

## Results of Fact-finding Survey of the Telecommunications Industry as of January 2006 (final)

### [Major Findings]

- The sales outlook indices for the fourth quarter of FY2005 as well as the first quarter of FY2006 continued along a “plus” trajectory (i.e., more businesses expected an increase in sales) in the telecommunications business sector and improved from a “minus” path to “plus” growth for the commercial broadcasting business sector. Meanwhile, the significant “plus” trend of the cable TV business sector remained stable.
- The business condition outlook indices for the telecommunications business and cable TV business sectors continued their “plus” trend (i.e., more businesses expected an improvement in their business condition). They improved from a “minus” to a “plus” for the commercial broadcasting business sector.

The Ministry of Internal Affairs and Communications has summarized the results (final) of the Fact-finding Survey of the Telecommunications Industry (a statistical survey approved by the Minister for Internal Affairs and Communications) conducted in January 2006. The sales outlook, cash flow outlook, and business condition outlook presented in this report replace those reported in the flash report dated February 10. For a more detailed summary, please refer to the attachment.

### ○ [Survey Overview]

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

### [Businesses Covered]

A sample of a total 133 businesses in the telecommunications industry were organized according to their FY2004 sales share in their respective business lines (telecommunications, commercial broadcasting, etc.) and the sample size for each business sector (line) was then determined. Note that the master sample was selected from the parent population of the overall 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. (for 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	130	97.7
Telecommunications business	63	60	95.2
Broadcasting business	70	70	100.0
Commercial broadcasting business	50	50	100.0
Cable TV business	20	20	100.0

## 1. Status of Sales

- Sales for the third quarter of FY2005 for the entire telecommunications industry were up 1.5% from the corresponding fiscal period of the previous year, marking the first year-on-year increase in three quarters.
- While sales in the telecommunications business sector recorded a 1.9% increase, those for the commercial broadcasting business sector exited the positive category to end on minus 2.2%. Sales in the cable TV business sector, meanwhile, showed a 4.1% increase.

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

(Unit: %)

Industry Sector		1Q	2Q	3Q*	4Q	Total	* for 3Q		
							Oct.	Nov.	Dec.
FY2004	Total telecommunications industry	(0.8)	(1.8)	(2.1)	1.6	(0.7)	(0.7)	(4.5)	(1.2)
	Telecommunications business	(1.4)	(2.4)	(2.7)	0.8	(1.4)	(1.3)	(4.9)	(1.8)
	Broadcasting business	3.7	4.4	2.2	8.4	4.8	3.9	(1.3)	4.2
	Commercial broadcasting business	3.6	4.4	2.0	8.6	4.7	3.6	(1.7)	4.2
	Cable TV business	6.4	4.7	6.2	5.8	6.1	9.3	5.9	4.3
	All-industry average (for reference)	5.4	5.7	5.1	6.0	6.4	—	—	—
FY2005	Total of telecommunications industry	(2.6)	(1.5)	1.5	—	—	3.8	1.7	(0.9)
	Telecommunications business	(3.0)	(1.7)	1.9	—	—	4.4	2.2	(0.7)
	Broadcasting business	0.9	0.5	(1.8)	—	—	(0.7)	(1.5)	(3.3)
	Commercial broadcasting business	0.4	0.2	(2.2)	—	—	(0.8)	(1.8)	(3.9)
	Cable TV business	9.0	5.6	13.0	—	—	0.9	5.5	6.3
	All-industry average (for reference)	3.0	4.6	5.5	—	—	—	—	—

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

Foodstuffs	(5.3%)	Chemicals	6.1%	Metals	(7.9%)
General machinery	5.6%	Electric machinery	11.0%	ICT machinery	10.4%
Transportation machinery	11.0%	Building/construction	5.5%	Retail/wholesale/eating & drinking establishments	4.9%
Real estate	21.4%	Electricity	4.1%	Services	8.7%

Fig.1 Trends in year-on-year change in sales

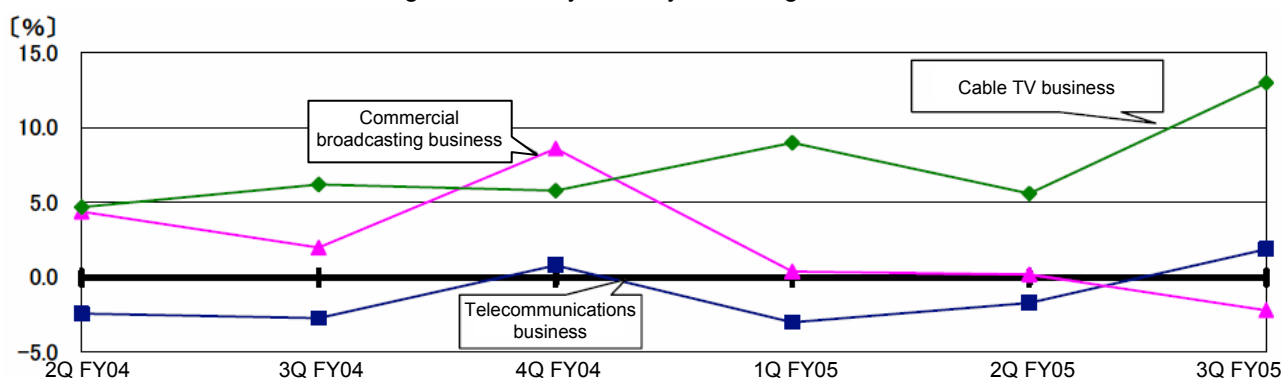


Table 2 Sales

(Unit: ¥100 million)

Industry Sector		1Q	2Q	3Q*	4Q	Total	* for 3Q		
							Oct	Nov	Dec
FY2004	Total telecommunications industry	46,214	46,323	46,495	47,536	186,568	14,985	14,895	16,615
	Telecommunications business	41,150	41,433	41,370	42,332	166,285	13,293	13,206	14,871
	Broadcasting business	5,064	4,890	5,125	5,204	20,283	1,693	1,689	1,743
	Commercial broadcasting business	4,764	4,578	4,833	4,878	19,053	1,587	1,599	1,648
	Cable TV business	300	312	291	326	1,229	106	90	96
	All-industry average (for reference)	3,119,255	3,290,169	3,389,869	3,551,023	—	—	—	—
FY2005	Total telecommunications industry	46,160	46,996	47,844	—	—	15,742	15,386	16,716
	Telecommunications business	40,437	41,417	42,131	—	—	13,860	13,470	14,800
	Broadcasting business	5,723	5,579	5,713	—	—	1,882	1,916	1,916
	Commercial broadcasting business	5,394	5,246	5,369	—	—	1,771	1,803	1,795
	Cable TV business	329	334	344	—	—	111	113	120
	All-industry average (for reference)	3,213,180	3,440,211	3,576,276	—	—	—	—	—

- Notes:
1. With the exception of those for the telecommunications business sector, all figures are taken from the "Corporation Statistical Survey Report," published by the Ministry of Finance's Policy Research Institute.
  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 took part in the survey in both years.
  3. Figures reported here merely represent the total sales figures of survey respondents in each business sector. Caution should therefore be exercised when comparing sales figures for FY 2004 and FY 2005 since the number of respondents vary from year to year.
  4. The sales figures are rounded to the nearest integral multiple of ¥100 million. Therefore, the total figures may not amount to the sum of the breakdown items.

## 2. Sales Outlook

The sales outlook indices for the fourth quarter of FY2005 and the first quarter of FY2006 were as follows:

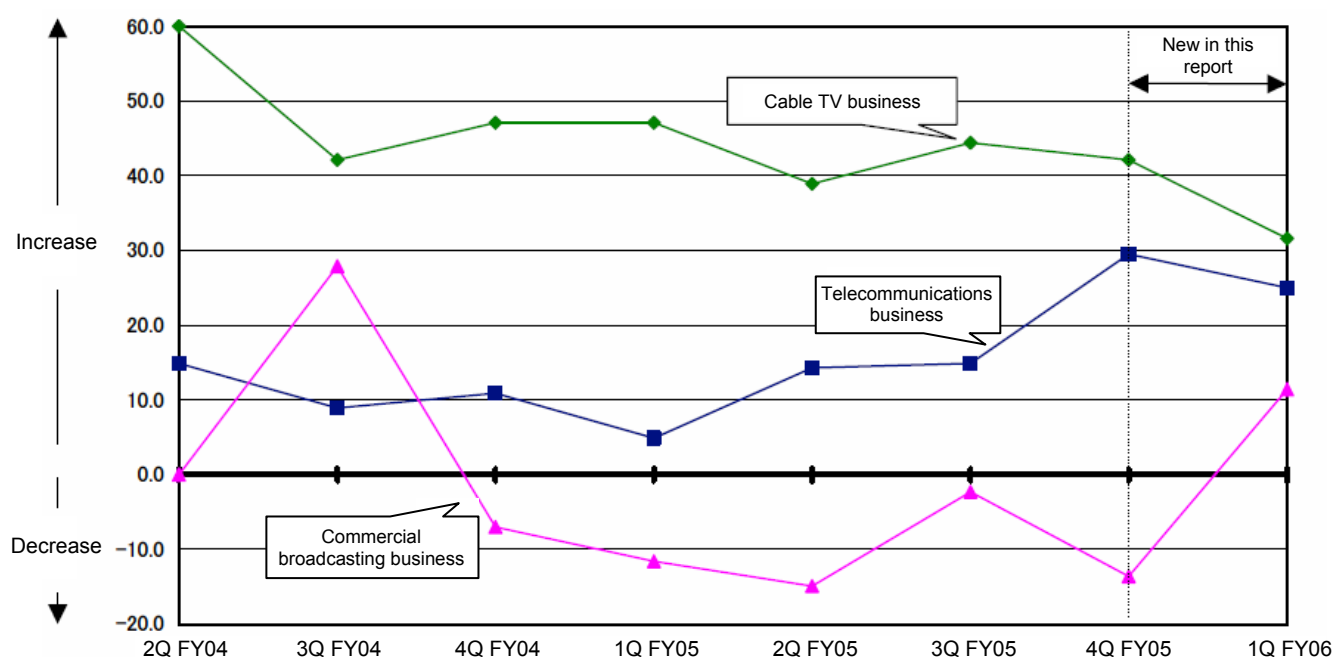
- The sales outlook index for the telecommunications business sector was 29.5 and 25.0, respectively, continuing the “plus” trend (i.e., more businesses expected an increase in sales).
- The sales outlook index for the commercial broadcasting business sector remained negative ▲ 13.6 for the fourth quarter of FY2005 but jumped to a “plus” trend 11.4 for the first quarter of FY2006.
- The sales outlook index for the cable TV business sector was 42.1 and 31.6, respectively, continuing its significant “plus” trend.

Table 3 Sales outlook indices

	FY04			FY05				FY06
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	14.9	8.9	10.9	4.9	14.3	14.9	<b>29.5</b>	<b>25.0</b>
Broadcasting business	18.2	32.3	8.3	5.0	0.0	11.5	3.2	17.5
Commercial broadcasting business	0.0	27.9	(7.0)	(11.6)	(14.9)	(2.3)	<b>(13.6)</b>	<b>11.4</b>
Cable TV business	60.0	42.1	47.1	47.1	38.9	44.4	<b>42.1</b>	<b>31.6</b>
All-industry average (for reference)	20.4	9.4	6.1	(0.2)	19.5	16.1	14.6	5.2

- Notes:
1. Sales outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
  2. The figures for the fourth quarter of FY2005 and first quarter of FY2006 were determined at the end of the third quarter of FY2005; those for the remaining 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 (October–December 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute of the Ministry of Finance.

Fig.2 Trends in sales outlook indices



### 3. Cash Flow Outlook

The cash flow outlook indices for the fourth quarter of FY2005 and the first quarter of FY2006 were as follows:

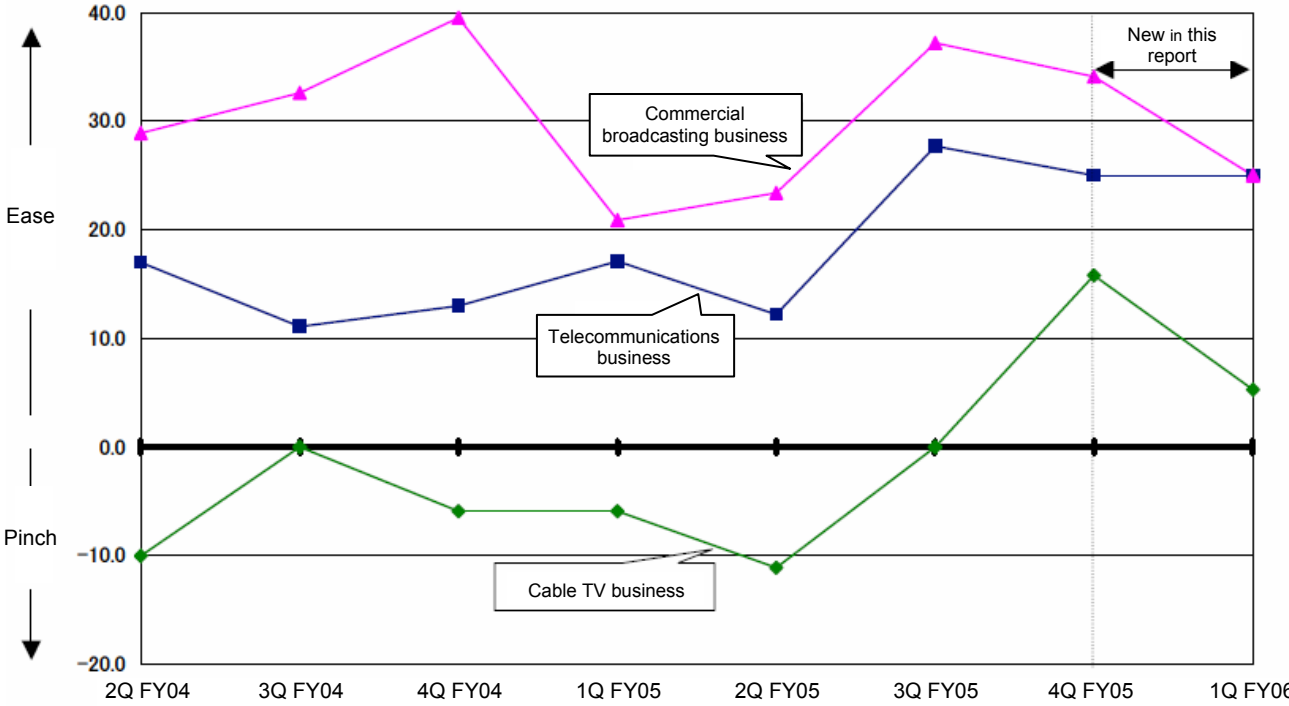
- The cash flow outlook indices for the telecommunications business and commercial broadcasting business sectors continued the “plus” trend (i.e., more businesses expected ease in cash flow).
- The cash flow outlook index for the cable TV business sector improved from “minus” or “zero” for the previous quarters to a “plus” (15.8 for the fourth quarter of FY2005 and 5.3 for the first quarter of FY2006).

Table 4 Cash flow outlook indices

	FY04			FY05				FY06
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	17.0	11.1	13.0	17.1	12.2	27.7	<b>25.0</b>	<b>25.0</b>
Broadcasting business	16.9	22.6	26.7	13.3	13.8	26.2	28.6	19.0
Commercial broadcasting business	28.9	32.6	39.5	20.9	23.4	37.2	<b>34.1</b>	<b>25.0</b>
Cable TV business	(10.0)	0.0	(5.9)	(5.9)	(11.1)	0.0	<b>15.8</b>	<b>5.3</b>
All-industry average (for reference)	3.8	2.9	3.8	4.5	4.4	3.6	3.8	4.2

- Notes:
1. Cash flow outlook index (DI) = [percentage of businesses predicting ease (%)] – [percentage of businesses predicting a pinch (%)]
  2. The figures for the fourth quarter of FY2005 and first quarter of FY2006 were determined at the end of the third quarter of FY2005; 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 (October–December 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute of the 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 fourth quarter of FY2005 and the first quarter of FY2006 were as follows:

- The business condition outlook index for the telecommunications business sector was 20.5 and 18.2, respectively, continuing the “plus” trend (i.e., more businesses expected an improvement in their business condition).
- The business condition outlook index for the commercial broadcasting business sector was 4.5 and 9.1, respectively, transforming from a “minus” for the preceding quarters to a “plus.”
- The business condition outlook index for the cable TV business sector was 10.5 for both quarters, continuing its “positive” trend.

Table 5 Business condition outlook indices

	FY04			FY05				FY06
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Telecommunications business	8.5	4.4	4.3	4.9	6.3	13.0	<b>20.5</b>	<b>18.2</b>
Broadcasting business	18.2	21.0	3.3	1.7	(6.2)	(1.6)	6.3	9.5
Commercial broadcasting business	19.6	20.9	0.0	0.0	(10.6)	(7.0)	<b>4.5</b>	<b>9.1</b>
Cable TV business	15.0	21.1	11.8	5.9	5.6	11.1	<b>10.5</b>	<b>10.5</b>
All-industry average (for reference)	9.6	2.1	0.6	0.9	9.7	10.5	8.6	7.5

- Notes:
1. Business condition outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
  2. The figures for the fourth quarter of FY2005 and first quarter of FY2006 were determined at the end of the third quarter of FY2005; 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 (October–December 2005),” published by the Cabinet Office’s General Research Institute for Economy and Society and the Policy Research Institute of the Ministry of Finance.

Fig. 4 Trends in business condition outlook indices

