



Vol . 223

## *High-tech Sector*

Week ended December 10, 2006

### **Global Disk Storage Market Expands**

Shipments of disk storage devices in the third quarter of 2006 rose 7.9% year-on-year to US\$6.2 billion, according to IDC, a high-tech market research firm. In terms of storage capacity, shipments were up 50.2%, to a new record. Shipments of add-on storage were particularly strong, rising 9.9% in value. EMC had the largest market share estimated at 21.4%, followed by HP with a share of 17.6%. Other major vendors included IBM, Dell, and Hitachi Ltd. (Stock code: 6501).

### **Plasma TV Faces an Uphill Battle**

Sales of plasma television in October fell 1.9% year-on-year, the first decline in a long run of double-digit gains. Sales of LCD TVs were up 4.5%, although the growth rate slowed markedly. LCD TV sales have since rebounded, rising a healthy 31.2% in November, according to BCN, a market research firm. Plasma TV sales have been hurt by the introduction of large-screen LCD TVs, an area it has so far largely dominated.

### **Elpida (6665 TSE1) to Build a Chip Plant in Taiwan**

Elpida Memory (Stock code: 6665) plans to build a large next-generation semiconductor plant in Taiwan in a joint venture with Powerchip Semiconductor Corp., a Taiwanese firm. Elpida has recovered to a point where it can make large investments. Established in 1999 through integration of the DRAM businesses of NEC (Stock code: 6701) and Hitachi (Stock code 6501), Elpida has recovered to a point where it can make large investments.

### **Global SPE Sales Set for Growth in 2006**

Sales of semiconductor production equipment and materials worldwide in 2006 are forecast to rise above \$77 billion, topping the previous record of \$75 billion set in 2000, according to SEMI, the sector's trade association. The association is projecting an increase of 4% in SME sales in 2007 and an 8% growth in semiconductor material sales.

### **Blade Server Sales Up**

Sales of blade servers are expanding rapidly. Most blade server vendors are reporting double-digit growth rates. Enhanced CPU performance and lower power consumption seem to be driving blade server sales. Shipments of IA servers in the first half of the current fiscal year ending March 2007 were up 12% year-on-year to 211,485 units. Of the total 15,519 units (up 23%) were blade servers. Shipments of open servers, including UNIX servers, were up 11%. Major vendors are NEC (Stock code: 6701), Fujitsu (Stock code: 6702), Hitachi (Stock code 6501) and IBM Japan.

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

**Hirata (6258 JAQ)**

Hirata Corp., a manufacturer of equipment used in the production of automobiles, auto parts and flat panel displays, will list on the JASDAQ Securities Exchange on December 14. The company will offer 2 million shares in its initial public offering. Of those 1.5 million are newly issued shares and 500,000 are shares currently held in private. Shinko Securities, the lead underwriter of the offer, has a green shoe option allowing it to offer an additional 100,000 shares in the event of exceptional demand. The company plans to use proceeds from the IPO for capital investment and R&D.

**Advantage Risk Management (8769 HRLS)**

Advantage Risk Management Co., Ltd., a company specializing in the development of insurance policies, will list on the Hercules market of the Osaka Securities Exchange on December 13. The company will offer 23,000 shares in its initial public offering. Of those 14,500 are newly issued shares and 8,500 are shares currently held in private. Nikko Citigroup, the lead underwriter of the offer, has a green shoe option allowing it to offer an additional 2,000 shares in the event of exceptional demand. The company plans to use for upgrading systems to standardize services. For the current fiscal year through March 2007, the company forecasts non-consolidated net income of ¥165 million on revenues of two billion yen.

**Central General Development (3238 TSE2)**

Central General Development Co., Ltd., a condominium developer, will list on the Second Section of the Tokyo Stock Exchange on December 22. The company will offer 2.2 million shares in its initial public offering. Of those one million are newly issued shares and 1.2 million are shares currently held in private. Shinko Securities, the lead underwriter of the offer, has a green shoe option allowing it to offer an additional 200,000 shares in the event of exceptional demand.

**Sourcenext (4344 MTH)**

Sourcenext Corp., a software company specializing in personal computer software planning and development, will list on the Tokyo Stock Exchange's Mothers market on December 20. The company will offer 7,000 shares in its initial public offering. Of those 5,000 are newly issued shares and 2,000 are shares currently held in private. Nomura Securities, the lead underwriter of the offer, has a green shoe option allowing it to offer an additional 1,050 shares in the event of exceptional demand.

### 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)
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
June	109.6	115.6	86.7	116.7	2,523	1,902	17,173	2,370	6,292	8,810	3,780	227
July	107.7	113.7	84.2	99.4	2,353	1,627	16,169	2,005	5,552	8,613	3,794	256
Aug	114.3	116.8	81.9	71.8	2,306	1,271	15,894	1,990	5,286	8,618	3,918	208
Sept	109.8	115.5	81.5	85.8	2,849	1,456	18,072	2,472	6,461	9,139	4,022	203
Oct	113.6#	119.0#	83.4#									217
YoY	5.8	5.3	-3.5	8.3	1.6	9.0	2.2	3.3	-6.8	9.4	8.7	-3.2

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