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High-tech Sector

Week ended August 6, 2006

PC Card/Small Card Shipments Up Sharply in Fiscal 2005

The combined shipments of PC cards and small card in fiscal 2005 in Japan totaled ¥258.9 billion, an increase of 13% from the previous fiscal year, according to JEITA, a trade body. Unit shipments fell 1% to 123 million. Of the total, PC cards accounted for 2,226 thousand, down 20% from the previous year. The value of PC card shipments was down 23% to ¥9,157 million. Shipments of small cards were 121,769 thousand, largely unchanged from the previous fiscal year.

Single-crystal Silicon Production Up in First Half

Production of single-crystal silicon in the first half of 2006 rose 11.4% year-on-year to 3,353 tons, according to Silicon Subcommittee of the New Metals Association. If the current momentum continues, annual production would be up 15.6% to 6,966 tons. However, the association warned that actual gain would more likely be around 7% to 6,700 tons. Sales are projected at 7,800 tons, a record high. Domestic sales are forecast at 3,560 tons, a 5% year-on-year gain. Exports are likely to be up 13% to 4,240 tons.

June 30-inch LCD TV Shipments Double From the Previous Year Level

Shipments of LCD televisions larger than 10" rose 42.5% year-on-year while those of the 30" inch and larger types doubled from the same month a year earlier, according to JEITA. Total shipments of consumer electronic items were up 8.5% to ¥230 billion. This was the eighth year-on-year gain in monthly shipments.

IP Telephone Systems Catching On in Corporate Sector

Shipments IP telephone systems rose from ¥36.2 billion in fiscal 2004 to ¥57.9 billion in fiscal 2006, according to Seed Planning, a high-tech market research firm. The market will continue to grow steadily and reach ¥219.9 billion by fiscal 2010, the market research firm says.

SPE Orders Up 58% YoY in June

Orders for Japanese made semiconductor production equipment in June rose 58.3% year-on-year to ¥203.2 billion, according to the Japan Semiconductor Production Equipment Manufacturers Association. The June order figure is the second highest after the ¥228.8 billion recorded in June 2000. Orders rose by double-digit figures for all equipment, except mask reticule devices. Sales rose 25.7% to ¥141.2 billion. Orders (including imported SPEs) in Japan were up 29.3% to ¥130.8 billion, the second highest since July 2000.

Demand for Flat-panel TV Components Set for Rapid Growth

Demand for electronic components for flat-panel televisions is projected to stay at high levels in

the second half of 2006, according to a recent survey of electronic component manufacturers. Demand for capacitors, power unit cores, DC-AC inverters and other value-added parts is strong, according to a major electronic component manufacturers. Manufacturers are also projecting solid growth for large-capacity ceramic capacitors and EMI filters. Demand for backlights for flat-panel televisions is also expected to stay strong. Manufacturers are also reporting solid demand for tuners.

Earnings Roundup

NTT Data (9613 TSE1) profit Growth

NTT Data (Stock code: 9613) in the first quarter ended June 2006 posted consolidated net income of ¥11.02 billion, up 87% year-on-year, on sales gain of 12% to ¥204.15 billion on strong demand for data communication and management systems from a broad range of customers. Operating income was up 78% to ¥16.35 billion.

1Q Profit Jumps at Konica Minolta (4902 TSE1)

Konica Minolta Holdings (Stock code: 4902) reported a 44% year-on-year increase in consolidated net income to ¥10.5 billion for the April-June quarter, although sales slipped 1% to ¥241.2 billion. Strong sales of multi-function color copiers and divestiture of the unprofitable photo imaging business lifted profit. The Company revised its first-half forecast of sales and net income by ¥10 billion and ¥4.5 billion, respectively. However, the company left its full-year forecast unchanged due to concerns over rising raw material prices.

1Q Profit Surges at Rohm (6963 OSE1)

Rohm (Stock code: 6963) reported a 26% gain in its consolidated operating income to ¥19.2 billion on a sales gain of 6% to ¥101 billion, thanks to brisk sales of chips. Pre-tax profit was up 3% to ¥19.4 billion. The company has left its full-year forecasts for sales and income unchanged.

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

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

Enoteca (3049 HRLS)

Enoteca Co., Ltd., a wine seller, will list on the Hercules market of the Osaka Securities Exchange on August 31. The company will offer 5,000 newly issued shares to the public in its initial public offering. The tentative price range will be announced on August 14 and the fixed offering price will be announced on August 23. The company expects to net ¥1.82 billion from the IPO. For the current fiscal year ending March 2007, the company forecasts non-consolidated net income of ¥373 million on sales of ¥8.48 billion and earnings per share of ¥16,954.54. Nikko Citigroup is the lead underwriter of the offer.

Netage Group (2497 MTH)

Netage Group, Inc., an Internet service provider, will go public on the Tokyo Stock Exchange's Mothers market on August 30. The company will offer 3,500 newly issued shares to the public in its initial public offering. The company expects to net ¥2.1 billion from the IPO. For the current fiscal year through March 2007, the company forecasts consolidated net income of ¥341 million, up from ¥199 million in the previous fiscal year, on revenues of ¥2.96 billion. SBI E*Trade Securities is the lead underwriter of the offer.

Orvis (7827 JAQ)

Orvis Corp., a manufacturer of crates and pallets, will go public on the JASDAQ Securities Exchange on Sept. 5. The company will offer 500,000 shares to the public in its initial public offering. Of those 400,000 are newly issued shares and 100,000 are shares currently held in private. The company expects to net ¥740 million from the IPO. For the current fiscal year through October 2006, the company forecasts consolidated net income of ¥219 million on revenues of ¥9.52 billion. Cosmo 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)
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
Mar	101.4	109.7	81.4	103.4	3,440	1,549	20,718	2,305	9,447	8,967	4,103	225
Apr	106.9	110.1	86.9	101.6	2,244	1,698	15,977	2,308	5,655	8,014	3,586	214
May	105.6	113.5	85.6	98.6	2,118	1,585	15,650	2,300	5,218	8,132	3,681	205
YoY	3.0	1.8	0.0	-4.2	8.3	-8.0	12.5	16.8	5.0	16.6	14.1	-2.3

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