

The Behavior of Overseas Subsidiaries

(Quarterly Survey of Japanese Business Activities)

Results for January–March 2003

Prospects for April-September 2003

June 23, 2003

Enterprise Statistics Office,
Research and Statistics Department,
Ministry of Economy, Trade and Industry

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• **With regard to company trend survey**

1. Outline of company trend survey (overseas subsidiaries edition)

(1) Objectives of the survey

To grasp Japanese company's overseas business activities and to contribute to the planning of flexible industrial policy and trade policy

(2) Legal grounds of survey

Statistics approved by the Article 4 of the Statistics Report Adjustment Law

(3) Date of the survey conducted

The survey was conducted at the end of each term.

The presentation term of investigation is May 15, 2003 this term.

(4) Subject of the survey

As of March 31, 2002, overseas subsidiaries that were possessed by Japanese companies (note) and that satisfied the following conditions (including overseas subsidiaries that were established during the period of the survey).

Note 1) All industry except finance and insurance, and real estate industry, 2) with a capital of 100 million and more, 3) with 50 employees and more, 4) Japanese companies that have reported or declared the acquisition of foreign currencies securities under the provision of "the Foreign Exchange and Foreign Trade Law", and that have possessed overseas subsidiaries

1) Manufacturing firms

2) With 50 employees and more

3) With over 50 percent of investment rate of the head office' direct and indirect investment

(5) Method of survey

The survey was conducted by mail, and data gained by the head office's calculation was reported.

(6) Method of totalizing

According to its industry and region, performance figures of companies that did not report were estimated by the following formula. As for total number of employees, the number of the previous term was used. After that, figures of all companies subject to survey were totalized. Estimated items included all items except "this term's amount of money for the acquisition of tangible fixed assets".

This term's estimated figures of companies did not report =

$$\text{The previous year's figures} \times \frac{\text{Total of this term's figures of companies that reported for both this term and the same period of last year}}{\text{Total of previous year's figures of companies that reported for both this term and the same period of last year}}$$

(7) Classification of industry

If overseas subsidiaries conduct plural business, as a rule, business with highest sales is chosen in order to decide the type of industry according to the middle classification of Japan's standard industry classification.

(8) Classification of countries (regions)

The countries (regions) in which overseas subsidiaries were located were classified as follows (in the order of the Japanese syllabary). In addition, the classification was changed the April-June quarter of 2002 term to separate "China (including Hong Kong)" from "China and other Asian countries".

<New classification>

- North America: USA and Canada
- Asia (In addition to the following three regions, India, Vietnam, Sri Lanka, Pakistan, Bangladeshi and Myanmar are included.)
 - ASEAN4: Indonesia, Thailand, Philippines, and Malaysia
 - NIES3: Singapore, Taiwan, and South Korea
 - China (including Hong Kong): the People's Republic of China (including Hong Kong Special Administrative District)
- Europe: Ireland, UK, Italy, Austria, Netherlands, Greece, Switzerland, Sweden, Spain, Slovak, Czech, Denmark, Germany, Turkey, Hungary, Finland, France, Belgium, Poland, Portugal, Romania and Russia
- Others: UAE, Argentina, Venezuela, Egypt, El Salvador, Australia, Guatemala, Costa Rica, Colombia, Swaziland, Tanzania, Chile, Nicaragua, New Zealand, Papua New Guinea, Puerto Rico (USA), Brazil, Peru, Mexico, the Republic of Ivory Coast and South Africa

<Former classification>

- North America: USA and Canada
- Asia
 - ASEAN4: Indonesia, Thailand, Philippines, and Malaysia
 - NIES3: Singapore, Taiwan, and North Korea
 - China and other Asia: India, Vietnam, Sri Lanka, Pakistan, Bangladeshi, Myanmar, and the People's Republic of China (including Hong Kong Special Administrative District)
- Europe: Ireland, UK, Italy, Austria, Netherlands, Greece, Switzerland, Sweden, Spain, Slovak, Czech, Denmark, Germany, Turkey, Hungary, Finland, France, Belgium, Poland, Portugal, Romania and Russia
- Others: UAE, Argentina, Venezuela, Egypt, El Salvador, Australia, Guatemala, Costa Rica, Colombia, Swaziland, Tanzania, Chile, Nicaragua, New Zealand, Papua New Guinea, Puerto Rico (USA), Brazil, Peru, Mexico, the Republic of Ivory Coast and South Africa

2. Record of changes in the contents of the survey

(with regard to the details, refer to materials published for each term)

- The October-December quarter of 1996, The January-March quarter of 1997
- From the April-June term of FY 1998
- From the April-June quarter of 1999
- From the April-June quarter of 2001
- From the April-June quarter of 2002
- A sample survey was conducted, and findings were published under the approval of the Management and Coordination Agency.
- Survey periods for "the amount of acquired tangible fixed assets excluding land" (with regard to parent companies, together with "overseas direct investment") were excluded from quarterly surveys, and researched every other quarter such as the July-September quarter and the January-March quarter. Accordingly, the results and prospects of surveys are conducted semi-annually in stead of quarterly. The contents of the surveys were also changed from "tangible fixed assets completed or acquired except land during the term" to "tangible fixed assets acquired (including construction temporary accounts) except land during the term". With regard to parent companies, findings of "the Ministry of International Trade and Industry's Survey on Investment in Plant and Equipment" were used.
- The quarterly prospects are also changed to semi-annual prospects.
- The coefficient of connection was made, and used for data before fiscal 1997(the January-March quarter of 1998) to maintain consistency with the past data because dropped companies were added to the survey from fiscal 1998(the April- June quarter of 1998).
- Because of a change in estimating method, results were decided not by the increase rate of the previous term but by the increase rate of the same period last year.
- "Company Trend Survey" was renewed by combining "Industry Economic Trend Survey" with "Company Trend Survey", both of which were under the control of the Ministry of Economy, Trade and Industry. In addition, "Overseas Affiliated Company Edition" was published separately from "Parent Company Edition".
- The coefficient of connection was made, and used for data before fiscal 2000 (the January-March quarter of 2001) to maintain consistency with the past data because companies included in the survey, questions to be asked and other items surveyed were reviewed to reorganize and consolidate the surveys (the April-June quarter of 2001 and later).

- Region/country classification was revised to separate "China (including Hong Kong)" from "China and other Asian countries" to create another independent category.

3. For your information

(1) Exchange of currencies

If the amount of money was written in local currency units, these currencies were exchanged to the Japanese yen at the term's average rate published by IMF.

(2) With regard to marks in the table of statistics

Mark –: No results

Mark p: Since the mark means a preliminary figure, the figure is likely to be changed in the next term.

Mark X: The figure was concealed for the protection of secrets because the number of overseas subsidiaries was one or two.

Mark r: These figures were changed from ones published in the previous term except preliminary figures.

(3) Method of deciding figures

1) Decision of quarterly figures

This term's figures are decided in the next term.

2) Decision of the previous fiscal year's figures (quarterly figures and the total figures of fiscal years)

The figures are decided in the next quarter (the April-June quarter) of fiscal year's last quarter (adjustment between fiscal years). The total figures of fiscal year are published with the mark "P" in the January-March quarter.

(4) Handling of the coefficient of connection

• The first time

The coefficient of connection was used for the processing of data before FY 1997 (the January-March quarter of 1998) to maintain the consistency with the past data because dropped companies were added to the survey from FY 1998 (the April-June quarter of 1998). As for the details, refer to materials published in each term.

• The second time

Since the previous term (the April-June quarter of 2001), "Quarterly Survey of Japanese Business Activities" has been renewed after being combined with "The Survey of Industrial and Economic Activities" under the control of Ministry of Economy, Trade and Industry. In addition, since companies included in the survey and questions to be asked were reviewed, differences have come to the fore between findings in the April-June quarter of 2001 and those

in the quarters before that. Therefore, the ratio over the same period of the previous year was estimated only on the basis of the total figures of companies which continued to be included in the survey from the previous fiscal year to the April-June quarter of 2001.

At the publication of FY 2002 figures, comparison method used in the survey of 2001 was applied to only the companies consecutively surveyed and recalculated using connection coefficients to maintain the consistency with the past data.

(1) Periods to be connected

The quarters of FY 2000 (October-December quarter of 1998 to January-March quarter of 2001) and before and the quarters of FY 2001 (April-June quarter of 2001 to January-March quarter of 2002) shall be connected together for consistency.

(2) Coefficients of connection

To compare figures of FY 2001 with those of FY2000 and before, connection coefficients for the latter were produced by multiplying:

- factors which were newly included in the survey of FY 2001 and should be "increase", and
- factors which should be "decrease" because they were left out in FY 2001.

Connection coefficient = (A) [(companies consecutively surveyed+newly targeted companies) × actual results of FY 2001/FY 2001 actual results of the companies consecutively surveyed] × [actual results of FY 2000 of the companies consecutively surveyed/FY 2000 actual results]

- "Companies consecutively surveyed" means enterprises which were included in the surveys during FY2000 and FY 2001.

(3) Scope of adjustment by the coefficients

All the cells of Area x Industry x Item of the form for publication.

(4) Treatment of the published figures

- 1) "Actual results" ? The figures listed are the actual results before treatment by the coefficients. For reference, the "connection coefficients" for connection are listed in a separate sheet. Therefore, when using the actual results of FY 2000 and before in conjunction with those for later business years, you are requested to multiply the actual results of FY 2000 by the coefficients before use , to ensure consistency.
- 2) "Year-on-year comparison" ? Listed figures are those calculated from the actual results after adjustment by the coefficients. For reference, the figures of acquisition of tangible fixed assets have not been processed for smoothing gaps.

* Connection coefficients are listed in the statistical table on page 38.

(5) Exchange rates for this quarter and the collection rate

- The average exchange rate of the yen to the US dollar for this quarter was ¥118.82, an appreciation of 10.3% compared with the same quarter a year earlier (¥132.46) and an appreciation of 3.3% compared with the previous quarter (¥122.90).
The average exchange rate of the yen to the Euro for this quarter was ¥127.52, a depreciation of 9.9% from a year earlier (¥116.07) and a depreciation of 4.1% from the preceding quarter (¥122.49).
- The responses to the questionnaire survey are summarized below:

Number of companies subject to survey (overseas subsidiaries)	Number of companies which responded	Response rate
3151	2000	63.5%

II. Findings of the survey

1. General trend

[Results]

- (1) Sales made by overseas subsidiaries totaled 11,231.8 billion yen, which turned to decrease 0.8% on a year on year basis (an increase of 5.9% from the previous quarter), partly due to fall in electrical machinery. Sales converted into US dollar basis increased 10.6% from the same quarter a year ago.
 - By the type of industry, sales by overseas subsidiaries decreased in seven out of thirteen industries. Electrical machinery decreased 5.5% (a rise of 0.4% from the previous quarter). On the other hand, transportation equipment increased 5.5% (a rise of 13.4% from the previous quarter) for the thirteenth consecutive quarter of increase since the January-March quarter of 2000, although the growth rate was diminished.
 - By region (or country) (note: referring to the "Classification of regions and countries" on page 4. Hereinafter the same.), out of all six regions (or countries), North America, NIES3 and other regions decreased in sales. Especially, sales showed a decrease in sales in all the industries other than wood, pulp and paper products in North America. On the other hand, in China (including Hong Kong), electrical machinery increased 15.7% and transportation equipment rose 38.9%.

Incidentally, compared with the same quarter a year ago, the US dollar fell 10.3% (a depreciation of 0.6% from the preceding quarter) and the Euro rose 9.9% (an appreciation of 10.6% from the previous quarter) against the yen.
 - Sales of overseas subsidiaries surveyed both in the same quarter a year earlier (January-March 2002) and in this quarter (January-March 2003) (hereinafter referred as "consecutively-surveyed overseas subsidiaries") fell 0.2% from a year ago.
- (2) Local sales was 8,330.1 billion yen and turned to a 1.6% decrease over a year ago (a rise of 4.7% from the preceding quarter).
 - By the type of industry, local sales decreased in eight industries including electrical machinery, among which five industries turned to a drop from a rise in sales. Electrical machinery fell 8.4% in local sales. On the other hand, transportation equipment showed a rise of 4.8% from a year ago marking an increase for the thirteenth straight quarter.
 - By region (country), they fell in North America, NIES3 and other regions. Especially, they showed a large drop in NIES3, minus 10.3%, and in North America, minus 5.7%.
- (3) Exports to Japan (so-called Japan's reimports) were 905.8 billion yen, up 1.9% on a year-on-year basis (a rise of 10.0% from the previous quarter).
 - Studying this by the type of industry, seven industries including transportation equipment saw exports to Japan increase. Transportation

equipment increased 34.6% on a year-on-year basis (a rise of 41.1% from the previous quarter) for the tenth consecutive term. Electrical machinery, comprising at least 50% of total exports to Japan, showed only a 0.5% rise (a 9.1% rise from the previous quarter).

- By region (country), exports to Japan rose in China (Hong Kong included) by 10.9% year-over-year, in Europe by 3.5% and in North America by 0.9%.

(4) Exports to countries other than Japan posted 1,996.0 billion yen, up 1.4% from the same quarter a year ago (a rise of 8.6% from the previous quarter) for the fourth consecutive quarter of growth.

- By the type of industry, industrial machinery increased 23.7% (a rise of 16.7% from the previous quarter) and transportation equipment rose 7.7% (a rise of 16.4% from the previous quarter) for the second consecutive quarter of rise, although electrical machinery, which accounts for 50% of the exports, turned to fall 2.4% (a rise of 5.7% from the previous quarter), which suppressed the whole growth slight.
- By region (country), China (including Hong Kong) increased 19.6% for the eight consecutive quarter, and ASEAN4 rose 2.2% (a rise 9.8% from the previous quarter) for the twelfth consecutive quarter while NIES3 showed a significant decline of 15.1%.

(5) With regard to intra-company transactions

- Exports to parent companies in Japan was 627.4 billion yen, grew by 12.7% from the corresponding period of last year (up 15.9% from the previous quarter). By the type of industries, exports to parent companies in Japan rose in ten industries except textiles, metals, and industrial machinery. Electrical machinery's exports, comprising just less than 60% of total exports, increased 8.2% year-on-year and, in addition, transportation equipment and precision instruments showed a large growth.

By region (country), they advanced in four regions except NIES3 and other regions. ASEAN4, comprising 40% of total exports, showed an increase of 5.6% from a year earlier and China (including Hong Kong), accounting for 30% of them, increased 28.6% on a year-on-year basis.

- Imports from parent companies in Japan was 1,344 billion yen, marking a 9.7% rise from a year earlier.

By industry, they increased in nine industries including transportation equipment. Transportation equipment, accounting for slightly less than 40% of total imports, posted an increase of 15.1% in the imports from the previous year and electrical machinery, also accounting for just less than 40% of them, registered a 1.6% fall from the previous year.

By region, they increased in all regions (countries) except NIES3, which marked a drop.

- With regard to trade balance within companies, an excess of imports from parent

companies in Japan totaled 716.6 billion yen, up 7.2% from the corresponding period of last year. Transportation equipment accounted for approximately 70% of the total excess of imports, up 12.3% from the previous year, and electrical machinery took up slightly more than 20% of the total, down 19.4% from a year earlier. By region (country), North America posted an excess of imports of 589.9 billion yen, up 5.4% from the previous year, of which transportation equipment, accounting for 40% of the total excess of imports to North America, showed a 1.1% of rise over a year ago. On the other hand, Asia marked an excess of exports of 152.6 billion yen, a 14.3% growth from the corresponding period of last year.

(6) Equipment investments (the amount of acquired tangible fixed assets excluding land), added to this survey from FY2001 (the surveys of equipment investments had been conducted on a semi-annual basis before FY2000), totaled 363.7 billion yen, up 0.2% from the corresponding period of last year (down 1.3% from the previous quarter). Equipment investments converted into US dollar basis increased 11.7% from the same quarter a year ago.

- By the type of industry, they increased in three industries including transportation equipment. Transportation equipment increased in equipment investments by 22.8% from the corresponding quarter of last year, which influenced significantly the rise in all industries, dispelling falls in many industries. Meanwhile, chemicals decreased 9.3% from the corresponding period of last year (down 23.8% from the previous quarter), and electrical machinery fell 23.4% (up 6.0% from the previous quarter). Equipment investments of consecutively-surveyed overseas subsidiaries decreased 1.6% from the corresponding period of last year.
- In terms of the comparison with the past data, it has become impossible to compare investments of this term with those of the same period a year earlier, because of the change in survey period from a semi-annual basis to quarterly in FY2001, and the change of the companies surveyed. Incidentally, studying the changes in equipment investments of overseas subsidiaries, surveyed successively from FY 1999, on a semi-annual basis, the latest semi-annual figures (for the October of 2002-March of 2003) increased by 2.8% from a year earlier in all industries as shown in the tables below. Transportation equipment marked a significant growth of 16.3%.

Changes in Equipment Investments by Major Industry (Ratio over same period of last year)

	Oct.1999- Mar.2000	Apr.- Sep.2000	Oct.2000- Mar.2001	Apr.- Sep.2001	Oct.2001- Mar.2002	Apr.- Sep.2002	Oct.2002- Mar.2003
Total	-4.0	15.4	10.0	8.0	-5.6	-27.1	2.8
Chemicals	40.7	-34.1	-42.8	8.5	-32.2	-9.1	15.9
Industrial machinery	-30.3	14.8	48.0	1.8	-32.8	-19.9	-28.8
Electrical machinery	-8.2	43.4	33.2	-0.4	-42.7	-46.6	-6.9
Transportation equipment	6.6	6.2	7.8	23.0	43.1	-13.2	16.3

Changes in Equipment Investments by Region (Ratio over same period of last year)

	Oct.1999- Mar.2000	Apr.- Sep.2000	Oct.2000- Mar.2001	Apr.- Sep.2001	Oct.2001- Mar.2002	Apr.- Sep.2002	Oct.2002- Mar.2003
North America	-13.9	66.5	22.7	6.0	16.1	-32.8	-0.2
ASEAN4	0.2	59.4	35.1	-7.1	-33.8	-34.6	-10.2
NIES3	-23.4	-23.7	35.1	-31.0	-55.4	-11.8	53.9
China (Hong Kong is included)	-27.2	99.9	4.7	59.1	1.3	-47.2	31.0
Europe	29.7	-47.1	-27.7	24.4	-15.1	-12.9	13.4

Note: Semi-annual figures compared with the same period of last year were calculated using figures from consecutively surveyed companies. Figures for this quarter (quarterly) were calculated based on a usual comparison method.

(7) Employment (the number of employees) was 1,976,000 people, up 3.9% from the corresponding quarter of last year for the fourth consecutive period of rise since the April-June quarter of 2002.

- By the type of industry, the number of employees grew in nine out of thirteen industries, including transportation equipment. Especially, the number of employees in transportation equipment was 420,000, up 13.7% from the corresponding quarter of last year. On the other hand, it fell 33.0% in iron and steel, from which an overseas subsidiary withdrew.
- By region (country), the number of employees increased in China (including Hong Kong), up 14.0% and in ASEAN4, up 3.8% from the corresponding quarter of last year. China (including Hong Kong) continued to grow from the beginning of the survey.
- The number of employees of consecutively-surveyed overseas subsidiaries increased 4.3% from the corresponding quarter of last year.

[Prospects (the April-September period of 2003)]

The survey of this period was submitted by May 15, 2003.

(1) With regard to sales posted by overseas subsidiaries, the prospects (DI: note1) for this term (the April-September term of 2003) rose by 2.7 percentage points from the previous term (18.7 in the DI level in the January-June 2003 half to 21.4 in the DI level in the April-September half of 2003, hereinafter the same), continuing to increase from a rise of 2.1 percentage points from the preceding term in the previous period (the January-June 2003 half). The DI level continued

to be positive for the sixth straight term.

- By industry, the prospects for sales by overseas subsidiaries, which had improved in seven industries, mainly in material industries, in the previous term (the January-June 2003 half), improved in seven industries including electrical machinery and transportation equipment in this term (the April-September half of 2003). Electrical machinery, taking up a major part of sales, grew by 11.2 percentage points from the preceding term (5.6 to 16.8) in the sales prospects. Precision instruments and industrial machinery improved as well. Meanwhile, food and tobacco fell by 12.2 percentage points from the preceding period (43.9 to 31.7) but its DI level remained on a high level.
 - By region (country), the prospects of sales by overseas subsidiaries improved in all regions (countries) except China (including Hong Kong) compared with the previous period (the January-June 2003 term). The level of DI registered positive in double figures in all regions except NIES3. Especially it remained high at 28.0 percentage points in this term (the April-September period of 2003) in ASEAN4. On the other hand, in China (including Hong Kong), it fell 6.6 percentage points (32.1 to 25.5).
- (2) Local sales prospects grew by 0.7 percentage points from the preceding period (17.3 to 18.0) , and the DI level was positive for the sixth straight term like total sales prospects.
- By the type of industries, although they had fallen 6.0 percentage points in electrical machinery (9.1 to 3.1) for the second straight term in the previous period (the January-June 2003 period) , local sales prospects in this term (the April-September half of 2003) improved in electrical machinery, up 4.7 percentage points (3.1 to 7.8), and other eight industries including industrial machinery.
 - By region (country), local sales prospects improved in North America, ASEAN4, NIES3 and Europe. On the other hand, in China (including Hong Kong), they fell 11.1 percentage points (35.9 to 24.8), but remained the highest at 24.8%.
- (3) The forecast of exports to Japan (so-called Japan's reimports), which improved 0.7 percentage points from the preceding term in the previous period (the January-June 2003 half) after the second consecutive term of fall, improved 1.6 percentage points from the preceding term in this term (the April-September 2003 half) (2.2 to 3.8). The DI level remained on a positive but low level.
- By the type of industry, the forecast turned to increase in six industries including electrical machinery. The industries which increased in double figures were metals. In electrical machinery, the forecast improved by 7.7 percentage points from the previous period (0.0 to 7.7) and its DI level turned to be positive after showing a negative figure for the second straight term (minus 3.3 to 4.4).
 - By region (country), the forecast of exports to Japan improved in two regions

(countries), NIES3 (for the first time in four periods) and China (including Hong Kong), but the increase rates in these regions registered a single-digit figure between 1 and 5. The DI level was negative in four regions including NIES3. China (including Hong Kong) improved 1.0 percentage points from the preceding term (13.6 to 14.6) and kept alone its DI level in a double-digit figure.

(4) With regard to exports to countries other than Japan, added to the survey from FY 2001, the prospects turned to increase in the previous term (the January-June period of 2003) after having declined for the second consecutive term, and increased 4.5 percentage points (7.2 to 11.7) in this term (April-September period of 2003).

- By the type of industry, five industries including industrial machinery and electrical machinery improved in the prospects. Electrical machinery, accounting for a large portion of the total exports, showed a double-digit rise, 15.6 percentage points (minus 1.1 to 14.5). Transportation equipment, which also accounts for a major part of the total exports, improved 4.1 percentage points (9.8 to 13.9).
- By region (country), the prospects improved in four regions other than China (including Hong Kong) and other regions. They were positive in double figures in ASEAN4, up 11.4 percentage points (10.5 to 21.9), and in NIES3, up 17.5 percentage points (minus 11.3 to 6.2). Meanwhile, in China (including Hong Kong), the prospects fell 11.3 percentage points (19.7 to 8.4) and the DI level marked a single-digit figure for the first time in six terms.

(5) In terms of intra-company transactions (exports to parent companies in Japan and imports from them)

- The prospects for exports to parent companies in Japan turned to increase 0.7 percentage points from the previous term (3.1 to 3.8) in this term, but the increase rate was small. The DI level was also a moderate plus figure. By the type of industry, the prospects turned to increase in six industries including electrical machinery. Electrical machinery, accounting for a large portion of the exports, rose by 6.6 percentage points from the previous term (minus 1.9 to 4.7) in this term (the April-September term of 2003), and its DI level turned to be positive from the negative figure. Transportation equipment fell 4.6 percentage points from the preceding period (3.3 to minus 1.3) for the fourth straight period of decline in this term. By region (country), the prospects improved in three regions (countries), North America, ASEAN4 and NIES3. In North America, they improved 4.5 percentage points (minus 5.8 to minus 1.3), but the DI level remained negative for the eighth straight term. On the other hand, China (including Hong Kong), accounting for a major part of the exports, fell 3.2 percentage point to the single-digit figure (13.1 to 9.9) after having kept the double-digit figure

until the previous term.

- The outlook of imports from parent companies in Japan, which rose by 4.0 percentage points from the preceding term in the previous term after having deteriorating for the second straight term, improved 3.4 percentage points (6.1 to 9.5) in this term (the April-September term of 2003). The level of DI also remained positive for the fifth consecutive term.

By the type of industry, the outlook improved in six industries including industrial machinery and electrical machinery. In electrical machinery, which takes up slightly less than 40% of the imports, the outlook posted a double-digit figure of increase, 13.0 percentage points (minus 4.3 to 8.7). In transportation equipment, which also accounts for slightly less than 40% of them, it increased 1.8 percentage points from the previous period (17.6 to 19.4), and its DI level marked the highest figure of all industries.

By region (country), the outlook improved in four regions (countries) except North America and China (including Hong Kong). Especially, ASEAN4 posted a double-digit figure of increase, 13.0 percentage points (4.4 to 17.4), and its DI level marked the highest figure of all regions.

- (6) With regard to the forecast of equipment investments (the amount of acquired tangible fixed assets excluding land), which worsened for the second consecutive term in the previous period, marked a slight improvement from the previous term, 0.8 percentage points of increase (11.9 to 12.7) in this term (the April-September term of 2003). The level of DI registered a double-digit figure for the fifth consecutive term.

- By the type of industry, the forecast improved in seven industries including electrical machinery from the preceding term. In electrical machinery, which takes up the largest share in all industries, although the forecast posted minus 1.5 percentage points from the preceding term in the previous term, it improved 4.1 percentage points from the previous term (6.3 to 10.4) in this term. On the other hand, in transportation equipment, it marked minus 8.7 percentage points (18.8 to 10.1) from the previous term.
- By region (country), the forecast improved in three regions (countries), that is, by 7.5 percentage points from the preceding period in North America, by 1.3 percentage points in ASEAN4 and by 5.8 percentage points in NIES3. Meanwhile, in China (including Hong Kong), it dropped by 4.0 percentage points (24.7 to 20.7) from the preceding term. The level of DI was positive in all regions, and in North America it marked a double-digit figure for the first time in seven terms.
- With regard to the objectives of increasing investments (plural answers acceptable), "a boost in productivity" of the four objectives accounted for the highest percentage of 66.5% (66.0% from the previous term), followed by "renewal and repair", at 28.4% and "rationalization and streamlining", at

20.1%.

Studying the companies which expected "a boost in productivity" by region (country), those in China (including Hong Kong) took up 79.6% of the total number of overseas subsidiaries, 69.6% in ASEAN4, 63.1% in North America, 58.3% in Europe and 48.7% in NIES3.

Compared with a year earlier as for "a boost in productivity", Europe increased by 16.3 percentage points, ASEAN4 by 8.1 percentage points and North America by 6.3 percentage points. Meanwhile, other regions alone decreased by 0.2 percentage points.

(7) The prospects of employment (the number of employees) decreased 2.9 percentage points from the preceding term (3.9 to 1.0) in this term (the April-September term of 2003).

- By the type of industry, the employment prospects fell in ten industries including electrical machinery and transportation equipment in this term (the April-September term of 2003). The DI level of electrical machinery decreased for the tenth consecutive period.
- By region, the employment prospects worsened in all regions (countries) except other regions. In North America, the DI level decreased for the tenth consecutive period. In China (including Hong Kong), it fell 3.9 percentage points (19.0 to 15.1).

Note 1: DI = the ratio of companies expecting increase - the ratio of companies expecting decrease

DI compared with the previous term = DI for this term - DI for the previous term

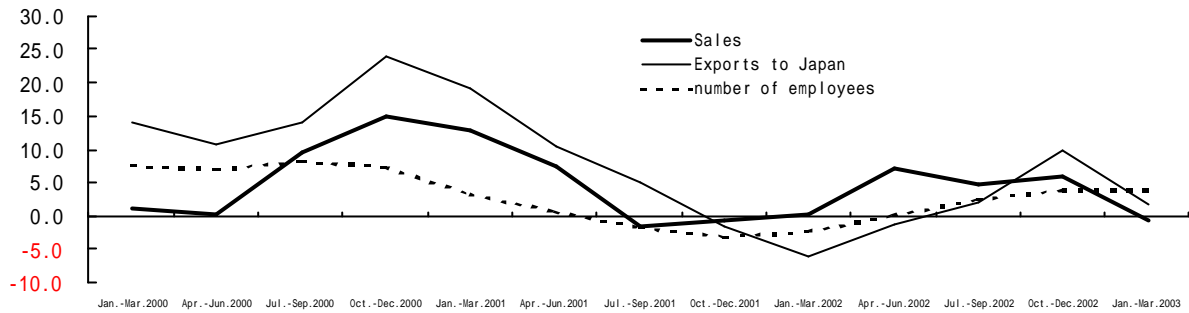
DI for this term: DI obtained from the survey of the January-March quarter of 2003

(prospects for the April-September term of 2003)

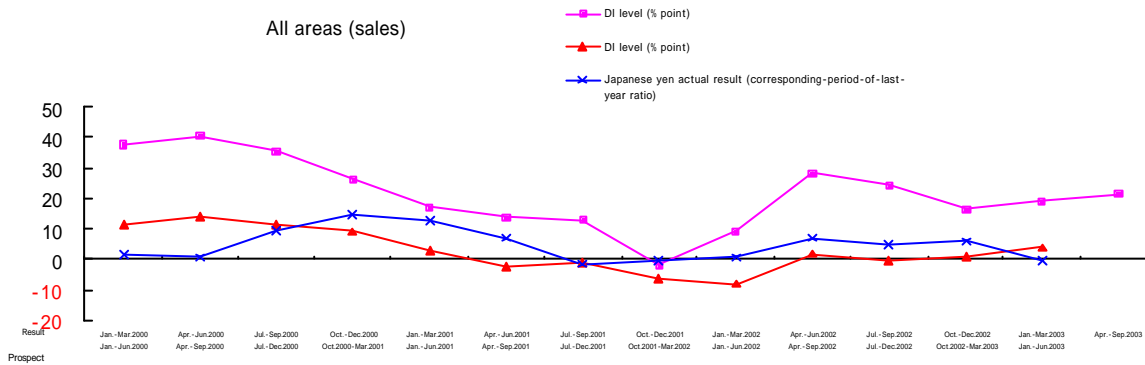
DI for the previous term: DI obtained from the survey of the October-December quarter of 2002

(prospects for the January-June term of 2003)

The actual result frame of all overseas subsidiary areas
(corresponding-period-of-last-year ratio)



Transition of a prospect (DI) and an actual result (U.S. dollar, Japanese yen)



1. Trends among Overseas Subsidiaries

Unit(Results : million yen, Ratio over same quarter of last year : %)

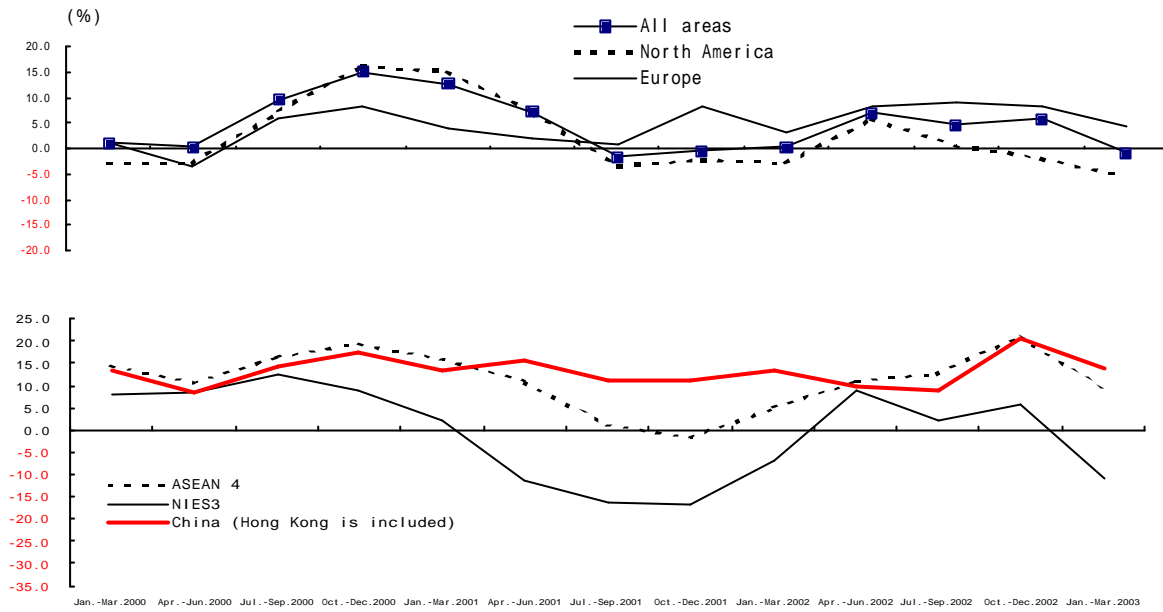
	Quarterly Performances				Ratio Over Same quarter of last year					
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Sales	r 11,324,721	11,687,103	11,062,187	11,406,063	P 11,231,835	r 0.3	7.1	4.6	5.9	P -0.8
Local sales	r 8,466,759	8,769,539	8,099,972	8,322,703	P 8,330,067	r -0.3	8.9	4.6	4.7	P -1.6
Exports to Japan	r 888,829	916,720	951,286	998,188	P 905,808	r -6.1	-1.1	2.0	10.0	P 1.9
Exports to countries other than Japan	r 1,969,133	2,001,936	2,011,260	2,085,172	P 1,995,960		3.6	5.8	8.6	P 1.4
(Parent-subsidiary deals)										
Export to the parent company in Japan	556,481	602,939	643,095	664,054	P 627,422		0.3	6.1	15.9	P 12.7
Import from the parent company in Japan	1,225,069	1,448,066	1,411,053	1,412,509	P 1,344,005		3.5	8.0	12.4	P 9.7
Acquisition of tangible fixed assets	362,961	279,786	274,567	299,577	P 363,723		-19.8	-26.3	-1.3	P 0.2
Number of employees	1,901,730	1,938,690	1,975,355	1,973,486	P 1,976,297		-2.3	0.1	2.4	P 3.9

2. Outlook for Overseas Subsidiaries

(Unit:%points)

	D I					Ratio Over Previous Quarter				
	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003
Sales	28.5	24.3	16.6	18.7	P 21.4	19.6	-4.2	-7.7	2.1	P 2.7
Local sales	26.0	21.9	14.1	17.3	P 18.0	15.3	-4.1	-7.8	3.2	P 0.7
Exports to Japan	8.4	4.2	1.5	2.2	P 3.8	13.1	-4.2	-2.7	0.7	P 1.6
Exports to countries other than Japan	15.7	10.5	4.6	7.2	P 11.7	12.6	-5.2	-5.9	2.6	P 4.5
(Parent-subsidiary deals)										
Export to the parent company in Japan	7.9	2.6	1.2	3.1	P 3.8	11.7	-5.3	-1.4	1.9	P 0.7
Import from the parent company in Japan	8.4	8.0	2.1	6.1	P 9.5	13.8	-0.4	-5.9	4.0	P 3.4
Acquisition of tangible fixed assets	12.8	12.9	12.1	11.9	P 12.7	4.6	0.1	-0.8	-0.2	P 0.8
Number of employees	1.5	-0.3	0.7	3.9	P 1.0	9.5	-1.8	1.0	3.2	P -2.9

Local option top quantity actual result (corresponding-period-of-last-year ratio)

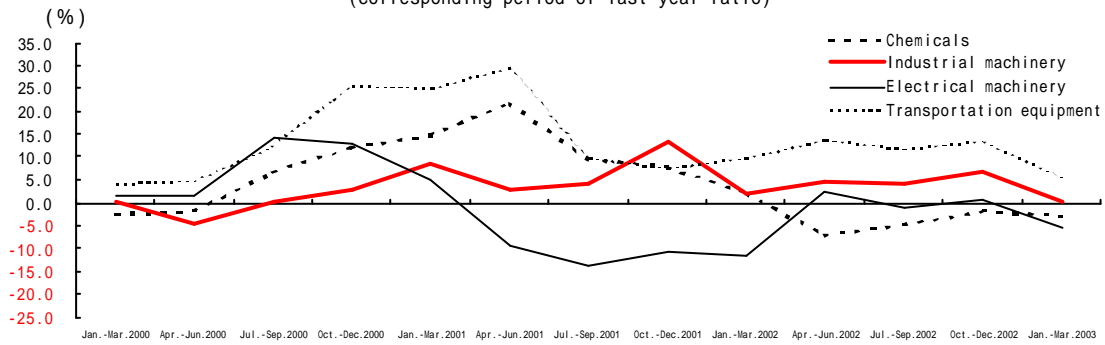


Trends in Sales of Overseas subsidiaries by region

Unit(Results :million yen, Ratio over same quarter of last year : %)

	Quarterly Performances				Ratio Over Same quarter of last year					
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Total	r 11,324,721	11,687,103	11,062,187	11,406,063	P 11,231,835	r 0.3	7.1	4.6	5.9	P -0.8
North America	5,602,315	5,717,717	5,206,803	5,208,897	P 5,298,906	-2.9	5.7	0.7	-2.1	P -5.4
Asean4	1,465,430	1,555,674	1,585,572	1,655,642	P 1,599,144	5.0	11.0	12.5	21.2	P 9.1
Nies3	760,699	839,757	771,941	753,955	P 677,498	-6.9	8.7	2.4	5.7	P -10.9
China (Hong Kong is include	773,491	847,986	884,596	931,194	P 882,374	13.6	9.6	8.7	20.4	P 14.1
Europe	r 1,989,371	1,922,198	1,873,212	2,066,494	P 2,074,091	r 3.3	8.2	9.0	8.2	P 4.3
Other	653,873	665,303	598,004	639,361	P 614,885	0.5	-7.7	-7.6	2.9	P -6.0

The sales actual result of the main types of industry (corresponding-period-of-last-year ratio)



Trends in Sales of the main industry

Unit(Results :million yen, Ratio over same quarter of last year : %)

	Quarterly Performances				Ratio Over Same quarter of last year					
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Manufacturing industry in total	11,324,721	11,687,103	11,062,187	11,406,063	P 11,231,835	0.3	7.1	4.6	5.9	P -0.8
Chemicals	720,467	710,357	690,983	717,690	P 699,220	2.1	-7.1	-4.9	-1.8	P -2.9
Industrial machinery	753,771	758,657	701,742	744,641	P 754,714	1.9	4.5	4.2	6.9	P 0.1
Electrical machinery	3,637,037	3,650,768	3,612,878	3,731,713	P 3,436,868	-11.4	2.5	-0.9	0.4	P -5.5
Transportation equipment	4,366,261	4,678,643	4,216,188	4,417,739	P 4,604,306	9.8	13.9	11.8	13.4	P 5.5

2. Trend by the type of industry

[Results]

With regard to sales by the types of the main industries in all regions

- (1) Transportation equipment's sales for this quarter amounted to 4,604.3 billion yen, up 5.5% from the same period of the preceding year for the thirteenth straight quarter of increase since the January-March period of 2000. Exports of transportation equipment to countries other than Japan increased to 344.9 billion yen in this period, up 7.7% from a year earlier.
 - By regions (country), although sales of transportation equipment decreased to 2,892.4 billion yen, down 0.3 % in North America, and to 437.5 billion yen, down 6.4% in other regions from the same period of the preceding year, it increased in four regions. Sales marked a high growth in Europe, 627.7 billion yen, up 12.6% from the same year of the preceding year in ASEAN4, 471.8 billion yen, up 64.1%, and in China (including Hong Kong), 26.4 billion yen, up 38.9%.
- (2) Electrical machinery's sales for this quarter registered 3,436.9 billion yen, a 5.5% decrease from the corresponding period a year earlier.

Exports of electrical machinery to countries other than Japan decreased 2.4% on a year-on-year basis in this term although they had increased for the fifth consecutive period since October-December term of 2001.

 - By region, electrical machinery's sales decreased remarkably by 21.8% from a year ago in this quarter in NIES3, and by 9.5% in North America. It decreased for the third consecutive term since July-September term of 2002 in NIES3 and North America. On the other hand, in China (including Hong Kong), it increased 15.7% from a year ago for the fifth consecutive period of a double-digit growth.
- (3) Industrial machinery's sales reached 754.7 billion yen in this quarter, a 0.1% gain from the corresponding period a year earlier, for the eleventh straight quarter of increase since the July-September quarter of 2000. Exports to countries other than Japan increased significantly by 23.7% from the same period a year ago.
 - By region (country), although the sales in North America, comprising 40% of total regional sales, decreased 3.3% from the corresponding period a year earlier, the sales in Europe, comprising slightly more than 20% of them, increased 7.2%. In addition, China (including Hong Kong), comprising slightly more than 10% of them, showed an 8.9% rise from a year earlier.
- (4) Chemicals' sales for this quarter totaled 699.2 billion yen, down 2.9% from the same period of the preceding year, for the fourth consecutive quarter of decline. Although exports to Japan increased 29.5% from the same period of the preceding year, those to countries other than Japan decreased 11.1%.
 - By region, although they increased by 14.1% from the same period of the preceding year in ASEAN4 and by 12.3% in China (including in Hong Kong), they

decreased in other regions. They decreased by 10.6% from the same period a year ago in Europe, by 9.6% in NIES3, and by 0.4% in North America.

[Prospects (the April-September term of 2003)]

With regard to sales prospects by the types of main industries in all regions

- (1) Transportation equipment's sales prospects increased 3.7 percentage points from the previous period (34.4 to 38.1). Exports to countries other than Japan increased 4.1 percentage points (9.8 to 13.9).
 - By region (country), they turned to increase by 11.6 percentage points from the preceding term (33.4 to 45.0) after having worsened for the second consecutive period in ASEAN4, and they improved by 6.7 percentage points from the previous term (60.0 to 66.7) in China (including Hong Kong). In addition, they increased by 15.6 percentage points from the preceding term in Europe, and by 13.0 percentage points in other regions. On the other hand, sales prospects fell 17.3 percentage points from the preceding term (38.1 to 20.8) in NIES3, and 4.7 percentage points (30.7 to 26.0) in North America. The DI level, however, continued to be relatively high in all regions (countries).
- (2) Electrical machinery's sales prospects for this term (the April-September term of 2003) improved 11.2 percentage points from the previous term (5.6 to 16.8), after having declined for the second straight term. The DI level also registered a second-digit figure.
 - By region, they improved in North America, ASEAN4, NIES3 and Europe. There was a distinctive rise of 28.0 percentage points from the previous term (minus 15.2 to 12.8) in NIES3 and its DI level turned to be positive. Meanwhile, they turned to decrease by 7.9 percentage points from the preceding period (30.9 to 23.0) in China (including Hong Kong) but its DI level remained relatively high for the sixth straight period.
- (3) Industrial machinery's sales prospects for this term (the April-September term of 2003) rose 5.6 percentage points from the previous term (9.5 to 15.1), after having deteriorated for the second straight term. The prospects for local sales of industrial machinery increased 5.4 percentage points from the previous term, those for exports to Japan rose 4.2 percentage points, and those for exports to countries other than Japan improved 17.9 percentage points.
 - By region, the prospects improved remarkably in NIES3, up 40.2 percentage points from the previous term (minus 19.3 to 20.9), and in China (including Hong Kong), up 9.7 percentage points (21.6 to 31.3). On the other hand, in ASEAN4, they fell 0.5 percentage points from the previous period (44.5 to 44.0), but its DI level was the highest of all regions.
- (4) Chemicals' sales prospects fell 13.9 percentage points from the previous period (34.6 to 20.7). The level of DI continued to be a double-digit plus figure for

the sixth consecutive term.

- By region, the sales prospects marked a double-digit figure of decline in all regions (countries) except North America. The decline rate was large in Asia: the prospects declined by 21.5 percentage points from the previous term (46.5 to 25.0) in ASEAN4 and by 17.4 percentage points from the preceding term (51.4 to 34.2) in China (including Hong Kong). North America alone increased 1.4 percentage points (12.2 to 13.6).

Trends in Sales of the main industry by region

Unit(Results : million yen, Ratio over same quarter of last year : %)

		Quarterly Performances					Ratio Over Same quarter of last year				
		Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		Jan. - Mar.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.
Overseas subsidiaries total		2002	2002	2002	2002	2003	2002	2002	2002	2002	2003
		r	r	r	r	P	r	r	r	r	P
Chemicals	Total	r 720,467	710,357	690,983	717,690	P 699,220	r 2.1	-7.1	-4.9	-1.8	P -2.9
	North America	247,233	251,573	232,917	240,475	P 246,184	-10.2	-22.4	-22.6	-14.3	P -0.4
	ASEAN4	83,466	94,683	100,466	97,028	P 95,218	-2.3	15.3	22.5	31.2	P 14.1
	NIES3	72,809	74,250	71,123	76,229	P 65,788	-0.6	8.5	6.9	16.0	P -9.6
	China(Hong Kong is included)	30,647	32,537	39,271	43,210	P 34,427	31.4	18.2	25.5	26.3	P 12.3
	Europe	r 274,181	243,601	235,160	246,671	P 245,225	r 15.5	-2.4	0.2	-6.7	P -10.6
Industrial machinery	Total	753,771	758,657	701,742	744,641	P 754,714	1.9	4.5	4.2	6.9	P 0.1
	North America	322,835	324,752	282,695	299,175	P 312,301	-1.2	8.9	5.7	3.6	P -3.3
	ASEAN4	63,795	63,783	56,246	65,856	P 52,316	0.9	20.4	-0.5	7.8	P -18.0
	NIES3	39,147	39,257	38,225	42,682	P 40,006	-6.3	-0.3	-4.2	7.1	P 2.2
	China(Hong Kong is included)	121,524	112,524	113,015	122,650	P 132,282	28.3	-2.9	-0.1	7.8	P 8.9
	Europe	190,281	201,446	197,592	201,919	P 204,006	-4.6	-1.6	10.4	13.8	P 7.2
Electrical machinery	Total	3,637,037	3,650,768	3,612,878	3,731,713	P 3,436,868	-11.4	2.5	-0.9	0.4	P -5.5
	North America	1,238,323	1,208,803	1,211,841	1,255,914	P 1,121,277	-23.1	1.1	-7.2	-7.1	P -9.5
	ASEAN4	767,602	782,607	802,929	779,762	P 721,897	-1.8	4.0	5.9	7.3	P -6.0
	NIES3	432,468	467,817	420,998	376,706	P 338,282	-9.6	6.4	-2.1	-6.5	P -21.8
	China(Hong Kong is included)	424,238	484,883	497,645	522,319	P 490,948	16.4	14.8	10.8	22.0	P 15.7
	Europe	701,947	630,370	617,118	720,982	P 706,355	-7.7	-1.9	3.7	1.7	P 0.6
Transportation equipment	Total	4,366,261	4,678,643	4,216,188	4,417,739	P 4,604,306	9.8	13.9	11.8	13.4	P 5.5
	North America	2,901,878	3,043,799	2,637,433	2,658,232	P 2,892,350	8.1	11.7	7.1	3.7	P -0.3
	ASEAN4	287,405	345,664	349,187	439,514	P 471,755	30.8	29.1	31.7	71.5	P 64.1
	NIES3	81,262	100,457	91,534	105,325	P 91,298	-13.6	19.9	13.5	31.9	P 12.4
	China(Hong Kong is included)	18,976	22,095	23,238	25,924	P 26,351	44.5	54.0	36.2	57.6	P 38.9
	Europe	557,359	595,315	574,819	618,479	P 627,698	11.5	24.5	20.4	18.8	P 12.6
Food and tobacco	Total	354,812	353,699	333,143	327,552	P 313,522	13.6	9.6	1.5	2.2	P -11.6
Textiles	Total	135,941	145,247	133,611	133,325	P 129,070	-7.4	-1.9	-2.4	5.7	P -5.1
Wood, pulp and paper products	Total	44,184	47,884	52,991	54,940	P 53,867	-37.3	-13.5	4.7	1.2	P 21.9
Ceramics, stone and clay	Total	223,197	207,450	223,006	227,665	P 223,254	4.2	-2.8	8.0	9.8	P 0.0
Iron and steel	Total	222,153	237,417	228,122	162,953	P 132,059	23.1	19.1	13.2	-21.0	P -40.6
Non-ferrous metals	Total	85,256	88,693	82,214	85,628	P 99,221	-23.4	-7.3	7.5	14.0	P 16.4
Metals	Total	49,717	54,694	53,222	52,691	P 40,997	7.7	8.4	8.6	7.8	P -17.5
Precision instruments	Total	194,631	197,821	213,789	219,423	P 213,518	4.5	0.6	6.4	17.3	P 9.7

Trends in Sales of the main industry by region

Unit(Results : million yen, Ratio over same quarter of last year : %)

		Quarterly Performances					Ratio Over Same quarter of last year				
		Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.
		2001	2002	2002	2002	2002	2001	2002	2002	2002	2001
Overseas subsidiaries Total		10,771,848	11,345,893	11,687,103	11,062,187	P 11,408,636	-0.5	0.5	7.1	4.6	P 5.9
Chemicals	Total	730,915	741,639	710,357	690,983	P 716,424	7.8	5.1	-7.1	-4.9	P -2.0
	North America	280,542	247,233	251,573	232,917	P 239,955	5.1	-10.2	-22.4	-22.6	P -14.5
	ASEAN4	73,973	83,466	94,683	100,466	P 97,012	-8.7	-2.3	15.3	22.5	P 31.1
	NIES3	65,707	72,809	74,250	71,123	P 76,229	-8.6	-0.6	8.5	6.9	P 16.0
	China(Hong Kong is included)	34,224	30,647	32,537	39,271	P 43,210	44.4	31.4	18.2	25.5	P 26.3
	Europe	264,403	295,353	243,601	235,160	P 245,941	17.7	24.4	-2.4	0.2	P -7.0
Industrial machinery	Total	696,523	753,771	758,657	701,742	P 745,713	13.4	1.9	4.5	4.2	P 7.1
	North America	288,738	322,835	324,752	282,695	P 299,171	12.0	-1.2	8.9	5.7	P 3.6
	ASEAN4	61,081	63,795	63,783	56,246	P 65,748	-1.1	0.9	20.4	-0.5	P 7.6
	NIES3	39,864	39,147	39,257	38,225	P 43,332	-9.7	-6.3	-0.3	-4.2	P 8.7
	China(Hong Kong is included)	113,743	121,524	112,524	113,015	P 122,283	33.4	28.3	-2.9	-0.1	P 7.5
	Europe	177,492	190,281	201,446	197,592	P 201,156	17.0	-4.6	-1.6	10.4	P 13.3
Electrical machinery	Total	3,718,369	3,637,037	3,650,768	3,612,878	P 3,731,356	-10.5	-11.4	2.5	-0.9	P 0.3
	North America	1,352,074	1,238,323	1,208,803	1,211,841	P 1,255,914	-13.0	-23.1	1.1	-7.2	P -7.1
	ASEAN4	726,923	767,602	782,607	802,929	P 779,434	-1.3	-1.8	4.0	5.9	P 7.2
	NIES3	402,706	432,468	467,817	420,998	P 376,706	-21.4	-9.6	6.4	-2.1	P -6.5
	China(Hong Kong is included)	428,195	424,238	484,883	497,645	P 522,290	5.4	16.4	14.8	10.8	P 22.0
	Europe	708,821	701,947	630,370	617,118	P 720,982	-12.6	-7.7	-1.9	3.7	P 1.7
Transportation equipment	Total	3,895,443	4,366,261	4,678,643	4,216,188	P 4,416,456	7.6	9.8	13.9	11.8	P 13.4
	North America	2,564,619	2,901,878	3,043,799	2,637,433	P 2,656,921	3.3	8.1	11.7	7.1	P 3.6
	ASEAN4	256,329	287,405	345,664	349,187	P 439,542	-5.7	30.8	29.1	31.7	P 71.5
	NIES3	79,850	81,262	100,457	91,534	P 105,325	-17.7	-13.6	19.9	13.5	P 31.9
	China(Hong Kong is included)	16,451	18,976	22,095	23,238	P 25,924	37.8	44.5	54.0	36.2	P 57.6
	Europe	520,533	557,359	595,315	574,819	P 618,479	44.6	11.5	24.5	20.4	P 18.8
Food and tobacco	Total	320,643	354,812	353,699	333,143	P 330,552	-1.4	13.6	9.6	1.5	P 3.1
Textiles	Total	126,115	135,941	145,247	133,611	P 133,325	-8.7	-7.4	-1.9	-2.4	P 5.7
Wood, pulp and paper products	Total	54,291	44,184	47,884	52,991	P 53,826	-27.1	-37.3	-13.5	4.7	P -0.9
Ceramics, stone and clay	Total	207,276	223,197	207,450	223,006	P 228,864	7.3	4.2	-2.8	8.0	P 10.4
Iron and steel	Total	206,255	222,153	237,417	228,122	P 162,953	9.5	23.1	19.1	13.2	P -21.0
Non-ferrous metals	Total	75,135	85,256	88,693	82,214	P 85,711	-40.6	-23.4	-7.3	7.5	P 14.1
Metals	Total	48,862	49,717	54,694	53,222	P 51,904	7.7	7.7	8.4	8.6	P 6.2
Precision instruments	Total	187,139	194,631	197,821	213,789	P 219,558	-9.9	4.5	0.6	6.4	P 17.3

Note : The total figure of the sales of individual regions does not equal the total figure of overseas subsidiaries sales because other regions and some Asian regions are excluded from the "regions"

Outlook for sales of the main industry by region

(Unit:%points)

	D I	Ratio Over Previous Quarter									
		Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun 2003	Apr. - Sep. 2003
Overseas subsidiaries Total		28.5	24.3	16.6	18.7	P 21.4	19.6	-4.2	-7.7	2.1	P 2.7
Chemicals	Total	36.2	34.6	19.7	34.6	P 20.7	17.9	-1.6	-14.9	14.9	P -13.9
	North America	28.9	27.3	0.0	12.2	P 13.6	33.3	-1.6	-27.3	12.2	P 1.4
	ASEAN4	54.1	50.0	22.8	46.5	P 25.0	27.1	-4.1	-27.2	23.7	P -21.5
	NIES3	25.0	30.6	17.1	30.8	P 5.5	27.7	5.6	-13.5	13.7	P -25.3
	China(Hong Kong is included)	39.4	45.7	35.5	51.6	P 34.2	-13.4	6.3	-10.2	16.1	P -17.4
Europe	28.1	6.1	22.6	29.0	P 17.2	9.9	-22.0	16.5	6.4	P -11.8	
Industrial machinery	Total	23.1	23.2	19.1	9.5	P 15.1	24.2	0.1	-4.1	-9.6	P 5.6
	North America	4.0	7.3	12.0	0.0	P 2.8	6.3	3.3	4.7	-12.0	P 2.8
	ASEAN4	42.3	47.9	35.0	44.5	P 44.0	38.6	5.6	-12.9	9.5	P -0.5
	NIES3	33.4	29.2	25.9	-19.3	P 20.9	56.2	-4.2	-3.3	-45.2	P 40.2
	China(Hong Kong is included)	52.9	43.7	27.2	21.6	P 31.3	34.1	-9.2	-16.5	-5.6	P 9.7
Europe	6.7	0.0	2.6	-2.8	P -9.3	11.5	-6.7	2.6	-5.4	P -6.5	
Electrical machinery	Total	21.5	22.7	7.5	5.6	P 16.8	22.8	1.2	-15.2	-1.9	P 11.2
	North America	13.4	24.7	-1.3	-1.4	P 5.7	19.1	11.3	-26.0	-0.1	P 7.1
	ASEAN4	20.9	14.0	2.2	2.3	P 23.4	26.0	-6.9	-11.8	0.1	P 21.1
	NIES3	27.3	14.3	-11.4	-15.2	P 12.8	32.4	-13.0	-25.7	-3.8	P 28.0
	China(Hong Kong is included)	31.5	38.2	25.8	30.9	P 23.0	10.4	6.7	-12.4	5.1	P -7.9
Europe	7.0	21.3	18.8	-7.8	P -2.1	28.5	14.3	-2.5	-26.6	P 5.7	
Transportation equipment	Total	41.7	29.3	25.3	34.4	P 38.1	18.1	-12.4	-4.0	9.1	P 3.7
	North America	38.4	17.8	9.8	30.7	P 26.0	23.2	-20.6	-8.0	20.9	P -4.7
	ASEAN4	38.1	52.9	44.7	33.4	P 45.0	10.9	14.8	-8.2	-11.3	P 11.6
	NIES3	31.6	12.5	19.3	38.1	P 20.8	26.1	-19.1	6.8	18.8	P -17.3
	China(Hong Kong is included)	59.1	63.6	64.3	60.0	P 66.7	14.1	4.5	0.7	-4.3	P 6.7
Europe	34.1	2.8	25.6	29.6	P 45.2	-4.5	-31.3	22.8	4.0	P 15.6	
Food and tobacco	Total	32.2	39.8	31.1	43.9	P 31.7	-12.6	7.6	-8.7	12.8	P -12.2
Textiles	Total	8.7	6.1	14.5	3.1	P 10.6	14.5	-2.6	8.4	-11.4	P 7.5
Wood, pulp and paper products	Total	42.8	50.0	51.9	16.2	P 19.2	25.0	7.2	1.9	-35.7	P 3.0
Ceramics, stone and clay	Total	42.6	7.3	9.3	17.6	P 17.0	25.5	-35.3	2.0	8.3	P -0.6
Iron and steel	Total	37.3	13.5	11.8	21.7	P 11.4	19.5	-23.8	-1.7	9.9	P -10.3
Non-ferrous metals	Total	33.3	30.1	18.0	31.2	P 35.9	12.1	-3.2	-12.1	13.2	P 4.7
Metals	Total	40.5	28.3	17.1	13.9	P 13.2	67.8	-12.2	-11.2	-3.2	P -0.7
Precision instruments	Total	3.4	12.3	0.0	-1.4	P 6.5	8.3	8.9	-12.3	-1.4	P 7.9

3. Trend by region (country)

(1) North America

[Results]

- 1) Sales fell to 5,298.9 billion yen, down 5.4% from the same period last year partly due to decline of sales on yen basis caused by depreciation of the US dollar (down 10.3% to the yen from the same period a year ago) and decline of sales in electrical machinery. The rate of decline widened from the figure of 2.1% marked in the previous term.
 - By the type of industry, sales declined in all industries except wood, pulp and paper products. The growth rate of transportation equipment, which accounts for a major part of the total sales, began to diminish since the July-September period of 2002 and turned to be negative in this term for the first time in thirteen periods. Sales decreased in electrical machinery (down 9.5%) for the third consecutive term, and in chemicals (down 0.4%) for the fifth consecutive term. Sales largely declined in iron and steel from the previous term (down 63.3%) partly due to withdrawal of an overseas subsidiary.
- 2) Local sales amounted to 4,882.5 billion yen, down 5.7% from a year earlier, like total sales.
 - By the type of industry, local sales decreased in twelve industries, like total sales. Electrical machinery declined 9.8% from a year earlier for the third consecutive term, and transportation equipment decreased 0.3% from a year earlier for the first time in thirteen terms.
- 3) Exports to Japan (so called Japan's reimports) recorded 78.2 billion yen, up 0.9% from a year earlier for the first time in seven terms. They, however, account for only a small part of total sales.
- 4) Exports to countries other than Japan totaled 338.3 billion yen, down 3.0% from a year ago for the first time in three terms.
 - By the type of industry, they decreased in nine industries. Electrical machinery, which accounts for a large part of the total exports, decreased 8.0% from a year ago for the seventh consecutive term, transportation equipment fell 4.5% from a year ago for the first time in four terms, and chemicals also declined 1.7% from a year ago for the first time in ten terms. Meanwhile, industrial machinery grew 20.5% from a year ago for the sixth consecutive term.
- 5) With regard to intra-company transactions (exports to parent companies in Japan and imports from them)
 - Exports to parent companies in Japan posted 43.2 billion yen, up 31.8% from the corresponding period of last year and imports from them recorded 633.1 billion yen, a 6.9% gain from the previous year for the third consecutive period of increase.
 - By the type of industry, exports to parent companies soared 107.9% year-on-year

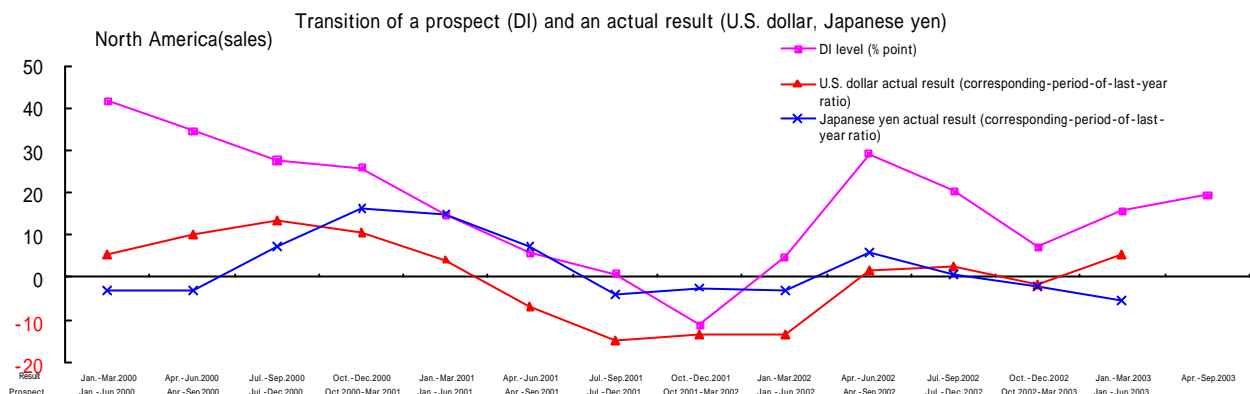
in transportation equipment for the third consecutive term, and turned to increase 6.2% from the corresponding period of last year in electrical machinery. They both, however, take only a small part of the total sales. Imports from them continued to increase 2.9% on a year-on-year basis in transportation equipment and 52.2% in industrial machinery, while they decreased by 1.0% from a year earlier in electrical machinery.

- 6) Equipment investments (the amount of acquired tangible fixed assets excluding land) posted 192.8 billion yen and continued to decrease, down 2.9% from a year earlier, although the rate of decrease diminished due to the increase in transportation equipment.
 - By the type of industry, they declined in eleven industries, while transportation equipment significantly increased 27.3% from a year ago, after having decreased for the second consecutive term.
- 7) The number of employees totaled 402,000 people, showing a 0.7% decrease from a year ago for the eighth straight quarter of decline, although the rate of decrease diminished.
 - By industry, it decreased in nine out of thirteen industries. Electrical machinery, comprising just less than 30% of total employees, decreased 2.6% from a year ago for the ninth consecutive term. Transportation equipment, comprising 30% of total employees, increased 5.6% from a year ago for the third straight term.

[Prospects (the April-September term of 2003)]

- 1) Sales prospects increased by 3.8 percentage points from the previous period (15.9 to 19.7) for the second consecutive term.
 - By the type of industry, they increased in nine out of thirteen industries. Electrical machinery turned to increase after having declined for the second consecutive term.
Six industries including precision instruments registered a double-digit figure of increase, while transportation equipment, comprising a large part of the sales, decreased 4.7 percentage points from the previous term (30.7 to 26.0).
The DI level was positive in eleven industries including transportation equipment. It also turned to be positive in electrical machinery (minus 1.4 in the previous term (the January-June term of 2003) to 5.7 in this term (the April-September term of 2003)).
- 2) The prospects of local sales increased by 6.7 percentage points from the previous term (15.2 to 21.9) for the second consecutive term, like total sales prospects, and they increased in nine industries. Transportation equipment decreased 3.7 percentage points from the previous term (29.5 to 25.8), like its sales. The DI level was in double-digit figure in all industries.

- 3) The forecast for exports to Japan (so called Japan's reimports) increased by 2.2 percentage points from the preceding period (minus 5.1 to minus 2.9) for the second consecutive term. The DI level, however, continued to be minus.
- 4) The outlook for exports to countries other than Japan rose by 2.1 percentage points from the preceding term (5.1 to 7.2) for the second consecutive term. Electrical machinery, comprising a large part of them, increased by 4.2 percentage points from the preceding term (0.0 to 4.2), and transportation equipment leveled off (7.4 to 7.4).
- 5) With regard to intra-company transactions (exports to parent companies in Japan and imports from them)
 - The prospects of exports to parent companies in Japan increased by 4.5 percentage points from the previous term (minus 5.8 to minus 1.3). The DI level, however, continued to be negative (minus 1.3).
The outlook of imports from them decreased 5.2 percentage points from the preceding term (9.6 to 4.4). By industry, there was a large decrease in transportation equipment, down 11.4 percentage points from the previous term (16.4 to 5.0).
- 6) The prospects of equipment investments (the amount of acquired tangible fixed assets excluding land) grew by 7.5 percentage points from the preceding term (5.6 to 13.1) for the second consecutive term.
 - By the type of industry, they increased in eleven industries including electrical machinery. Industrial machinery and precision instruments, which decreased in the previous term (the January-June term of 2003), also improved, while transportation equipment fell 7.7 percentage points from the preceding term (20.2 to 12.5) in this term (the April-September term of 2003).
Transportation equipment remained positive in a double-digit figure.
- 7) The forecast for employment fell by 3.5 percentage points from the preceding term (minus 2.2 to minus 5.7) after having risen for the second straight term. The DI level also showed a minus figure for the tenth consecutive term.
 - By the type of industry, the forecast worsened in six industries.
Transportation equipment decreased 7.8 percentage points from the preceding term (9.6 to 1.8) and electrical machinery dropped 3.9 percentage points (minus 13.0 to minus 16.9). The DI level was on a minus level in seven industries. Among them, transportation equipment registered a positive figure in the level for the fifth consecutive term.



1. Trends among Overseas Subsidiaries in North America

Unit(Results : million yen(Number of employees:persons), Ratio over same quarter of last year :

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Sales	5,602,315	5,717,717	5,206,803	5,208,897	P 5,298,906	-2.9	5.7	0.7	-2.1	P -5.4
Local sales	5,176,119	5,308,821	4,771,172	4,764,469	P 4,882,468	-1.9	7.5	0.9	-2.2	P -5.7
Exports to Japan	77,420	81,000	74,775	73,169	P 78,150	-28.8	-22.6	-19.1	-14.5	P 0.9
Exports to countries other than Japan	348,776	328,728	360,856	371,259	P 338,288		-10.7	3.3	2.1	P -3.0
(Parent-subsidiary deals)										
Export to the parent company in Japan	32,786	37,937	40,833	39,492	P 43,213		-18.4	-8.8	5.6	P 31.8
Import from the parent company in Japan	592,364	706,764	691,898	670,899	P 633,095		-0.4	6.6	7.0	P 6.9
Acquisition of tangible fixed assets	198,487	127,750	123,418	137,979	P 192,812		-17.0	-29.6	-11.5	P -2.9
Number of employees	404,408	411,107	413,358	402,394	P 401,771		-8.2	-5.0	-4.0	P -0.7

Trends in Sales of the main industry

Unit(Results : million yen, Ratio over same quarter of last year : %)

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Manufacturing industry in total	5,602,315	5,717,717	5,206,803	5,208,897	P 5,298,906	-2.9	5.7	0.7	-2.1	P -5.4
Chemicals	247,233	251,573	232,917	240,475	P 246,184	-10.2	-22.4	-22.6	-14.3	P -0.4
Industrial machinery	322,835	324,752	282,695	299,175	P 312,301	-1.2	8.9	5.7	3.6	P -3.3
Electrical machinery	1,238,323	1,208,803	1,211,841	1,255,914	P 1,121,277	-23.1	1.1	-7.2	-7.1	P -9.5
Transportation equipment	2,901,878	3,043,799	2,637,433	2,658,232	P 2,892,350	8.1	11.7	7.1	3.7	P -0.3
Precision instruments	36,210	30,457	36,056	33,542	P 32,669	-20.3	-34.8	-12.9	1.1	P -9.8

2. Outlook for North America

(Unit:%points)

	D I					Ratio Over Previous Quarter				
	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003
Sales	29.4	20.7	7.4	15.9	P 19.7	24.5	-8.7	-13.3	8.5	P 3.8
Local sales	29.5	22.2	6.3	15.2	P 21.9	23.1	-7.3	-15.9	8.9	P 6.7
Exports to Japan	-0.4	-1.2	-9.7	-5.1	P -2.9	4.7	-0.8	-8.5	4.6	P 2.2
Exports to countries other than Japan	14.5	7.3	-1.2	5.1	P 7.2	14.1	-7.2	-8.5	6.3	P 2.1
(Parent-subsidiary deals)										
Export to the parent company in Japan	-3.2	-0.9	-7.5	-5.8	P -1.3	0.5	2.3	-6.6	1.7	P 4.5
Import from the parent company in Japan	6.2	9.7	-1.4	9.6	P 4.4	7.8	3.5	-11.1	11.0	P -5.2
Acquisition of tangible fixed assets	5.8	7.9	3.9	5.6	P 13.1	2.2	2.1	-4.0	1.7	P 7.5
Number of employees	-5.3	-7.8	-5.0	-2.2	P -5.7	14.3	-2.5	2.8	2.8	P -3.5

(2) ASEAN4

[Results]

- 1) Sales totaled 1,599.1 billion yen and increased by 9.1% from the same quarter a year ago for the fifth consecutive quarter of rise.
 - By the type of industry, there was an increase in four industries. Among them, transportation equipment (up 64.1% on a year-on-year basis) showed a growth for the fifth straight quarter partly due to a large increase in sales in Thailand and Indonesia and a rise in the number of companies added to be surveyed. Chemicals also increased by 14.1% in double figures for the fourth consecutive quarter. On the other hand, electrical machinery, comprising the largest part of the sales, decreased by 6.0% from a year earlier for the first time in four terms.
- 2) Local sales totaled 686.8 billion yen and increased by 23.5% for the fifth straight quarter of rise, continuing to increase in double figures. The growth rate of the local sales exceeded that of the total sales.
 - By the type of industry, although they soared only in three industries, transportation equipment, comprising a large part of the sales, increased 65.7% on a year-on-year basis, making a great contribution to the growth of the local sales, and chemicals also rose 10.3% for the fifth consecutive period.
- 3) Exports to Japan (so called Japan's reimports) totaled 352.6 billion yen, down 2.6% from a year ago for the first time in four periods.
 - By the type of industry, there was a decrease in six industries. Electrical machinery, which account for a large part of them and increased 9.4% from the same period in a previous year in the preceding term, turned to fall 7.8% in this term, making a large impact on the decrease of exports to Japan. On the other hand, transportation equipment rose significantly, up 53.9% from a year ago.
- 4) Exports to countries other than Japan totaled 559.7 billion yen and showed an advance of 2.2% from a year earlier for the twelfth consecutive term of rise.
 - By industry, there was an increase in six industries. Especially, transportation equipment increased 61.0% from a year earlier for the eighth consecutive term with a great growth rate. Electrical machinery, which accounts for 70% of the exports, turned to decrease 4.5% after having increased for the fifth consecutive term.
- 5) In terms of intra-company transactions (exports to parent companies in Japan and imports from them)
 - Exports to parent companies in Japan totaled 250.2 billion yen, up 5.6% from the same quarter a year ago, and imports from them amounted to 173.0 billion yen, a year-on-year 13.2% rise.
 - By the type of industry, exports to parent companies in Japan advanced in seven industries. Especially, transportation equipment increased remarkably, up

52.5% from a year ago. Electrical machinery, comprising a large part of them, increased 2.1% from a year ago for the third straight term. Imports from them rose in four industries with a significant growth in transportation equipment, up 38.7% from a year ago, and electrical machinery, up 10.9%.

- 6) Equipment investments (the amount of acquired tangible fixed assets excluding land) amounted to 45.6 billion yen, down 14.3% from a year ago, continuing to show a downward trend.
 - By the type of industry, they decreased in seven industries including electrical machinery, being in the important position, which continued to decrease equipment investments, down 29.0% compared with a year earlier. In contrast, the investments continued to be brisk in transportation equipment, up 29.6% from a year ago in this term for the fourth straight quarter of rise.
- 7) Employment posted 638,000 people, increasing by 3.8% on a year-on-year basis for the third consecutive quarter of growth due to a great contribution of transportation equipment.
 - By industry, it increased in seven industries. Especially, transportation equipment increased 37.3% from a year ago for the sixth consecutive term. The growth rate was boosted partly due to a rise in the number of companies added to be surveyed. In addition, although electrical machinery, comprising a large part of the employees, increased slightly in the previous term, it turned to decrease again 2.3% from a year ago. Precision instruments continued to rise 5.1% from a year ago.

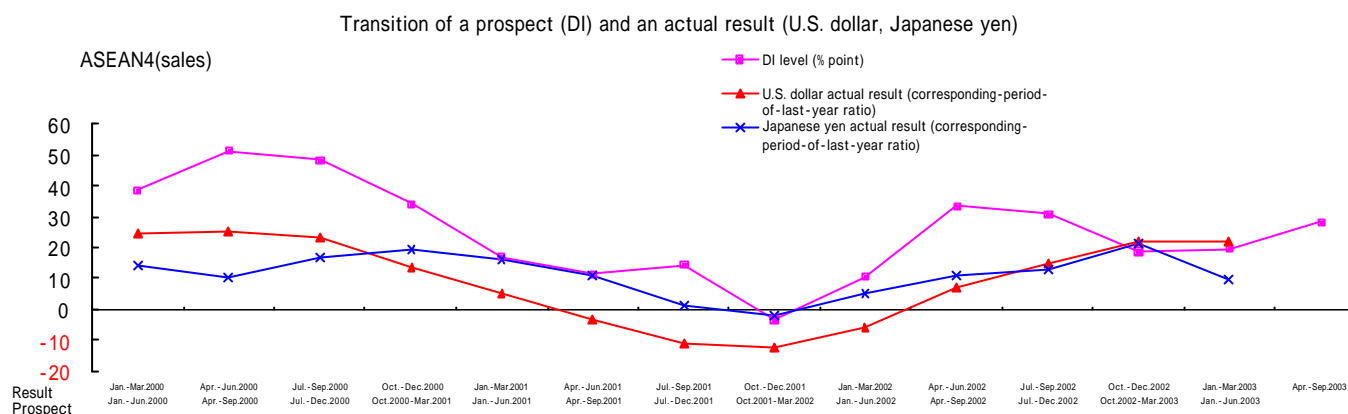
[Prospects (the April-September term of 2003)]

- 1) Sales prospects increased 8.6 percentage points from the preceding term (19.4 to 28.0) for the second consecutive term.
 - By industry, they improved in eight out of thirteen industries. Electrical machinery, comprising a large part of the sales, improved 21.1 percentage points from the preceding term (2.3 to 23.4), and transportation equipment increased 11.6 percentage points (33.4 to 45.0). While most of the industries showed signs of improvement, there was a remarkable decline in chemicals, down 21.5 percentage points from the preceding term (46.5 to 25.0), and food and tobacco, down 66.1 percentage points from the previous term (78.6 to 12.5). The DI level showed positive figures in all industries except ceramics, stone and clay, and the total DI level in all industries was the highest of all the six regions.
- 2) The outlook of local sales rose by 1.1 percentage points from the previous term (17.5 to 18.6) for the second consecutive term.
 - By industry, there was a rise in the outlook in eight industries. Transportation equipment improved 9.0 percentage points from the previous term (35.7 to 44.7) and its DI level was high. Electrical machinery leveled off

(3.1 to 3.1) and its DI level was low. Industrial machinery also improved. On the other hand, chemicals fell, like its sales prospects. The DI level was positive in ten industries.

- 3) The forecast of exports to Japan (so called Japan's reimports) increased by 2.5 percentage points from the preceding term (4.8 to 7.3) for the second consecutive term. The DI level continued to be positive but remained low.
 - By industry, it improved in six industries. Electrical machinery, comprising a large part of the exports, improved 8.0 percentage points from the previous term (the January-June term of 2003) (3.8 to 11.8). Industrial machinery improved slightly, and transportation equipment fell 1.6 percentage points from the previous term (minus 6.7 to minus 8.3) for the third consecutive term.
- 4) The prospects for exports to countries other than Japan increase by 11.4 percentage points from the previous term (10.5 to 21.9) for the firstsecond consecutive term.
 - By the type of industry, they improved in nine industries. The rate of increase was large in most of the industries. Electrical machinery improved 22.4 percentage points from the previous term (2.4 to 24.8), transportation equipment increased 12.4 percentage points (3.6 to 16.0), and industrial machinery rose 15.1 percentage points (8.7 to 23.8). Chemicals also improved slightly. On the other hand, there was a remarkable decline in food and tobacco.
- 5) With regard to intra-company transactions (exports to parent companies in Japan and imports from them)
 - The prospects of exports to parent companies in Japan increased by 2.4 percentage points from the previous term (6.4 to 8.8) for the second consecutive term partly due to improvement in electrical machinery. The prospects of imports from parent companies in Japan also gained 13.0 percentage points from the preceding period (4.4 to 17.4) partly due to a rise in electrical machinery.
- 6) The forecast of equipment investments (the amount of acquired tangible fixed assets excluding land), which worsened in the previous term (the January-June term of 2003), turned to increase 1.3 percentage points from the previous term (12.8 to 14.1).
 - By the type of industry, it improved in seven industries. While electrical machinery improved 5.5 percentage points from the previous term (5.3 to 10.8), transportation equipment, industrial machinery and chemicals worsened. The DI level was positive in a double-digit figure in all the eleven industries that registered a positive figure.
- 7) The prospects for employment slid by 1.1 percentage points from the previous term (3.8 to 2.7) for the second consecutive term.
 - By the type of industry, they decreased in six industries including electrical machinery. Electrical machinery fell slightly 0.7 percentage points from the previous term (minus 1.7 to minus 2.4) and its DI level remained negative.

Transportation equipment improved 1.4 percentage points from the previous term (13.6 to 15.0).



1. Trends among Overseas Subsidiaries in ASEAN4

Unit(Results : million yen(Number of employees:persons), Ratio over same quarter of last year :

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002		Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002
Sales	1,465,430	1,555,674	1,585,572	1,655,642	P 1,599,144	5.0	11.0	12.5	21.2	P 9.1
Local sales	556,072	621,692	622,325	696,600	P 686,806	2.6	20.2	20.8	39.7	P 23.5
Exports to Japan	361,898	367,467	397,470	410,081	P 352,622	-10.1	0.5	2.9	11.6	P -2.6
Exports to countries other than Japan	547,460	566,523	565,777	548,961	P 559,716		9.2	11.5	9.8	P 2.2
(Parent-subsidiary deals)										
Export to the parent company in Japan	237,014	242,099	270,659	277,875	P 250,199		-0.1	4.9	15.1	P 5.6
Import from the parent company in Japan	152,908	174,832	176,514	178,650	P 173,039		15.0	16.5	23.9	P 13.2
Acquisition of tangible fixed assets	53,209	45,569	43,088	48,241	P 45,585		-37.7	-37.8	-8.1	P -14.3
Number of employees	614,745	614,925	625,970	638,709	P 638,265	-2.5	-1.8	1.3	4.8	P 3.8

Trends in Sales of the main industry

Unit(Results : million yen, Ratio over same quarter of last year : %)

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002		Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002
Manufacturing industry in total	1,465,430	1,555,674	1,585,572	1,655,642	P 1,599,144	5.0	11.0	12.5	21.2	P 9.1
Chemicals	83,466	94,683	100,466	97,028	P 95,218	-2.3	15.3	22.5	31.2	P 14.1
Industrial machinery	63,795	63,783	56,246	65,856	P 52,316	0.9	20.4	-0.5	7.8	P -18.0
Electrical machinery	767,602	782,607	802,929	779,762	P 721,897	-1.8	4.0	5.9	7.3	P -6.0
Transportation equipment	287,405	345,664	349,187	439,514	P 471,755	30.8	29.1	31.7	71.5	P 64.1
Precision instruments	27,725	35,570	38,886	27,051	P 25,749	26.4	39.4	50.4	-3.9	P -7.1

2. Outlook for ASEAN4

(Unit:%points)

	D I						Ratio Over Previous Quarter				
	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003		Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003
Sales	33.3	30.8	18.6	19.4	P 28.0	22.6	-2.5	-12.2	0.8	P 8.6	
Local sales	29.1	24.1	15.8	17.5	P 18.6	20.5	-5.0	-8.3	1.7	P 1.1	
Exports to Japan	14.0	8.2	3.6	4.8	P 7.3	18.8	-5.8	-4.6	1.2	P 2.5	
Exports to countries other than Japan	20.3	15.5	9.5	10.5	P 21.9	17.4	-4.8	-6.0	1.0	P 11.4	
(Parent-subsidiary deals)											
Export to the parent company in Japan	16.5	5.5	2.4	6.4	P 8.8	20.8	-11.0	-3.1	4.0	P 2.4	
Import from the parent company in Japan	12.7	14.1	2.7	4.4	P 17.4	21.9	1.4	-11.4	1.7	P 13.0	
Acquisition of tangible fixed assets	14.6	14.3	18.5	12.8	P 14.1	7.2	-0.3	4.2	-5.7	P 1.3	
Number of employees	3.0	1.6	4.7	3.8	P 2.7	10.9	-1.4	3.1	-0.9	P -1.1	

(3) NIES3

[Results]

- 1) Sales totaled 677.5 billion yen, and turned to fall 10.9% compared with a year earlier for the first time in four terms.
 - Studying this by the type of industry, there was a rise in six industries. Among them, electrical machinery, which accounts for about 50% of the total sales, fell 21.8% from a year ago, making a large impact on a decline of the total sales. Chemicals also turned to decrease 9.6% from a year ago. On the other hand, transportation equipment increased 12.4% for the fourth consecutive term.
- 2) Local sales fell to 358.2 billion yen, down 10.3% compared with a year earlier for the first time in four terms.
 - By industry, there was a decline in four industries. Electrical machinery decreased 29.0% from a year ago with a large impact on a decline in the sales, and industrial machinery also fell 11.8%. Transportation equipment increased 10.9% from a year ago for the fourth consecutive period.
- 3) Exports to Japan (Japan's reimports), which increased in the previous term for the first time in seven quarters, fell again to 112.6 billion yen, down 4.4% from a year earlier.
 - By industry, they decreased in eight industries. Electrical machinery, being in the important position, decreased by 7.2% from a year ago, contributing to a decline of the total exports.
- 4) Exports to countries other than Japan amounted to 206.7 billion yen, down 15.1% from the same period of a year ago for the first time in four terms.
 - By industry, they decreased in five industries. Electrical machinery fell 20.4 % from a year ago for the first time in five terms, and chemicals and transportation equipment also decreased 29.3% and 5.8%, respectively.
- 5) In terms of intra-company transactions (exports to parent companies in Japan and imports from them)
 - Exports to parent companies in Japan totaled 83.1 billion yen, down 2.8% from the same quarter a year ago, and imports from them amounted to 100.2 billion yen, down 4.4% from a year ago, both showing a decline.
 - By industry, exports to parent companies in Japan fell in six industries, among which industrial machinery decreased 51.0% from a year ago, making a significant contribution to a decline of the exports. Electrical machinery increased 2.1%. Imports from them declined in three industries, among which electrical machinery decreased remarkably, down 18.3% from a year ago.
- 6) Equipment investments (the amount of acquired tangible fixed assets excluding land) amounted to 23.9 billion yen, up 71.5% from a year ago for the second consecutive term.
 - By the type of industry, they increased in nine industries, among which

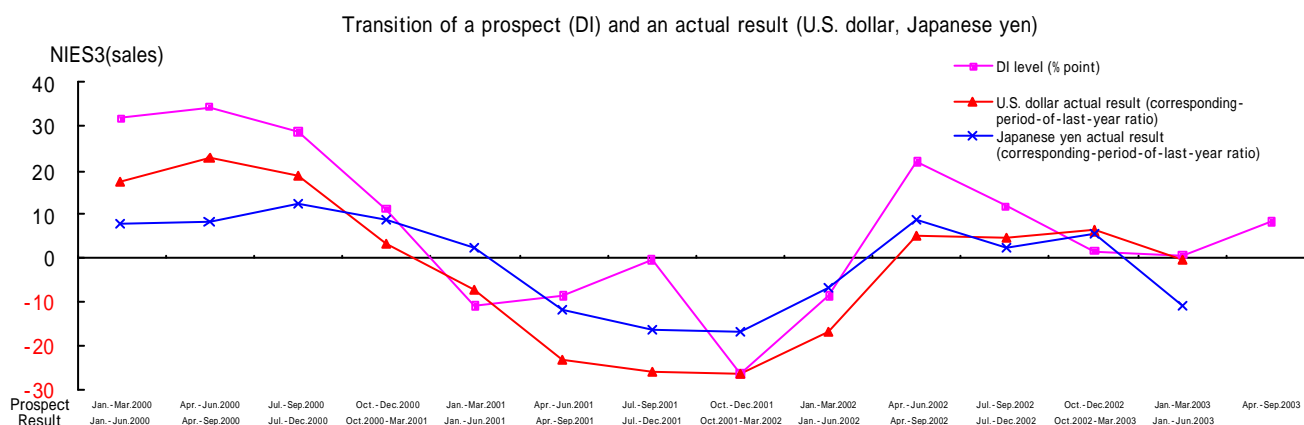
electrical machinery made a significant growth, up 69.7% from a year ago.

- 7) The number of employees was 108,000 people, a year-on-year fall of 1.4% for the ninth straight quarter of decline.
- By industry, it fell in five industries, among which electrical machinery decreased 2.4% from a year ago, making a great impact on a decline of all industries. Industrial machinery decreased 0.6% from a year ago for the eighth consecutive term, and precision instruments continued to fall 16.2%. On the other hand, transportation equipment rose 4.9% for the fourth consecutive term.

[Prospects (the April-September term of 2003)]

- 1) The prospects of sales turned to increase 7.6 percentage points from the previous period (0.8 to 8.4) after having decreased for the third consecutive term, but the DI level was positive at a single-digit figure, lower than other regions in Asia.
- By industry, there was an increase in six industries. Electrical machinery, comprising a great part of the sales, turned to rise 28.0 percentage points from the previous term (minus 15.2 to 12.8) after having decreased for the third consecutive term. On the other hand, transportation equipment and chemicals decreased.
- The DI level was positive in six industries including electrical machinery, transportation equipment and chemicals.
- 2) The outlook for local sales also turned to increase 7.0 percentage points from the previous term (minus 3.2 to 3.8) after having decreased for the third consecutive term.
- The DI level also turned to be a positive figure from the negative one in the previous term (the January-June term of 2003).
- By industry, there was an increase in six industries including electrical machinery, transportation equipment and industrial machinery.
- 3) The forecast of exports to Japan (so called Japan's reimports) gained by 4.6 percentage points from the previous term (minus 9.5 to minus 4.9) for the first time in four terms. The DI level remained negative for the fourth consecutive term.
- By industry, it increased in five industries including electrical machinery and chemicals. The DI level, however, continued to be negative for the fourth consecutive term, and it decreased or leveled off in many industries in this term (the April-September term of 2003).
- 4) The prospects for exports to countries other than Japan increased 17.5 percentage points from the previous period (minus 11.3 to 6.2) for the first time in four terms.
- By industry, there was a rise in five industries including electrical machinery and industrial machinery. The DI level also turned to be positive.

- 5) In terms of intra-company transactions (exports to parent companies in Japan and imports from them)
 - The prospects of exports to parent companies in Japan increased 5.2 percentage points from the previous term (minus 9.1 to minus 3.9) partly due to increase in electrical machinery for the first time in four terms, while the DI level remains negative. The outlook of imports from parent companies in Japan rose 9.8 percentage points from the previous term (minus 9.1 to 0.7), and the DI level also turned to be positive.
- 6) The prospects of equipment investments (the amount of acquired tangible fixed assets excluding land) improved 5.8 percentage points from the previous period (2.9 to 8.7). The DI level remained positive.
 - By industry, there was a rise in six industries including electrical machinery and transportation equipment. The DI level was positive in a double-digit figure in transportation equipment, which was negative in the previous term (the January-June term of 2003).
- 7) Employment decreased by 3.9 percentage points from the previous period (minus 6.2 to minus 10.1). The DI level remained negative for the tenth consecutive period.
 - By industry, there was a decrease in seven industries including electrical machinery and transportation equipment. The DI level continued to be negative in the double-digit figure in electrical machinery.



1 . Trends among Overseas Subsidiaries in NIES3

Unit(Results : million yen(Number of employees:persons), Ratio over same quarter of last year :

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Sales	760,699	839,757	771,941	753,955	P 677,498	-6.9	8.7	2.4	5.7	P -10.9
Local sales	399,397	447,616	405,253	390,830	P 358,202	-15.8	8.9	1.2	2.5	P -10.3
Exports to Japan	117,827	122,566	121,035	123,815	P 112,626	-13.9	-9.0	-5.7	4.6	P -4.4
Exports to countries other than japan		269,575	245,653	239,310	P 206,670		18.7	9.0	11.9	P -15.1
(Parent-subsidiary deals)										
Export to the parent company in japan		94,887	96,471	91,243	P 83,102		-8.2	1.7	2.7	P -2.8
Import from the parent company in japan		127,775	110,955	106,408	P 100,214		16.1	12.8	12.5	P -4.4
Acquisition of tangible fixed assets	13,938	14,098	12,886	13,887	P 23,908		-23.0	-9.0	40.6	P 71.5
Number of employees	109,285	111,468	109,624	108,928	P 107,767	-9.4	-4.9	-3.6	-1.1	P -1.4

Trends in Sales of the main industry

Unit(Results : million yen, Ratio over same quarter of last year : %)

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Manufacturing industry in total	760,699	839,757	771,941	753,955	P 677,498	-6.9	8.7	2.4	5.7	P -10.9
Chemicals	72,809	74,250	71,123	76,229	P 65,788	-0.6	8.5	6.9	16.0	P -9.6
Industrial machinery	39,147	39,257	38,225	42,682	P 40,006	-6.3	-0.3	-4.2	7.1	P 2.2
Electrical machinery	432,468	467,817	420,998	376,706	P 338,282	-9.6	6.4	-2.1	-6.5	P -21.8
Transportation equipment	81,262	100,457	91,534	105,325	P 91,298	-13.6	19.9	13.5	31.9	P 12.4
Precision instruments	17,540	19,204	20,400	21,431	P 17,497	8.2	1.0	2.2	14.0	P -0.2

2 . Outlook for NIES3

(Unit:%points)

	D I					Ratio Over Previous Quarter				
	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003
Sales	22.0	11.9	1.7	0.8	P 8.4	30.6	-10.1	-10.2	-0.9	P 7.6
Local sales	21.5	11.7	1.0	-3.2	P 3.8	27.4	-9.8	-10.7	-4.2	P 7.0
Exports to Japan	3.0	-8.7	-8.9	-9.5	P -4.9	12.2	-11.7	-0.2	-0.6	P 4.6
Exports to countries other than japan	14.1	4.7	-10.1	-11.3	P 6.2	21.1	-9.4	-14.8	-1.2	P 17.5
(Parent-subsidiary deals)										
Export to the parent company in japan	1.9	-11.4	-7.0	-9.1	P -3.9	14.3	-13.3	4.4	-2.1	P 5.2
Import from the parent company in japan	6.6	-3.5	-11.4	-9.1	P 0.7	19.5	-10.1	-7.9	2.3	P 9.8
Acquisition of tangible fixed assets	2.1	3.4	4.0	2.9	P 8.7	11.4	1.3	0.6	-1.1	P 5.8
Number of employees	-13.5	-8.8	-15.1	-6.2	P -10.1	7.7	4.7	-6.3	8.9	P -3.9

(4) China (including Hong Kong)

[Results]

- 1) Sales totaled 882.4 billion yen, a gain of 14.1% from a year ago for the sixteenth consecutive quarter of increase since the April-June term of 1999.
 - By the type of industry, there was a rise in nine industries, among which eight industries marked a double-digit figure of increase. Especially, sales gained by 15.7% from the same quarter a year ago for the sixteenth consecutive quarter and the rate of increase remained at a double-digit figure for the fifth straight quarter in electrical machinery, comprising more than 50% of the total. In addition, transportation equipment continued to make a large growth, up 38.9%, due to strong demand. Precision instruments and chemicals continued to increase from a year ago, up 36.6% and 12.3%, respectively. Industrial machinery also increased 8.9% from a year ago.
- 2) Local sales amounted to 299.7 billion yen, up 12.4% from a year ago for the thirteenth consecutive quarter of increase like total sales.
 - By industry, there was a rise in eight industries. Electrical machinery and precision instrument rose on a year-on-year basis, up 9.6% and 59.5% respectively, for the fourth consecutive term, and transportation equipment rose remarkably, up 81.4% from a year ago, for the thirteenth consecutive term. Industrial machinery, in addition, rose significantly, up 36.2% from a year ago.
- 3) Exports to Japan (so called Japan's reimports) reached 302.2 billion yen, up 10.9% from the same quarter a year ago for the sixteenth consecutive quarter.
 - By industry, the exports increased in eight industries. Electrical machinery rose 22.4% from a year ago for the sixteenth consecutive term. Precision instruments rose 27.2% from a year ago for the second consecutive term, and chemicals continued to make a great growth up 36.5%. Transportation equipment also increased 21.4% from a year ago, but it accounts for only a small part of the exports to Japan. Industrial machinery sharply fell 19.9% from a year ago, although it had increased 3.7% from a preceding term in the previous quarter.
- 4) Exports to countries other than Japan totaled 280.5 billion yen and increased 19.6% from the same quarter a year ago for the eighth consecutive term.
 - By industry, the exports rose in nine industries. Electrical machinery, accounting for 70% of total exports, increased 15.4% on a year-on-year basis for the eighth consecutive term. Industrial machinery rose 55.9% from a year ago for the first time in four terms partly due to a rise in the number of companies added to be surveyed.
- 5) In terms of intra-company transactions (exports to parent companies in Japan and imports from them)
 - Exports to parent companies in Japan amounted to 220.6 billion yen, up 28.6%

from the same quarter a year ago, and imports from them totaled 124.9 billion yen, up 21.7% from a year ago, both continuing to increase. The growth rate of exports both to and from them continued to rise.

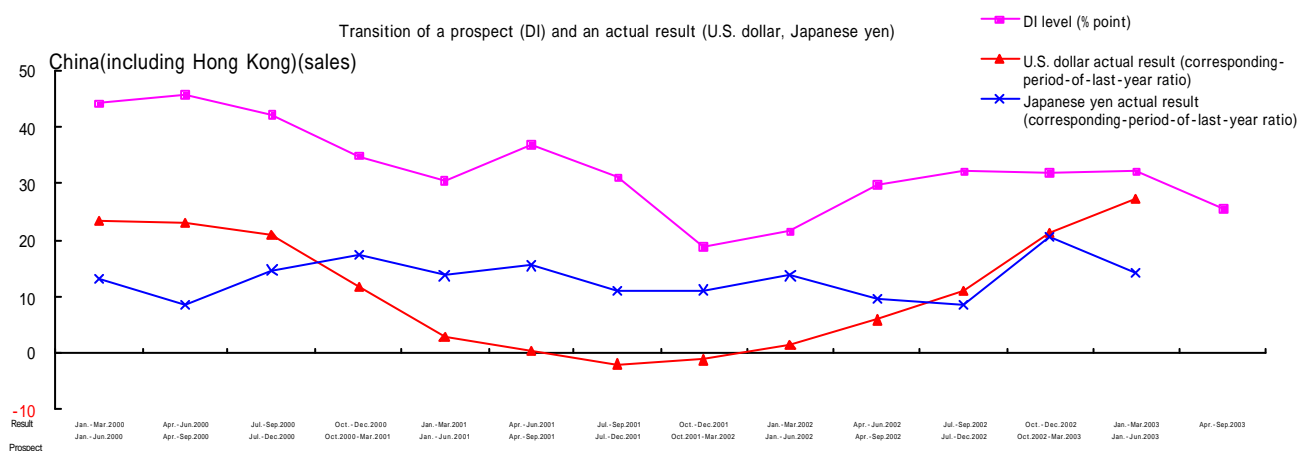
- By industry, the exports was greatly contributed to by an increase in electrical machinery, up 29.1% from a year ago, and imports was also contributed to by an increase of electrical machinery, up 16.3% from a year ago.
- 6) Equipment investments (the amount of acquired tangible fixed assets excluding land) posted 30.2 billion yen, up 35.9% on a year-on-year basis for the second consecutive term.
- By industry, there was a growth in seven industries. Transportation equipment and precision instruments increased remarkably, but the investment amount is small.
- 7) The number of employees was 456,000 people, a year-on-year increase of 14.0%, showing a continued increase since the survey started. It only has maintained a double-digit figure of a growth rate since the April-June term of 2002.
- By industry, there was a rise in nine industries. Among them, electrical machinery, comprising more than 50% of employees, increased 17.3% from a year ago for the fifth straight quarter and transportation equipment increased 23.1% on a year-on-year basis for the sixteenth consecutive quarter. Industrial machinery and precision instruments continued to increase from a year earlier, up 26.0% and 15.8% respectively.

[Prospects (the April-September term of 2003)]

- 1) Sales prospects decreased 6.6 percentage points from the preceding term (32.1 to 25.5), but the DI level still remained relatively high.
- By industry, although they declined in six industries in the previous term (the January-June term of 2003), they worsened in nine industries including electrical machinery in this term (the April-September term of 2003). Industrial machinery and transportation equipment showed an increase. The DI level was positive in nine industries, which continued to be relatively at a high level.
- 2) The outlook for local sales declined 11.1 percentage points from the preceding period (35.9 to 24.8) for the first time in four terms. The DI level remained relatively at a high level, like that for total sales.
- By industry, there was a decline in eleven industries other than textiles, wood, pulp and paper products. The DI level was positive in a double-digit figure in eleven industries other than precision instruments, and iron and steel.
- 3) The outlook for exports to Japan (so called Japan's reimports) improved 1.0 percentage points from the previous term (13.6 to 14.6).
- By the type of industry, the outlook increased in seven industries including transportation equipment. The level of DI was positive in nine industries

including electrical machinery, transportation equipment and industrial machinery.

- 4) The prospects for exports to countries other than Japan declined 11.3 percentage points from the previous term (19.7 to 8.4).
 - By industry, there was a decline in nine industries including electrical machinery and transportation equipment. The level of DI was positive in only six industries, a decline from nine industries in the previous term (the January-June term of 2003).
- 5) In terms of intra-company transactions (exports to parent companies in Japan and imports from them)
 - The forecast of exports to parent companies in Japan decreased by 3.2 percentage points from the preceding period (13.1 to 9.9), and the outlook of imports from them also declined by 10.1 percentage points from the previous term (20.4 to 10.3).
- 6) The outlook of equipment investments (the amount of acquired tangible fixed assets excluding land) decreased by 4.0 percentage points from the previous term (24.7 to 20.7). The DI level was relatively at a high level.
 - By industry, there was a decrease in seven industries including electrical machinery, transportation equipment and industrial machinery. The level of DI was positive in all industries.
- 7) The forecast of employment worsened by 3.9 percentage points from the previous period (19.0 to 15.1) for the first time in three terms.
 - By the type of industry, there was a decline in eight industries, an increase from three industries in the previous term (the January-June term of 2003). Electrical machinery, industrial machinery and transportation equipment decreased. The DI level was negative only in precision instruments, food and tobacco.



1. Trends among Overseas Subsidiaries in China (Hong Kong is included)

Unit(Results : million yen/Number of employees:persons), Ratio over same quarter of last year : %

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Sales	773,491	847,986	884,596	931,194	P 882,374	13.6	9.6	8.7	20.4	P 14.1
Local sales	266,497	297,519	307,160	321,018	P 299,660	1.1	8.4	8.5	23.6	P 12.4
Exports to Japan	272,572	288,454	301,903	324,981	P 302,247	17.8	8.7	12.2	15.7	P 10.9
Exports to countries other than Japan	234,422	262,265	275,864	285,195	P 280,467		12.0	5.3	22.5	P 19.6
(Parent-subsidiary deals)										
Export to the parent company in Japan	171,526	196,229	203,592	211,623	P 220,570		8.0	12.2	17.7	P 28.6
Import from the parent company in Japan	102,648	111,839	119,826	125,814	P 124,904		3.3	8.7	18.7	P 21.7
Acquisition of tangible fixed assets	22,203	21,561	20,024	26,819	P 30,168		-29.1	-46.1	34.7	P 35.9
Number of employees	400,208	420,635	446,915	446,285	P 456,198	6.9	10.1	15.4	15.7	P 14.0

Trends in Sales of the main industry

Unit(Results : million yen, Ratio over same quarter of last year : %)

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Manufacturing industry in total	773,491	847,986	884,596	931,194	P 882,374	13.6	9.6	8.7	20.4	P 14.1
Chemicals	30,647	32,537	39,271	43,210	P 34,427	31.4	18.2	25.5	26.3	P 12.3
Industrial machinery	121,524	112,524	113,015	122,650	P 132,282	28.3	-2.9	-0.1	7.8	P 8.9
Electrical machinery	424,238	484,883	497,645	522,319	P 490,948	16.4	14.8	10.8	22.0	P 15.7
Transportation equipment	18,976	22,095	23,238	25,924	P 26,351	44.5	54.0	36.2	57.6	P 38.9
Precision instruments	54,960	63,351	71,379	85,967	P 75,048	-9.9	-8.3	2.0	39.6	P 36.6

2. Outlook for China (Hong Kong is included)

(Unit:%points)

	D I					Ratio Over Previous Quarter				
	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003
Sales	29.8	32.0	31.8	32.1	P 25.5	8.2	2.2	-0.2	0.3	P -6.6
Local sales	25.2	29.7	31.9	35.9	P 24.8	-3.6	4.5	2.2	4.0	P -11.1
Exports to Japan	16.6	13.9	14.5	13.6	P 14.6	15.6	-2.7	0.6	-0.9	P 1.0
Exports to countries other than Japan	12.4	15.7	12.8	19.7	P 8.4	1.7	3.3	-2.9	6.9	P -11.3
(Parent-subsidiary deals)										
Export to the parent company in Japan	14.6	11.8	10.9	13.1	P 9.9	11.7	-2.8	-0.9	2.2	P -3.2
Import from the parent company in Japan	12.7	12.0	14.0	20.4	P 10.3	14.7	-0.7	2.0	6.4	P -10.1
Acquisition of tangible fixed assets	18.5	21.3	19.3	24.7	P 20.7	-4.8	2.8	-2.0	5.4	P -4.0
Number of employees	14.3	10.4	14.5	19.0	P 15.1	3.8	-3.9	4.1	4.5	P -3.9

(5) Europe

[Results]

- 1) Sales totaled 2,074.1 billion yen, up 4.3%, partly due to the yen's fall against the euro (up 9.9% from the same period a year ago). They increased for the eleventh consecutive term since the July-September term of 2000.
 - Studying this by the type of industry, they rose in eight industries. Among them, transportation equipment increased by 12.6% from a year ago for the ninth consecutive term of sales increase. In addition, industrial machinery and electrical machinery increased from a year ago 7.2% and 0.6% respectively for the third consecutive term. Precision instruments continued to increase 12.9% from a year ago.
- 2) Local sales increased to 1,530.5 billion yen, up 4.2% year-on-year for the eleventh straight quarter of rise like total sales.
 - By the type of industry, transportation equipment increased 13.5% in local sales, like in total sales, for the ninth consecutive quarter of rise. Precision instruments and industrial machinery continued to rise 24.1% and 2.8% respectively from a year ago, while electrical machinery declined 1.3% from a year ago for the first time in three terms.
- 3) Exports to Japan (so called Japan's reimports) posted 24.5 billion yen, up 3.5% from the same period last year for the first time in five terms, although the amount is small.
 - By industry, there was a rise in six industries including chemicals and industrial machinery. Electrical machinery decreased by 2.3% from a year ago for the eighth straight quarter.
- 4) Exports to countries other than Japan totaled 519.1 billion yen, up 4.5% compared with the same quarter a year ago, for the third consecutive quarter.
 - Studying this by the type of industry, they increased in six industries. Transportation equipment increased 9.5% from a year ago for the third consecutive term and industrial machinery rose 15.9% from a year ago for the eighth consecutive term, as well. Electrical machinery, comprising a large part of them, turned to increase 7.4% from the year ago after a decline in the previous term.
- 5) With regard to intra-company transactions (exports to parent companies in Japan and imports from them)
 - Exports to parent companies in Japan reached 10.9 billion yen, and turned to increase 11.5%, after having decreased for the third consecutive period, although the amount is small. Imports from them totaled 184.3 billion yen, continuing to increase 5.3% from a year earlier.
 - By the type of industry, exports to parent companies in Japan increased in five industries. Industrial machinery, whose amount is small, rose 72.5% from a year ago, making a contribution to a rise in the exports. Imports from them

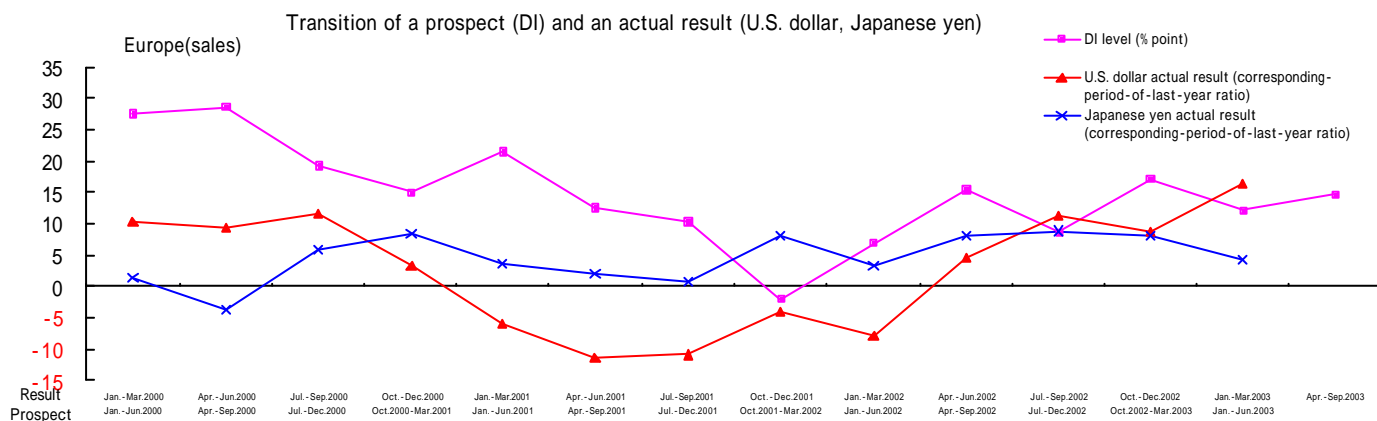
showed a continued increase in transportation equipment, up 23.0% from a year ago, making a contribution to a rise in this term again. Precision instruments also continued to rise 107.8% from a year ago. On the other hand, electrical machinery continued to decrease 15.8% from a year ago.

- 6) Equipment investments (the amount of acquired tangible fixed assets excluding land) amounted to 49.2 billion yen and increased by 0.3% from the same period a year ago, while the growth rate diminished.
 - By the type of industry, they increased in four industries. Precision instruments and chemicals continued to increase and transportation equipment slightly increased, as well. Electrical machinery decreased.
- 7) The number of employees totaled 191,000 people, down 4.5% from the same quarter a year ago, for the ninth straight quarter of decrease.
 - By industry, there was a decline in five industries. Electrical machinery (down 7.5% on a year-on-year basis) and chemicals (down 12.9% from a year earlier) dropped for the ninth consecutive quarter, making a great impact to a decline of employees in this term.

[Prospects (the April-September term of 2003)]

- 1) Sales prospects increased by 2.6 percentage points from the previous term (12.1 to 14.7). The DI level continued to be positive.
 - By the type of industry, there was a rise in five industries including electrical machinery and transportation equipment. The DI level was positive in seven industries, among which transportation equipment registered a large figure, while electrical machinery continued to be negative since the previous term (the January-June term of 2003). Chemicals decreased in this term (the April-September term of 2003), but its DI level remained positive.
- 2) The forecast of local sales increased 2.9 percentage points from the previous term for the first time in four terms (8.1 to 11.0), like total sales.
 - By the type of industry, it improved in four industries including electrical machinery and transportation equipment. Declining industries increased from three in previous term (the January-June term of 2003) to six. The DI level was high in transportation equipment (36.1). The DI level of electrical machinery and industrial machinery was negative.
- 3) The outlook for exports to Japan (so called Japan's reimports) declined by 0.8 percentage points from the preceding period (0.0 to minus 0.8) for the first time in three terms, but the rate of decline remained small, like the DI level.
- 4) The prospects for exports to countries other than Japan increased 4.9 percentage points from the previous term (5.8 to 10.7).
 - By industry, there was an increase in five industries including electrical machinery, transportation equipment and industrial machinery. The DI level was high in transportation equipment.

- 5) In terms of intra-company transactions (exports to parent companies in Japan and imports from them)
- The forecast of exports to parent companies in Japan fell 1.1 percentage points from the previous period (2.6 to 1.5), but the fluctuation remained small. That of imports from parent companies increased 6.3 percentage points from the previous term (minus 0.6 to 5.7) for the third consecutive period and the DI level turned to be positive.
- 6) The prospects of equipment investments (the amount of acquired tangible fixed assets excluding land) slid by 5.0 percentage points from the previous term (8.7 to 3.7) for the fourth straight term of decline, while the DI level stayed positive in a single-digit figure.
- By the type of industry, there was a decrease in six industries including electrical machinery, transportation equipment and chemicals.
- 7) The forecast of employment decreased 6.1 percentage points from the previous term (minus 1.9 to minus 8.0). The level of DI continued to be negative for the fourth consecutive term.
- Studying this by industry, it fell in eight industries. Transportation equipment also slightly decreased. The DI level was positive only in three industries including transportation equipment.



1 . Trends among Overseas Subsidiaries in Europe

Unit(Results : million yen(Number of employees:persons), Ratio over same quarter of last year :

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Sales	r 1,989,371	1,922,198	1,873,212	2,066,494	P 2,074,091	r 3.3	8.2	9.0	8.2	P 4.3
Local sales	r 1,469,054	1,429,186	1,386,570	1,517,252	P 1,530,479	r 5.5	12.4	12.5	10.1	P 4.2
Exports to Japan	r 23,639	21,243	18,077	24,120	P 24,465	-27.9	-13.1	-25.6	-4.0	P 3.5
Exports to countries other than japan	r 496,678	471,769	468,565	525,122	P 519,147		-1.7	1.4	3.6	P 4.5
(Parent-subsidiary deals)										
Export to the parent company in japan	9,778	9,160	8,157	8,865	P 10,907		-26.8	-28.7	-23.1	P 11.5
Import from the parent company in japan	175,013	194,650	184,211	193,510	P 184,263		13.0	7.4	17.5	P 5.3
Acquisition of tangible fixed assets	49,025	49,301	52,691	53,549	P 49,168		-4.6	-13.8	12.4	P 0.3
Number of employees	200,242	199,467	199,720	196,856	P 191,296	-2.9	-3.4	-3.3	-3.6	P -4.5

Trends in Sales of the main industry

Unit(Results : million yen, Ratio over same quarter of last year : %)

	Quarterly Performances					Ratio Over Same quarter of last year				
	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Jan. - Mar. 2002	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003
Manufacturing industry in total	r 1,989,371	1,922,198	1,873,212	2,066,494	P 2,074,091	r 3.3	8.2	9.0	8.2	P 4.3
Chemicals	r 274,181	243,601	235,160	246,671	P 245,225	r 15.5	-2.4	0.2	-6.7	P -10.6
Industrial machinery	190,281	201,446	197,592	201,919	P 204,006	-4.6	-1.6	10.4	13.8	P 7.2
Electrical machinery	701,947	630,370	617,118	720,982	P 706,355	-7.7	-1.9	3.7	1.7	P 0.6
Transportation equipment	557,359	595,315	574,819	618,479	P 627,698	11.5	24.5	20.4	18.8	P 12.6
Precision instruments	53,803	45,081	43,774	48,347	P 60,766	43.3	37.9	8.4	16.1	P 12.9

2 . Outlook for Europe

(Unit:%points)

	D I					Ratio Over Previous Quarter				
	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Apr. - Sep. 2002	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003
Sales	15.4	8.7	17.1	12.1	P 14.7	8.5	-6.7	8.4	-5.0	P 2.6
Local sales	17.4	9.6	8.5	8.1	P 11.0	11.3	-7.8	-1.1	-0.4	P 2.9
Exports to Japan	0.6	-4.3	-1.3	0.0	P -0.8	10.3	-4.9	3.0	1.3	P -0.8
Exports to countries other than japan	10.2	4.3	5.7	5.8	P 10.7	6.3	-5.9	1.4	0.1	P 4.9
(Parent-subsidiary deals)										
Export to the parent company in japan	0.6	-3.0	0.0	2.6	P 1.5	9.2	-3.6	3.0	2.6	P -1.1
Import from the parent company in japan	0.6	-2.7	-1.9	-0.6	P 5.7	2.3	-3.3	0.8	1.3	P 6.3
Acquisition of tangible fixed assets	16.5	12.1	10.6	8.7	P 3.7	11.7	-4.4	-1.5	-1.9	P -5.0
Number of employees	2.5	-1.4	-4.2	-1.9	P -8.0	13.3	-3.9	-2.8	2.3	P -6.1

[Topics]

Features of overseas subsidiaries in Asia seen on sales areas in FY2002

Comparative analysis of the number of overseas subsidiaries classified by a growth rate of sales

Types of overseas subsidiaries classified by major destinations (sales)

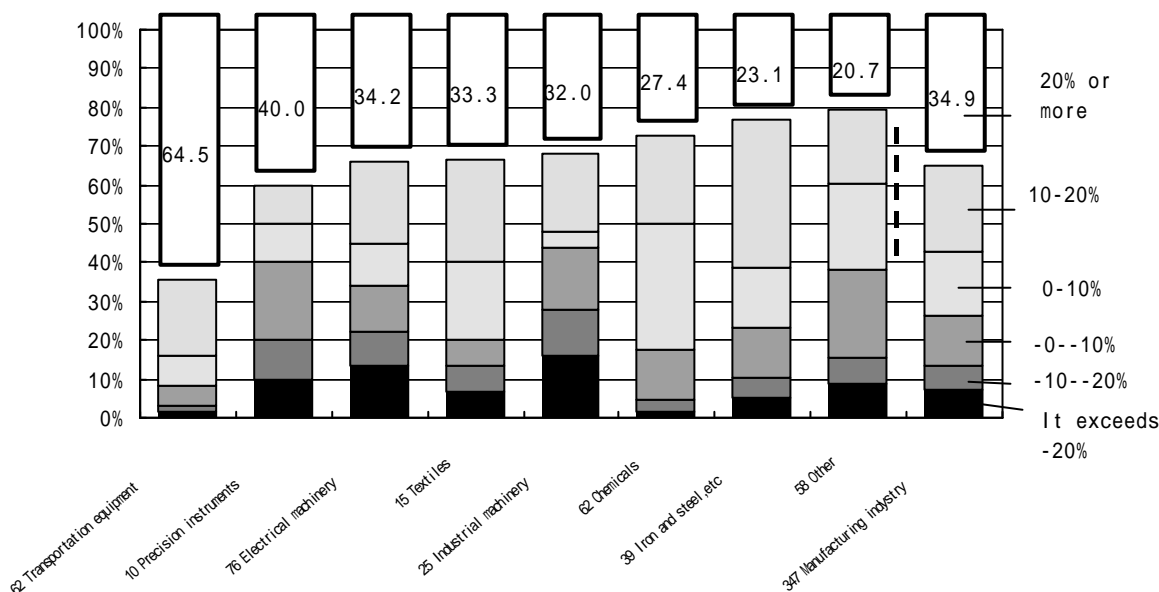
- Local sales exceed 50% of the total sales → Local sales type
- Exports to Japan exceed 50% of the total sales → Exports-to-Japan type
- Exports to countries other than Japan exceed 50% of the total sales → Exports-to-others type

Overseas subsidiaries which are not classified into any of them are excluded.

65% of transportation equipment and 40% of precision instruments increased the sales by 20% or more.

Overseas subsidiaries classified into local sales type

The ratio of overseas subsidiaries in Asia classified by the growth rate of sales in FY2002 (year-on-year)



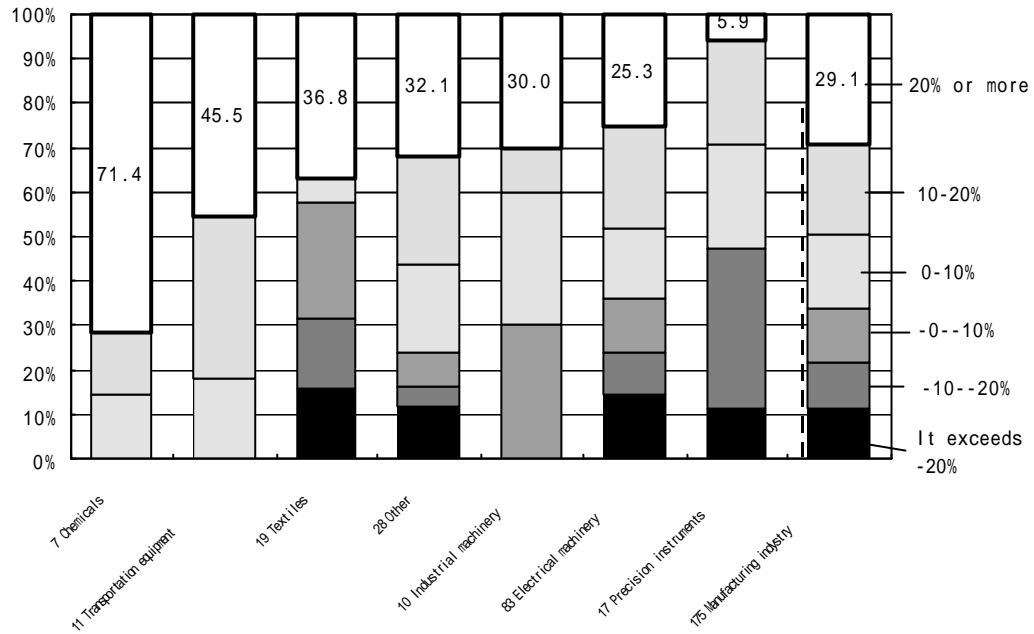
(Notes)

1. Overseas subsidiaries which achieved 100 million or more sales (in a quarter) and replied to surveys both in FY2001 and in FY2002 were surveyed.
2. The type of sales area is decided by the regional sales which exceed 50% of the total sales among the following three regional sales: local sales, exports to Japan, and exports to countries other than Japan.

71% of chemicals and 46% of transportation equipment increased the sales by 20% or more.

Overseas subsidiaries classified into Exports-to-Japan type

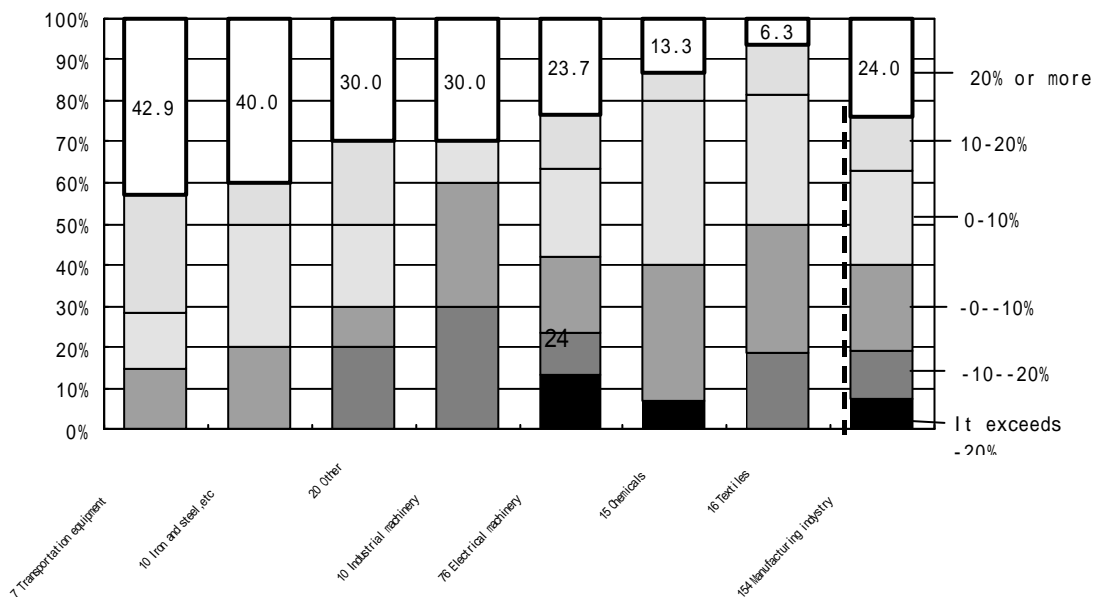
The ratio of overseas subsidiaries in Asia classified by the growth rate of sales in FY2002 (year-on-year)



43% of transportation equipment and 40% of iron and steel, etc. increased the sales by 20% or more.

Overseas subsidiaries classified into Exports-to-others type

The ratio of overseas subsidiaries in Asia classified by the growth rate of sales in FY2002 (year-on-year)



(Reference)

1. Comparison with the exchange rates of the Japanese yen and the US dollar

(Ratio Over Same quarter of last year : %)

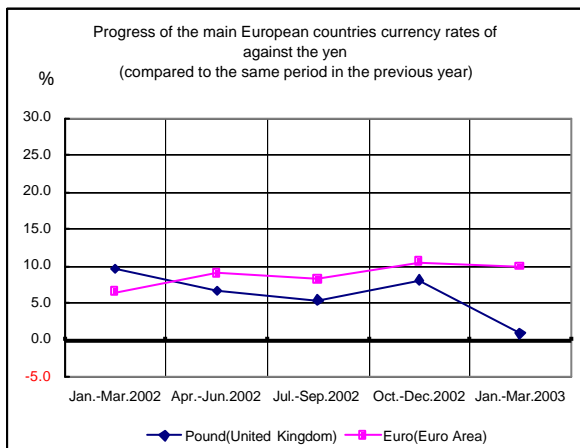
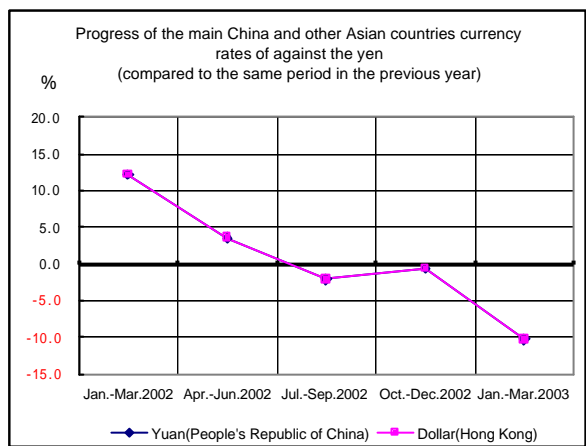
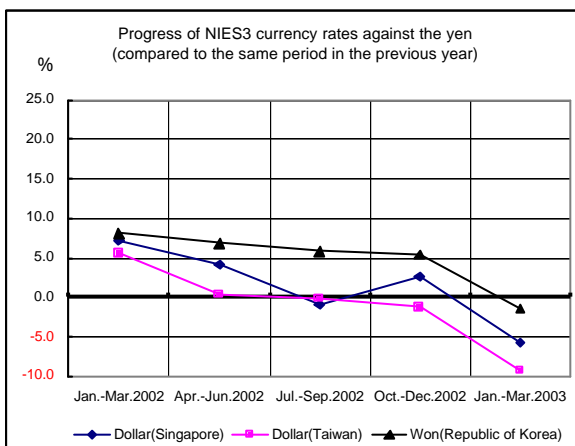
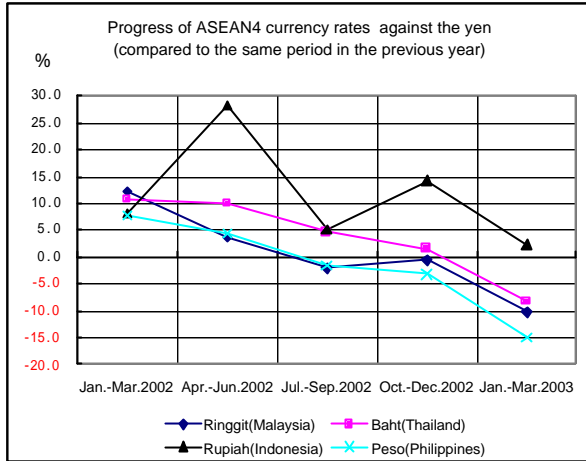
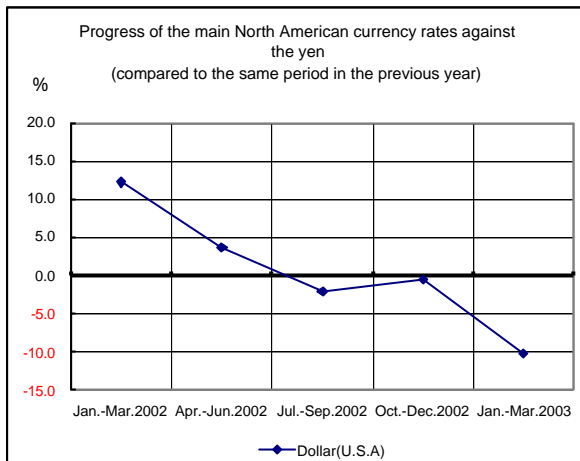
Area	Item	Japanese yen equivalent					US dollar equivalent				
		2002				2003	2002				2003
		Jan-Mar	Oct-Dec	Jul-Sep	Oct-Dec	Jan-Mar	Jan-Mar	Oct-Dec	Jul-Sep	Oct-Dec	Jan-Mar
All areas	Sales	r 0.3	7.1	4.6	5.9	P -0.8	r -10.6	3.4	6.9	6.5	P 10.6
	Local sales	r -0.3	8.9	4.6	4.7	P -1.6	r -11.1	5.1	6.9	5.4	P 9.7
	Exports to Japan	-6.1	-1.1	2.0	10.0	P 1.9	-16.3	-4.5	4.2	10.7	P 13.6
North America	Sales	-2.9	5.7	0.7	-2.1	P -5.4	-13.5	2.0	2.9	-1.5	P 5.4
	Local sales	-1.9	7.5	0.9	-2.2	P -5.7	-12.6	3.8	3.1	-1.6	P 5.2
	Exports to Japan	-28.8	-22.6	-19.1	-14.5	P 0.9	-36.5	-25.3	-17.4	-14.0	P 12.5
Asia	Sales	4.6	12.4	11.3	19.6	P 5.4	-6.7	8.5	13.7	20.4	P 17.4
	Local sales	-2.4	18.9	16.5	29.1	P 9.8	-13.0	14.7	19.1	29.9	P 22.4
	Exports to Japan	-1.9	2.3	5.1	12.6	P 2.1	-12.6	-1.2	7.4	13.3	P 13.9
ASEAN4	Sales	5.0	11.0	12.5	21.2	P 9.1	-6.4	7.1	14.9	21.9	P 21.7
	Local sales	2.6	20.2	20.8	39.7	P 23.5	-8.5	16.0	23.4	40.5	P 37.7
	Exports to Japan	-10.1	0.5	2.9	11.6	P -2.6	-19.9	-3.0	5.1	12.2	P 8.6
NIES3	Sales	-6.9	8.7	2.4	5.7	P -10.9	-17.0	4.9	4.6	6.3	P -0.7
	Local sales	-15.8	8.9	1.2	2.5	P -10.3	-24.9	5.2	3.4	3.1	P 0.0
	Exports to Japan	-13.9	-9.0	-5.7	4.6	P -4.4	-23.2	-12.2	-3.6	5.3	P 6.6
China (Hong Kong is included)	Sales	13.6	9.6	8.7	20.4	P 14.1	1.3	5.8	11.0	21.2	P 27.2
	Local sales	1.1	8.4	8.5	23.6	P 12.4	-9.8	4.7	10.9	24.4	P 25.4
	Exports to Japan	17.8	8.7	12.2	15.7	P 10.9	5.0	4.9	14.6	16.4	P 23.6
Europe	Sales	r 3.3	8.2	9.0	8.2	P 4.3	r -7.9	4.5	11.4	8.8	P 16.2
	Local sales	r 5.5	12.4	12.5	10.1	P 4.2	r -5.9	8.5	15.0	10.7	P 16.1
	Exports to Japan	-27.9	-13.1	-25.6	-4.0	P 3.5	r -35.8	-16.1	-23.9	-3.4	P 15.4
Other	Sales	0.5	-7.7	-7.6	2.9	P -6.0	-10.4	-10.9	-5.6	3.6	P 4.8
	Local sales	5.6	-8.4	-8.7	0.2	P -5.6	-5.9	-11.6	-6.7	0.8	P 5.3
	Exports to Japan	-7.8	-4.5	6.7	34.1	P -4.0	-17.8	-7.9	9.0	34.9	P 7.1

(Reference)

2 . Results in the main countries and areas

	Item	Results(million yen, persons)					Ratio Over Same quarter of last year(%)				
		2002				2003	2002				2003
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
United States of America	Sales	5,172,694	5,227,316	4,795,426	4,769,016	P 4,812,643	-3.0	4.6	-0.2	-3.2	P -7.0
	Local sales	4,778,800	4,859,704	4,399,127	4,366,167	P 4,436,542	-1.4	6.4	0.0	-3.3	P -7.2
	Exports to Japan	73,547	77,414	70,977	68,582	P 73,514	-27.1	-20.7	-17.9	-13.8	P 0.0
	Number of employees	387,563	393,733	395,525	384,556	P 383,763	-8.1	-5.1	-4.0	-3.7	P -1.0
Indonesia	Sales	252,591	275,367	286,969	305,420	P 287,707	0.6	7.6	11.4	30.5	P 13.9
	Local sales	103,978	115,209	116,634	144,709	P 141,902	10.6	18.8	13.2	57.2	P 36.5
	Exports to Japan	48,017	56,985	61,770	62,155	P 48,216	-28.6	-3.9	6.8	16.6	P 0.4
	Number of employees	166,391	167,809	170,500	179,617	P 179,856	3.5	-0.4	1.7	7.9	P 8.1
Malaysia	Sales	407,505	421,428	413,991	413,991	P 340,867	-1.4	0.4	0.8	-1.5	P -16.4
	Local sales	109,870	114,364	111,159	100,301	P 93,903	-7.2	1.9	2.5	-2.6	P -14.5
	Exports to Japan	87,355	91,898	93,058	86,456	P 81,168	-16.8	-9.4	-10.3	-5.6	P -7.1
	Number of employees	154,942	151,879	148,535	146,935	P 142,948	-9.2	-9.8	-9.5	-7.3	P -7.7
Philippines	Sales	261,760	260,640	265,418	293,265	P 275,949	10.9	15.1	11.3	22.5	P 5.4
	Local sales	47,524	50,401	47,659	51,863	P 49,355	-35.2	14.7	12.3	21.0	P 3.9
	Exports to Japan	104,049	95,110	103,234	122,293	P 92,454	-0.1	0.6	4.2	22.8	P -11.1
	Number of employees	108,471	110,214	112,278	115,308	P 114,585	-3.1	-0.1	7.3	12.7	P 5.6
Thailand	Sales	543,574	598,239	619,194	673,245	P 694,621	12.2	19.7	23.2	33.9	P 27.8
	Local sales	294,700	341,718	346,873	399,727	P 401,646	17.0	29.3	32.8	53.3	P 36.3
	Exports to Japan	122,477	123,474	139,408	137,177	P 130,784	-2.1	11.9	10.9	13.4	P 6.8
	Number of employees	184,941	185,023	194,657	196,801	P 200,876	3.4	3.5	7.0	8.2	P 8.6
Republic of Korea	Sales	107,500	124,325	119,228	123,614	P 116,443	1.7	10.8	1.0	16.0	P 8.3
	Local sales	66,597	79,625	77,016	74,790	P 73,307	4.9	14.7	11.6	14.8	P 10.1
	Exports to Japan	24,233	26,403	27,635	31,287	P 28,674	-2.0	1.2	-10.3	21.3	P 18.3
	Number of employees	19,793	20,121	19,985	19,721	P 20,049	-5.3	-4.5	-3.5	-1.3	P 1.3
Singapore	Sales	353,740	381,242	361,601	321,005	P 275,616	-11.9	2.0	-2.0	-5.7	P -22.1
	Local sales	168,045	181,336	156,452	134,807	P 118,601	-21.9	5.8	-7.2	-18.0	P -29.4
	Exports to Japan	56,862	59,147	58,364	51,783	P 47,846	-14.6	-13.2	-3.3	-6.2	P -15.9
	Number of employees	45,071	47,620	46,695	45,980	P 44,943	-10.6	-1.8	-0.3	2.3	P -0.3
Taiwan	Sales	299,459	334,190	291,112	309,336	P 285,439	-2.9	16.5	9.0	16.1	P -4.7
	Local sales	164,755	186,655	171,785	181,233	P 166,294	-13.6	9.8	5.4	19.4	P 0.9
	Exports to Japan	36,732	37,016	35,036	40,745	P 36,106	-18.0	-8.6	-5.7	9.2	P -1.7
	Number of employees	44,421	43,727	42,940	43,227	P 42,775	-9.6	-8.2	-7.0	-4.4	P -3.7
People's Republic of China (Hong Kong is included)	Sales	773,491	847,986	884,596	931,194	P 882,374	13.6	9.6	8.7	20.4	P 14.1
	Local sales	266,497	297,519	307,160	321,018	P 299,660	1.1	8.4	8.5	23.6	P 12.4
	Exports to Japan	272,572	288,454	301,903	324,981	P 302,247	17.8	8.7	12.2	15.7	P 10.9
	Number of employees	400,208	420,635	446,915	446,285	P 456,198	6.9	10.1	15.4	15.7	P 14.0
United Kingdom	Sales	712,779	643,224	687,520	762,540	P 728,935	2.3	3.3	16.1	10.8	P 2.3
	Local sales	543,283	496,766	528,998	584,483	P 555,716	17.4	6.7	18.8	12.9	P 2.3
	Exports to Japan	12,730	7,539	7,056	11,494	P 11,096	-31.6	-24.5	-35.7	-0.1	P -12.8
	Number of employees	58,334	58,121	58,488	57,711	P 56,297	-8.5	-9.0	-5.8	-5.2	P -3.5
France	Sales	210,499	214,159	184,811	234,334	P 244,645	-6.0	11.4	3.8	10.0	P 16.2
	Local sales	144,129	137,228	116,552	153,330	P 162,193	-16.7	4.5	3.6	11.2	P 12.5
	Exports to Japan	3,241	3,368	2,802	2,857	P 2,896	-0.3	0.1	-30.0	-31.6	P -10.6
	Number of employees	16,792	17,507	18,016	17,359	P 17,505	-5.1	-3.4	4.5	1.7	P 4.2
Germany	Sales	273,825	282,840	275,683	290,494	P 294,882	-18.2	-4.4	13.1	14.3	P 7.7
	Local sales	195,378	206,788	196,247	199,277	P 210,767	-32.5	-2.7	18.5	16.2	P 7.9
	Exports to Japan	2,534	3,509	2,771	4,357	P 4,141	-21.9	-14.6	-22.8	-2.7	P 63.4
	Number of employees	22,509	22,176	22,478	22,269	P 21,458	1.9	0.1	3.0	2.4	P -4.7
Netherlands	Sales	339,490	322,517	310,091	323,759	P 319,773	48.3	34.6	5.3	1.1	P -5.8
	Local sales	278,318	273,890	262,410	272,969	P 271,405	61.0	56.0	12.9	4.1	P -2.5
	Exports to Japan	334	299	584	573	P 520	27.5	-16.7	-14.6	113.0	P 55.7
	Number of employees	30,454	28,881	28,574	28,658	P 26,489	9.3	3.8	-7.1	-6.1	P -13.0

Progress of the currency rates of the main regions against the yen



International Financial Statistics (International Monetary Fund)

The reference of data

〒 1 0 0 - 8 9 0 2

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Data printing (Internet)

<http://www.meti.go.jp/statistics/index.html>

* Time series tables for data in the past are on the Web page at the above-mentioned address.