

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

- Compared with the corresponding period of the previous fiscal year, sales for the first quarter of FY2006 increased for the telecommunications business and cable TV business sectors but declined in the commercial broadcasting business sector.
- The sales outlook indices for the second and third quarters of FY2006 for the telecommunications business and cable TV business sectors were judged by many businesses as “positive” (i.e., sales will increase), while they were deemed “negative” in the commercial broadcasting business sector. The same applies to the business condition outlook indices.
- The cash flow outlook indices for the second and third quarters of FY2006 were both judged by many businesses to be “positive” (i.e., conditions surrounding cash flow will ease) for the telecommunications business and commercial broadcasting business sectors, but “zero” for the cable TV 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 July 2006. The sales outlook, cash flow outlook, and business condition outlook presented in this report replace those reported in the flash report dated August 25. 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 FY2005 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	131	98.5
Telecommunications business	63	61	96.8
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 first quarter of FY2006 for the entire telecommunications industry were 2.3% up on the corresponding period of the previous fiscal year.
- Sales increased by 3.0% for the telecommunications business sector and by 13.4% in the cable TV business sector. In contrast, sales in the commercial broadcasting business sector declined by 3.5%.

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

(Unit: %)

Industry Sector		1Q*	2Q	3Q	4Q	Total	* for 1Q		
							Apr.	May.	Jun.
FY2005	Total telecommunications industry	(2.6)	(1.5)	1.5	(2.2)	(1.2)	(1.6)	(3.5)	(2.6)
	Telecommunications business	(3.0)	(1.7)	1.9	(2.1)	(1.2)	(2.0)	(4.3)	(2.7)
	Broadcasting business	0.9	0.5	(1.8)	(2.5)	(0.6)	1.8	2.5	(1.5)
	Commercial broadcasting business	0.4	0.2	(2.2)	(3.9)	(1.4)	1.3	2.0	(2.1)
	Cable TV business	9.0	5.6	13.0	20.3	11.9	9.2	10.5	8.2
	All-industry average (for reference)	3.0	4.6	5.5	5.0	6.2	—	—	—
FY2006	Total of telecommunications industry	2.3	—	—	—	—	4.6	4.3	(1.7)
	Telecommunications business	3.0	—	—	—	—	6.1	5.3	(2.0)
	Broadcasting business	(2.6)	—	—	—	—	(5.7)	(2.2)	0.1
	Commercial broadcasting business	(3.5)	—	—	—	—	(6.9)	(3.0)	(0.9)
	Cable TV business	13.4	—	—	—	—	14.4	9.2	16.5
	All-industry average (for reference)	8.6	—	—	—	—	—	—	—

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

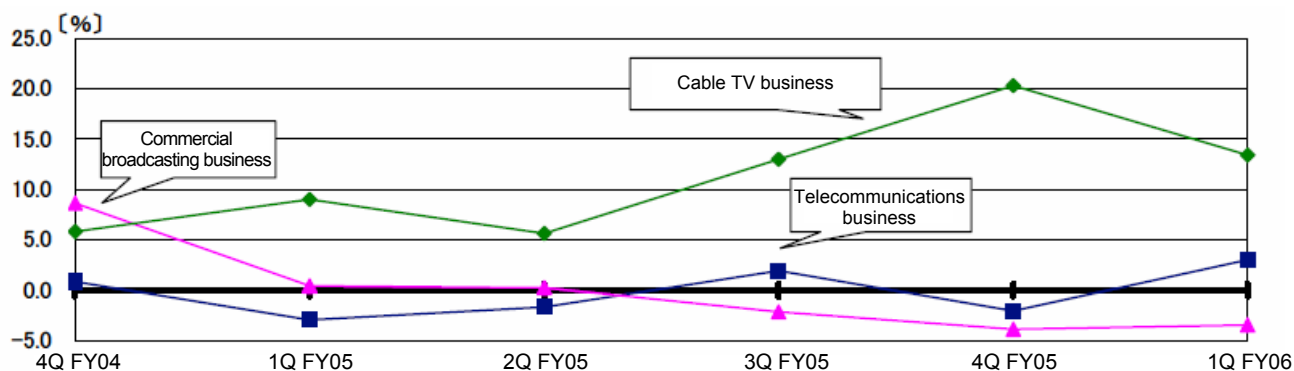


Table 2 Sales

(Unit: ¥100 million)

Industry Sector		1Q*	2Q	3Q	4Q	Total	* for 1Q		
							Apr.	May.	Jun.
FY2005	Total telecommunications industry	46,160	46,996	47,844	46,745	187,745	15,149	14,589	16,422
	Telecommunications business	40,437	41,417	42,131	41,123	165,108	13,248	12,719	14,471
	Broadcasting business	5,723	5,579	5,713	5,621	22,637	1,901	1,870	1,952
	Commercial broadcasting business	5,394	5,246	5,369	5,259	21,268	1,791	1,761	1,843
	Cable TV business	329	334	344	363	1,369	111	109	109
	All-industry average (for reference)	3,213,180	3,440,211	3,576,276	3,728,655	—	—	—	—
FY2006	Total telecommunications industry	46,731	—	—	—	—	15,679	15,062	15,991
	Telecommunications business	41,156	—	—	—	—	13,886	13,234	14,037
	Broadcasting business	5,576	—	—	—	—	1,793	1,828	1,954
	Commercial broadcasting business	5,203	—	—	—	—	1,667	1,709	1,827
	Cable TV business	373	—	—	—	—	127	119	127
	All-industry average (for reference)	3,490,959	—	—	—	—	—	—	—

Notes for Tables 1 and 2:

1. The reference figures for the "all-industry average" 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 2005 and FY 2006 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.

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

Manufacturing	5.7%
ICT machinery	7.3%
Non-manufacturing	10.0%
Building/construction	7.0%
Retail/wholesale	9.1%
Real estate	9.5%
IT/communication	24.9%
Transportation	17.6%
Electricity	5.5%
Services	4.1%

Source: "Corporation Statistical Survey Report" (published by the Policy Research Institute, Ministry of Finance)

2. Sales Outlook

The sales outlook indices for the second and third quarters of FY2006 were as follows:

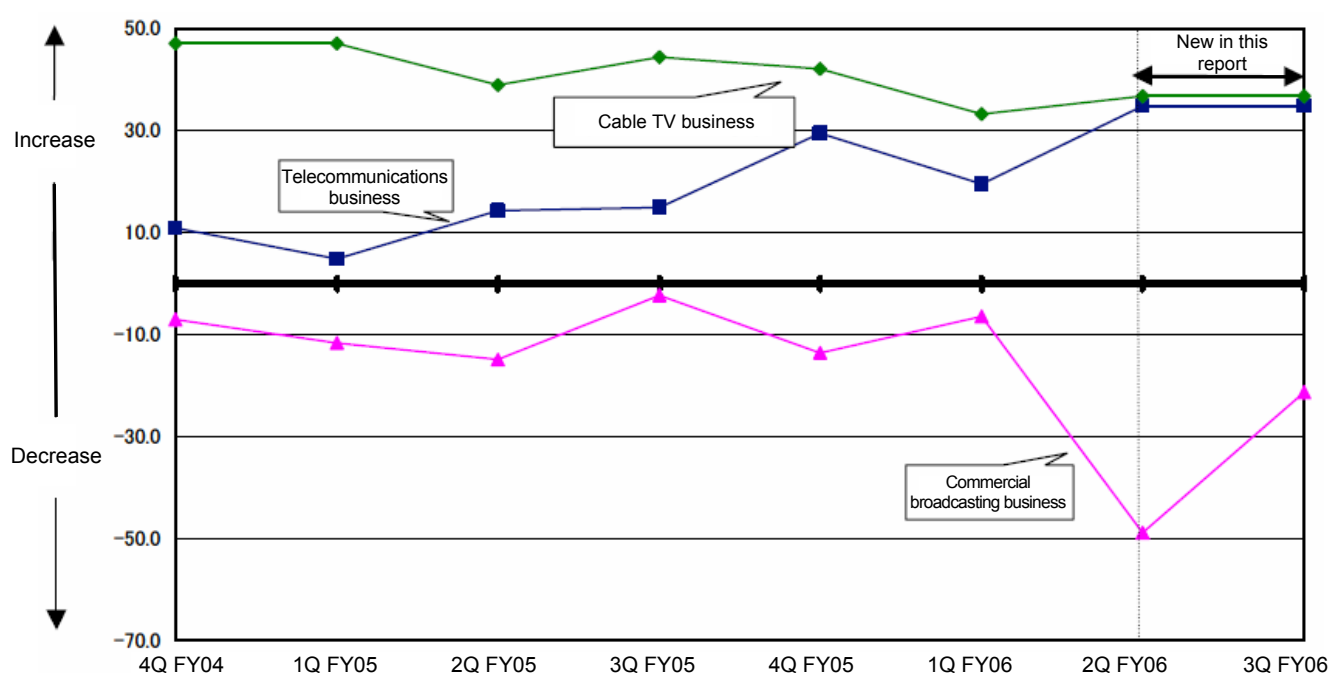
- The sales outlook index for the telecommunications business sector was 34.8 for both quarters, continuing the “plus” trend (i.e., more businesses expected an increase in sales).
- The sales outlook index for the commercial broadcasting business sector was an overwhelming “minus” ▲48.9, for the second quarter and a slightly improved “minus” ▲21.3 for the third quarter.
- The sales outlook index for the cable TV business sector was “positive” 36.8 for both quarters.

Table 3 Sales outlook indices

	FY04	FY05				FY06		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Telecommunications business	10.9	4.9	14.3	14.9	29.5	19.5	34.8	34.8
Broadcasting business	8.3	5.0	0.0	11.5	3.2	4.6	(24.2)	(4.5)
Commercial broadcasting business	(7.0)	(11.6)	(14.9)	(2.3)	(13.6)	(6.4)	(48.9)	(21.3)
Cable TV business	47.1	47.1	38.9	44.4	42.1	33.3	36.8	36.8
All-industry average (for reference)	6.1	(0.2)	19.5	16.1	13.4	0.1	22.3	15.5

- Notes:
1. Sales outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the second and third quarters of FY2006 were determined at the end of the first quarter of FY2006; 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 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 second and third quarters of FY2006 were as follows:

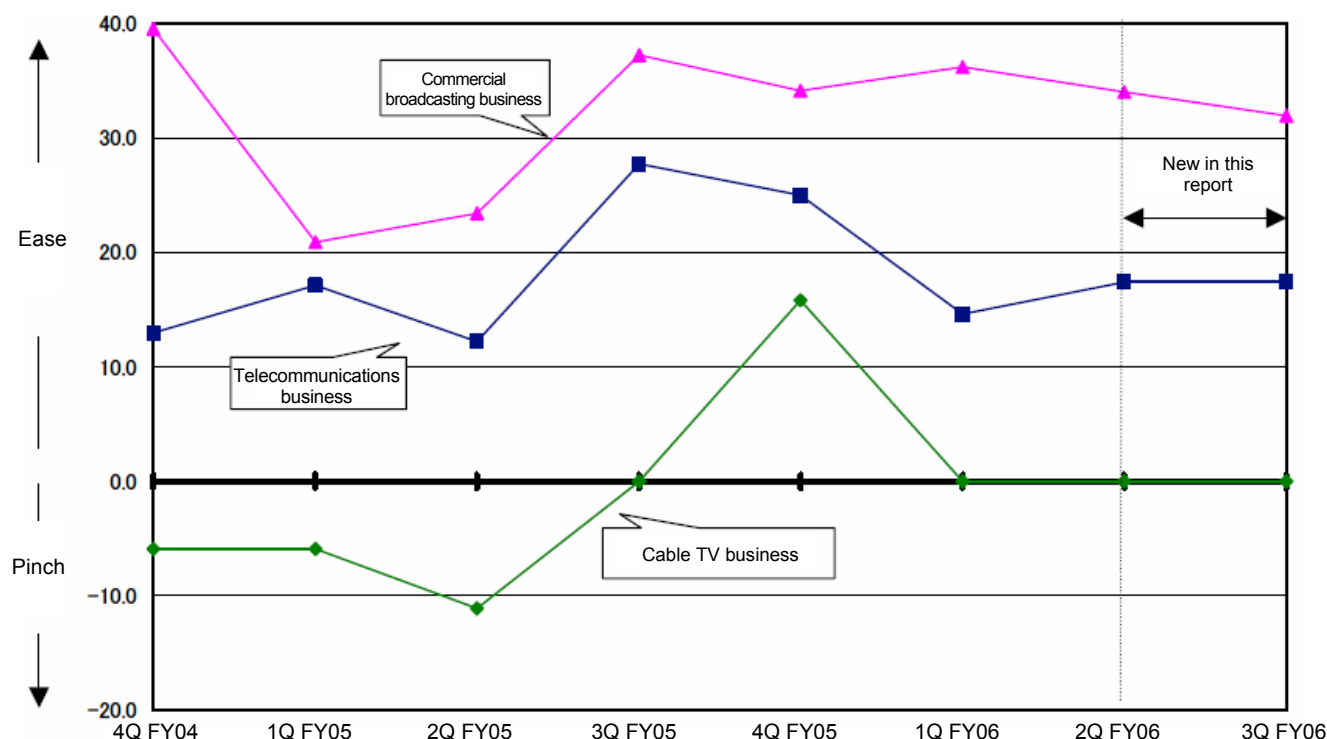
- The cash flow outlook indices for the telecommunications business and commercial broadcasting business sectors continued the “plus” trend (i.e., more businesses expected ease in cash flow).
- The cash flow outlook index for the cable TV business sector remained unchanged at 0.0 for both quarters, i.e., “zero” for three quarters in a row.

Table 4 Cash flow outlook indices

	FY04	FY05				FY06		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Telecommunications business	13.0	17.1	12.2	27.7	25.0	14.6	17.4	17.4
Broadcasting business	26.7	13.3	13.8	26.2	28.6	25.8	24.2	22.7
Commercial broadcasting business	39.5	20.9	23.4	37.2	34.1	36.2	34.0	31.9
Cable TV business	(5.9)	(5.9)	(11.1)	0.0	15.8	0.0	0.0	0.0
All-industry average (for reference)	3.8	4.5	4.4	3.6	3.3	3.5	3.3	3.3

- Notes:
1. Cash flow outlook index (DI) = [percentage of businesses predicting ease (%)] – [percentage of businesses predicting a pinch (%)]
 2. The figures for the second and third quarters of FY2006 were determined at the end of the first quarter of FY2006; 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 2006),” 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 outlook indices for the second and third quarters of FY2006 were as follows:

- The business condition outlook index for the telecommunications business sector was 15.2 and 10.9, 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 was ▲38.3 and ▲4.3, respectively, continuing the “minus” trend.
- The business condition outlook index for the cable TV business sector was 5.3 for both quarters, continuing its “plus” trend.

Table 5 Business condition outlook indices

	FY04	FY05				FY06		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Telecommunications business	4.3	4.9	6.3	13.0	20.5	9.8	15.2	10.9
Broadcasting business	3.3	1.7	(6.2)	(1.6)	6.3	(4.5)	(25.8)	(1.5)
Commercial broadcasting business	0.0	0.0	(10.6)	(7.0)	4.5	(12.8)	(38.3)	(4.3)
Cable TV business	11.8	5.9	5.6	11.1	10.5	15.8	5.3	5.3
All-industry average (for reference)	0.6	0.9	9.7	10.5	6.1	1.8	13.6	12.0

- Notes:
1. Business condition outlook index (DI) = [percentage of businesses predicting an increase (%)] – [percentage of businesses predicting a decrease (%)]
 2. The figures for the second and third quarters of FY2006 were determined at the end of the first quarter of FY2006; 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 2006),” 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

