



Vol . 207

High-tech Sector

Week ended April 30, 2006

SPE Orders Jump in March

Orders in March for Japan-made semiconductor production equipment surged 15.3% year-on-year to ¥184.5 billion, according to SEAJ, the sector's trade body. Orders rose above the ¥180 billion mark for the first time in five months. Orders for wafer processing equipment, such as steppers were up 5.5% to ¥113.9 billion. However, order growth for wafer processing equipment slowed from 84% recorded in the previous month. Orders for semiconductor testing equipment, centering on testers, were up 28.1% to 40.4 billion. Orders for assembly equipment, including dicers and grinders, jumped 72.9% to ¥10.8 billion. Wafer production equipment saw a gain, with orders rising by 4.2 fold to ¥1.68 billion.

Electrical Equipment Manufacturers to Hire More Graduates

Electrical equipment manufacturers are planning to hire 29.8% more employees in fiscal 2006. The figure includes new graduates as well as mid-career executives. Mitsubishi Electric plans to increase its payroll by 45.5%, as it takes on more engineers, reflecting a booming machine tool business. The manufacturing industry as whole will beef up its payroll by 17.9% to cope with growing production. The IT sector is planning to take on 24.1% more employees compared to the previous fiscal year. In total, Japanese companies are planning to hire 15.4% more new graduates this year.

ACCESS (4813 MTH) Plans for Ambitious Growth

ACCESS (Stock code: 4813) is planning to boost sales 6.5 times over the next four years. Its business plan envisions sales of ¥111.5 billion in the fiscal year ending January 2010, up from ¥17.2 billion in the fiscal year ended January 2006. The company is projecting ordinary income of ¥50 billion in the fiscal year ending January 2010, up from ¥4.6 billion in the previous fiscal year.

Consumer Electronic Sales in Fy2005

Fiscal year 2005 Shipments of white goods in Japan increased 2.5% year-on-year to ¥1.44 trillion, registering their second year of consecutive growth. Shipments of mobile phone handsets rose 5.2% to 46.2 million units. Sharp (Stock code: 6753) was the largest supplier with a market share of 16.3%, up 2 percentage points from the previous fiscal year. Shipments of consumer electronic items, driven by flat panel televisions, increased 7.3% year-on-year, to ¥2.6 trillion. Shipments of digital audio players and car navigation systems were also brisk.

Earnings Roundup

Major Electrical Equipment Manufacturers Report FY2005 Financial Results Consolidated Financial Results

	Net Sales	Net income	Capital investment
Hitachi	94,648 (5)	373 (-28)	9,547 (-1)
	97,000 (2)	550 (47)	11,000 (15)
Matsushita	88,943 (2)	1,544 (2.6X)	3,458 (-8)
	89,500 (1)	1,900 (23)	3,800 (10)
Sony	74,754 (4)	1,236 (-25)	3,843 (8)
	82,000 (10)	1,300 (5)	4,600 (20)
Toshiba	63,435 (9)	781 (70)	4,642 (25)
	66,000 (4)	900 (15)	6,440 (39)
Fujitsu	47,914 (1)	685 (2.1X)	2,499 (38)
	52,000 (9)	800 (17)	3,500 (40)
Mitsubishi Electric	36,041 (6)	956 (34)	1,117 (11)
	37,000 (3)	1,050 (10)	1,200 (7)
Sharp	27,971 (10)	886 (15)	2,189 (3)
	30,000 (7)	1,000 (13)	2,750 (26)
Victor Japan	8,068 (-4)	-306 (-)	159 (-23)
	8,300 (3)	20 (-)	180 (13)
Pioneer	7,549 (6)	-849 (-)	639 (10)
	8,300 (10)	30 (-)	440 (-31)

Note: Unit: 100 million yen, Upper line: Results for FY ended March 2006, Lower line: Forecast for FY ending March 2007, Parentheses: Year-on-year change

Matsushita's (6752 TSE1) Profit Up On Strong Sales of Plasma and Digital Cameras

Matsushita Electric Industrial Co. (Stock code: 6752) reported consolidated operating profit of ¥414.2 billion, up 34% year-on-year, on sales of ¥8.89 trillion, up 2%. Sales were driven by strong demand for plasma televisions and high-performance digital cameras. Plasma TV sales surged 90% to ¥420.9 billion and digital camera sales were up an impressive 80%. Matsushita absorbed the falling prices of plasma televisions through operational streamlining and cost cutting. The company's goal for fiscal 2007 is to raise its operating margin from the current 5% level.

Sharp (6753 TSE1) Reports Third Consecutive Gain in Net Income

Sharp (Stock code: 6753) reported a consolidated net profit of ¥88.6 billion, up 15% year-on-year, on strong sales of LCD televisions and cellular phones, which lifted sales by 10% to ¥2.79 trillion. Operating income rose to a record ¥163.7 billion, an increase of 8%. The growth rate has clearly slowed from the 20% to 30% from fiscal 2002 through fiscal 2004. For the current fiscal year ending March 2007, Sharp is projecting a 7% increase in sales to ¥3 trillion and a 10% gain in operating income to ¥18 billion.

NEC (6723 TSE1) Posts Net Loss

NEC Electronics (Stock code 6723) reported a consolidated net loss of ¥98.2 billion, a steep decline from the net profit of ¥16 billion in the previous fiscal year. This is the first loss for the company after being spun off from NEC (Stock code: 6701). Sales were down 9% to ¥646 billion.

Elpida (6665 TSE1) Reports Loss

Elpida posted a consolidated net loss of ¥4.2 billion, a marked decline from a net profit of ¥8.2 billion in the previous fiscal year, although consolidated sales rose 17% to ¥241.6 billion on strong demand for chips for mobile phones and digital consumer electronics. Operating income plunged 99% to ¥100 million due mainly to a charge for depreciation.

Net Rises 22% at Nidec (6594 OSE1)

Nidec (Stock code: 6594), a manufacturer of motors for mini hard-disc drives used in digital music players and other electronic gadgets, reported a 22% increase in consolidated net income to ¥40.95 for the fiscal year ended March 2006 on sales of ¥536.86 billion, up 11% year-on-year. Its operating income was down slightly, falling 0.4% to ¥53.43 billion.

Fanuc (6954 TSE1) Reports Record Net Income

Fanuc (Stock code: 6954) reported a consolidated net income of ¥90.4 billion for the fiscal year ended March 2006 on a sales gain of 15% to ¥381 billion. The company cited robust capital investment in the automotive and IT sectors to explain its stellar performance. Fanuc is planning to raise its annual dividend applicable to the fiscal year ended March 2006 by ¥51 per common share to ¥96. Fanuc is projecting a 1% increase in sales to ¥384.8 billion for the current fiscal year to March 2007. Net profit is projected at ¥88.4 billion, up 2%. The slower growth is blamed on rising material costs and higher depreciation.

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

No new initial public offerings were approved in the week ended April 9.

Stylife (3037 HRLS)

Stylife Corp., a women's clothing marketing firm, will list on the Hercules market of the Osaka Securities Exchange on June 2. The company will offer 3,000 shares to the public in its initial public offering. All of these are newly issued shares. The tentative price range will be announced on May 12. The fixed offering price will be announced on May 23. Shinko Securities is the lead underwriter of the offer.

Kenko (2928 SSE)

Kenko Corp., a company marketing health foods, including those for weight control, will list on the Sapporo Stock Exchange on May 30. The company will offer 4,100 shares to the public in its initial public offering. All of these are newly issued shares. The tentative price range will be announced on May 9. The fixed offering price will be announced on May 18. NIS Securities is the lead underwriter of the offer.

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)
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
Jan	110.7	116.5	82.4	81.1	2,197	1,291	14,977	1,754	5,420	7,803	3,521	282
YoY	11.3	9.0	0.4	8.1	5.6	5.4	7.9	12.7	3.2	10.9	9.9	-11.6

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