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High-tech Sector

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Japan Car Navigation Systems Market Continues to Expand but At a Slower Pace

Shipments of car navigation systems in the first half of 2006 increased 0.7% from the same period a year earlier to 1.97 million units. Shipments for installation on new cars were down 2.3% and those in the dealer option category fell 1.2%. On the other hand, shipments to the after market rose 5.7% to 0.7 million units.

Global TFT Production Set to Recover in by Autumn

After going through a correction phase in the April-June quarter, production of TFT LCD panels rebounded in July and August. Industry analysts expect a full-blown recovery in autumn.

Electronic Component and Device Exports Surge in August

August exports of electronic components from Japan rose 14% year-on-year to ¥949.7 billion, according to export statistics released by the Finance Ministry. Exports of electronic components were up 19.5% year-on-year to ¥198.7 billion and those of electronic devices increased 5.6%.

Sharp (6753 TSE1) Recaptures the Top Market Share for Mobile Phones

Sharp's (Stock code: 6753) market share of the mobile phone market in Japan in the first quarter of the current fiscal year was 19.3%, up 3.6 percentage points from the second half of the previous fiscal year. The company recaptured the top spot in terms of market share. The second largest vendor was Toshiba (Stock code: 6502), with a market share of 12.3%, according to MM Research Institute, a think tank. NEC (Stock code: 6701) came in third with a share 10.7%. Sony Erickson had a market share of 8.2%.

Cancellation of Mobile Phone Subscriptions at the Lowest Level

Cancellation rates of mobile phone subscriptions are at record low levels ahead of the introduction of number portability on October 24. The lower cancellation rates are attributed to a range of incentives introduced by all the three major operators in a bid to hold on to their current subscribers. The cancellation rate at KDDI (Stock code: 9433) was just 0.95% in the first quarter the current fiscal year. The corresponding figure at NTT DoCoMo (Stock code: 9437) was 0.64%. Industry experts point out that cancellation rates are likely to go up again as subscribers switch their service providers following the introduction of the number portability system.

Domestic Mobile Phone Shipments Fall in August

Shipments of mobile phones, including personal handy phones, in August fell 4.9%

year-on-year to 3.02 million units, according to JEITA, a trade body. Shipments of mobile phones were down 5.2%. On the other hand shipments of PHS phones increased 0.9%. Shipments of 3G mobile phones rose 15.9% to 2.64 million units, accounting for 91.7% of all mobile phone shipments. However, shipments of 3G phones fell below the 3-million unit level for the first time in seven months.

Electrical Control Equipment Shipments Up in June

Shipments of electrical control equipment in June rose 11.8% year –year in monetary terms. Shipments were up 14.2% from the previous month. Exports remained at a high level, accounting for 32.9% of total shipments. Shipments in all 15 categories were above their previous-year levels.

Japan's IT Service Industry Facing Engineer Shortages

Japan's IT service sector will grow at an annual average rate of 3.4% to ¥5.5 trillion in 2010, according to IDC Japan, a think tank. However, growth may be affected by shortages of IT engineers, the think tank warns.

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

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

Magaseek (3060 MTH)

Magaseek Corp., an online clothing retailer, will list on the Tokyo Stock Exchange's Mothers market on November 28. The company will offer 4,376 shares in its initial public offering. Of those, 2,000 are newly issued shares and 2,376 are shares currently in private. Nomura Securities, the lead underwriter of the offer, also has a green shoe option to offer an additional 500 shares in the event of exceptional demand. The tentative price range was announced on November 6. The fixed offering price will be announced on November 15. For the current fiscal year through March 2007, the company forecasts non-consolidated net income of ¥162 million on sales of ¥3.4 billion and an earnings per share of ¥90,823.9.

Elecom (6750 JAQ)

Elecom Co., Ltd., a manufacturer of personal computer peripherals, will list on the JASDAQ Securities Exchange on November 22. The company will offer one million newly issued shares in its initial public offering. The tentative price range will be announced on November 1. The fixed offering price will be announced on November 13. Daiwa Securities SMBC, the lead underwriter of the offer, also has a green shoe option to offer an additional 150,000 shares in the event of exceptional demand. The company expects to net ¥981 million from the IPO. It plans to use the proceeds for capital investment. For the current fiscal year through March 2007, the company forecasts consolidated net income of ¥1.15 billion on sales of ¥45.28 billion, and an earnings per share of ¥71.4.

Osaki Engineering (6259 JAQ)

Osaki Engineering Co., Ltd., a manufacturer of mounted devices for chips and flat-panel displays, will list on the JASDAQ Securities Exchange on November 20. The company will offer 9,900 shares in its initial public offering. Of those, 7,500 are newly issued shares and 2,400 are shares currently in private. The tentative price range will be announced on October 31. The fixed offering price will be announced on November 9. Nomura Securities, the lead underwriter of the offer, also has a green shoe option to offer an additional 1,000 shares in the event of exceptional demand. The company expects to net ¥2.4 billion from the IPO. It plans to use the proceeds for capital investment and debt repayment. For the current fiscal year through March 2007, the company forecasts consolidated net income of ¥1.17 billion on sales of ¥10.0 billion, and an earnings per share of ¥22,826.2.

Dai-Ichi Seiko (6640 JAQ)

Dai-Ichi Seiko Co., Ltd., a manufacturer of electronic components and chip-making equipment, will list on the JASDAQ Securities Exchange on November 17. The company will offer 3 million shares in its initial public offering. Of those, 2.5 million are newly issued shares and 500,000 are shares currently in private. The tentative price range will be announced on October 27. The fixed offering price will be announced on November 8. Daiwa Securities SMBC, the lead underwriter of the offer, also has a green shoe option to offer an additional 450,000 shares in the event of exceptional demand. The company expects to net ¥9.25 billion from the IPO. It plans to use the proceeds for capital investment and debt repayment. For the current fiscal year through March 2007, the company forecasts consolidated net income of ¥2.65 billion on sales of ¥36.50 billion, and an earnings per share of ¥179.53.

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)
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
June	109.6	115.6	86.7	116.7	2,523	1,902	17,173	2,370	6,292	8,810	3,780	227
July	107.7	113.7	84.2	99.4	2,353	1,627	16,169	2,005	5,552	8,613	3,794	256
YoY	3.1	3.2	-7.61	-10.0	3.3	-10.2	7.4	-1.1	0.1	15.1	12.6	-7.4

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