

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

### [Major Findings]

- Both the sales outlook and business condition (business condition of the industry) outlook indices of the telecommunications business and cable TV business sectors for the first and second quarters of FY2006 continued their “plus” trajectories. For the commercial broadcasting business sector, the sales outlook index continued along a “minus” trend, while the business condition (business condition of the industry) outlook index improved slightly from “minus” to “zero.”

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 April 2006. The sales outlook, cash flow outlook, and business condition outlook presented in this report replace those reported in the flash report dated May 26. 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	128	96.2
Telecommunications business	63	58	92.1
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 fourth quarter of FY2005 for the entire telecommunications industry were 2.2% down from the corresponding period of the previous fiscal year.
- In regard to individual business sectors, sales in the telecommunications business sector fell by 2.1%, and by 3.9% in the commercial broadcasting business sector. In contrast, sales for the cable TV business sector increased by 20.3%.

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

(Unit: %)

Industry Sector		1Q	2Q	3Q	4Q*	Total	* for 4Q		
							Jan.	Feb.	Mar.
FY2004	Total telecommunications industry	(0.8)	(1.8)	(2.1)	1.6	(0.7)	2.8	(0.6)	2.3
	Telecommunications business	(1.4)	(2.4)	(2.7)	0.8	(1.4)	2.5	(1.0)	0.9
	Broadcasting business	3.7	4.4	2.2	8.4	4.8	5.7	3.0	14.9
	Commercial broadcasting business	3.6	4.4	2.0	8.6	4.7	5.4	2.7	15.7
	Cable TV business	6.4	4.7	6.2	5.8	6.1	10.8	6.1	1.7
	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	(2.2)	(1.2)	5.4	0.4	(10.2)
	Telecommunications business	(3.0)	(1.7)	1.9	(2.1)	(1.2)	5.7	0.4	(10.4)
	Broadcasting business	0.9	0.5	(1.8)	(2.5)	(0.6)	3.0	0.3	(8.7)
	Commercial broadcasting business	0.4	0.2	(2.2)	(3.9)	(1.4)	2.0	(1.1)	(10.2)
	Cable TV business	9.0	5.6	13.0	20.3	11.9	19.8	21.7	19.6
	All-industry average (for reference)	3.0	4.6	5.5	5.0	—	—	—	—

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

Foodstuffs	0.2%	Chemicals	4.9%	Metals	3.2%
General machinery	3.4%	Electric machinery	6.4%	ICT machinery	13.8%
Transportation machinery	9.2%	Building/construction	0.6%	Retail/wholesale/eating & drinking establishments	5.1%
Real estate	20.9%	Electricity	7.6%	Services	5.8%

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

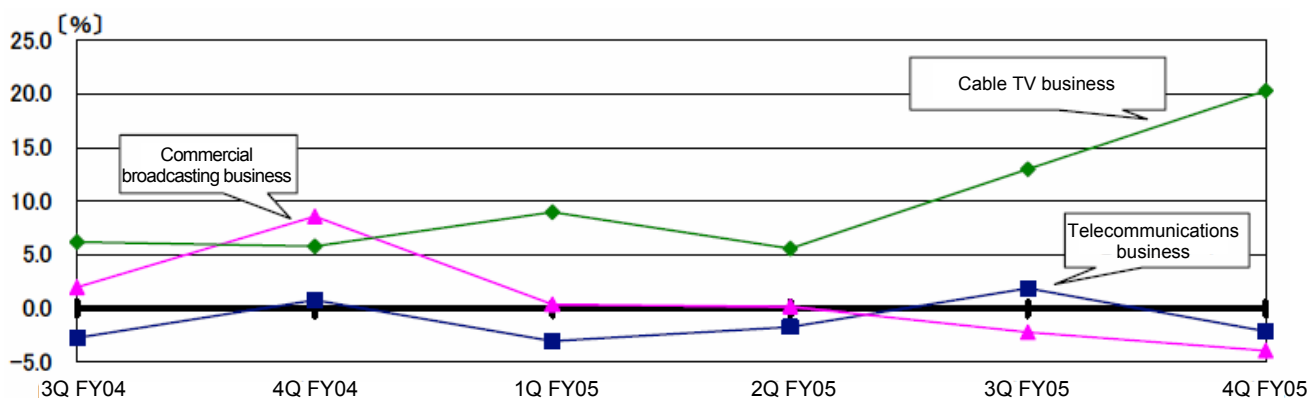


Table 2 Sales

(Unit: ¥100 million)

Industry Sector		1Q	2Q	3Q	4Q*	Total	* for 4Q		
							Jan.	Feb.	Mar.
FY2004	Total telecommunications industry	46,214	46,323	46,495	47,536	186,568	14,513	14,589	18,434
	Telecommunications business	41,150	41,433	41,370	42,332	166,285	12,953	13,076	16,303
	Broadcasting business	5,064	4,890	5,125	5,204	20,283	1,560	1,513	2,131
	Commercial broadcasting business	4,764	4,578	4,833	4,878	19,053	1,457	1,409	2,012
	Cable TV business	300	312	291	326	1,229	103	104	119
	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	46,745	187,745	15,327	14,681	16,737
	Telecommunications business	40,437	41,417	42,131	41,123	165,108	13,551	13,000	14,572
	Broadcasting business	5,723	5,579	5,713	5,621	22,637	1,776	1,680	2,165
	Commercial broadcasting business	5,394	5,246	5,369	5,259	21,268	1,662	1,564	2,032
	Cable TV business	329	334	344	363	1,369	114	116	133
	All-industry average (for reference)	3,213,180	3,440,211	3,576,276	3,728,655	—	—	—	—

- 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 FY2004 and FY 2005 since the numbers 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 first and second quarters of FY2006 were as follows:

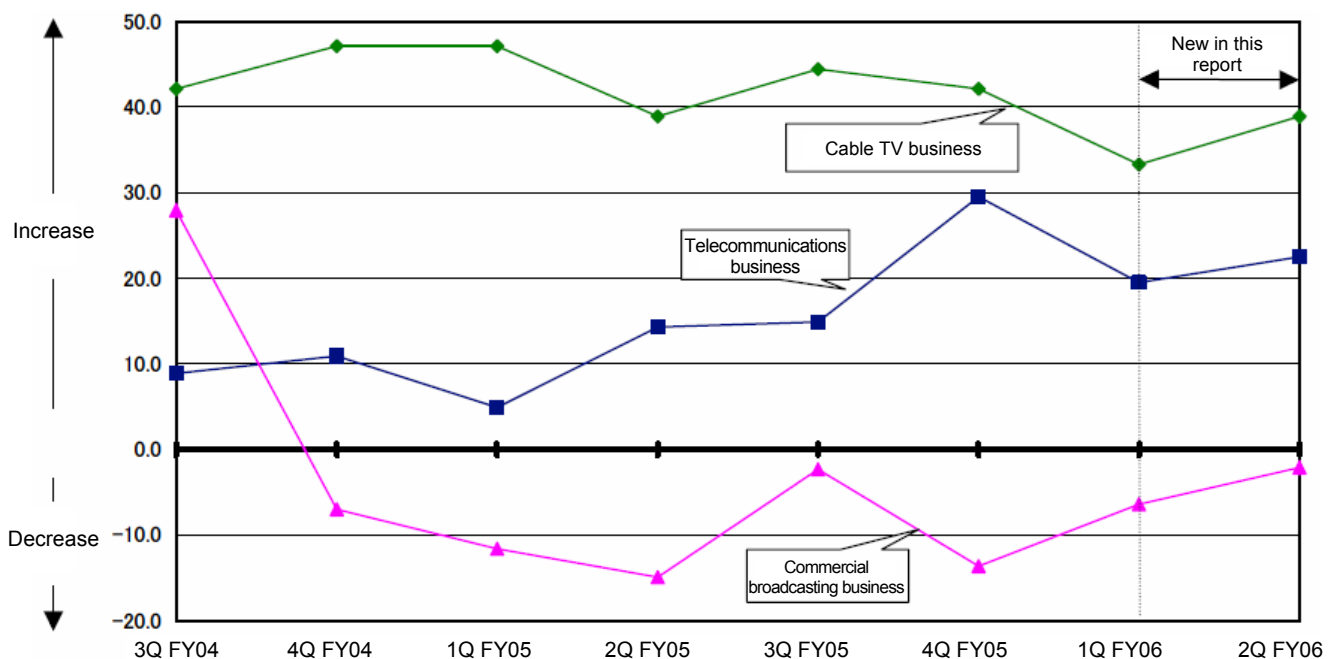
- The sales outlook index for the telecommunications business sector was 19.5 and 22.5, respectively, continuing the “plus” trend (i.e., more businesses expected an increase in sales).
- The sales outlook index for the commercial broadcasting business sector was ▲6.4 and ▲2.1, respectively, continuing the “minus” trend, although these figures were somewhat smaller than those for the previous fiscal periods.
- The sales outlook index for the cable TV business sector was 33.3 and 38.9, respectively, continuing its significant “positive” trend.

Table 3 Sales outlook indices

	FY04		FY05				FY06	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Telecommunications business	8.9	10.9	4.9	14.3	14.9	29.5	<b>19.5</b>	<b>22.5</b>
Broadcasting business	32.3	8.3	5.0	0.0	11.5	3.2	4.6	9.2
Commercial broadcasting business	27.9	(7.0)	(11.6)	(14.9)	(2.3)	(13.6)	<b>(6.4)</b>	<b>(2.1)</b>
Cable TV business	42.1	47.1	47.1	38.9	44.4	42.1	<b>33.3</b>	<b>38.9</b>
All-industry average (for reference)	9.4	6.1	(0.2)	19.5	16.1	13.4	7.0	16.8

- 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 FY2006 were determined at the end of the fourth quarter of FY2005; those for the other quarters were determined at the end of the quarters immediately preceding them.
  3. The figures for the “all-industry average” are taken from the section on the sales outlook (for large enterprises) in the “Corporation Business Outlook Survey (January–March 2006),” 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 first and second quarters of FY2006 were as follows:

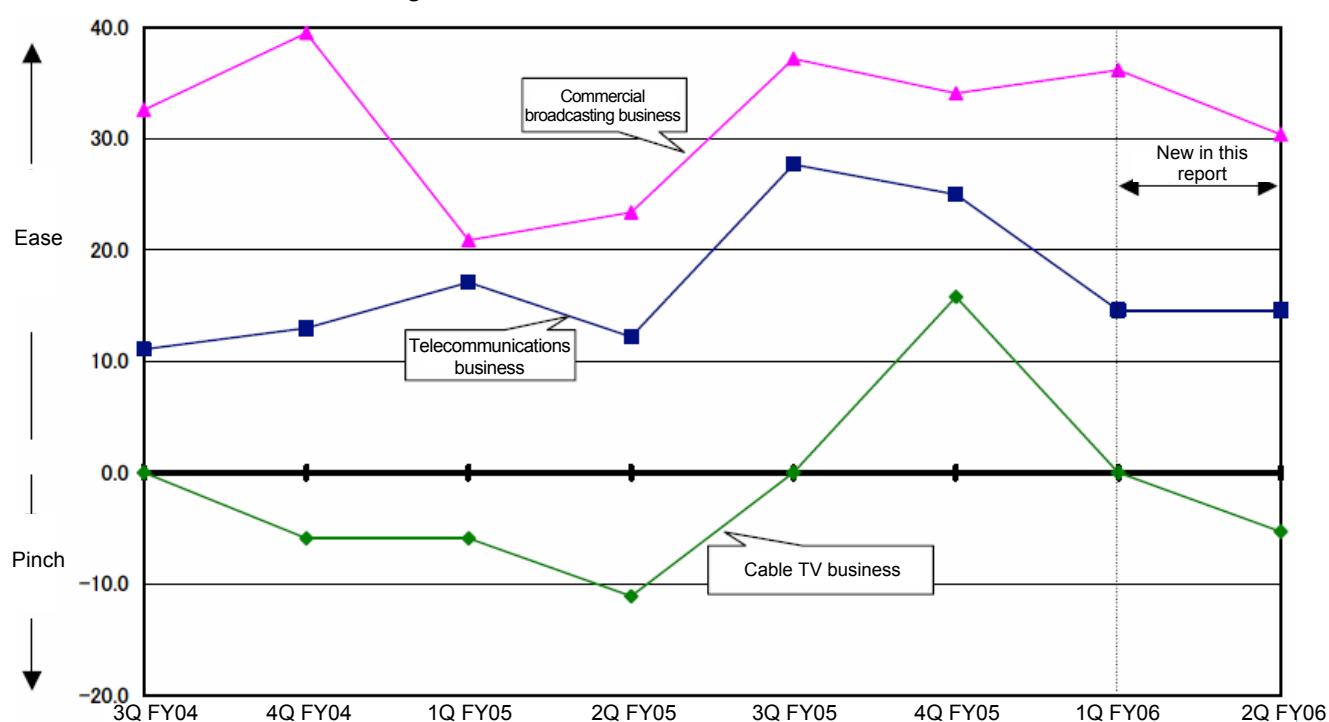
- The cash flow outlook indices for the telecommunications business and commercial broadcasting business sectors continued the “plus” trend (i.e., more businesses expected an ease in cash flow).
- The cash flow outlook index for the cable TV business sector worsened from a “plus” for the previous quarter to 0.0 for the first quarter and then to ▲5.3 for the second quarter.

Table 4 Cash flow outlook indices

	FY04		FY05				FY06	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Telecommunications business	11.1	13.0	17.1	12.2	27.7	25.0	<b>14.6</b>	<b>14.6</b>
Broadcasting business	22.6	26.7	13.3	13.8	26.2	28.6	25.8	20.0
Commercial broadcasting business	32.6	39.5	20.9	23.4	37.2	34.1	<b>36.2</b>	<b>30.4</b>
Cable TV business	0.0	(5.9)	(5.9)	(111.)	0.0	15.8	<b>0.0</b>	<b>(5.3)</b>
All-industry average (for reference)	2.9	3.8	4.5	4.4	3.6	3.3	3.7	3.2

- 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 FY2006 were determined at the end of the fourth 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 presenting the cash flow outlook (for large enterprises) in the “Corporation Business Outlook Survey (January–March 2006),” 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 first and second quarters of FY2006 were as follows:

- The business condition outlook index for the telecommunications business sector was 9.8 and 7.3, respectively, continuing the “plus” trend (i.e., more businesses expected an improvement in business condition).
- The business condition outlook index for the commercial broadcasting business sector slipped into the negatives ▲12.8 for the first quarter of FY2006 but bounced back to 0.0 for the second quarter.
- The business condition outlook index for the cable TV business sector was 15.8 and 10.5, respectively, continuing its “plus” trend.

Table 5 Business condition outlook indices

	FY04		FY05				FY06	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Telecommunications business	4.4	4.3	4.9	6.3	13.0	20.5	<b>9.8</b>	<b>7.3</b>
Broadcasting business	21.0	3.3	1.7	(6.2)	(1.6)	6.3	(4.5)	3.0
Commercial broadcasting business	20.9	0.0	0.0	(10.6)	(7.0)	4.5	<b>(12.8)</b>	<b>0.0</b>
Cable TV business	21.1	11.8	5.9	5.6	11.1	10.5	<b>15.8</b>	<b>10.5</b>
All-industry average (for reference)	2.1	0.6	0.9	9.7	10.5	6.1	8.3	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 FY2006 were determined at the end of the fourth 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 presenting the business condition outlook (for large enterprises judging their own business conditions) in the “Corporation Business Outlook Survey (January–March 2006),” 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

