



Vol. 249

## *High-tech Sector*

Week ended September 30, 2007

### **Crystal Device Production Rises in FY07**

Production of crystal devices in fiscal 2007 in Japan increased 7.8% to 282.9 billion yen, according to QIAJ, the sector's trade body. The production volume rose 17.5% during the same period. Demand for crystal devices for use in mobile phones, wireless devices in addition to those for industrial applications, such as crystal oscillators, lifted output. The highest gains were recorded by crystal devices for optical equipment and industrial crystal oscillators.

### **Blue Laser Market Set to Expand**

Demand for blue laser in fiscal 2007 will increase to an estimated 28.0 billion yen from 22.5 billion yen in the previous fiscal year, according to a report released by Yano Economic Research Institute. Demand is likely to continue to increase reaching 62.4 billion in fiscal 2011, the report forecasts.

### **Major TFT Panel Manufacturers in Far East Boost Production in Second Quarter**

All seven major TFT panel manufacturers returned to profitability in the second quarter, the first time this has been achieved since the first quarter of 2006. The major players are Sharp (Stock code: 6753), Samsung, LG Phillips, AUO, CMO, CPT and HannStar. Their combined sales in the first half rose 7% from the second half of the previous fiscal year and operating income increased 37%.

### **Switch Manufacturers to Focus on Growth Markets**

Japanese switch manufacturers are shifting focus to mobile phone, digital home electronics and automotive electronics markets, all of which are considered to be potential growth areas. Global demand for switches has been rising strongly after bottoming out in 2005 summer. Orders have stayed at high levels in 2006 and 2007. Production of switches rose to 200.6 billion yen in 2006, after bottoming out at 170.6 billion yen in 2005.

### **Asia Becoming Increasingly Important for SME Producers**

With its share of global semiconductor production rising from 58% in 2000 to an estimated 71% in 2007, Southeast Asia is now the principal market for Japan's semiconductor manufacturing equipment producers. The participation about 70 Japanese SME equipment manufacturers, precision measuring instrument manufacturers, semiconductor testers and semiconductor material manufacturers in the Semiconductor Taiwan 2007 trade fair underscores the importance Japan's SME producers place on this region.

### **Flat-panel TV Shipments Surge in August**

Shipments of flat-panel television sets larger than 37" doubled in August compared to the same month a year earlier, according to data released by JEITA, the sector's trade association. Total

TV shipments rose 6% YoY to 591,000 units. In volume terms, CRT accounted for 7.6% of the total, PDP 9.7% and LCD 82.7%. Shipments of LCD TVs larger than 37" rose 99.3% to roughly 120,000 units. PDP TV shipments were up 36.7% to 57,000 units.

### **Printer Sales Peak in Japan**

Japan's two printer manufacturers (Canon: Stock code: 7751 and Seiko Epson: (Stock code: 6724)) are finding it difficult to boost sales as technical advances are becoming more difficult, now that print quality has improved markedly. Printer shipments in Japan fell to 140 billion yen in 2006 after peaking at nearly 160 billion yen in 2005.

### **India's PC Market Experiencing Explosive Growth – Foreign Vendors Dominate the Market**

Of the five leading desktop personal computer vendors in India, four are foreign companies: HP, Lenovo, Acer and Dell. The combined share of Indian desktop PC producers is just 14%. The only Indian company among the five is the second ranked HCL. All the five leading notebook vendors in the country are foreign companies: HP, Lenovo, Toshiba, Dell and Acer. Demand is growing from all three major sectors (large companies, small and medium-size firms and consumers). Demand from the three segments is expected to increase 25% - 30% this year. Growth should stay strong for the foreseeable future since India's PC market is still quite small compared to China, a country with roughly the same population.

### **Initial Public Offerings**

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

#### **Sanno (3441 JAQ)**

Sanno Co., Ltd., a metal working firm, will list on the JASDAQ Securities Exchange on October 25. The company will offer 127,000 shares to the public in its initial public offering. Of those, 60,000 are newly issued shares and 67,000 are shares currently held in private. The tentative price range will be announced on October 5. The fixed offering price will be announced on October 17. Nikko Citigroup Securities, the lead underwriter of the offer, has a green shoe option to offer an additional 8,000 shares currently held in private in case of exceptional demand. The company expects to net 1.08 billion yen from the initial public offering. The company plans to use 300 million for capital investment and the remainder for debt repayment. For the current fiscal year through July 2008, the company forecasts a consolidated pre-tax income of 1.27 billion yen and net income of 939 million yen on revenue of 12.8 billion yen and earnings per share of 1,878.67 yen.

#### **Nippon Manufacturing Service (2162 JAQ)**

Nippon Manufacturing Service Co., Ltd., a manufacturing outsourcing service provider, will list on the JASDAQ Securities Exchange on October 25. The company will offer 6,000 shares to the public in its initial public offering. Of those, 1,000 are newly issued shares and 5,000 are shares currently held in private. The tentative price range will be announced on October 5. The fixed offering price will be announced on October 16. Nomura Securities, the lead underwriter of the offer, has a green shoe option to offer an additional 900 shares currently held in private in case of exceptional demand. The company expects to net 169 million yen from the initial public offering. The company plans to use 60 million for capital investment and the remainder for debt repayment. For the current fiscal year through March 2008, the company forecasts a non-consolidated pre-tax income of 500 million yen and net income of 290 million yen on revenue of 18 billion yen and earnings per share of 13,422.2 yen.

#### **Money Square (8728 HRLS)**

Money Square Japan, a foreign exchange margin trading company will list on the Osaka Securities Exchange's Hercules market on October 25. The company will offer 8,000 shares to

the public in its initial public offering. Of those, 4,000 are newly issued shares and 4,000 are shares currently held in private. The tentative price range will be announced on October 4. The fixed offering price will be announced on October 16. Daiwa Securities SMBC, the lead underwriter of the offer, has a green shoe option to offer an additional 1,200 shares currently held in private in case of exceptional demand. The company expects to net 643 million yen from the IPO. It plans to use 249 million yen for capital investment, 230 million for advertising and the remaining for savings to maintain capital adequacy level. For the current fiscal year through March 2008, the company forecasts a non-consolidated pre-tax profit of 1.2 billion yen yen, net income of 712 million yen on revenue of 2.33 billion yen and earnings per share of 13,638.04 yen.

#### Artner (2163 JAQ)

Artner Co., a placement agency, will list on the JASDAQ Securities Exchange on October 26. The company will offer 200,000 shares to the public in its initial public offering. Of those, 100,000 are newly issued shares and 100,000 are shares currently held in private. The tentative price range will be announced on October 5. The fixed offering price will be announced on October 17. Daiwa Securities SMBC, the lead underwriter of the offer, has a green shoe option to offer an additional 30,000 shares currently held in private in case of exceptional demand. The company expects to net 174.5 million yen from the initial public offering and plans to use 70 million for capital investment and the remainder for debt repayment and 60 million for purchasing equipment for building construction and the remaining to repay loans. For the current fiscal year through January 2008, the company forecasts a non-consolidated pre-tax income of 400 million yen and net income of 212 million yen on revenue of 5.1 billion yen and earnings per share of 240.45 yen.

#### 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)
<b>Aug</b>	114.3	116.8	81.9	71.8	2,306	1,271	15,894	1,990	5,286	8,618	3,918	208
<b>Sept</b>	109.8	115.5	81.5	85.8	2,849	1,456	18,072	2,472	6,461	9,139	4,022	203
<b>Oct</b>	113.2	118.7	83.4	80.5	2,474	1,500	17,032	2,897	5,311	8,823	3,904	218
<b>Nov</b>	112.9	118.2	85.0	82.9	2,507	1,545	17,643	2,939	5,972	8,731	3,823	238
<b>Dec</b>	111.6	116.0	83.6	85.4	2,568	1,771	16,809	2,468	6,005	8,337	3,544	306
<b>Jan</b>	110.8	116.8	82.9	76.3	2,327	1,342	15,193	1,657	5,335	8,201	3,626	257
<b>Feb</b>	110.4	117.4	84.0	84.1	2,507	1,463	16,648	2,070	6,535	8,043	3,539	177
<b>Mar</b>	102.6	112.3	78.9	94.7	3,487	1,550	19,984	2,448	8,513	9,023	4,053	214
<b>Apr</b>	108.9	114.8	78.3	96.5	2,410	1,739	15,644	2,552	5,024	8,068	3,592	205
<b>May</b>	110.3	117.3	77.2	101.5	2,359	1,624	15,402	2,427	4,781	8,195	3,722	198
<b>June</b>	108.6	118.2	72.4	116.2	2,615	1,828	16,731	2,357	5,956	8,419	3,835	209
<b>July</b>	112.0	114.8	79.8	105.5	2,569	1,645	18,515	2,251	5,934	10,330	3,991	280
<b>YoY</b>	4.0	1.0	-5.2	5.9	9.5	1.6	14.6	12.6	-8.66.6	20.3	5.2	9.3

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