

**Summary of the Preliminary Report on the 2007 Basic Survey of
Japanese Enterprise Activities (Survey of March 2007)**

Major themes of enterprise activities in the 2007 survey were as follows:

- **Sales increased, with profits increasing significantly. In particular, manufacturing industry sales increased for the fifth consecutive year.**
- **Enterprises continued to concentrate on core business activities and made further progress in business concentration.**
- **Among regular employees, part-timers increased.**
- **Overseas subsidiaries continued to expand their business activities.**

Overview of this survey

- **Manufacturing and retail industries marked their highest sales since the survey started.**

Sales of enterprises for FY2006 were 674.9 trillion yen (an increase of 5.6% from the previous year). However, since the scope of the service industry was expanded from this survey, when the data for the service industry is excluded to circumvent this impact, sales were 650.1 trillion yen (up by 4.7%).

Sales of the manufacturing industry were 310.0 trillion yen (up by 6.7%), up for the fifth consecutive year; retail industry sales increased to 73.5 trillion yen (up by 5.0%), and both industries recorded their highest sales since the inauguration of the survey. Wholesale industry sales increased (up by 3.6%) for the third consecutive year. In particular, processing-type industries such as the transportation equipment industry (up by 8.9%) and information and communication electronics equipment industry (up by 13.9%) were on the up.
- **Ratio of current profit to sales of manufacturing industry reached a record high for the fourth consecutive year.**

The ratio of current profit to sales was 4.6% (up by 0.2 points compared to the previous year), reaching a record high for the fourth consecutive year. In particular, the ratio for the manufacturing industry reached a high level at 6.1% (up by 0.2 points). Furthermore, current profit per enterprise increased for the fifth consecutive year.
- **The number of regular employees was 11.64 million, among which part-timers increased considerably.**

The number of regular employees was 11.64 million (up by 7.1% compared to the previous year). However, since the scope of the service industry was expanded from this survey, when the data for the service industry is excluded to circumvent this impact, the number is 10.69 million (up by 1.6%).

Out of regular employees, full-timers and permanent employees accounted for 8.09 million and part-timers accounted for 3.07 million (up by 19.2%). The number of part-timers excluding ones working in the service industry was 2.87 million (up by 13.5 %) and, in particular, double-digit increases were observed in the manufacturing, wholesale and retail industries. The number of regular employees per enterprise was 438 (up by 5.3%).

- **Core business as a percentage of sales in manufacturing industry was 84.2% (up by 0.2 points from the previous year), with enterprises continuing to concentrate on their core business activities.**

In terms of sales, the rates in the manufacturing, wholesale and retail industries increased to 84.2% (up by 0.2 points compared to the previous year), 76.3% (up by 0.6 points) and 74.9% (up by 0.3 points), respectively. Enterprises further continued to concentrate on core business activities.

- **The number of wholly-owned overseas subsidiaries per enterprise continued to increase.**

The number of subsidiaries and affiliates was 83,000. The number of overseas subsidiaries per enterprise increased to 5.3 domestically and 6.7 overseas. Looking at the past decade in terms of the investment ratio in subsidiaries and affiliates in the manufacturing industry, the rate of ownership of affiliates decreased, whereas the rate of ownership of wholly-owned subsidiaries increased. In particular, the rate of wholly-owned overseas subsidiaries was 61.2% (up by 3.8 points compared to the previous year and also up by 16.4 points in the past decade), exceeding 60% for the first time. The rate of wholly-owned overseas subsidiaries has continued to be on an upward trend.

- **The overseas technology trade balance of manufacturing enterprises was 1.99 (up by 0.30 points compared to the previous year), and had a surplus for the ninth consecutive year.**

The overseas technology trade balance of manufacturing enterprises was 1.99, maintaining a surplus for the ninth consecutive year.

The Ministry of Economy, Trade and Industry conducted the Basic Survey of Japanese Business Structure and Activities on March 31, 2007, which was compiled and published as a preliminary report. The purpose and outline of the survey are as follows:

1. Purpose

The survey aims to clarify business activities in order to acquire basic data for business policy-making.

2. Subject

The survey covers enterprises with both a minimum capital of 30 million yen and 50 or more employees, including those engaged in mining, manufacturing, electricity and gas, software services, data processing and information services, Internet-related services, movie and video production, TV program production, newspaper publishing, publishing businesses, wholesale trade, retail trade, eating and drinking establishments (excluding bars, pubs and the like), credit card and loan businesses, foreign language conversation classes, fitness clubs, cultural centers (comprehensive), services (design and mechanical services, photograph businesses, engineering, academic and research and development institutions, laundry services, other laundry services, hairdressing, beauty businesses, bathhouse businesses, ceremonial occasions (including mutual aid societies), photo film developing and printing, other services related to people's daily lives, movie theaters, golf courses, sport facilities services (excluding some related businesses), parks, amusement parks and theme parks, bowling alleys, waste-disposal businesses, machine repair, industrial equipment and machinery rental, office machinery rental, automobile leasing (excluding rental services), sports and hobby goods rental, miscellaneous goods rental and leasing, advertising, commodity inspection services (excluding nondestructive inspection), surveyor certification, private employment agencies, display businesses, labor dispatch services, telemarketing services, and other industrial services). This is based on the Standard Industrial Classification for Japan.

3. Method

The survey was conducted via mail, based on self-declaration survey forms given to parent companies. Since 2004, it has been possible to submit survey responses online.

4. Time

The survey covers actual results for FY2006 and for the end of FY2006, as of March 31, 2007.

5. Response rate

	2007 Survey (preliminary report)	2006 Survey (revised report)
Number of companies surveyed	38,430	38,688
Number of companies submitting responses	30,572	30,752
Response rate	79.6%	79.5%
Number of companies	27,884	27,677

6. Notes

- (1) As only valid responses are counted, the number of enterprises that submitted a response varies by item.
- (2) When comparing the survey results with those for the previous year, it is necessary to pay attention to the differences in the response rates, number of enterprises surveyed and the scope of coverage (the study subjects in the service industry were expanded in 2007 (see notes in the main text)). Figures for "total number" and "the service industry" for this survey cannot be compared to those for the previous year. In the appendix, however, the enumeration data of companies that submitted valid responses for both this year and the previous year and comparisons with the previous year are shown for reference.

Also, year-on-year changes are not shown for newly-surveyed items for FY 2007, such as “total amount of salaries,” for which the definition of the survey items was revised, “out of them, full-timers and permanent employees” and “welfare expenses.” Year-on-year changes are also not shown for “labor distribution rate,” which is obtained based on that data.

- (3) See the notes in the main text about “Services (*)” in the text, figures and tables. The total includes mining, manufacturing, wholesale trade, retail trade, eating and drinking establishments, electricity and gas, credit card and loan businesses, information services and information production, private lesson businesses and services (*), and does not include “other industries.”

1. Summary

- Sales of enterprises were 674.9 trillion yen. They increased in manufacturing enterprises for the fifth consecutive year, and were the highest since the inauguration of the survey. Sales also increased in wholesale enterprises for the third consecutive year.
- Current profit of the manufacturing industry increased for the fifth consecutive year.

(1) Trends in the number of enterprises

The number of enterprises was 26,574. By industry, the number was highest for manufacturing enterprises at 12,763 (48.0% of the total), followed by wholesale enterprises at 5,623 (21.2%) and retail enterprises at 3,438 (12.9 %).

(2) Trends in the number of employees

The number of regular employees was 11.64 million (up by 7.1% compared to the previous year). However, since the scope of the service industry was expanded from this survey, when the data for the service industry is excluded to circumvent the impact, the number of regular employees is 10.69 million (up by 1.6%). Out of these, the number of part-timers was 3.07 million (up by 19.2%). Excluding the service industry, the number was 2.87 million (up by 13.5%). The number in the manufacturing enterprises showed a double-digit increase.

The number of workers dispatched from employment agencies was 730,000 (up by 26.6%). Excluding the service industry, it was 690,000 (up by 23.5%). In particular, the number in manufacturing enterprises showed a double-digit increase for the fifth consecutive year.

(3) Trends in assets

Assets were 603.4 trillion yen. There were increases in manufacturing enterprises (up by 4.1%), wholesale enterprises (up by 5.0%) and retail enterprises (up by 2.0%).

The ratio of owned capital for manufacturing enterprises was 45.9%, down by 0.49 points. In terms of fund operation, increases were observed in “liquid assets” and “investment and others,” and in terms of fund procurement, there was an increase in “current liabilities.”

(4) Trends in sales

Total sales increased by 5.6% compared to the previous year, to 674.9 trillion yen. However, since the scope of the service industry was expanded from this survey, when the data for the service industry is excluded to circumvent the impact, the sales are 650.1 trillion yen (up by 4.7%). Sales of manufacturing enterprises increased by 6.7% to 310.0 trillion yen, up for the fifth consecutive year, and those of retail enterprises also increased by 5.0% to 73.5 trillion yen, marking their highest point since the survey started. Wholesale enterprises also saw an increase for the third consecutive year, rising 3.6% to 219.0 trillion. Sales per enterprise increased by 3.7% to 25.40 billion yen.

(5) Trends in current profit

Current profit increased to 31.0 trillion yen. Current profits per enterprise significantly increased in the manufacturing, wholesale and retail industries, by 12.1 %, 12.2% and 11.7% respectively. The rate of current profit to sales was 4.6% (up by 0.2 points), setting their highest record for the fourth consecutive year. In particular, manufacturing enterprises saw an increase to 6.1%, maintaining a high level.

(6) Trends in subsidiaries and affiliated companies

The number of subsidiaries and affiliated companies owned by enterprises was 83,000. Among them, domestic subsidiaries were 53,000 and overseas subsidiaries were 30,000. The number of

domestic and overseas subsidiaries and affiliated companies per enterprise increased by 0.1 to 5.3 and by 0.5 to 6.7, respectively. The ratio of wholly-owned subsidiaries of manufacturing enterprises expanded both domestically and overseas.

Table 1. Main Figures

	Number of enterprises			Total number of regular employees (10,000 persons)			Sales (Trillion yen)		
	FY 2005	FY2006	Y/Y (%)	FY 2005	FY2006	Y/Y (%)	FY 2005	FY2006	Y/Y (%)
Total (Note 1)	26,114	26,574	-	1,086.7	1,164.0	-	639.2	674.9	-
Manufacturing	12,990	12,763	-1.7	498.8	504.6	1.2	290.5	310.0	6.7
Wholesaling	5,747	5,623	-2.2	140.5	138.5	-1.5	211.3	219.0	3.6
Retailing	3,538	3,438	-2.8	243.3	259.6	6.7	70.0	73.5	5.0
Information services/ production	1,866	1,858	-0.4	74.2	69.7	-6.1	22.3	20.2	-9.3
Services(*)	1,221	2,136	-	34.1	95.0	-	18.6	24.8	-

	Current profit (Trillion yen)			Assets (Trillion yen)			Number of subsidiaries (enterprise)		
	FY 2005	FY2006	Y/Y (%)	FY 2005	FY2006	Y/Y (%)	FY 2005	FY2006	Y/Y (%)
Total (Note 1)	27.9	31.0	-	580.4	603.4	-	80,961	83,276	-
Manufacturing	17.3	19.0	10.1	295.9	308.0	4.1	45,842	46,559	1.6
Wholesaling	4.4	4.9	9.8	109.2	114.7	5.0	21,650	22,465	3.8
Retailing	1.9	2.0	8.6	42.0	42.8	2.0	4,859	4,651	-4.3
Information services/ production	1.3	1.5	15.6	20.0	17.9	-10.9	3,740	3,593	-3.9
Services(*)	0.7	1.4	-	37.8	46.9	-	2,924	3,882	-

Note 1: Total includes mining, manufacturing, wholesale trade, retail trade, eating and drinking establishments, electricity and gas services, credit card and loan businesses, information processing and provision services, private tuition businesses and services (*).

Note 2: As the figures for the total number of regular employees, sales and current profit were rounded off, the total of the figures does not correspond to the total in the table.

2. Employment conditions

- The number of regular employees increased by 7.1% compared to the previous year, to 11.64 million. However, since the scope of the service industry was expanded from this survey, when the data for the service industry is excluded to circumvent the impact, the number of regular employees is 10.69 million (up by 1.6%). The number of employees per enterprise was 438 (an increase of 5.3%).
- The number of full-time workers was 8.09 million, and the number of part-timers increased by 19.2% to 3.07 million. Excluding workers in the service industry, the number of part-timers increased by 13.5% compared to the previous year, to 2.87 million. The number of part-timers in manufacturing enterprises saw a double-digit increase.
- The ratio of permanent workers to the total number of regular employees was 69.5%, and that of part-timers was 26.4%.
- The number of workers dispatched from employment agencies increased by 26.6% compared to the previous year, to 730,000. The number excluding those working in service enterprises also increased by 23.5% to 690,000. The number of workers dispatched to manufacturing enterprises from employment agencies surpassed that of part-timers, increasing by 25.9% to 490,000.

Figure 1. Trends in number of regular employees

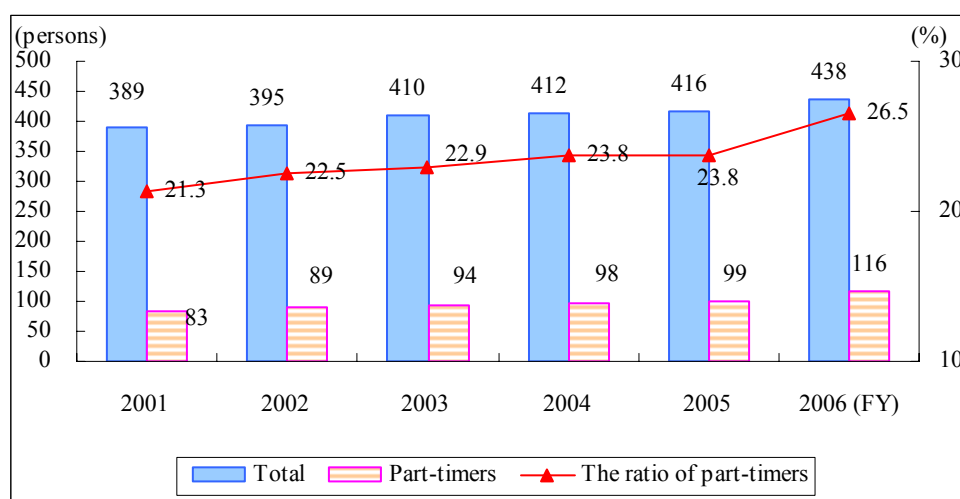


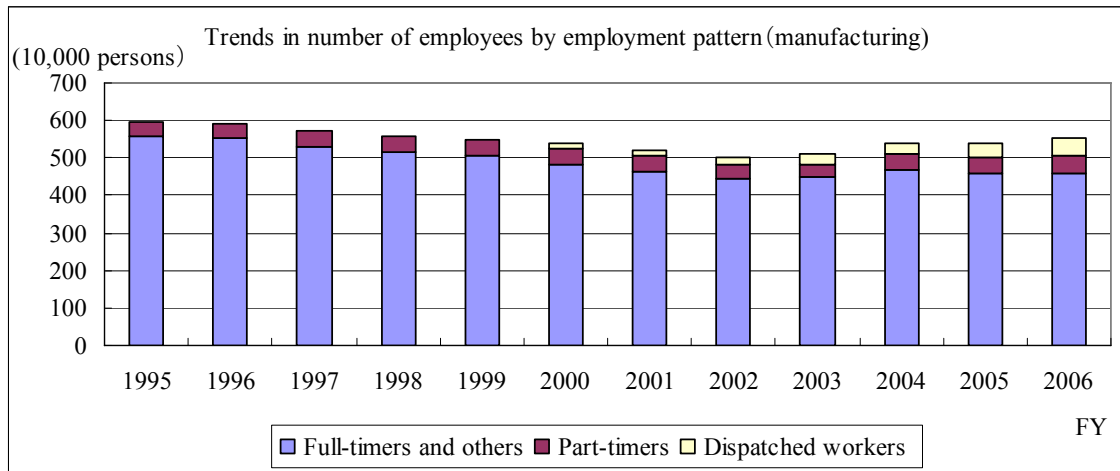
Table 2. Number of regular employees by industry

(unit: 1,000 persons, %)

	Regular employees									Dispatched workers			
	FY 2004			FY 2005			FY 2006			FY 2004	FY 2005	FY 2006	
	Total			Full-timers and others			Part-timers			Total	Total	Total	
Total (Note 1)	11,061	10,867	11,640	8,438	8,292	8,089	2,623	2,574	3,068	493	579	733	
	Y/Y	6.3	-1.8	-	5.3	-1.7	-	9.6	-1.8	-	25.1	17.5	-
Manufacturing	5,086	4,988	5,046	4,698	4,589	4,438	388	398	459	325	388	489	
	Y/Y	4.9	-1.9	1.2	4.8	-2.3	-	6.3	2.6	15.2	29.7	19.3	25.9
Wholesaling	1,431	1,405	1,385	1,251	1,236	1,154	180	170	200	55	58	60	
	Y/Y	3.0	-1.8	-1.5	3.2	-1.2	-	1.6	-5.7	18.0	28.5	5.7	2.3
Retailing	2,468	2,433	2,596	1,123	1,090	1,006	1,345	1,343	1,547	32	32	59	
	Y/Y	10.8	-1.4	6.7	8.8	-3.0	-	12.6	-0.1	15.1	14.1	-1.7	85.5
Eating and drinking	739	690	695	176	160	111	563	530	570	4	4	3	
	Y/Y	11.2	-6.7	0.8	40.5	-9.1	-	4.4	-5.9	7.7	-13.8	4.1	-21.2
Information services/production	715	742	697	656	690	625	59	52	53	43	43	52	
	Y/Y	13.4	3.8	-6.1	9.2	5.3	-	97.5	-12.4	2.2	5.8	1.9	20.6
Services(*)	352	341	950	301	297	532	51	44	197	21	22	45	
	Y/Y	-3.5	-3.1	-	-5.5	-1.4	-	10.0	-13.7	-	18.2	3.4	-

Note: The number of full-timers began to be surveyed in FY2006. Figures for "full-timers and others" for FY2005 or earlier are calculated by subtracting the number of part-timers from the number of regular employees.

Figure 2. Trends in number of employees by employment pattern (manufacturing)



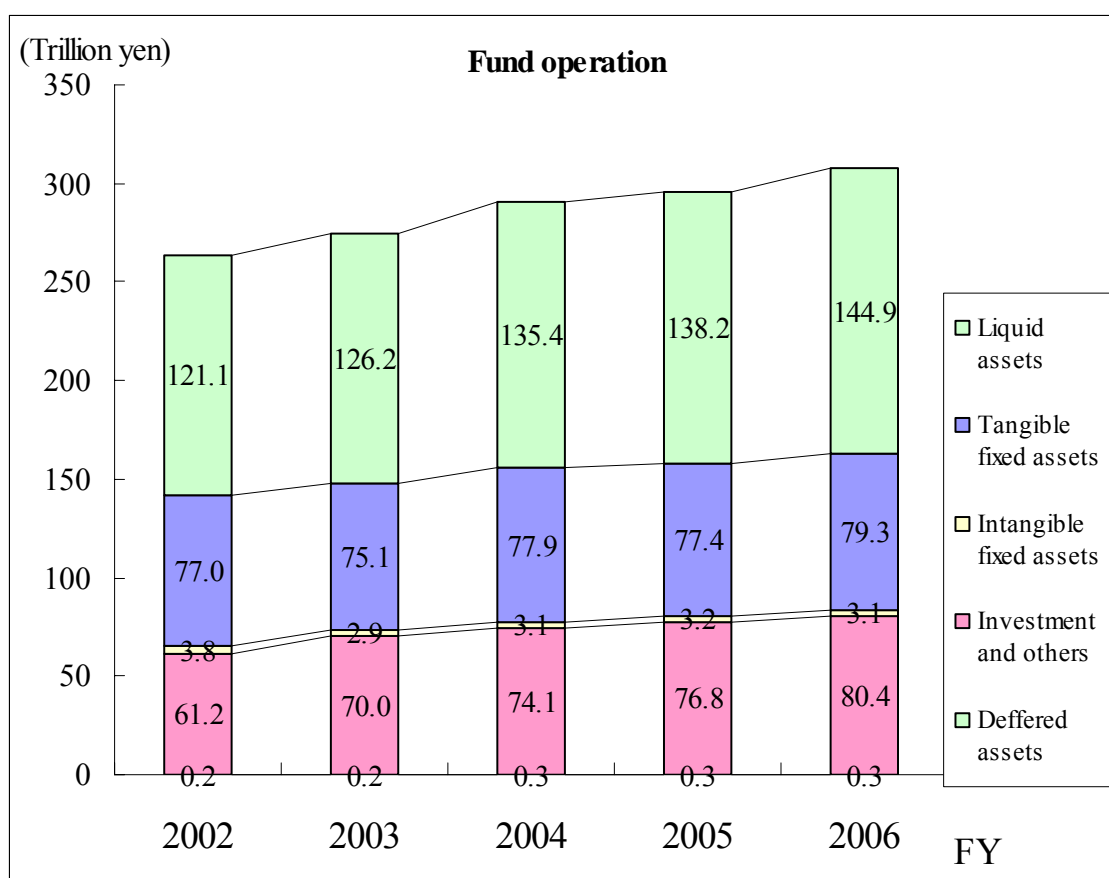
3. Asset conditions

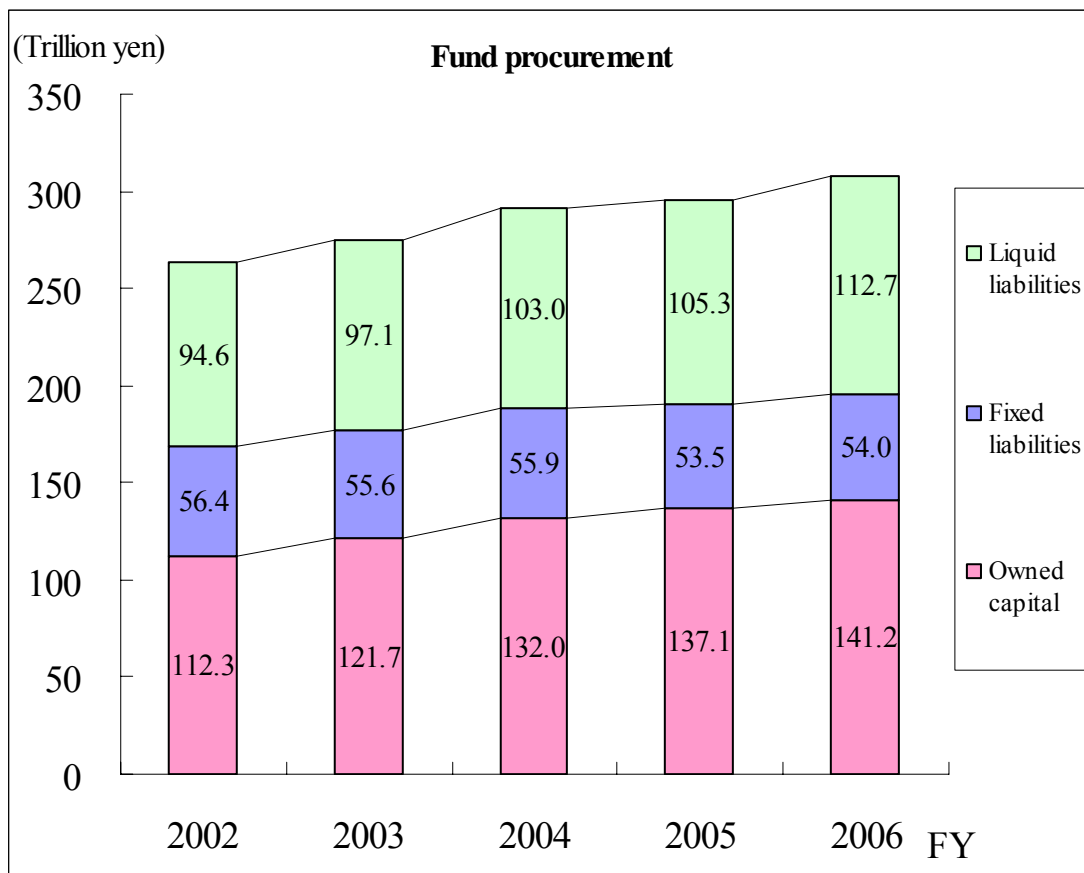
- Total assets were 603.4 trillion yen. Those of the manufacturing, wholesale and retail industries increased by 4.1%, 5.0% and 2.0% respectively.
- The ratio of owned capital in manufacturing enterprises decreased by 0.4 points to 45.9% compared to the previous year.
- In manufacturing enterprises, increases are notable in “liquid assets” and “investment and others” in terms of fund operation, and in “current liabilities” in terms of fund procurement.

Table 3. Assets and net assets of major industries

	Assets (100 million yen)			Tangible fixed assets (100 million yen)			Net assets (100 million yen)			Rate of owned capital	
	FY 2005	FY 2006	Y/Y (%)	FY 2005	FY 2006	Y/Y (%)	FY 2005	FY 2006	Y/Y (%)	FY 2005	FY 2006
	Manufacturing	2,959,354	3,079,664	4.1	774,369	792,689	2.4	1,370,853	1,412,256	3.0	46.3
Wholesaling	1,091,966	1,146,890	5.0	135,010	135,769	0.6	331,865	358,256	8.0	30.4	31.2
Retailing	419,819	428,368	2.0	152,813	156,596	2.5	139,813	149,299	6.8	33.3	34.9

Figure 3. Fund operation and procurement of manufacturing industry





4. Sales conditions

- Total sales increased by 5.6% compared to the previous year, to 674.9 trillion yen. However, since the scope of the service industry was expanded from this survey, when the data for the service industry is excluded to circumvent this impact, total sales are 6.501 trillion yen, up by 4.7% compared to the previous year.
- Sales of manufacturing enterprises showed an increase of 6.7% to 310 trillion yen, up for the fifth consecutive year. Sales of retail enterprises increased by 5.0% to 73.5 trillion yen. Both marked a record high since the inauguration of the survey. Sales of wholesale enterprises increased from the previous year by 3.6% to 219 trillion yen, up for the third consecutive year.
- In the manufacturing industry, especially, processing-type industries such as transportation equipment and information and communication electronics equipment are on the up.

Table 4. Trends in sales by industry

	Sales (100 million yen)			Sales per enterprise (million yen)		
	FY2005	FY2006	Y/Y (%)	FY2005	FY2006	Y/Y (%)
Total	6,392,500	6,748,634	—	24,479	25,396	3.7
Mining	6,718	7,972	18.7	18,157	20,979	15.5
Manufacturing	2,905,332	3,100,491	6.7	22,366	24,293	8.6
Electricity and gas	190,661	196,283	2.9	183,328	181,743	-0.9
Wholesaling	2,113,414	2,190,086	3.6	36,774	38,949	5.9
Retailing	699,942	735,014	5.0	19,784	21,379	8.1
Eating and drinking establishments	41,318	40,187	-2.7	8,297	7,849	-5.4
Credit card and loan businesses	22,899	24,630	7.6	30,944	34,690	12.1
Information processing and provision services	222,997	202,220	-9.3	11,951	10,884	-8.9
Private lesson businesses	3,371	3,845	14.1	8,642	14,241	64.8
Services (*)	185,848	247,907	—	15,221	11,606	-23.7

Figure 4. Trends in sales of major industries

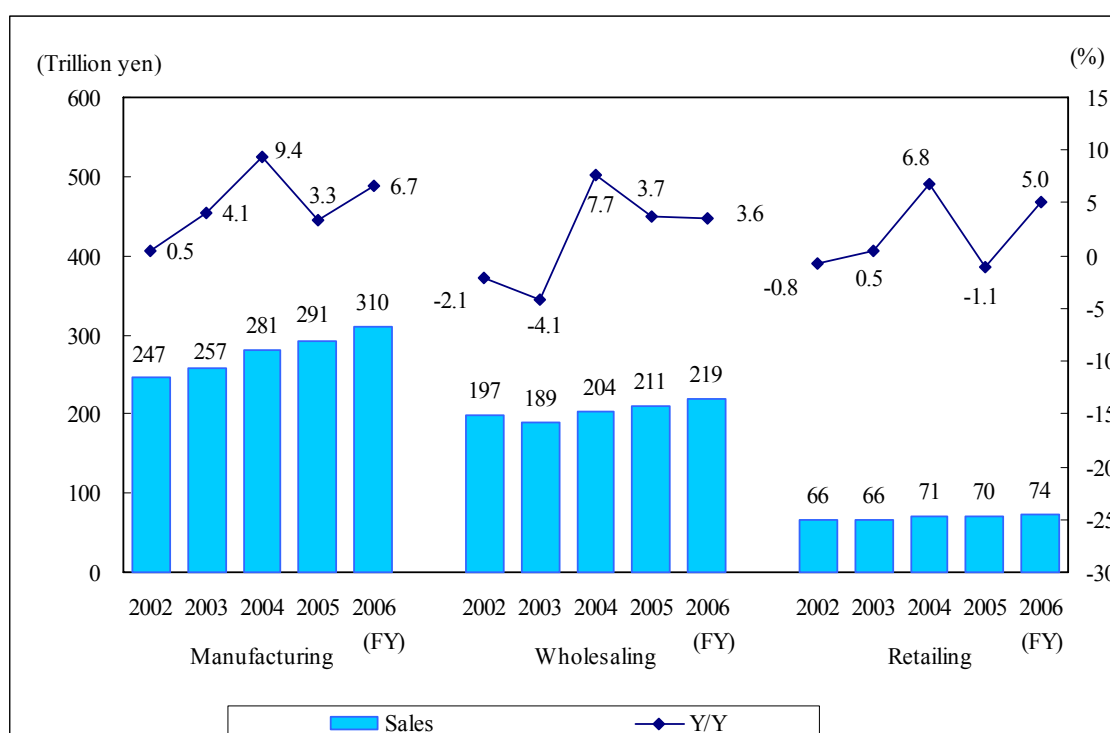
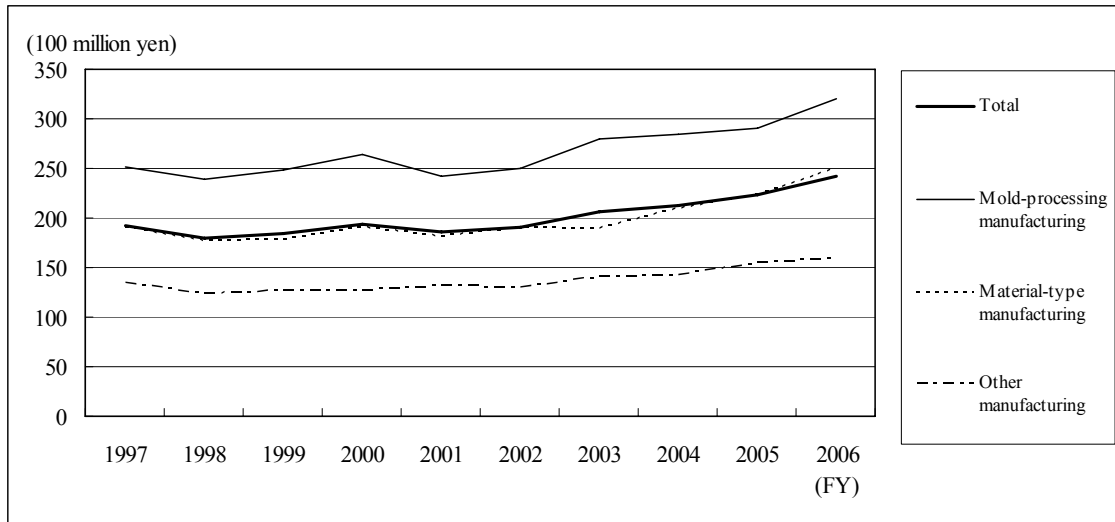


Figure 5. Change in sales by processing pattern in manufacturing industry (per enterprise)



Note: Refer to the main text for the definition and scope of processing patterns.

5. Earnings conditions

- Current profit increased by 11.0% compared to the previous year, to 31.0 trillion yen, and operating profit also increased, up by 9.2% to 27.8 trillion yen. However, since the scope of the service industry was expanded from this survey, when the data for the service industry is excluded to circumvent the impact, current profit and operating profit are 29.6 trillion (up by 9.2%) and 26.5 trillion (up by 7.3%), respectively.
- Current profit per enterprise was 1.17 billion yen (up by 9.0%), rising significantly for the fifth consecutive year. Also, there were substantial increases in wholesale enterprises (up by 12.2%), manufacturing enterprises (up by 12.1%) and retail enterprises (up by 11.7%).
- Current profit per enterprise showed a significant increase in processing-type manufacturing enterprises (up by 18.3%) and material-type manufacturing enterprises (up by 8.9%).
- The ratio of current profit to sales rose to 4.6% (up by 0.2 points), marking a record high for the fourth consecutive year. In particular, the ratio for manufacturing enterprises was 6.1% (up by 0.2 points).
- Labor productivity¹ was 10.37 million yen and increased by 7.1% for manufacturing enterprises, up for the fifth consecutive year. Wholesale enterprises also saw an increase for the second consecutive year, up by 5.8%. In comparison, retail enterprises increased slightly, by 0.6%

1. Labor productivity = Amount of added value / Number of full-time workers

Table 5. Profit per enterprise

	Current profit (million yen)			Operating profit (million yen)		
	FY2005	FY2006	Y/Y (%)	FY2005	FY2006	Y/Y (%)
Total (Note 1)	1,068.8	1,165.3	9.0	975.3	1,046.3	7.3
Mining	8,013.2	10,065.2	25.6	7,486.8	9,600.2	28.2
Manufacturing	1,326.6	1,487.0	12.1	1,195.9	1,325.0	10.8
Electricity and gas	13,915.5	13,020.5	-6.4	18,828.7	16,707.3	-11.3
Wholesaling	773.9	868.1	12.2	611.3	661.5	8.2
Retailing	529.8	591.9	11.7	483.3	546.8	13.1
Eating and drinking establishments	247.6	247.1	-0.2	253.6	248.6	-2.0
Credit card and loan businesses	4,462.9	3,211.1	-28.0	4,689.1	3,336.7	-28.8
Information processing and provision services	709.2	823.4	16.1	663.9	785.8	18.4
Private lesson businesses	368.0	711.7	93.4	370.2	679.2	83.5
Services (*)	671.3	645.4	-3.9	614.7	600.1	-2.4

Figure 6. Change in current profit of manufacturing enterprises by processing pattern (per enterprise)

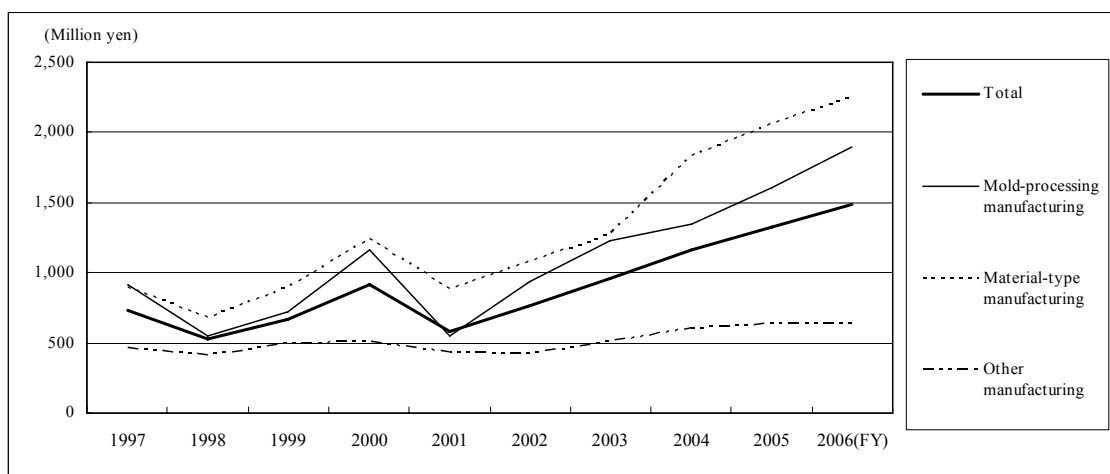


Table 6. Comparison of profit ratio per enterprise

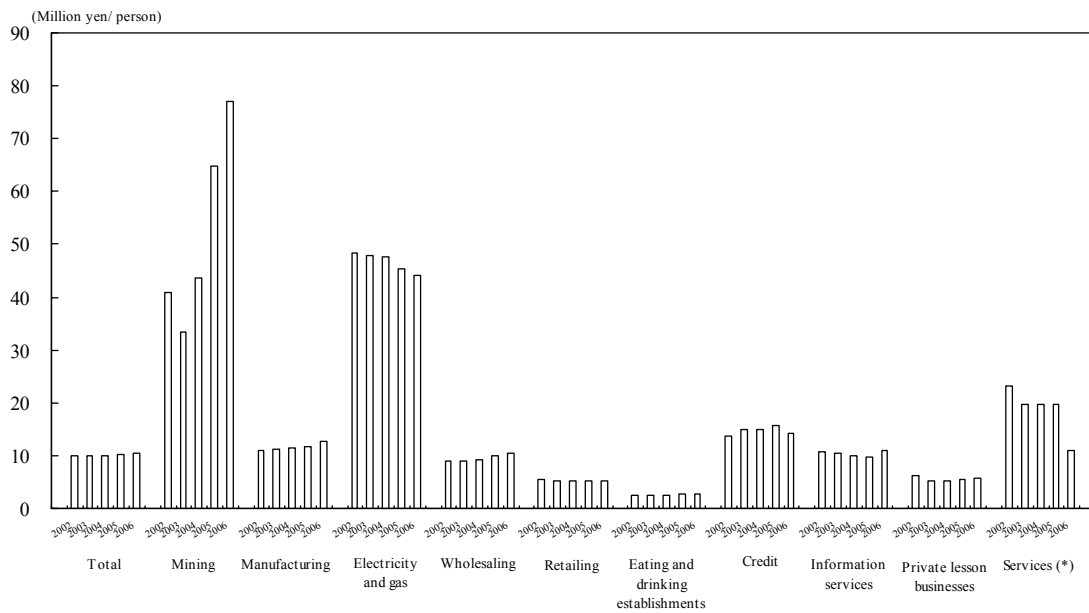
(unit: %, point)

	Ratio of current profit to net sales			Ratio of operating profit to net sales		
	FY2005	FY2006	Y/Y (%)	FY2005	FY2006	Y/Y (%)
Total (Note 1)	4.4	4.6	0.2	4.0	4.1	0.1
Mining	44.1	48.0	3.9	41.2	45.8	4.6
Manufacturing	5.9	6.1	0.2	5.3	5.5	0.2
Electricity and gas	7.6	7.2	-0.4	10.3	9.2	-1.1
Wholesaling	2.1	2.2	0.1	1.7	1.7	0.0
Retailing	2.7	2.8	0.1	2.4	2.6	0.2
Eating and drinking establishments	3.0	3.1	0.1	3.1	3.2	0.1
Credit card and loan businesses	14.4	9.3	-5.1	15.2	9.6	-5.6
Information processing and provision services	5.9	7.6	1.7	5.6	7.2	1.6
Private lesson businesses	4.3	5.0	0.7	4.3	4.8	0.5
Services (*)	4.4	5.6	1.2	4.0	5.2	1.2

Table 7. Labor productivity

	Labor productivity (10,000 yen/person)		
	FY2005	FY2006	Y/Y (%)
Total (Note 1)	1,014.6	1,037.4	-
Mining	6,474.3	7,696.7	18.9
Manufacturing	1,177.9	1,262.0	7.1
Electricity and gas	4,537.0	4,407.8	-2.8
Wholesaling	991.3	1,048.9	5.8
Retailing	517.8	520.9	0.6
Eating and drinking establishments	272.2	277.0	1.8
Credit card and loan businesses	1,558.8	1,429.4	-8.3
Information processing and provision services	964.9	1,098.0	13.8
Private lesson businesses	540.6	568.5	5.2
Services (*)	1,968.0	1,089.1	-

Figure 7. Labor productivity per enterprise



6. Trends in business development

- The ratio of core business to sales² in manufacturing, wholesale and retail enterprises increased to 84.2% (up by 0.2 points compared to the previous year), 76.3% (up by 0.6 points) and 74.9% (up by 0.3 points), respectively, showing a trend toward core business concentration since FY2001.
- Among manufacturing enterprises, the ratio of core business to sales was high for the transportation equipment industry, at 93.6% (up by 0.3 points). In comparison, the ratio of the information and communication electronics equipment industry decreased to 65.3% (down by 1.2 points).

2. The ratio of core business is obtained by dividing sales of major business (core business), compiled on a 2-digit basis of the Japan Standard Industrial Classification, by total sales.

Ratio of core business to sales = Sales of major business / Total sales × 100

Figure 8. Change in ratio of core business

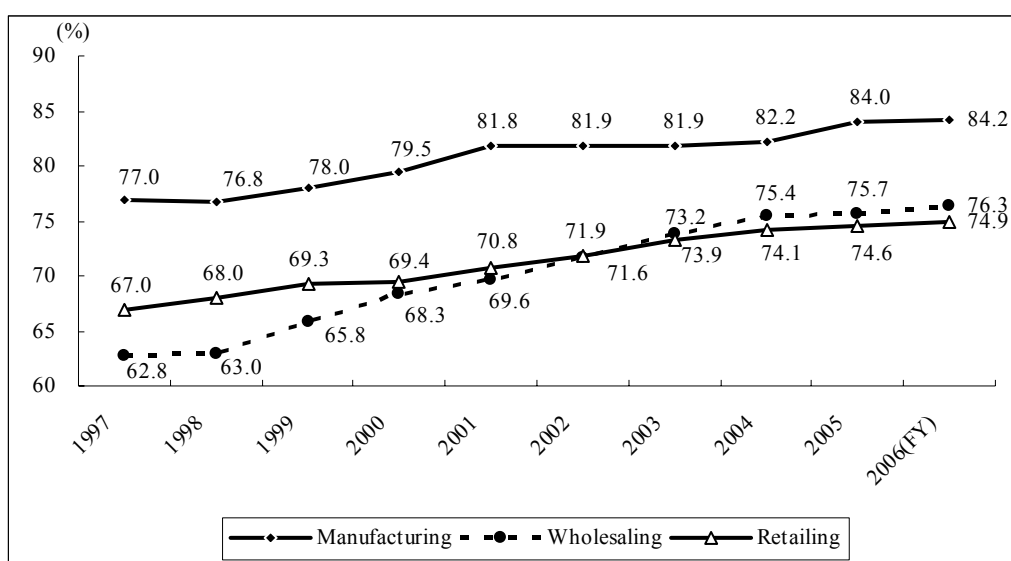


Table 8. Trends in subsidiary business to sales (manufacturing enterprises)

(unit: % point)

	Ratio of core business		Ratio of subsidiary business						
		Y/Y		Manufacturing		Wholesaling and retailing businesses		Others	
					Y/Y		Y/Y		Y/Y
Manufacturing	84.2	0.2	15.8	11.4	0.2	3.1	-0.5	1.3	0.1
Food processing	87.7	1.4	12.3	5.7	0.0	5.9	-1.3	0.7	-0.1
Drinks, tobacco and feed processing	90.3	1.1	9.7	2.6	-1.0	6.6	-0.3	0.5	0.2
Textiles	79.9	4.4	20.1	12.2	-4.0	5.2	-0.1	2.7	-0.3
Clothes and other textile goods	88.3	0.7	11.7	8.3	0.2	2.6	-0.8	0.8	-0.1
Lumber and wood products (excluding furniture)	85.9	2.2	14.1	4.7	0.0	7.3	-1.0	2.1	-1.2
Furniture and equipment	81.1	-1.0	18.9	4.5	-0.6	10.7	1.3	3.7	0.3
Pulp, paper and paper processing	87.2	0.0	12.8	4.6	0.2	7.9	0.1	0.3	-0.3
Printing and other related businesses	88.5	0.8	11.5	7.3	-0.5	3.4	-0.4	0.8	0.1
Chemical engineering	83.2	0.2	16.8	10.0	1.9	6.2	-1.9	0.6	-0.2
Petroleum products and coal products	87.3	-3.5	12.7	4.5	2.5	7.8	1.3	0.4	-0.3
Plastic products	86.1	-0.2	13.9	9.2	1.7	4.2	-1.5	0.5	0.0
Rubber products	81.5	-0.5	18.5	10.7	-1.1	6.5	1.4	1.3	0.2
Tannage, tannage products and fur goods	93.1	-1.1	6.9	2.9	2.5	3.9	-1.5	0.1	0.1
Ceramic engineering and stone products	80.6	7.4	19.4	5.8	-3.9	5.4	-5.1	8.2	1.6
Iron and steel businesses	91.0	2.3	9.0	7.1	0.1	1.1	-0.2	0.8	-2.2
Nonferrous metalworking	80.6	4.8	19.4	14.5	-5.0	3.6	0.4	1.3	-0.2
Metallic products	84.2	0.2	15.8	9.8	0.4	2.5	-0.6	3.5	0.0
General machinery and appliances	79.3	0.8	20.7	17.0	0.3	1.4	-0.5	2.3	-0.6
Electric machinery and apparatuses	79.1	2.9	20.9	18.7	-2.5	1.2	-0.1	1.0	-0.3
IT machinery and appliances	65.3	-1.2	34.7	31.0	-1.7	0.1	-0.2	3.6	3.1
Electric parts and devices	89.3	-1.0	10.7	7.3	-0.1	2.6	1.0	0.8	0.1
Transportation machinery	93.6	0.3	6.4	4.6	-0.5	1.2	0.0	0.6	0.2
Precision mechanical instruments	79.1	2.2	20.9	16.7	-1.7	2.6	-1.0	1.6	0.5
Other manufacturing	74.6	-5.7	25.4	19.3	7.2	3.8	-1.4	2.3	-0.1

7. Trends in cost

- The ratio of operating costs to total sales decreased by 0.1 points compared to the previous year, to 95.9%, down for the fifth consecutive year due to reductions in marketing costs and general management costs.
- Manufacturing enterprises showed a decrease of 0.2 points to 94.5%, down for the fifth consecutive year.
- Wholesale enterprises leveled off at 98.3%, while retail enterprises decreased by 0.1 points to 97.5%.

Figure 9. Changes in ratio of operating costs

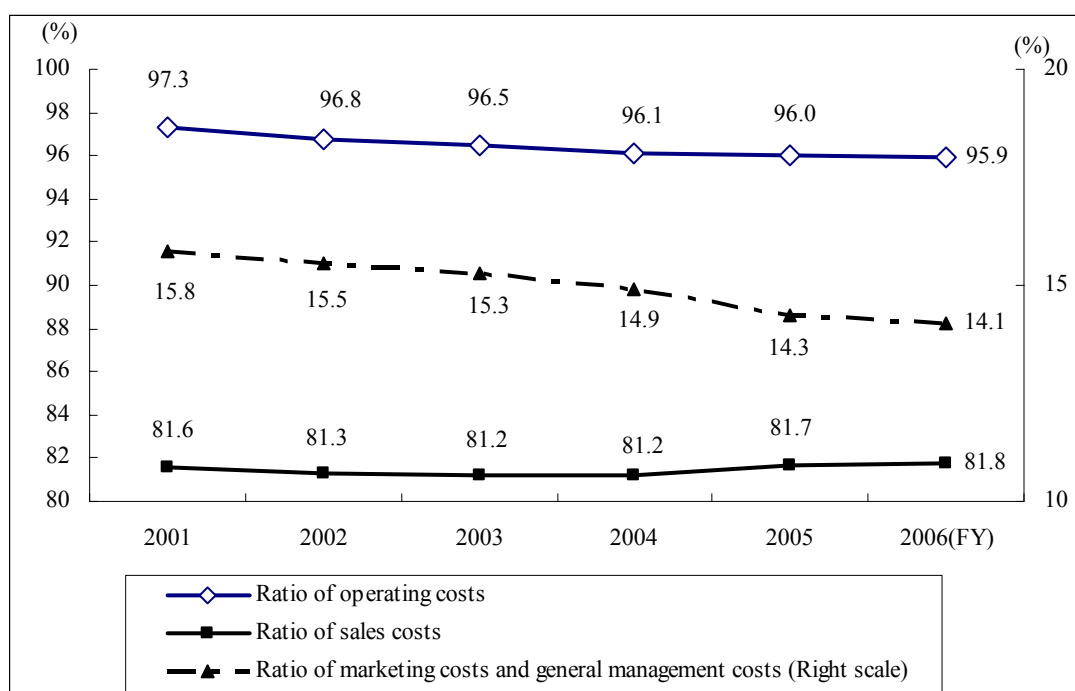


Table 9. Ratio of operating costs to sales

(%, changes in point)

	Ratio of operating costs			Ratio of sales costs			Ratio of marketing cost and general management costs		
	FY2005	FY2006	Y/Y (%)	FY2005	FY2006	Y/Y (%)	FY2005	FY2006	Y/Y (%)
Mining	58.8	54.6	-4.2	48.0	44.9	-3.1	10.8	9.7	-1.1
Manufacturing	94.7	94.5	-0.2	80.5	80.9	0.4	14.1	13.7	-0.4
Electricity and gas	89.7	90.8	1.1	73.5	74.2	0.7	16.2	16.6	0.4
Wholesaling	98.3	98.3	0.0	89.4	89.8	0.4	9.0	8.5	-0.5
Retailing	97.6	97.5	-0.1	72.8	72.7	-0.1	24.7	24.8	0.1
Eating and drinking establishments	96.9	96.8	-0.1	45.2	46.1	0.9	51.7	50.8	-0.9
Credit card and loan businesses	84.8	90.4	5.6	10.6	9.5	-1.1	74.2	80.9	6.7
Information processing and provision services	94.4	92.8	-1.6	73.7	71.1	-2.6	20.7	21.7	1.0
Private lesson businesses	95.7	95.2	-0.5	68.5	71.6	3.1	27.2	23.6	-3.6
Services (*)	96.0	94.8	-1.2	83.6	79.1	-4.5	12.4	15.7	3.3

8. Ownership of subsidiaries and affiliated companies

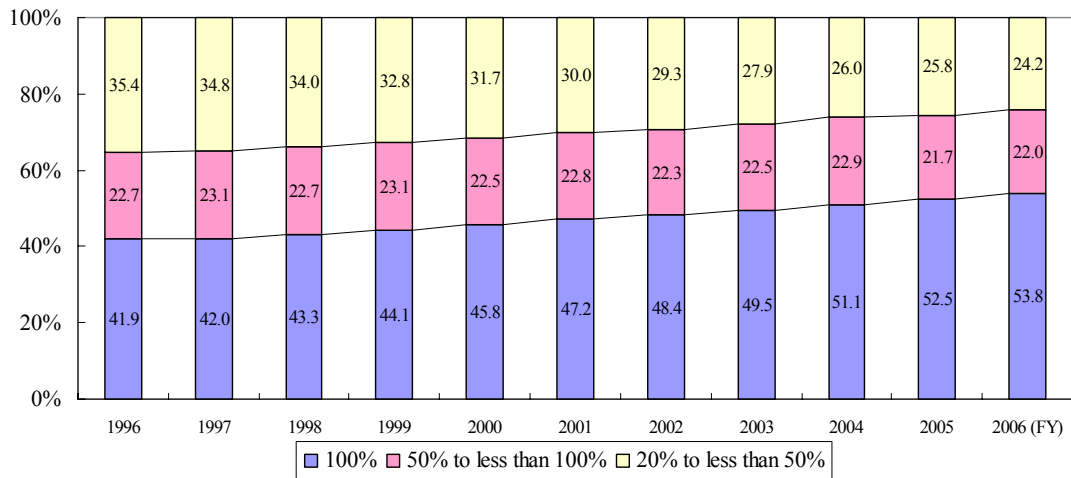
- The number of enterprises that own subsidiaries and affiliated companies (hereinafter referred to as subsidiaries) was 11,000. The ratio of ownership of subsidiaries was 42.9%. The number of domestic subsidiaries was 53,000, while that of overseas subsidiaries was 30,000.
- The number of subsidiaries owned per enterprise was 5.3 domestically, and 6.7 overseas. The number per enterprise for the manufacturing industry was 5.6 domestically and 6.6 overseas.
- The ratio of wholly-owned subsidiaries of manufacturing enterprises expanded while that of affiliated companies decreased. The ratio of domestic wholly-owned subsidiaries increased by 11.9 points from 41.9% (FY1996) to 53.8%. Also, the ratio of overseas subsidiaries increased by 16.4 points from 44.8% (FY1996) to 61.2%. The trend of expansion of wholly-owned subsidiaries has been growing overseas.

Table 10. Ownership of subsidiaries of major industries (Number of enterprises)

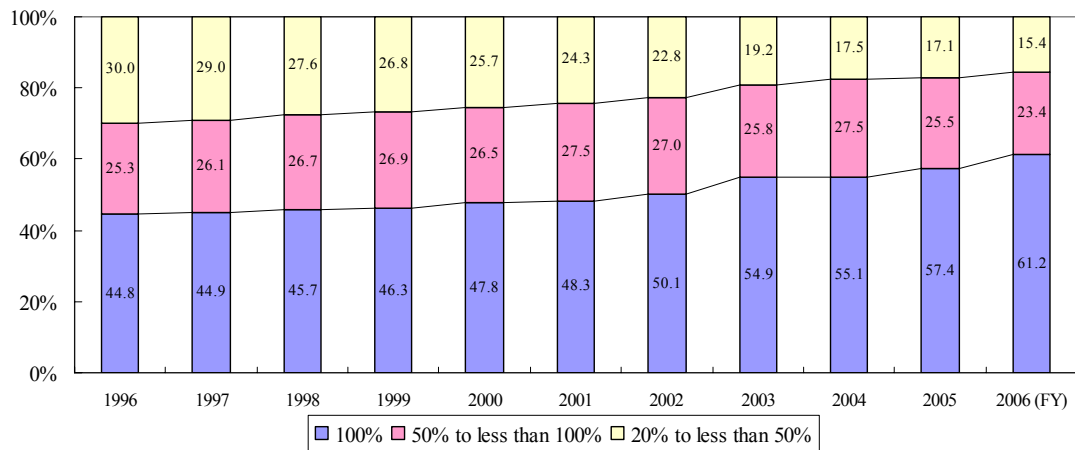
		In Japan			Overseas		
		Number of enterprises that own subsidiaries	Number of subsidiaries and affiliated companies	Number of subsidiaries per enterprise	Number of enterprises that own subsidiaries	Number of subsidiaries and affiliated companies	Number of subsidiaries per enterprise
Total (*)	FY2005	10,153	53,223	5.2	4,470	27,738	6.2
	FY2006	10,048	53,331	5.3	4,437	29,945	6.7
Manufacturing	FY1996	5,706	33,567	5.9	2,393	10,325	4.3
	FY1997	5,425	31,881	5.9	2,363	10,508	4.4
	FY1998	5,404	31,494	5.8	2,414	10,790	4.5
	FY1999	5,438	31,417	5.8	2,471	11,078	4.5
	FY2000	5,422	30,668	5.7	2,505	11,160	4.5
	FY2001	5,295	28,793	5.4	2,632	11,647	4.4
	FY2002	5,076	26,839	5.3	2,693	12,114	4.5
	FY2003	4,871	27,216	5.6	2,738	15,686	5.7
	FY2004	5,109	28,308	5.5	3,036	17,954	5.9
	FY2005	4,961	27,205	5.5	3,086	18,637	6.0
	FY2006	4,790	26,687	5.6	3,015	19,872	6.6

Figure 10. Change in ratio of subsidiaries by investment ratio of manufacturing enterprises

【In Japan】



【Overseas】



9. Overseas technology trade balance

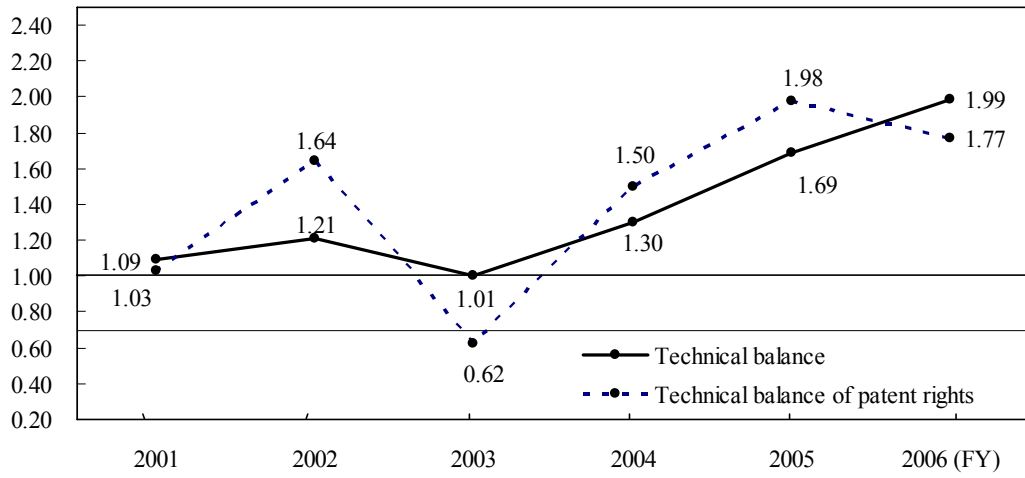
- The ratio of overseas technology trade balance³ decreased by 2.1 points from the previous year to 1.77, maintaining a surplus for the third consecutive year.
- The ratio of overseas technology trade balance for manufacturing enterprises rose by 0.30 points to 1.99, maintaining a surplus for the ninth consecutive year due to increases in the transportation equipment industry, electrical machinery industry and the like.
- The ratio of overseas technology trade balance of patent rights was 1.56, maintaining a surplus for the fifth consecutive year. The ratio for manufacturing enterprises decreased by 0.21 points to 1.77. In comparison, the transportation equipment industry returned to profitability.

3. Ratio of overseas technical balance = Amount of overseas technical transfer / Amount of overseas introduction of technology

Table 11. Overseas technology trade balance of major manufacturing enterprises

		Overseas technical balance of major manufacturing enterprises					
		Introduction of technology (million yen)	Technical transfer (million yen)	Ratio of technical balance (Amount of transfer / Amount of introduction)	Overseas technical balance of patent rights		
					Introduction of technology (million yen)	Technical transfer (million yen)	Ratio of technical balance (Amount of transfer / Amount of introduction)
Manufacturing	FY2005	287,353	484,621	1.69	157,189	311,057	1.98
	FY2006	357,411	711,945	1.99	228,282	404,402	1.77
	Y/Y	24.4	46.9	0.30	45.2	30.0	-0.21
Chemical and allied products	FY2005	34,820	154,324	4.43	30,513	149,875	4.91
	FY2006	41,861	225,031	5.38	38,833	213,472	5.50
	Y/Y	20.2	45.8	0.95	27.3	42.4	0.59
General machinery	FY2005	40,755	30,479	0.75	6,250	8,570	1.37
	FY2006	44,006	34,122	0.78	8,294	10,381	1.25
	Y/Y	8.0	12.0	0.03	32.7	21.1	-0.12
Electrical machinery, equipment and supplies	FY2005	19,283	28,321	1.47	10,818	8,604	0.80
	FY2006	20,135	67,815	3.37	11,657	42,635	3.66
	Y/Y	4.4	139.5	1.90	7.8	395.5	2.86
Information and communication electronics equipment	FY2005	91,700	91,892	1.00	49,586	69,249	1.40
	FY2006	152,472	97,466	0.64	111,865	77,920	0.70
	Y/Y	66.3	6.1	-0.36	125.6	12.5	-0.70
Electronic parts and devices	FY2005	28,031	19,502	0.70	26,758	11,516	0.43
	FY2006	26,270	21,689	0.83	24,717	14,844	0.60
	Y/Y	-6.3	11.2	0.13	-7.6	28.9	0.17
Transportation machinery and appliances	FY2005	26,316	73,050	2.78	9,478	5,881	0.62
	FY2006	18,849	157,361	8.35	7,405	7,679	1.04
	Y/Y	-28.4	115.4	5.57	-21.9	30.6	0.42

Figure 11. Overseas technology trade balance for manufacturing enterprises



10. Introduction of retirement age system

- The ratio of enterprises with a retirement system was 97.7% of the total.
- 92.6% of enterprises with a retirement age system set the retirement age at 60.
- 84.5% of all the enterprises surveyed have a “reemployment system” as an institutional effort.

Table 12. Retirement system (number of enterprises)

	Retirement age system										
	Number of enterprises	Introduced									Not introduced
		Total	60	61	62	63	64	65	More than 66 yrs old		
Total	25,640	25,039	23,194	72	344	316	19	1,083	11	601	
component ratio (%)	[100.0]	[97.7]	100.0	92.6	0.3	1.4	1.3	0.1	4.3	0.0	[2.3]
Mining	36	35	33	0	0	1	0	1	0	1	
(%)	[100.0]	[97.2]	100.0	94.3	0.0	0.0	2.9	0.0	2.9	0.0	[2.8]
Manufacturing	12,370	12,145	11,356	37	161	138	11	435	7	225	
(%)	[100.0]	[98.2]	100.0	93.5	0.3	1.3	1.1	0.1	3.6	0.1	[1.8]
Electricity and gas	104	103	101	0	2	0	0	0	0	1	
(%)	[100.0]	[99.0]	100.0	98.1	0.0	1.9	0.0	0.0	0.0	0.0	[1.0]
Wholesaling	5,413	5,324	4,995	13	74	55	3	184	0	89	
(%)	[100.0]	[98.4]	100.0	93.8	0.2	1.4	1.0	0.1	3.5	0.0	[1.6]
Retailing	3,277	3,161	2,862	6	47	52	3	189	2	116	
(%)	[100.0]	[96.5]	100.0	90.5	0.2	1.5	1.6	0.1	6.0	0.1	[3.5]
Eating and drinking establishments	484	452	384	0	11	12	0	44	1	32	
(%)	[100.0]	[93.4]	100.0	85.0	0.0	2.4	2.7	0.0	9.7	0.2	[6.6]
Credit card and loan	69	69	67	0	1	0	0	1	0	0	
(%)	[100.0]	[100.0]	100.0	97.1	0.0	1.4	0.0	0.0	1.4	0.0	[0.0]
Information processing and provision services	1,797	1,737	1,584	11	19	24	1	98	0	60	
(%)	[100.0]	[96.7]	100.0	91.2	0.6	1.1	1.4	0.1	5.6	0.0	[3.3]
Private lesson businesses	25	25	20	0	1	2	0	2	0	0	
(%)	[100.0]	[100.0]	100.0	80.0	0.0	4.0	8.0	0.0	8.0	0.0	[0.0]
Services (*)	2,065	1,988	1,792	5	28	32	1	129	1	77	
(%)	[100.0]	[96.3]	100.0	90.1	0.3	1.4	1.6	0.1	6.5	0.1	[3.7]

Table 13. Trends in other institutional efforts

		Trends in other institutional efforts					None
		Number of enterprises	Raising of retirement age	Introduction of reemployment	Employment extension	Abolition of retirement system	
Total		25,290	2,017	21,378	2,449	67	2,083
	Component ratio (%)		8.0	84.5	9.7	0.3	8.2
Mining		38	3	34	2	0	2
	(%)		7.9	89.5	5.3	0.0	5.3
Manufacturing		12,226	857	10,642	1,190	21	747
	(%)		7.0	87.0	9.7	0.2	6.1
Electricity and gas		104	4	93	4	0	8
	(%)		3.8	89.4	3.8	0.0	7.7
Wholesaling		5,360	410	4,601	497	11	390
	(%)		7.6	85.8	9.3	0.2	7.3
Retailing		3,219	359	2,560	341	14	391
	(%)		11.2	79.5	10.6	0.4	12.1
Eating and drinking establishments		466	60	319	72	5	85
	(%)		12.9	68.5	15.5	1.1	18.2
Credit card and loan		68	0	56	5	0	9
	(%)		0.0	82.4	7.4	0.0	13.2
Information processing and provision services		1,760	149	1,374	143	7	249
	(%)		8.5	78.1	8.1	0.4	14.1
Private lesson businesses		25	3	16	3	0	5
	(%)		12.0	64.0	12.0	0.0	20.0
Services (*)		2,024	172	1,683	192	9	197
	(%)		8.5	83.2	9.5	0.4	9.7

Note: Total component ratio is not 100.0 % due to multiple answers being allowed.