



Vol . 212

## *High-tech Sector*

Week ended July 23, 2006

### **DVD Recorder Shipments Fell in Fiscal 2005**

Domestic shipments of DVD recorders in fiscal 2005, the year ended March 2006, fell 2.9% year-on-year, mainly because there were no major events during the year, according to MM Research Institute. Annual sales slipped for the first time since 2002. However, shipments are likely to be up in 2006 as DVD recorder demand gets a boost from the soccer World Cup. The value of shipments plunged 11.7% to ¥203 billion in fiscal 2005. In fiscal 2006, shipments are expected to surge 16.3% to 5 million units.

### **Toshiba (6502 TSE1) to Mass Produce SD Memory Cards Starting in September**

Toshiba Corp. (Stock code: 6502) plans to start mass producing 3-4 million microSD memory cards from September. The 1GB microSD memory card, the highest capacity, is likely to be priced at ¥10,000. Toshiba plans to release a 2GB microSD card next year. Due to strong demand, microSD cards are expected to capture 40% of the SD card market.

### **Government Panel Wants NTT (9432 TSE1) to Make Networks More Accessible to Competitors**

A Ministry of Communications panel recommended Friday that Nippon Telegraph and Telephone Corp. (Stock code: 9432) should lower charges for leasing fiber-optic lines to other telecommunications service providers. The report also points out that the service life of circuits is longer than 10 years, the time frame now used as a basis of calculating leasing rates. The advisory panel also recommended that NTT provide competitors access to its IP telecommunications network.

### **Mass Production of Thin-film Solar Panels Within Sight**

Production of thin-film solar panels in 2005 increased 44% year-on-year to 1.7GW, according to PVNews. The news service is projecting a 30-40% average annual growth in production over the next few years. The only problem is tight supplies of silicon, which may constrain growth.

### **Japan's Semiconductor Producers to Increase Production of High-performance Chips**

Japan's major semiconductor manufacturers announced production plans for the second half of the current fiscal year. According to the information released, all major semiconductor manufacturers are planning to increase production on 300-mm lines and shift toward deeper sub-micron processes, that is concentrate on hiking production of high-performance chips

### **Earnings Roundup**

#### **Mitsubishi Electric (6503 TSE1) to Report Strong 1Q Profit Growth**

Mitsubishi Electric (Stock code: 6503) is expected to see its group operating income for the first quarter (April-June) rise to ¥35 billion, a 67% year-on-year gain, on sales of approximately

¥800 billion, up 8%. Sales were driven by strong demand for factory automation equipment in Japan. Furthermore, the heavy electronics systems and telecommunications divisions also saw a market improvement.

#### **KDDI (9433 TSE1) 1Q Profits Surge**

KDDI Corp.' (Stock code: 9433) consolidated net income in the April-June quarter rose 43.8% year-on-year to ¥75.65 billion on revenues of ¥121.93 billion, up 38.8%. The mobile phone business an average revenue per user of ¥6,810 per month, down from ¥7,050 in the same period a year earlier. The company has not changed its full-year forecasts for operating results.

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

No new initial public offerings were approved in the week ended April 9.

#### **Gomez Consulting (3813 HRLS)**

Gomez Consulting Co., Ltd, a web site evaluation service company, will list on the Hercules market of the Osaka Securities Exchange on August 16. The company will offer 1,500 shares to the public in its initial public offering. Of those 1,000 are newly issued shares and 500 are shares currently held in private. The tentative price range will be announced on July 27 and the fixed offering price will be announced on August 7. For the current fiscal year ending December 2006, the company forecasts non-consolidated net income of ¥92.4 million on sales of ¥489.6 million and earnings per share of ¥12,793.38. Shinko Securities is the lead underwriter of the offer.

#### **Value Commerce (2491 MTH)**

Value Commerce Co., Ltd., a broker of an affiliate advertising company between companies in e-commerce and ad distributors like web/mobile site operators, will go public on the Tokyo Stock Exchange's Mothers market on July 31. The company will offer 5,860 shares to the public in its initial public offering. Of those 2,600 are newly issued shares and 3,250 are shares currently held in private. The company expects to net ¥1.6 billion from the IPO and plans to use the proceeds for expanding its payroll. For the current fiscal year through December 2006, the company forecasts consolidated pretax profit of ¥550 million, an increase of 140% on revenues of ¥5.4 billion. Mitsubishi UFJ Securities is the lead underwriter of the offer.

#### **eZuz Japan (2495 SSE)**

eZuz Japan K.K. will list on the Sapporo Stock Exchange on August 18. The company will offer 1,350 shares to the public in its initial public offering. Of those 1,000 are newly issued shares and 350 are shares currently held in private. The tentative price range will be announced on August 1. The fixed offering price will be announced on August 10. D Brain Securities is the lead underwriter of the offer.

#### **Medical Care Service (2494 NSE)**

Medical Care Service Company Inc., an operator of group homes for the elderly suffering from senile dementia, will list on the Nagoya Stock Exchange on August 22. The company will offer 1,500 newly issued shares to the public in its initial public offering. The tentative price range will be announced on August 2. The fixed offering price will be announced on August 10. HS Securities is the lead underwriter of the offer.

#### **ALC Press (2496 JAQ)**

ALC Press Co., Ltd, a publisher of books and magazines for cram schools, will list on the

JASDAQ market on August 8. The company also develops computer-based study materials, multi-media study materials and study materials for distance-learning. The company will offer 21,000 shares to the public in its initial public offering. Of those 10,000 are newly issued shares and 11,000 are shares currently held in private. The tentative price range will be announced on August 4. The fixed offering price will be announced on August 15. The company plans to use a portion of the proceeds for capital investment and manage the rest through low-risk financial instruments. Nomura Securities is the lead underwriter of the offer.

### 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)
<b>June</b>	106.5	113.4	86.7	123.3	2,409	2,040	16,111	2,134	6,215	7,762	3,440	233
<b>July</b>	102.1	106.8	87.8	110.2	2,270	1,804	15,145	2,028	5,545	7,572	3,370	268
<b>Aug</b>	110.8	113.1	88.5	74.1	2,180	1,249	15,156	1,985	5,439	7,733	3,522	224
<b>Sept</b>	104.0	109.0	86.1	79.0	2,762	1,331	17,721	2,394	6,937	8,390	3,701	206
<b>Oct</b>	107.4	113.0	86.4	80.1	2,261	1,432	15,800	2,450	5,196	8,154	3,573	224
<b>Nov</b>	109.4	115.7	85.5	84.6	2,376	1,472	16,973	2,728	5,919	8,326	3,614	252
<b>Dec</b>	108.2	114.5	82.7	83.9	2,490	1,438	16,787	2,326	6,438	8,023	3,465	336
<b>Jan</b>	110.7	116.5	82.4	81.1	2,197	1,291	14,977	1,754	5,420	7,803	3,521	282
<b>Feb</b>	108.2	112.3	81.8	94.8	2,440	1,500	16,763	2,055	6,704	8,005	3,572	181
<b>Mar</b>	101.4	109.7	81.4	103.4	3,440	1,549	20,718	2,305	9,447	8,967	4,103	225
<b>Apr</b>	106.9	110.1	86.9	101.6	1,244	1,698	15,977	2,308	5,655	8,014	3,586	214
<b>May</b>	105.5#	113.4#	85.6#									205
<b>YoY</b>	4.1	6.8	0.1	-2.0	5.1	-0.5	8.9	10.6	3.8	12.3	12.8	-1.8

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