News Release

July 22, 2005
Ministry of Internal Affairs and Communications

Results of Fact-finding Survey of the Telecommunications Industry as of April 2005 (final)

[Major Findings]

- ○ The sales outlook indices for the first and second quarters of FY2005 for the telecommunications business and cable TV business sectors continued their "plus" trends (i.e., sales in those sectors were expected to increase), with the cable TV business sector expected to continue its particularly good showing. The sales outlook index for the commercial broadcasting business sector was expected to improve from below zero.
- ○ The business condition (business condition of the industry) outlook index for the first and second quarters of FY2005 for the telecommunications business sector continued at the "plus" level, while the business condition outlook index for the cable TV business sector was expected to weaken from above zero.

The Ministry of Internal Affairs and Communications has summarized the results (final) of the Fact-finding Survey of the Telecommunications Industry (statistical survey approved by the Minister for Internal Affairs and Communications) conducted in April 2005. The sales outlook, cash flow outlook, and business condition outlook presented in this report replace those reported in the June 10 flash report. For a more detailed summary, please refer to the attachment.

○ **[Survey Overview]**

The Fact-finding Survey of the Telecommunications Industry examines sales, sales outlook, etc. in order to dynamically grasp business management trends in the telecommunications industry (telecommunications and broadcasting businesses). This survey has been conducted since April 1995.

[Businesses Covered]

A total sample of 133 businesses in the telecommunications industry were organized according to their FY2003 sales share by business line (telecommunications, commercial broadcasting, etc.) and then the sample size for each business sector (line) was determined. Note that the master sample was selected from the parent population of the entire telecommunications industry so as to ensure statistical significance. Thereafter, for each business sector, as many businesses as the allocated sample size allowed were selected in order of sales volume.

[Survey Method]

Polling was conducted by questionnaire (a printed questionnaire was mailed or faxed; or the respondents directly entered their answers via the Internet).

[Survey Subjects (Information collected)]

Sales outlook, etc. (July, October, January, and April*) and all monthly sales volumes.
* In actuality, sales outlook, etc. in June, September, December, and March are reported in the following months.

[Response Rates]

Industry Sector	No. of Questionnaires sent	No. of Responses	Response Rate (%)
Total telecommunications industry	133	126	94.7
Telecommunications business	63	59	93.7
Broadcasting business	70	67	95.7
Commercial broadcasting business	50	48	96.0
Cable TV business	20	19	95.0

1. Status of Sales

- Sales for the fourth quarter of FY2004 for the entire telecommunications industry were up 1.6% from the corresponding period of the previous fiscal year, marking the first year-on-year increase in five quarters.
- Sales for the telecommunications business sector rose 0.8%, entering a “plus” trend for the first time in five quarters. Sales increased by 8.6% in the commercial broadcasting business sector and by 5.8% in the cable TV business sector.

Table 1 Year-on-year change in sales: same quarter; same month

(Unit: %)

	Industry Sector	1Q	2Q	3Q	4Q	4Q Jan.	4Q Feb.	4Q Mar.	Total
FY2003	Total telecommunications industry	3.3	0.8	3.9	(1.2)	(4.6)	(0.7)	1.3	1.7
	Telecommunications business	3.7	0.5	3.9	(2.0)	(6.8)	(1.2)	1.4	1.5
	Broadcasting business	(0.5)	3.3	3.9	6.1	16.1	4.0	(0.3)	3.1
	Commercial broadcasting business	(1.1)	2.9	3.5	6.2	16.6	3.6	(0.2)	2.8
	Cable TV business	12.9	11.3	12.2	4.1	7.1	10.6	(3.0)	9.9
	All-industry average (for reference)	2.4	2.2	3.1	2.4	—	—	—	0.6
FY2004	Total telecommunications industry	(0.8)	(1.8)	(2.1)	1.6	2.8	(0.6)	2.3	(0.7)
	Telecommunications business	(1.4)	(2.4)	(2.7)	**0.8**	2.5	(1.0)	0.9	(1.4)
	Broadcasting business	3.7	4.4	2.2	8.4	5.7	3.0	14.9	4.8
	Commercial broadcasting business	3.6	4.4	2.0	**8.6**	5.4	2.7	15.7	4.7
	Cable TV business	6.4	4.7	6.2	**5.8**	10.8	6.1	1.7	6.1
	All-industry average (for reference)	5.4	5.7	5.1	6.0	—	—	—	—

(For reference) Rates of change in sales in other industries (fourth quarter, over the same period of the previous year)

Foodstuffs	9.5%	Chemicals	10.1%	Metals	7.3%
General machinery	6.5%	Electric and ICT machinery	4.7%	Transportation machinery	(4.5)%
Building/construction	(2.3)%	Retail/wholesale/ eating & drinking establishments	7.6%	Real estate	29.3%
Electricity	5.2%	Services	(15.4)%		

Fig.1 Trends in Y/Y change in sales

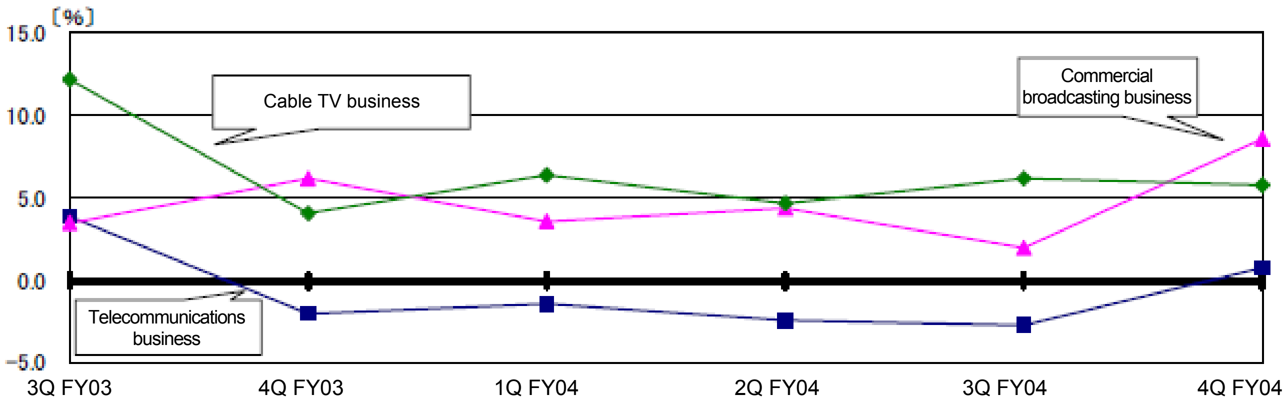


Table 2 Sales

(Unit: ¥100 million)

	Industry Sector	1Q	2Q	3Q	4Q	4Q			Total
						Jan.	Feb.	Mar.	
FY2003	Total telecommunications industry	46,341	48,216	47,197	46,513	14,202	14,560	17,751	188,265
	Telecommunications business	41,463	44,474	42,156	41,661	12,554	13,105	16,002	169,754
	Broadcasting business	4,878	3,742	5,041	4,852	1,648	1,455	1,749	18,512
	Commercial broadcasting business	4,600	3,477	4,757	4,548	1,551	1,353	1,644	17,381
	Cable TV business	277	265	284	304	97	102	105	1,130
	All-industry average (for reference)	2,959,707	3,113,322	3,225,494	3,349,469	—	—	—	—
FY2004	Total of telecommunications industry	46,214	46,323	46,495	47,536	14,513	14,589	18,434	186,568
	Telecommunications business	41,150	41,433	41,370	42,332	12,953	13,076	16,303	166,285
	Broadcasting business	5,064	4,890	5,125	5,204	1,560	1,513	2,131	20,283
	Commercial broadcasting business	4,764	4,578	4,833	4,878	1,457	1,409	2,012	19,053
	Cable TV business	300	312	291	326	103	104	119	1,229
	All-industry average (for reference)	3,119,255	3,290,169	3,389,869	3,551,023	—	—	—	—

Notes:
1. Except for the telecommunications business sector, figures are taken from the “Corporation Statistical Survey Report” (published by the Policy Research Institute, Ministry of Finance).
2. The year-on-year (Y/Y) change figures for sales (over the same period; over the same month) represent only those for the businesses that responded to the survey in both years.
3. It should be noted that sales figures reported here merely represent the total sales figures of respondents in each respective market sector. Caution should therefore be exercised when comparing sales figures for FY2003 and FY2004 since the number of respondents may vary year by year.
4. Sales figures are rounded to the nearest integral multiple of ¥100 million. Therefore, total figures may not amount to the sum of the breakdown items.

2. Sales Outlook

The sales outlook indices for the first and second quarters of FY2005 were as follows:

○ The sales outlook index for the telecommunications business sector was "4.9" and "12.2", respectively, continuing its "plus" trend.

○ The sales outlook index for the commercial broadcasting business sector was "▲11.6" and "0.0", respectively, indicating a weakening "minus" trend.

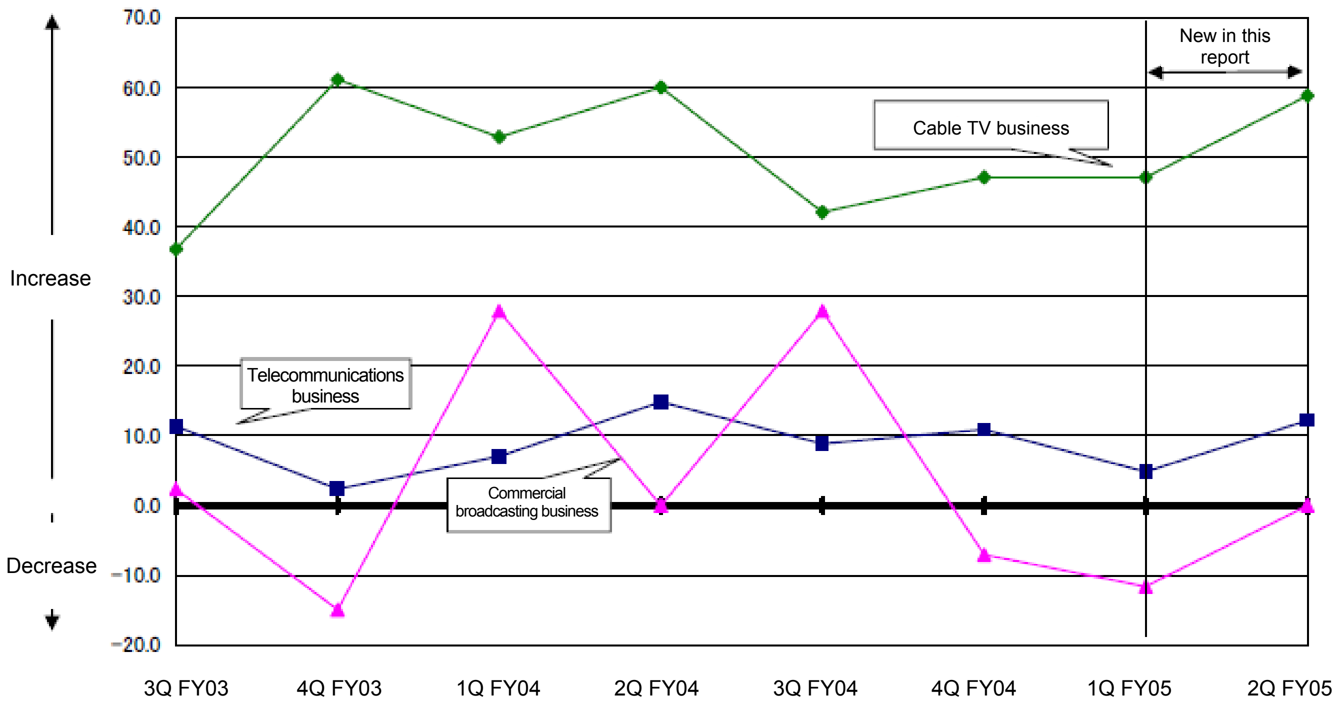
○ The sales outlook index for the cable TV business sector was "47.1" and "58.8", respectively, continuing its strong "plus" trajectory.

Table 3　Sales outlook indices

	FY03		FY04				FY05	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Telecommunications business	11.4	2.4	7.1	14.9	8.9	10.9	**4.9**	**12.2**
Broadcasting business	13.1	6.2	35.0	18.2	32.3	8.3	5.0	17.2
Commercial broadcasting business	2.4	(14.9)	27.9	0.0	27.9	(7.0)	**(11.6)**	**0.0**
Cable TV business	36.8	61.1	52.9	60.0	42.1	47.1	**47.1**	**58.8**
All-industry average (for reference)	—	—	2.6	20.4	9.4	6.1	(0.2)	18.5

Notes: 1. Sales outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
2. The figures for the first and second quarters of FY2005 were determined at the end of the fourth quarter of FY2004; those for the other quarters were determined at the end of the quarters immediately preceding them.
3. The reference figures for the "all-industry average" are taken from the section on the sales outlook (for large enterprises) in the "Corporation Business Outlook Survey (April–June 2005)," published by the Cabinet Office's General Research Institute for Economy and Society and the Policy Research Institute, Ministry of Finance.

Fig.2　Trends in sales outlook indices



3. Cash Flow Outlook

The cash flow outlook indices for the first and second quarters of FY2005 were as follows:

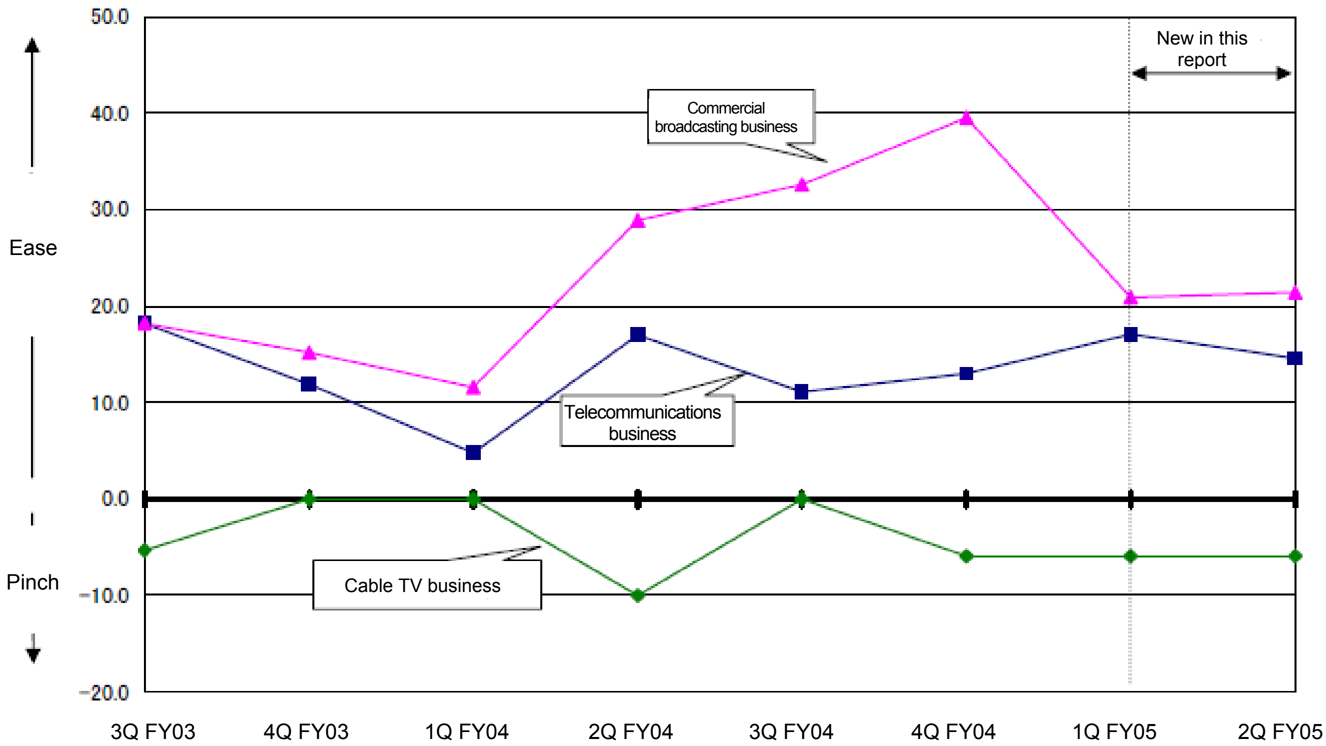
- ○ The cash flow outlook indices for the telecommunications business and commercial broadcasting business sectors continued to “ease.”
- ○ The cash flow outlook index for the cable TV business sector was “▲5.9” for both quarters, continuing an “almost flat” trend.

Table 4 Cash flow outlook indices

	FY03		FY04				FY05	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Telecommunications business	18.2	11.9	4.8	17.0	11.1	13.0	**17.1**	**14.6**
Broadcasting business	11.1	10.9	8.3	16.9	22.6	26.7	13.3	13.6
Commercial broadcasting business	18.2	15.2	11.6	28.9	32.6	39.5	**20.9**	**21.4**
Cable TV business	(5.3)	0.0	0.0	(10.0)	0.0	(5.9)	**(5.9)**	**(5.9)**
All-industry average (for reference)	—	—	6.6	3.8	2.9	3.8	4.5	2.8

Notes: 1. Cash flow outlook index (DI) = [percentage of businesses predicting ease (%)] – [percentage of businesses predicting a pinch (%)]
2. The figures for the first and second quarters of FY2005 were determined at the end of the fourth quarter of FY2004; those for the other quarters were determined at the end of the quarters immediately preceding them.
3. The reference figures for the “all-industry average” are taken from the section on the cash flow outlook (for large enterprises) in the “Corporation Business Outlook Survey (April–June 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute, Ministry of Finance.

Fig.3 Trends in cash flow outlook indices



4. Business Condition Outlook

The business condition (business condition of the industry) outlook indices for the first and second quarters of FY2005 were as follows:

○ The business condition outlook index for the telecommunications business sector was “4.9” and “7.3”, respectively, continuing its “plus” trend.

○ The business condition outlook index for the cable TV business sector was “5.9” for both quarters, indicating a somewhat weakening “plus” trend.

Table 5 Business condition outlook indices

	FY03		FY04				FY05	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Telecommunications business	14.0	7.1	0.0	8.5	4.4	4.3	**4.9**	**7.3**
Broadcasting business	3.2	7.8	25.4	18.2	21.0	3.3	1.7	6.8
Commercial broadcasting business	2.3	4.3	26.2	19.6	20.9	0.0	**0.0**	**7.1**
Cable TV business	5.3	16.7	23.5	15.0	21.1	11.8	**5.9**	**5.9**
All-industry average (for reference)	–	–	7.2	9.6	2.1	0.6	0.9	11.3

Notes; 1. Business condition outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]

2. The figures for the first and second quarters of FY2005 were determined at the end of the fourth quarter of FY2004; those for the other quarters were determined at the end of the quarters immediately preceding them.

3. The reference figures for the “all-industry average” are taken from the section on the business condition outlook (for large enterprises judging their own business conditions) in the “Corporation Business Outlook Survey (April – June 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute, Ministry of Finance.

Fig. 4 Trends in business condition outlook indices