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High-tech Sector

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SEAJ Releases FPD Production Equipment Demand Forecast

According to the forecast of demand for FPD production equipment released by the Semiconductor Equipment Association of Japan, demand will show steady growth in 2006 and 2007. The association is projecting a growth rate of 15% for 2006 and 10.0% in 2007. Growth will slow down thereafter to 5.0%, giving a CAGR of 9.9% for the three-year period. Sales in Japan are projected to increase 10% in 2006 and 5% in 2007 and 2008.

Electronic Component Shipments Rise for 15 Months in a Row

Shipments of electronic components in May rose 15% to ¥367.3 billion, according to JEITA, the electronic sector's trade body. This was the 15th straight year-on-year gain in monthly shipments, the association said. Particularly strong growth was recorded for capacitors (up 23%), connectors (up 22%), power supply parts (up 30%) and high-frequency components (up 29%). The total shipments in the first two months (April and May) of the current fiscal year also rose 15%.

LCD TV Shipments Up 62% in Japan

Shipments of consumer electronic products in July rose 0.2% year-on-year in Japan, recording a 12th consecutive year-on-year gain in monthly shipments in terms of value, according to JEITA. Value of flat-panel TV set shipments declined 2.9% to ¥124.5 billion, the first drop in 12 months. The drop is blamed on a continuing decline in prices. But shipments of FPD TVs larger than 30" were up 62% as prices came down to affordable levels. Shipments of PDP TVs rose 68% to 46,000 units. Shipments of car-AVC rose 9.6% to ¥71.1 billion.

Production of Consumer Electronics Up Sharply in 2006

Production of consumer electronic devices in the first five months of the year rose 12% to ¥1.07 trillion, according to METI data. Particularly strong production growth was recorded for FPD televisions and car navigation systems.

Earnings Roundup

Semiconductor Traders Post Strong Sales in First Quarter

The 27 major Japanese semiconductor traders which close books in March saw their first quarter (April-June) sales rise a robust 10.2%, reflecting strong demand for semiconductors for FPD televisions, DVD recorders and other consumer electronic items, in addition to mobile phones, telecommunication equipment and measuring instruments. Their average operating income was also up 10.4% despite strong competition. Average net income rose 21.3%.

Mitsubishi Materials (5711 TSE1) Likely to Exceed Interim Forecasts

The interim consolidated operating income at Mitsubishi Materials (Stock code: 5711) is likely to exceed the beginning-of-year forecast by 22% to ¥39 billion on a sales gain of 26% to ¥660 billion, lifted by soaring copper prices. Pretax-profit is likely to be up 22% to ¥45 billion, due in part to contributions from its equity-method affiliate Sumco Corp. (Stock code: 3436).

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

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

Hyperconception (3054 JAQ)

Hyperconception Corp., a marketing company specializing in selling computers to the corporate sector, will list on the JASDAQ Securities Exchange on September 28. The company will offer 1,300 shares to the public in its initial public offering. Of those 1,000 are newly issued shares and 300 are shares currently held in private. The tentative price range will be announced on September 6. The fixed price will be announced on September 15. The company expects to net ¥360 million from the IPO. It plans to use all of the proceeds for working capital. For the fiscal year through December 2006, the company forecasts non-consolidated net income of ¥204 million on sales of ¥10.2 billion and earnings per share of ¥30,447.98. Shinko Securities is the lead underwriter of the offer.

Institute of Applied Medicine (2123 MTH)

Institute of Applied Medicine, a pharmaceutical research service company, will go public on the Tokyo Stock Exchange's Mothers market on September 21. The company will offer 800,000 shares to the public in its initial public offering. Of those 400,000 are newly issued shares and 400,000 are shares currently held in private. The tentative price range will be announced on August 31. The fixed offering price will be announced on September 11. The company expects to net ¥468 million from the IPO. For the current fiscal year through September 2006, the company forecasts non-consolidated net income of ¥180 million, on revenues of ¥1.48 billion and earnings per share of ¥54.55. Daiwa Securities SMBC is the lead underwriter of the offer.

Miyano Machinery (6162 TSE2)

Miyano Machinery Inc., a machine tool manufacturer, will go public on the Second Section of the Tokyo Stock Exchange on September 22. The company will offer 35 million shares to the public in its initial public offering. Of those 5 million are newly issued shares and 30 million are shares currently held in private. The lead underwriter of the offer also has a green shoe option, allowing it to offer an additional 2.5 million shares in the event of exceptional demand. The company was rehabilitated with help from the state-backed corporate rehabilitation body Industrial Revitalization Corp. The tentative price range will be announced on September 1. The fixed offering price will be announced on September 12. The company expects to net ¥2.08 billion from the IPO. For the current fiscal year through December 2006, the company forecasts consolidated net income of ¥2.01 billion, on sales of ¥23.68 billion and earnings per share of ¥35.05. Daiwa Securities SMBC is the lead underwriter of the offer.

Furuya Metal (7826 JAQ)

Furuya Metal Co., Ltd., a marketing firm handling a range of products from precious metal products to sensors, electronic material and semiconductor-related products and thin-film products, will go public on the JASDAQ Securities Exchange on September 27. The company will offer 350,000 shares to the public in its initial public offering. Of those 220,000 are newly issued shares and 13,000 are shares currently held in private. The tentative price range will be

announced on September 6. The fixed offering price will be announced on Sept. 14. Mitsubishi UFJ Securities is the lead underwriter of the offer.

JAC Japan (2124 JAQ)

JAC Japan Inc., a staffing and executive search firm, will go public on the JASDAQ Securities Exchange on Sept. 22. The company will offer 107,000 shares to the public in its initial public offering. Of those 50,000 are newly issued shares and 57,000 are shares currently held in private. The lead underwriter of the offer also has a green shoe option, allowing it to offer an additional 15,000 shares (locked up for six months) in the event of exceptional demand. The tentative price range will be announced on September 1. The fixed offering price will be announced on September 12. Nomura Securities is the lead underwriter of the offer.

Daiwa Computer (3816 JAQ)

Daiwa Computer Co., Ltd., a software firm specializing in software development with strength in system development, web-related system design and development and IT consulting, will go public on the JASDAQ Securities Exchange on Sept. 29. The company will offer 220,000 shares to the public in its initial public offering. Of those 120,000 are newly issued shares and 100,000 are shares currently held in private. The tentative price range will be announced on September 7 and the fixed offering price on September 19. Shinko 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)
June	106.5	113.4	86.7	123.3	2,409	2,040	16,111	2,134	6,215	7,762	3,440	233
July	102.1	106.8	87.8	110.2	2,270	1,804	15,145	2,028	5,545	7,572	3,370	268
Aug	110.8	113.1	88.5	74.1	2,180	1,249	15,156	1,985	5,439	7,733	3,522	224
Sept	104.0	109.0	86.1	79.0	2,762	1,331	17,721	2,394	6,937	8,390	3,701	206
Oct	107.4	113.0	86.4	80.1	2,261	1,432	15,800	2,450	5,196	8,154	3,573	224
Nov	109.4	115.7	85.5	84.6	2,376	1,472	16,973	2,728	5,919	8,326	3,614	252
Dec	108.2	114.5	82.7	83.9	2,490	1,438	16,787	2,326	6,438	8,023	3,465	336
Jan	110.7	116.5	82.4	81.1	2,197	1,291	14,977	1,754	5,420	7,803	3,521	282
Feb	108.2	112.3	81.8	94.8	2,440	1,500	16,763	2,055	6,704	8,005	3,572	181
Mar	101.4	109.7	81.4	103.4	3,440	1,549	20,718	2,305	9,447	8,967	4,103	225
Apr	106.9	110.1	86.9	101.6	2,244	1,698	15,977	2,308	5,655	8,014	3,586	214
May	105.6	113.5	85.6	98.6	2,118	1,585	15,650	2,300	5,218	8,132	3,681	205
YoY	2.9	1.9	0.0	-4.2	8.3	-8.0	12.5	16.8	5.0	16.6	14.1	-2.3

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