



Vol. 247

High-tech Sector

Week ended September 9, 2007

Fujitsu (6702 TSE1) to Enter India's PC Market

Fujitsu (Stock code: 6702) plans to enter India's personal computer market by the end of the year and is now beefing up its local staff and actively signing up retailers in preparation for the move. Foreign vendors, such as Hewlett Packard and Lenovo already have a significant presence in India. Hewlett Packard has a market share estimated at 38%. The Lenovo Group's market share is around 17%. The only major Japanese player with a substantial presence in India is Toshiba (Stock code: 6502). It has a market share of about 10%. Fujitsu hopes to capture a market share of about 5% within three years in this rapidly expanding market.

SEO Market Expanding Rapidly

Japan's search engine optimization market is growing rapidly. According to Aun Consulting (Stock Code: 2459) Japan's SEO market will top the ¥10 billion mark in 2008. The market is expected to grow to about ¥1.4 billion by 2010. With profit margins running as high as 90% many new entrants are expected and competition is bound to intensify.

Mail Security Market Also Showing Strong Growth

Japan's mail security market is expanding rapidly due to a significant increase in fraud, unauthorized access and other crimes. The recent enactment of the J-SOX law also gave a significant boost to the market. Fuji Kimera, a high-tech market research firm, forecasts strong growth up to 2011 in inspection and monitoring services, spam mail filtering, web filtering and other mail security services. Police received 4,425 cases of mail fraud complaints in 2006.

Solar Cells Enter Mass Production Phase

Japan's solar cell manufacturers are rapidly adding production capacity and its total production capacity could increase 2.5-fold by 2010, according to industry insiders. Overseas, manufacturers such as Q-cells, Schott Solar, Suntech and Motech are also aggressively increasing production capacity. Production of solar cells started to accelerate from 2000 and has been growing between 140% to 150% annual rates since then. Major Japanese manufacturers are Sharp (Stock code: 6753), Kyocera (Stock code: 6971), Sanyo Electric (Stock code: 6764) and Mitsubishi Electric (Stock code: 6503). About 90% of all solar cells produced today are of the crystal silicon type.

DoCoMo (9437 TSE1) Suffers Net Subscriber Loss in August

NTT DoCoMo (Stock code: 9437) lost a net 22,900 mobile phone subscribers in August. This was the second drop since November. The recently introduced number portability system seems to be hurting NTT DoCoMo, as its subscribers are increasingly switching to other carriers. Softbank Mobile saw the largest increase, with net subscriber growth of 188,900,

according to the Telecommunications Carriers Association. KDDI (Stock code: 9433) added 158,500 subscribers (net increase) in August.

Toshiba (6502 TSE1) Prototypes 1.8-inch DTR

Toshiba (Stock code: 6502) announced that it had successfully developed the industry's first hard disk drive based on DTR or discrete-track recording, widely seen as the next-generation data recording technology. Toshiba plans to begin mass production of the 1.8-inch DTR in 2009. TDK (Stock code: 6762) also plans to start mass production of DTRs the same year.

Sony (6758 TSE1) Captures 10% of SLR Market Share

Sony (Stock code: 6758) said Thursday that it had captured 10% of the global market share for digital SLR cameras.

Earnings Roundup

Pretax Profit Surges at Start-ups

Pretax profit at listed start-ups surged 26.8% to ¥122.1 billion in the April-June quarter, according to Nikkei Inc. The increase is attributed largely to a small number of firms. Manufacturers saw their earnings rise by 20.6%, with auto parts manufacturers and chipmakers in the lead. Ferrotec (Stock code: 6890) saw its pretax profit jump by 93% on strong overseas demand.

Initial Public Offerings

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

Sony Financial Holdings (8729 TSE)

Sony Financial Holdings Inc., a wholly owned subsidiary of Sony (Stock code: 6758) and the holding company of Sony Life and Sony Assurance, will list on the Tokyo Stock Exchange on October 11. The company will offer 800,000 shares to the public in its initial public offering. Of those, 75,000 are newly issued shares and 725,000 are shares currently held in private. The projected 300 billion yen offering will be the largest IPO in Japan in 2007. Nomura Securities is the lead underwriter of the offer.

Early Age (3248 MTH)

Early Age Co., Ltd., a real estate firm, will list on the Tokyo Stock Exchange's Mothers market on October 15. The company will offer 2,500 shares to the public in its initial public offering. Of those, 1,500 are newly issued shares and 1,000 are shares currently held in private. The tentative price range will be announced on September 21. The fixed offering price will be announced on October 3. The company expects to net 151 million yen from the IPO. It plans to use the entire proceeds to purchase real estate. For the current fiscal year through October, the company forecasts a consolidated net income of 252 million yen on revenue of 4.04 billion yen and earnings per share of 17,853.1 yen. Shinko Securities is the lead underwriter of the offer.

Basic Electronics Industry Statistics

	Prod	Shp.	Inv.	Capacity utilization	H. Elec. machinery	Cons. appliances	Electronics Sector	Cons. electronics	Industrial electronics	Electronic devices	Semicon (Production)	Consumer electronics (sales)
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	113.2	118.7	83.4	80.5	2,474	1,500	17,032	2,897	5,311	8,823	3,904	218
Nov	112.9	118.2	85.0	82.9	2,507	1,545	17,643	2,939	5,972	8,731	3,823	238
Dec	111.6	116.0	83.6	85.4	2,568	1,771	16,809	2,468	6,005	8,337	3,544	306
Jan	110.8	116.8	82.9	76.3	2,327	1,342	15,193	1,657	5,335	8,201	3,626	257
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								209
YoY	-0.9	2.2	-16.0	0.9	11.1	2.9	-1.6	5.6	-8.6	0.8	1.1	-7.8

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