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High-tech Sector

Week ended April 29, 2007

Phone Subscribers Top 200 Million in India

The number of phone subscribers in India, including both mobile and fixed line subscribers, topped 200 million, as of March 31, an increase of 47% from a year earlier, according to TRAI, the Indian government agency in-charge of the telecommunications sector. Fixed line phones totaled 40.07 million, a decline of 1.82% from the previous year. On the other hand, mobile phone subscribers increased 68%. Subscriptions to mobile phones increased by 3.353 million in March, a sharp decline from 6.2 million in February. The slowdown was caused mainly because of stricter screening standards for phone subscribers introduced by the government.

Japan's Share of Global Electronics Markets

Japan's share of global electronics markets was as follows, according to JEITA, the electronics industries association of Japan.

Sector	Global production (Trillion yen)	Japan's Production (Trillion yen)	Japan's share (%)
Electronic equipment	93.1	22.0	24
AV devices	16.2	7.6	47
Telecommunications equipment	25.1	3.8	15
Computers	42.5	8.1	19
Other, electronics equipment	9.2	2.6	28
Electronic components and devices	55.5	17.9	33.0
IT solutions	48.4	6.0	12.0
Total	196.0	45.9	23

India to Build First 300-mm Wafer Line

Hindustan Semiconductor Manufacturing, an Indian company plans to invest US\$3.2 billion to build a 300-mm wafer processing line. The company is also planning to simultaneously build a 200-mm line. The Indian government is promoting production of semiconductors in India and this will be the first major semiconductor production facility in India.

Semiconductor Market Outlook

The semiconductor market has entered a down cycle after peaking in 2006, according to J Star, a Tokyo-based market research firm. The capacity utilization of MOSIC lines in the third

quarter fell 5.4 percentage points to 87.2% and that of bipolar IC lines was down 5.4 percentage points 86.4%, according to SICAS statistics. Moreover, sales of semiconductor chips by foundries have slowed in 2007, reflected by excess inventories. It is likely that semiconductor chip prices will continue to slip in 2007, and it is unlikely that the growth rates will revert to the double-digit levels seen in the eighties, the company added.

Industrial Switch Manufacturers to Hike Domestic Production

Japan's industrial manufacturers are planning to increase production, and step up research and development to develop next-generation switches to cope with shortening life cycles. Global shipments of industrial switches rose 20% year-on-year in December 2006 and were up 31% in January 2007.

Japanese Government to Promote ICT Industry

The ICT Committee, a consultative committee to the government, recommended the government to take measures for promoting the ICT industry. The committee's recommendation calls for production to be doubled to ¥120 trillion by 2011, from the ¥62 trillion recorded in 2004 and turn it into a core industry on a par with the automobile industry.

FPD TV Prices on the Skids

Prices of FPD televisions are coming down sharply in Japan ahead of the Golden Week holiday season. The street price of the 32-inch LCD television for brand name models is down to ¥110,000. The price is down to ¥3,000 per square inch, a decline of 40% in the past year.

Earnings Roundup

Advantest (6857 TSE1) Reports Lower Profit

Advantest (Stock code: 6857) posted a 14% year-on-year decline in consolidated net income to ¥35.5 billion on sales of ¥235 billion, down 7%. Operating income fell 12% to ¥56.7 billion. Although sales of DRAM testers were strong, sales of its mainstay tester T2000 used for testing MPUs fell sharply as Intel slashed capital expenditure. Testers for LCD drivers were also slow, reflecting a glut of LCD panels.

Elpida Memory (6665 TSE1) Reports Sharply Higher Profit

Elpida Memory (Stock code: 6665) reported that its consolidated net income for the fiscal year ended March 2007 jumped to ¥52.9 billion, from a loss of ¥4.7 billion in the previous fiscal year as sales rose 103% to ¥490 billion. Operating income increased to ¥68.4 billion. Higher prices of DDR2 supported the gains in sales and profit.

Initial Public Offerings

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

No new initial public offerings were approved during the week.

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)
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
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	76.4	2,327	1,342	15,193	1,657	5,335	8,201	3,626	257
Feb	109.7#	116.3#	82.8#									178
YoY	1.4	3.6	1.2	-5.8	5.9	4.0	1.5	-5.3	-1.6	5.1	3.0	-1.7

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