



Vol . 202

High-tech Sector

Week ended March 26, 2006

Competitors Want NTT Group (9432 TSE1) Breakup

Presidents of KDDI (Stock code: 9433) and Softbank (Stock code: 9984) called on the government to breakup capital ties among Nippon Telephone and Telegraph (Stock code: 9432) group firms to pave the way for fairer competition in Japan's telecommunication services market. An advisory panel to the government is expected to complete its final report by June.

Output of Industrial-use Crystal Oscillators Rises

Production of crystal oscillators for industrial applications is expected to reach 748 million pieces in fiscal 2005, the year ending March 2006, up from 538 million pieces in fiscal 2004, according to QIAJ, a trade body. Production was up 27.6% year-on-year to 574 million pieces in the April-January period. The value of production rose 14.6% to ¥20.3 billion. The trend seems to have accelerated in January and February.

IT Investment Related to the Japan Version of the SOX Law to Rise Sharply

With the Japan version of the U. S. SOX law expected to come into force by no later than March 2009, new demand estimated at an annual ¥300 billion is expected to emerge for the next two years as companies install systems to comply with the new law, according to IDC Japan, a high-tech research firm. Major vendors for such systems are Oracle Japan, SAP Japan, Nihon Computerware and HP Japan.

FPD TV Shipments Surge in February

Shipments of LCD television sets in February rose 30% year-on-year to 334,000 units, according to JEITA, the electronic sector's trade body. Of particular note was the doubling of shipments of LCD TVs smaller than the 30-inch type. Shipments of plasma television sets increased 61% to 32,000 units.

Electrical Measuring Instruments Market Outlook

Demand for electrical measuring instruments, led by those for the automobile and digital home electronics sectors, are forecast to increase 3.8% to ¥406.6 billion.

Earnings Roundup

TDK (6762 TSE1) to Hike Dividend

TDK (Stock code: 6762) will distribute a year-end dividend of ¥50 per common share, bringing the annual dividend to ¥90 per common share, an increase of ¥20 per common share compared to the previous fiscal year. The previous dividend forecast saw the annual dividend at ¥80 per common share. This will be the third consecutive dividend hike for the company.

Ordinary Income Doubles at ACCESS (4813 MTH)

Consolidated ordinary income for the fiscal year ended January 2006 doubled at ACCESS (Stock code: 4813) to ¥4.06 billion, exceeding the previous forecast by a wide margin. Consolidated sales rose 52% from the previous fiscal year to ¥17.2 billion, led by software development projects from mobile phone manufacturers and royalty income.

<http://www.tokyoipo.com/top/en/index.php?id=&seqid=>

TOWNNEWS-SHA (2481 JAQ)

TOWNNEWS Co., Ltd., a regional newspaper publisher, will list on the JASDAQ Securities Exchange on April 20. The company will offer 900,000 shares to the public in its initial public offering. Of those 500,000 are newly issued shares and 400,000 are shares currently held in private. The lead underwriter of the offer, Nikko Citigroup, also has a green shoe option, allowing it to offer an additional 135,000 shares in the event of exceptional demand. The tentative price range will be announced on April 3. The fixed offering price will be announced on April 12. The company expects to net ¥410 million from the IPO. For the current fiscal year ending June 2006, the company is forecasting non-consolidated pretax profit of ¥413 million and net profit of ¥215 million on revenue of ¥2.82 billion, earnings per share of ¥40.46 and a dividend of ¥5.

ALCONIX (3036 JAQ)

ALCONIX Corporation, a trading firm specializing in the export and import of finished and semi-finished aluminum, copper, nickel products and their raw materials, will list on the JASDAQ Securities Exchange on April 24. The company will offer 480,000 shares to the public in its initial public offering. Of those 240,000 are newly issued shares and 240,000 are shares currently held in private. The tentative price range will be announced on April 5. The fixed offering price will be announced on April 13.

Basic Electronics Industry Statistics

	Prod	Ship.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Electronic devices	Semicon (Production)	Consumer electronics (sales)
Jan	101.0	107.2	79.3	71.4	2,098	1,169	14,138	1,509	5,549	7,080	3,135	301
Feb	96.5	102.3	80.5	87.5	2,310	1,424	15,537	1,823	6,497	7,216	3,249	204
Mar	93.1	98.5	80.9	99.7	3,392	1,534	19,039	2,191	8,688	8,160	3,636	234
Apr	101.8	106.0	85.3	103.6	2,136	1,707	14,671	2,087	5,449	7,135	3,178	214
May	101.3	106.2	85.7	103.3	1,977	1,723	13,948	1,969	4,965	7,014	3,226	208
June	106.5	113.4	86.7	123.3	2,409	2,040	16,111	2,134	6,215	7,762	3,440	233
July	102.1	106.8	87.8	110.2	2,270	1,804	15,145	2,028	5,545	7,572	3,370	268
Aug	110.8	113.1	88.5	74.1	2,180	1,249	15,156	1,985	5,439	7,733	3,522	224
Sept	104.0	109.0	86.1	79.0	2,762	1,331	17,721	2,394	6,937	8,390	3,701	206
Oct	107.4	113.0	86.4	80.1	2,261	1,432	15,800	2,450	5,196	8,154	3,573	224
Nov	109.4	115.7	85.5	84.6	2,376	1,472	16,973	2,728	5,919	8,326	3,614	252
Dec	108.2	114.5	82.7	83.9	2,490	1,438	16,787	2,326	6,438	8,023	3,465	336
YoY	12.0	8.9	3.9	7.6	10.7	1.1	9.5	18.3	7.4	8.9	4.8	-6.4

Base year 2000 = 100 (seasonally adjusted); 100 million yen, YoY: Year-on-year percentage change

Source: Ministry of Economy, Trade and Industry, Japan Electronics Industry Association and other trade associations