



Vol . 114

## *High-tech Sector*

**Week ended Apr. 25, 2004**

### ***Samsung Japan Brings Reverse Petition Against Fujitsu(6702 TSE)***

Samsung Japan brought a reverse petition against Fujitsu in a Tokyo court claiming that the latter's case demanding compensation for damages due to violation of patent rights is invalid. Fujitsu has filed a case in Tokyo to ban imports of Samsung SDI's products because of an alleged violation of patents held by Fujitsu. Simultaneously, Samsung SDI filed a request with Japan's Patent Office to confirm the invalidity of Fujitsu's patents.

### ***Semiconductor Manufacturers Step Up Investment***

Japan's semiconductor manufacturers are expected to invest ¥1.26 trillion in fiscal 2004, up 40% from the previous year, when they were the largest investors in the world. Japan will account for roughly one-third of the global investment, much of which will go for building domestic facilities. The recovery in domestic investments reflects concerns over protection of intellectual property rights and the need to be close to end users, that is digital consumer equipment manufacturers.

### ***IA Server Shipments Up in First Quarter***

Shipments of IA servers in the first quarter of 2004 (January-March) rose 12.9% year-on-year to 120,000 units, according to Gartner Japan, a market research firm. Dell was the biggest beneficiary, chalking up a 36% increase in shipments to become the largest vendor of this type of server in the Japanese market. It was followed by NEC, HP, and Fujitsu.

### ***LCD TV Shipments Surge in March***

Shipments of LCD television sets in March rose 72% year-on-year to 216,000 units, according to JEITA, a trade association. Shipments of PDP televisions were also up 25% to 23,000 units. On the other hand, shipments of CRT TV sets fell nearly 20%. Shipments of DVD decks doubled to 237,000 units.

### ***Printer Shipments Slow in 2003***

Shipments of printers in Japan in 2003 fell 7% to 653,000 units. In value terms, shipments were down 10.7% to ¥309,100 million. The primary factor affecting sales was the appearance of the hybrid unit which affected demand for inkjet printers. Total printer shipments in 2004 are expected to decline 5%-10% as the hybrid unit replaces inkjet printers. On the other hand, shipments of color page printers in 2004 are likely to be up 15%-20%, as they increasingly replace monochrome printers.



**Electronic Materials Output Up in February**

Production of electronic materials in February rose 3% year-on-year to ¥24,200 million, according to Japan electronic Materials Association.

**China's Semiconductor Industry Set for Solid Growth**

Brisk investment in semiconductor production facilities in China has been boosting production in recent years. There were 40 IC manufacturers operating 33 production lines in China in 2003 and 17 new ones are under construction now. Plans call for building 16 more lines. As a result, the number of production lines is expected to top 60 by 2010 and the production value is expected to exceed 100,000 yuan by 2008,

**Machine Tool Makers to Raise Prices**

Japan's machine tool manufacturers, including Makino Milling Machine and Mori Seiki, are planning to raise prices, citing higher raw material costs. Mori Seiki plans an across the board price hike of ¥250,000 per unit. Makino Milling Machine is also planning a substantial price hike. Machine tool orders rose 25% year-on-year in fiscal 2003, the year ended March 2004, according to the Japan Machine Tool Builders Association.

**Earnings Roundup**

**e-Access (9427 TSE Mothers) Moves Into Profitability**

e-Access is expected to report non-consolidated operating income of approximately ¥2,500 million for the fiscal year ended March 2004, about ¥1000 million higher than forecast. The company was in the red in the previous year. Sales rose by 90% to ¥38,300 million.

**HOYA (7741 TSE) to Double Annual Dividend**

HOYA reported a 97% year-on-year increase in consolidated net income to a record ¥39,500 million on a sales gain of 10% to ¥274,000 million for the fiscal year ended March 2004. The company plans to raise the annual dividend to ¥100 per common share, double that of the previous year. The company forecasts a 26% increase in consolidated net income for the current fiscal year to March 2005. Consolidated net sales are expected to increase 7%.

**Profits More than Double at Casio(6952 TSE)**

Casio is likely to report consolidated net income of ¥14,000 million for the fiscal year ended March 2004, a 2.5-fold increase compared to the previous fiscal year. Consolidated sales are likely to have risen 18% to ¥520,000 million.

**Yahoo (4689 TSE) Doubles Net Income**

Yahoo reported consolidated net income of ¥24,800 million, roughly double that of the previous fiscal year as consolidated sales rose 82% to ¥75,700 million. Strong demand for Internet ads and favorable auction services drove sales and profit.



*Initial Public Offerings News (For detailed information, go to: <http://www.ipotokyo.com>)*

*Recomm (3323 Hercules)*

Recomm Co., Ltd. has received approval to list on the Osaka Securities Exchange's Hercules market on May 26. Recomm has two primary activities. One is the sale of data-communication equipment and office equipment. The other is serving as the headquarters for the franchising of companies selling these products. The company will offer 2,600 shares to the public in its initial public offering. The fixed offering price will be announced on May 13, based on results of book building.

*DIP (2379 TSE Mothers)*

Dip Corporation has received approval to list on the Tokyo Stock Exchange's Mothers market on May 27. The company's main activity is providing online job information. The company will offer 3,500 shares to the public in its initial public offering. These include 2,000 newly issued shares and 1,500 existing shares held in private. The company also plans a green shoe option, allowing its shareholders to offer an additional 500 shares. The fixed offering price will be announced on May 18.

*MCJ (6670 TSE Mothers)*

MCJ Co., a personal computer manufacturer, is scheduled to list its stock on the Mothers market on June 1, 2004. The company will offer 1,700 newly issued shares in its initial public offering. The fixed offering price will be announced on May 20.

*Kuraudia (3607 OSE 2)*

Kuraudia Co. is scheduled to go public on May 28, 2004. The company manufactures, markets and rents wedding dresses, in addition to operating wedding halls. The company will offer 600,000 shares in its initial public offering. Of those 300,000 will be newly issued shares and 300,000 existing shares.



### Basic Electronics Industry Statistics

	Prod	Ship.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Semicon (Production)	Electronic devices	Consumer electronics (sales)
Mar.	88.6	88.7	84.4	107.7	3,155	1,691	19,029	1,748	9,561	3,456	7,720	266
Apr.	86.6	92.6	82.7	96.2	1,788	1,677	14,103	1,783	5,261	3,171	7,059	216
May	92.0	96.2	81.1	97.0	1,857	1,707	14,721	1,952	5,501	3,307	7,269	205
June	92.6	96.2	81.1	115.9	2,003	2,039	16,003	1,954	6,481	3,449	7,569	229
July	91.3	90.4	92.6	106.4	2,023	1,924	15,859	1,823	6,206	3,545	7,830	247
Aug.	91.2	95.8	87.0	60.5	1,771	1,165	14,332	1,577	5,593	3,388	7,362	230
Sept	94.1	96.4	82.7	74.3	2,495	1,313	18,078	2,314	7,335	3,761	8,430	209
Oct.	98.6	104.9	80.8	75.2	2,005	1,397	16,942	2,473	6,100	3,698	8,370	228
Nov.	99.4	99.8	81.8	74.1	1,913	1,465	16,360	2,310	5,897	3,611	8,153	244
Dec.	100.2	102.4	81.3	80.9	2,123	1,529	17,484	2,289	7,034	3,596	8,160	321
Jan.	102.5	105.4	81.5	76.1	1,996	1,396	15,531	1,517	6,073	7,941	3,629	273
Feb.	95.4	99.1	78.5	-	-	-	-	-	-	-	-	193
YoY	8.4	6.8	-3.8	5.7	2.2	11.2	10.4	15.8	3.0	15.6	15.6	-17.3

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*

