



Vol . 209

High-tech Sector

Week ended May 14, 2006

Machine Tool Orders Up in April

Machine tool orders in April at Japan's eight major machine tool builders rose 9.7% year-on-year to ¥46.5 billion, according to a major industrial daily. This was the 43rd straight year-on-year gain in monthly orders. However, orders fell 10.1% from March, due in part to seasonally high levels in March. Domestic orders rose 8.1% to ¥27.6 billion while overseas orders were up 12.2% to ¥18.9 billion.

Apple-Softbank (9984 TSE1) Collaboration may Transform Music Download Market

Apple Computer and Softbank (Stock code: 9984) plan to jointly develop handsets with built-in iPod music players. Softbank plans to strengthen its position in the music download business since competition is expected to intensify. The tie-up could lead to markedly lower prices for music downloads, fundamentally transforming the market.

Nano-tech Market Set for Explosive Growth

The nano-tech market is expected to increase 9.4 fold from its 2005 level to ¥26 trillion by 2030, according to a recent report by a Japanese government agency. The electronics sector will account for ¥18.1 trillion, followed by the fuel cell and energy sector, which is expected to represent ¥4.4 trillion.

Japan's Electronic Component Manufacturers to Invest Heavily in FY2006

Japan's major electronic component manufacturers are expected to invest ¥574 billion in fiscal 2006, the year ending March 2007, up 20% from the previous fiscal year. Investments will focus on strengthening their international competitiveness and for increasing production capacity to meet growing demand for FPD, cell phone and other new consumer electronic devices.

Sony (6758 TSE1) to Start Selling PlayStation 3 in US and Europe in November

Sony (Stock code: 6758) will start selling PlayStation 3, its next-generation game console, on November 17 in the U. S. and European markets. It will carry a price tag of \$499 in the U. S. and EUR499 in Europe. The success of the console will have an important bearing on the entire group since PlayStation 3 technology is used in its other products.

Earnings Roundup

Softbank (9984 TSE1) Moves into the Black for the First Time in Five Years

Softbank (Stock code: 9984) reported consolidated net profit of ¥57.55 billion on a revenue gain of 33% to ¥1.1 trillion for the fiscal year ended March 2006. Consolidated net profit for the first quarter of the current year increased to ¥39.73 billion, a sharp improvement from a loss

recorded in the same period a year earlier. The Company said that Vodafone, the Japanese subsidiary of Vodafone PLC. was also on the right track.

NTT (9432 TSE1) Reports Lower Profit

Nippon Telegraph and Telephone (Stock code: 9432) said Friday that its consolidated operating income for the fiscal year ended March 2006 was down 2% to ¥1.19 trillion due mainly to lower revenue from fixed lines services, as it cut rates. Sales were down 0.6% to ¥10.74 trillion. Although revenue from fixed-line operations declined by ¥195.4 billion, revenue from IP-related services were up ¥180.5 billion.

Tokyo Electron (8035 TSE1) Posts Strong Profit

Tokyo Electron released its consolidated financial results for the fiscal year ended March 2006 on Friday. The company said that consolidated operating income was up 18% to 75.7 billion as sales rose 6% to ¥673.6 billion. Backed by strong period earnings, the company is proposing a ¥10 dividend increase to ¥55 per common share.

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

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

FREE WORK (2486 HRLS)

FREE WORK Co., Ltd, a Japanese staffing company, will list on the Hercules market of the Osaka Securities Exchange on June 15. The company will offer 2,000 shares to the public in its initial public offering. Of those 1,000 are newly issued shares and 1,000 are shares currently held in private. The tentative price range will be announced on May 25 and the fixed offering price will be announced on May 30. Shinko Securities is the lead underwriter of the offer.

Pharma Foods (2929 MTH)

Pharma Foods International Co., Ltd., a Japanese food company, will list on the Mothers Market of the Tokyo Stock Exchange on June 12. The company will offer 10,700 shares to the public in its initial public offering. Of those 10,000 are newly issued shares and 700 are shares currently held in private. The lead underwriter, of the offer, Nomura Securities, also has a green shoe option, allowing it to offer an additional 1,600 shares in the event of exceptional demand. The company expects to net ¥2.1 billion from the IPO and plans to use the proceeds for capital expenditure, repayment of loans and for research and development. For the current fiscal year through July 31, the company is forecasting non-consolidated net income of ¥108 million on revenues of ¥1.25 billion and an earnings per share of ¥1,912.52. The tentative price range will be announced on May 23. The fixed offering price will be announced on June 1.

Kobe Bussan (3038 OSE2)

Kobe Bussan, a Japanese supermarket chain company, will list on the Hercules market of the Osaka Securities Exchange on June 8. The company will offer 2.02 million shares to the public in its initial public offering. All of those shares are currently held in private. The fixed offering price will be announced on May 30. Daiwa Securities SMBC is the lead underwriter of the offer.

TOKUDEN (3437 JAQ)

TOKUDEN Co., Ltd., a firm specializing in wedding-related services, will list on the JASDAQ Securities Exchange on June 14. The company will offer 1.5 million new shares to the public in its initial public offering. The tentative price range will be announced on May 25. The fixed offering price will be announced on June 5. The company expects to net ¥463 million from the IPO and plans to use the proceeds to establish new facilities and upgrade existing facilities. For the current fiscal year through March 2007, the company is forecasting non-consolidated

net income of ¥187 million on revenues of ¥7.4 billion and an earnings per share of ¥23.35. Daiwa Securities SMBC is the lead underwriter of the offer.

Keyware Solutions (3799 JAQ)

Keyware Solutions Inc., an IT solution service company, will list on the JASDAQ Securities Exchange on June 7. The company will offer 2.86 million shares to the public in its initial public offering. Of those 1.55 million are newly issued shares and 1.31 million are shares currently held in private. The lead underwriter, of the offer, Daiwa Securities SMBC, also has a green shoe option, allowing it to offer an additional 187,000 shares in the event of exceptional demand. The tentative price range will be announced on May 18. The fixed offering price will be announced on May 29. The company expects to net ¥1.02 billion from the IPO and plans to use the proceeds for capital expenditure, working capital and loan repayment. For the current fiscal year through March 2007, the company is forecasting consolidated net income of ¥443 million on revenues of ¥18.8 billion and an earnings per share of ¥48.62.

FISCO (3807 HRLS)

FISCO Ltd., a financial market information service company, will list on the Hercules market of the Osaka Securities Exchange on June 8. The company will offer 5,800 shares to the public in its initial public offering. Of those 4,000 are newly issued shares and 1,800 are shares currently held in private. The tentative price range will be announced on May 22. The fixed offering price will be announced on May 31. The company expects to net ¥509 million from the IPO and plans to use the proceeds for capital expenditure. For the current fiscal year through Dec. 31, the company is forecasting consolidated net income of ¥68 million on revenues of ¥1.09 billion and an earnings per share of ¥2,220.8. Nikko Citigroup is the lead underwriter of the offer.

L'attrait (8885 HRLS)

L'attrait Co., Ltd., a Japanese real estate firm, will list on the Hercules market of the Osaka Securities Exchange on June 12. The company will offer 1,400 shares to the public in its initial public offering. Of those 1,000 are newly issued shares and 400 are shares currently held in private. The tentative price range will be announced on May 23. The fixed offering price will be announced on June 1. The company expects to net ¥264 million from the IPO and plans to use the proceeds for working capital. Mizuho Investors 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)
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
Feb	108.2	112.3	81.8	94.8	2,440	1,500	16,763	2,055	6,704	8,005	3,572	181
YoY	8.8	11.4	0.6	8.1	5.6	5.4	7.9	12.7	3.2	10.9	9.9	-3.4

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