & other transport	12.5	9.9	9.1	8.3	6.8	4.2	6.8	4.8	2.8
Furniture & manufacturing n.e.c.	4.5	5.5	5.5	0.3	1.9	2.2	0.3	2.2	2.4
Large Corporations	7.4	8.0	8.6	1.9	1.9	3.1	1.6	1.6	2.7
Small & Medium Corporations	4.1	5.0	5.3	0.5	1.3	1.9	0.6	1.6	2.5
Heavy & Chemical Industries	7.3	7.9	8.5	1.9	2.2	3.3	1.7	2.0	3.1
Light Industries	5.3	5.1	5.5	0.8	0.5	1.3	0.8	0.5	1.4

In the sector of radio, TV & communications equipment, the ratio of operating income to sales rose to 13.5 per cent from the previous year's 10.6 per cent, due to the decrease in the cost burden brought about by booming sales of electronic components such as memory chips. The ratio of ordinary income to sales also increased, rising from 2.3 per cent to 6.5 per cent, owing to the reduced burden of financial costs and net gains on foreign exchange transactions associated with the appreciation of the Korean won against the dollar.

Meanwhile, the ratios of operating income to sales and of ordinary income to sales in non-metallic mineral products marked a lower level (8.0%, 2.8%) than in the previous year (9.3%, 4.4%) because of the heavier financial burden and weaker prices for its products as a result of oversupply.

As for shipbuilding & other transport equipment, the ratio of operating income to sales dipped from the 9.9 per cent of a year before to 9.1 per cent due to heavier costs and weaker prices for its products caused by intense competition for orders with Japan. The ratio of ordinary income to sales also fell from 6.8 per cent to 4.2 per cent, as an increase in its financial costs brought about by its heavier demand for funds for equipment investment served to offset the net gains on foreign exchange transactions.

2. Non-Manufacturing

Among non-manufacturing industries, the construction industry saw a slight rise in the ratio of operating income to sales to 6.5 per cent from the previous year's 6.4 per cent. However, the ratio of ordinary income to sales slipped from 2.9 per cent to 2.6 per cent, mainly because of a rise in the ratio of financial expenses to sales (4.7%→5.7%). The worsening of its financial costs was attributable to its increasing reliance on external financing to fund the working capital needed because of the increased stock of unsold housing.

In the case of the wholesale & retail trade, the ratios of operating income to sales and of ordinary income to sales both recorded higher levels (1.9%, 0.8%) than the previous year's (1.7%, 0.6%), which reflected the higher profitability of department stores.

The ratio of operating income to sales in transport, storage & communications was 8.9 per cent, a similar level to the preceding year's 9.0 per cent. But the ratio of ordinary income to sales jumped from 4.3 per cent to 6.0 per cent during the year, owing to reduced deficits on foreign exchange transactions in the land & air transportation sectors.

In real estate and renting & business activities, the ratio of operating income to sales was 4.1 per cent, slightly higher than the previous year's 4.0

per cent. The ratio of ordinary income to sales climbed from 1.9 per cent to 2.8 per cent, reflecting the decline in the ratio of financial expenses to sales (3.3%—2.9%).

[Table 51 **Profitability by industry**

unit : %

	Operating Income to Sales			Ordinary Income to Sales			Ordinary Income to Assets		
	92	93	94	92	93	94	92	93	94
Fishing	2.1	2.0	4.5	△6.5	△4.4	0.6	△4.5	△3.1	0.5
Mining	△12.7	△11.8	△18.3	△9.3	△11.0	△15.2	△5.1	△5.2	△6.1
Manufacturing	6.6	7.0	7.7	1.5	1.7	2.7	1.5	1.6	2.6
Electricity, gas & steam	22.9	22.3	21.0	17.4	14.8	14.6	7.2	6.2	6.3
Construction	5.8	6.4	6.5	2.0	2.9	2.6	2.2	3.3	2.6
Wholesale & retail trade	1.7	1.7	1.9	0.5	0.6	0.8	1.3	1.6	1.9
Transport, storage & communications	9.7	9.0	8.9	5.6	4.3	6.0	4.2	3.4	4.7
Real estate, renting & business activities	7.9	4.0	4.1	5.4	1.9	2.8	4.1	1.7	2.1
Recreational, cultural & sporting activities	6.4	5.4	6.6	6.5	5.4	5.6	4.2	3.8	3.6

Ⅳ. Productivity

1. Manufacturing

As regards manufacturing productivity during the year under review, the growth rate of gross value added per capita was 18.1 per cent, higher than the previous year's 14.0 per cent.

[Table 61 **Manufacturing Productivity**

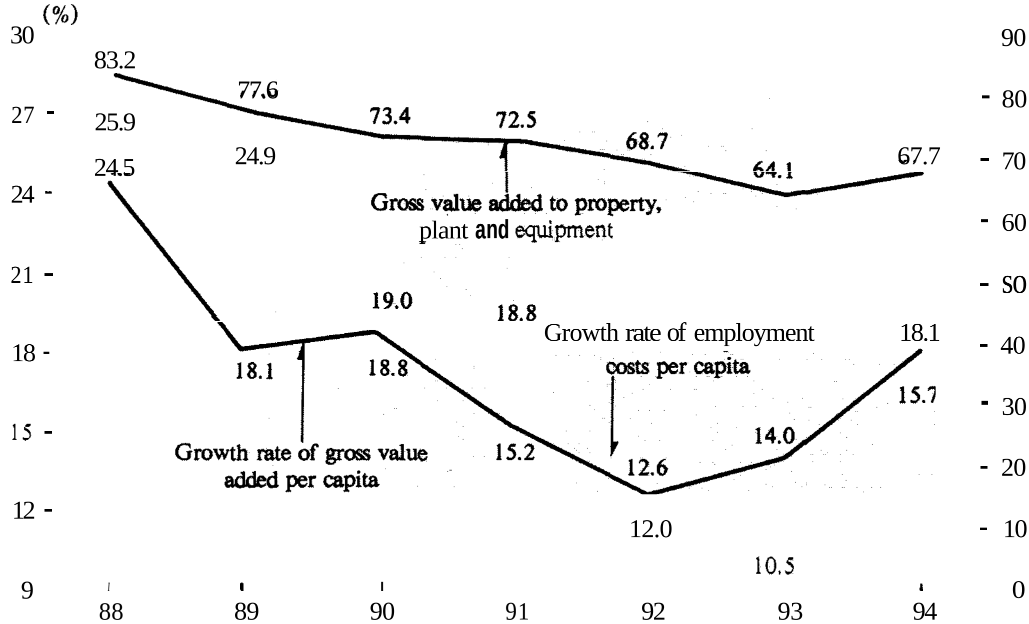
unit : %, million won

	88	89	90	91	92	93	94
Growth rate of gross value added per capita	24.5	18.1	18.8	15.2	12.6	14.0	18.1
Growth rate of sales per capita	12.3	9.7	20.4	15.5	13.2	13.5	16.4
Growth rate of employment costs per capita	25.9	24.9	19.0	18.8	12.0	10.5	15.7
Gross value added/Sales	25.4	26.6	26.0	25.8	25.7	26.1	26.3

The improvement was made possible by increases in the growth rate of sales per capita (13.5%→16.4%) and in the ratio of gross value added to sales (26.1%—26.3%), which reflected higher profitability.

On the other hand, the growth rate of employment costs per capita registered 15.7 per cent, higher than the previous year's 10.5 per cent, but remained lower than the growth ratio of gross value added per capita.

[Chart 3] **Manufacturing Productivity Trends**



[Table 7] **Composition of Manufacturing Gross Value Added**

unit : %

	88	89	90	91	92	93	94
Ordinary income	15.9	9.4	9.0	6.9	5.9	6.5	10.4
Employment costs	47.6	51.8	52.4	54.3	54.1	52.6	51.2
Net financial expenses	14.0	13.6	14.1	15.1	16.5	16.5	15.4
Rent	2.5	2.8	3.2	3.3	3.6	3.7	3.9
Taxes & dues	1.1	1.2	1.3	1.4	1.4	1.6	1.5
Depreciation	18.9	21.2	20.1	19.0	18.5	19.2	17.7
Gross value added	100.0	100.0	100.0	100.0	100.0	100.0	100.0

As for the composition of gross value added, the ratio of ordinary income to gross value added was 10.4 per cent, exceeding the previous year's 6.5 per cent. Meanwhile the ratio of employment costs to gross value added was 51.2 per cent, 1.4 percentage points less than the year before's (52.6%).

The ratio of net financial expenses to gross value added dropped to 15.4 per cent from the previous year's 16.5 per cent, reflecting a decline in the ratio of total borrowings & bonds payable to total assets (46.8%—44.5%).

By manufacturing sector, most sectors, except wood & wood products ; basic metals ; etc, showed a higher growth rate of gross value added per capita than the previous year's.

[Table 8] **Productivity by Manufacturing Sector**

unit: %

	Growth rate of gross value added per capita			Growth rate of employment costs per capita		
	92	93	94	92	93	94
Manufacturing	**12.6**	**14.0**	**18.1**	**12.0**	**10.5**	**15.7**
Food & beverages	10.4	12.6	11.8	9.1	10.7	12.3
Textiles	15.0	14.3	15.7	15.2	11.7	13.7
Wearing apparel	8.1	12.3	20.6	14.9	8.5	16.3
Leather & footwear	18.3	16.7	16.8	16.1	17.4	10.5
Wood & its products	12.8	26.3	13.9	17.9	13.6	14.9
Pulp & paper	9.8	△2.0	20.8	13.9	8.8	11.8
Publishing & printing	6.6	10.3	30.6	2.7	5.3	13.8
Coke & refined petroleum	19.4	14.1	12.3	0.3	14.2	9.2
Chemicals	14.0	13.6	20.9	15.3	8.2	13.4
Rubber & plastic	12.2	9.8	8.1	14.4	7.2	14.4
Non-metallic mineral products	12.5	7.4	8.2	15.0	7.1	12.3
Basic metals	4.3	16.1	12.5	7.7	11.1	21.9
Fabricated metal products	2.4	A0.6	16.6	11.3	A0.3	13.8
Machinery & equipment	7.9	12.9	14.9	12.6	9.4	16.9
Office & computing machinery	57.9	29.4	31.1	14.7	19.8	12.6
Electrical machinery	6.4	7.0	15.9	6.1	9.3	15.7
Radio,TV,communications equipment	11.5	23.2	29.3	11.0	11.3	19.1
Medical, precision equipment	2.9	19.4	19.7	19.5	11.6	12.5
Motor vehicles	10.9	15.7	20.1	9.4	13.3	16.7
Ship building & other transport	22.9	A2.2	8.3	11.4	2.9	13.7
Furniture & manufacturing n.e.c.	19.2	14.7	10.2	13.3	10.2	10.7
Large corporations	13.4	15.2	18.9	10.4	11.1	16.6
Small & mediumcorporations	9.4	12.0	14.9	15.5	9.9	13.4
Heavy & chemical industries	11.9	13.4	18.2	11.3	9.7	16.3
Light industries	13.5	13.2	16.2	13.1	11.0	13.5

Most notably, the growth rates of gross value added per capita in publishing & printing and radio, TV & communications equipment rose sharply to 30.6 per cent and 29.3 per cent, respectively, thanks to the strong growth rate of sales.

The growth rate of gross value added per capita in chemicals rose to 20.9 per cent from the previous year's 13.6 per cent, owing to increased demand and stronger prices for its products.

On the other hand, the growth rate of gross value added per capita in wood & wood products dropped from 26.3 per cent to 13.9 per cent due to the decline of sales growth (12.9%—9.0%).

The growth rate of gross value added per capita in the basic metals sector fell from 16.1 per cent to 12.5 per cent as a result of the increased cost burden imposed by higher prices for its imported raw materials.

2. Non-Manufacturing

Reflecting a sharp rise in sales in construction, the growth rate of its gross value added per capita soared from the previous year's 2.1 per cent to 12.7 per cent.

[Table 91 **Productivity** by **Industry**

unit : %

	Growth rate of gross value added per capita			Growth rate of employment costs per capita		
	92	93	94	92	93	94
Fishing	A4.0	△ 1.4	29.0	4.6	16.3	12.0
Mining	17.4	A3.6	2.5	23.0	5.3	3.2
Manufacturing	12.6	14.0	18.1	12.0	10.5	15.7
Electricity, gas & steam	11.9	5.9	16.7	4.1	6.8	12.3
Construction	5.5	2.1	12.7	4.7	1.6	8.7
Wholesale & retail trade	4.5	13.4	16.9	13.6	7.8	10.7
Transport, storage & communications	9.7	9.5	12.9	9.4	10.8	16.7
Real estate, renting & business activities	10.4	10.4	17.3	7.2	13.4	16.7
Recreational. cultural & sporting activities	9.6	A0.6	16.5	10.2	3.5	14.0

The growth rate of gross value added per capita in the wholesale & retail trade was **16.9** per cent, higher than the previous year's **13.4** per cent, due to the robust sales growth caused by economic expansion.

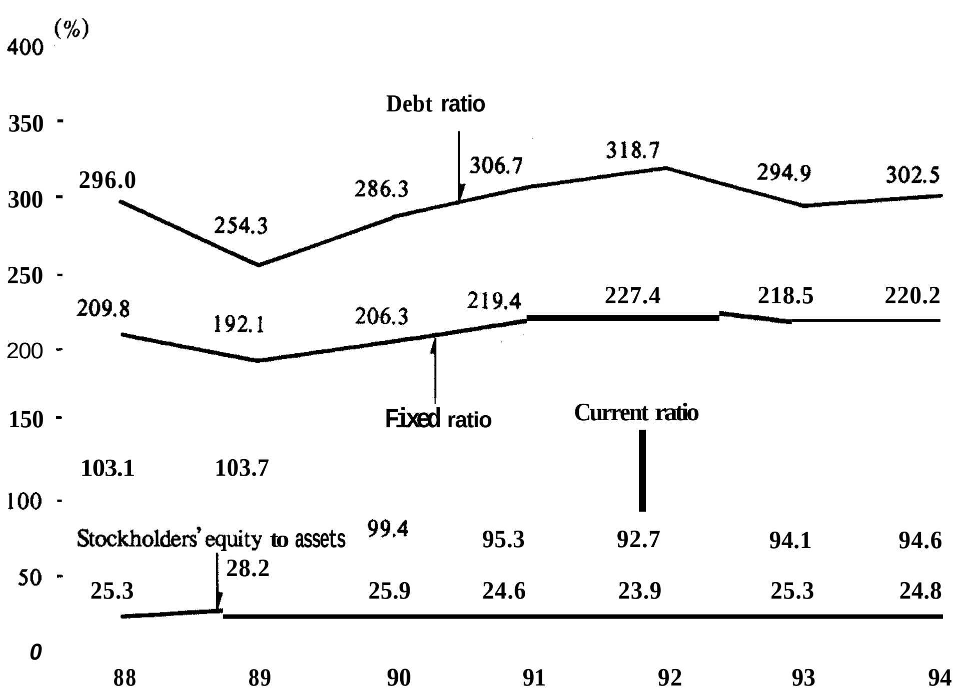
That of gross value added per capita in transport, storage & communications, real estate, renting & business activities, and in recreational, cultural & sporting activities all showed a sharp rise thanks to the strong growth of sales.

V. Financial Stability

1. Manufacturing

The ratio of stockholders' equity to total assets, indicative of the degree of stability, dropped slightly to **24.8** per cent from the previous year's **25.3** per cent in spite of an improvement in profitability. This performance was mainly due to a sharp decline in the revaluation of fixed assets and the more rapid expansion of total assets than of the stockholders' equity caused by the enlargement of sales volumes.

[Chart 4] **Trends of Financial Stability in Manufacturing**



The fixed ratio, which indicates the degree of long-term stability, registered 220.2 per cent, higher than the previous year's 218.5 per cent, owing to expanded investment in machinery and equipment. The total debt ratio moved up from the 294.9 per cent of a year earlier to 302.5 per cent. The current ratio, indicative of the degree of short-term solvency, rose from 94.1 per cent to 94.6 per cent, helped by improved profitability.

By sector of manufacturing, the ratio of stockholders' equity to total assets rose in the sectors of fabricated metal products ; office & computing machinery ; radio, TV & communications equipment, etc. The ratio, however, dropped in the sectors of coke & refined petroleum ; shipbuilding & other transport ; etc.

[Table 10] **Financial Stability by Manufacturing Sector**

unit : %

	Stockholders' equity to total assets			Current ratio			Fixed ratio		
	92	93	94	92	93	94	92	93	94
Manufacturing	**23.9**	**25.3**	**24.8**	**92.7**	**94.1**	**94.6**	**227.4**	**218.5**	**220.2**
Food & beverages	18.2	19.0	16.8	81.1	82.3	74.5	299.7	290.4	333.7
Textiles	24.9	24.2	23.6	93.6	90.4	88.6	231.8	244.7	249.9
Wearing apparel	20.4	21.6	18.7	112.9	120.0	102.6	177.5	187.2	215.2
Leather & footwear	16.0	14.6	19.4	92.2	91.0	99.7	257.1	288.4	220.4
Wood & its products	21.2	17.0	15.6	106.7	100.4	106.8	202.2	271.9	291.2
Pulp & paper	24.0	22.3	23.4	106.1	102.8	102.0	230.3	257.7	249.7
Publishing & printing	17.0	16.7	18.5	82.7	72.2	69.7	344.3	347.8	316.7
Coke & refined petroleum	26.2	28.5	25.4	88.6	91.5	89.4	208.2	193.5	221.6
Chemicals	29.8	29.0	28.8	101.5	96.9	99.0	190.4	211.7	209.6
Rubber & plastic	25.7	22.7	23.5	89.1	7A8	80.4	242.9	270.3	265.6
Non-metallic mineral products	27.4	29.7	28.0	91.6	88.8	84.1	232.9	215.8	224.1
Basic metals	33.7	33.5	32.0	99.4	100.1	97.2	194.2	185.4	193.2
Fabricated metal products	16.4	20.0	26.2	90.1	97.4	107.8	300.7	233.7	172.2
Machinery & equipment	18.9	25.1	23.8	98.4	96.4	105.7	237.1	193.0	174.7
Office & computing machinery	20.7	24.0	28.0	82.9	103.1	137.8	256.5	206.9	160.6
Electrical machinery	15.8	23.9	24.1	96.3	103.4	99.9	289.1	196.9	189.4
Radio, TV, communications equipment	24.8	26.7	28.2	94.3	102.2	107.9	205.7	197.0	185.5
Medical, precision equipment	9.3	4.2	10.7	98.0	100.8	88.7	361.2	963.3	390.8
Motor vehicles	17.9	20.2	18.1	85.1	88.3	96.0	283.1	258.3	277.6
Shipbuilding & other transport	23.6	30.5	27.3	90.5	98.1	87.9	226.1	173.5	203.8
Furniture & manufacturing n.e.c.	18.8	19.9	19.5	103.3	100.7	102.4	233.2	226.7	223.1
Large corporations	24.8	26.8	26.1	93.1	95.0	95.5	224.6	214.8	217.4
Small & medium corporations	19.3	20.5	20.2	91.5	91.9	92.0	244.4	234.7	233.2
Heavy & chemical industries	24.9	27.0	26.4	93.1	95.9	97.8	219.5	205.6	206.9
Light industries	21.2	21.0	20.5	91.8	89.8	87.0	251.0	261.4	267.0

In the fabricated metal product sector, the ratio of stockholders' equity to total assets rose sharply to 26.2 per cent from the previous year's 20.0 per cent due to increased retained earnings resulting from improved profitability. That in the office & computing machinery sector similarly increased from the previous year's 24.0 per cent to 28.0 per cent, helped by an expansion of retained earnings and additional paid-in capital. In the radio, TV and communications equipment sector, the ratio of stockholders' equity to total assets rose from 26.7 per cent to 28.2 per cent, thanks to improved profitability and increased paid-in capital.

Meanwhile, the ratio of stockholders' equity to total assets in the coke & refined petroleum sector fell from the previous year's 28.5 per cent to 25.4 per cent owing to the heavier issue of bonds associated with expanded investment in machinery and equipment. That in the shipbuilding & other transport sector also slipped back from the previous year's 30.5 per cent to 27.3 per cent.

[Table 111] Financial Stability by Industry

unit : %

	stockholders' equity to total assets			Current ratio			Fixed ratio		
	92	93	94	92	93	94	92	93	94
Fishing	9.1	8.8	9.4	69.7	64.1	60.8	575.5	678.9	590.8
Mining	20.5	22.5	18.4	82.2	94.5	78.6	258.3	241.1	319.6
Manufacturing	23.9	25.3	24.8	92.7	94.1	94.6	227.4	218.5	220.2
Electricity, gas & steam	47.1	44.9	46.2	67.5	74.8	61.2	191.7	200.8	194.8
Construction	17.8	18.8	21.0	121.2	123.6	128.6	172.8	146.6	128.3
Wholesale & retail trade	18.0	15.6	16.0	86.7	91.7	94.6	234.8	245.6	237.0
Transport, storage & communications	23.1	23.7	23.6	65.9	71.6	75.9	354.9	336.6	335.8
Real estate, renting & business activities	16.0	14.0	29.5	95.9	87.2	91.6	250.6	379.0	206.0
Recreational, cultural & sporting activities	26.5	39.4	46.5	72.8	119.1	128.8	278.6	153.8	145.3

2. Non-Manufacturing

The construction sector showed a generally greater degree of stability in its financial structure than the year before. The ratio of stockholders' equity to total assets rose from 18.8 per cent to 21.0 per cent, and the current ratio also rose from 123.6 per cent to 128.6 per cent, but the fixed ratio fell from 146.6 per cent to 128.3 per cent. These figures reflected the sector's heavier issue of stocks during the year under review.

In the case of the wholesale & retail trade, the ratio of stockholders' equity to total assets, boosted by enhanced profitability, rose from the previous year's 15.6 per cent to 16.0 per cent, while the current ratio and the fixed ratio also improved compared with the previous year's.

In the sectors of real estate, renting & business activities and recreational, cultural & sporting activities, the ratio of stockholders' equity to total assets and the current ratio rose steeply but the fixed ratio dropped sharply. These figures reflected a decrease in the ratio of total borrowings and bonds payable to total assets and improved profitability caused by expansion of sales.