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High-tech Sector

Week ended March 30, 2008

LCD and Plasma TV Sales Up Sharply in February

Sales of LCD televisions in February rose 37.9% year-on-year to 621,000 units and those of plasma models were up 32.5% to 70,000 units, according to JEITA, a trade body. This was the first time in three months that the year-on-year increase in monthly shipments of plasma televisions rose to the double-digit level. Shipments of LCD televisions smaller than 30" (screen size) rose 77.6%, with those in the 30" to 37" category and other larger size rising by 35%. Shipments of plasma televisions smaller than 43" increased 40.1%, while shipments of plasma televisions larger than 44" were up 12.7%.

Personal Computer Shipments in February

Shipments of personal computers in Japan in February were 818,000 units valued at 98.5 billion yen. Of the total, desktops represented 262,000 units and notebooks 556,000 units. Notebooks accounted for 67.9% of the total shipments. The value of shipments was 98.5 billion yen, with desktops accounting for 29.7 billion yen. Notebooks represented 68.8 billion yen. Shipments from April 2007 to February 2008 totaled 8.08 million units, with notebooks accounting for 64.3%.

Mobile Phone Shipment in Asia (excluding Japan) Rise in 2007

Shipments of mobile phones in Asia, excluding Japan, in 2007 were up 18% to 366 million units. Nokia was the largest vendor with a market share of 52.2%. Samsung was the second largest vendor, representing a market share of 12.1%. Other major suppliers to this market were Motorola, Sony-Ericsson, and LG Electronics.

Car Navigation and PND Global Market Forecast

Demand for personal navigation devices (PND) and car navigation systems in 2012 will be 51.5 million units, an increase of 50% from the 2007 level, according to JEITA, a trade body. In 2007, demand for car navigation systems was 7.85 million units, which included 4.2 million sold in Japan. Europe accounted for 1.87 million units and the U. S. 1.5 million units. Demand for PNDs was 26.6 million units. Europe accounted for 60% of the total global demand. In 2012 car navigation system demand will be an estimated 12.1 million units, up 54% compared to 2007. Demand for PND systems in 2012 is forecast at 39.4 million units, an increase of 48% compared to 2007.

Information Security Market Set for Robust Growth

Japan's information security market is showing strong growth following the implementation of the Japanese version of the so called SOX law. Even small and medium size firms are becoming increasingly aware of the information security issue and as many as 9,000 have already obtained the Privacy Mark certification. The information security market is expected to grow

at an average annual rate of 8.8% through 2012, when it will be an estimated at 482.2 billion yen. Information security tools will account for 272.5 billion yen of the total with the remaining 208.7 billion yen accounted by information security services.

Air Conditioner Shipments Rising

Shipments of air conditioners in Japan in the period from April 2007 through February 2008 rose to 6.7 million units, an increase of 35,000 units compared to the same period a year earlier. Shipments were strong in February also, rising 9.4% year-on-year to 462,000 units.

Server Sales Rise Globally

Sales of servers worldwide in 2007 rose 3.8% from the previous year to US\$54.8 billion, according to Gartner, a market research firm. The financial services industry accounted for 25.3% of the total, telecommunications 14.4% and governments 11.6%. Sales to the telecommunications industry were up 11.3% as companies in the industry stepped up investment in network enhancement and to cope with rising demand for broadband services. Sales to the financial services industry were up only 4.9% as this sector was hard hit by the contracting credit. However, the financial services sector is expected to continue to invest in IT systems, since IT is the key to maintaining competitiveness.

SaaS Market Set for Solid Growth

Japan's SaaS market is expanding and is projected to grow at an annual average rate of 19.1% through fiscal 2011 to 256.1 billion yen, according to Mic Economic Research Institute. A platform for accreditation, session management, settlement and mash up is required to enable software vendors and system integrators to develop applications for SaaS.

White Good Sales Stay Strong in Japan

Shipments of white goods in Japan in fiscal 2007 are expected to rise 4.0% to 2.3 trillion yen, according to JEMA, the sector's trade body. The association also added that white good sales in Japan will stay strong in fiscal 2008, increasing 1% year-on-year to 2.5 trillion yen. The favorable growth is supported by a steady replacement demand.

Earnings Roundup

Less Red Ink at ACCESS (4813 MTH)

ACCESS (Stock code: 4813) reported lower losses for the fiscal year ended January 2008. The company posted a consolidated ordinary loss of ¥11.1 billion, down from 15.2 billion in the previous fiscal year, on net sales of 30.2 billion yen, a gain of 16% year-on-year. Although the company took a 11.1 billion charge for amortization of its U. S. software development subsidiary, it managed to narrow losses through cost reduction achieved mainly by outsourcing software development. The gross profit margin shrank by 6.6 percentage points to 58.4%. The company forecasts sales of 31.4 billion yen

Initial Public Offerings

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

No new initial public offerings were approved during the week.

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	110.4	117.4	84.0	84.1	2,507	1,463	16,648	2,070	6,535	8,043	3,539	177
Mar	102.6	112.3	78.9	94.7	3,487	1,550	19,984	2,448	8,513	9,023	4,053	214
Apr	108.9	114.8	78.3	96.5	2,410	1,739	15,644	2,552	5,024	8,068	3,592	205
May	110.3	117.3	77.2	101.5	2,359	1,624	15,402	2,427	4,781	8,195	3,722	198
June	108.6	118.2	72.4	116.2	2,615	1,828	16,731	2,357	5,956	8,419	3,835	209
July	112.0	114.8	79.8	105.5	2,569	1,645	18,515	2,251	5,934	10,330	3,991	280
Aug	114.5	123.6	75.1	72.9	2,474	1,198	16,581	2,268	5,532	8,781	3,995	255
Sept	112.2	118.1	72.7	77.9	2,963	1,227	17,812	2,589	6,146	9,076	4,121	229
Oct	110.2	118.5	74.1	84.2	2,604	1,439	17,514	3,333	4,797	9,384	3,611	238
Nov	112.0	119.8	74.3	86.4	2,681	1,465	18,314	3,230	5,862	9,222	3,951	267
Dec	114.6	119.2	76.5	84.7	2,700	1,365	17,220	2,436	5,755	9,028	3,781	345
Jan	109.7	119.4	73.8	74.9	2,489	1,175	15,450	1,840	5,231	8,380	3,667	284
YoY	-1.0	2.2	-12.8	-1.8	6.9	-12.4	1.7	11.0	-2.0	2.3	1.1	10.5

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

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