

**The 41st Survey of Trends in Business Activities of Foreign Affiliates (Summary)**

**Trends among foreign affiliates in Japan in FY 2006**

- Sales and capital investment marked record highs.
- The number of newly established foreign affiliates decreased.
- The ratio of Asian affiliates steadily increased.
- Compared to incorporated enterprises as a whole, foreign affiliates maintained their superiority in indices such as the ratio of ordinary profit to sales, ratio of operating cost to sales, return on equity, etc.

**Key points of the current survey:**

**○Sales marked a record high.**

- Sales amounted to 35.4 trillion yen, marking a record high. Sales for the manufacturing sector increased by 6.1% (compared to the previous fiscal year), while the non-manufacturing sector decreased by 4.8% (id.). The petroleum and transport equipment sectors both saw increases.
- The direct balance of trade saw an excess of imports for the third consecutive year. An excess of exports continued to be observed in the manufacturing sector for the eighth consecutive year.

**○Capital investment marked a record high.**

- Capital investment was 1.1 trillion yen, marking a record high. Capital investment increased by 28.5% (id.) in the manufacturing sector, up for the fourth consecutive year. By contrast, capital investment in the non-manufacturing sector decreased, down by 28.3% (id.). There were increases in the information and communication equipment sector and the transport equipment sector.

**○The number of newly established foreign affiliates decreased.**

- There were 106 newly established/funded foreign affiliates, decreasing by 16 (id.). The number for the manufacturing sector increased, while that for the non-manufacturing sector decreased.
- The number of withdrawals was 128, up by 22 (id.). By capital, small and medium-sized companies with capital of 50 million yen or less accounted for half of the total.

**○The ratio of Asian affiliates steadily increased in terms of distribution.**

- The ratio of Asian affiliates accounted for 16.8% of the total, increasing by 0.7 points (id.). European affiliates accounted for 42.6%, down by 0.4 points (id.), and American affiliates leveled off at 35.4%.

**○Compared to incorporated enterprises as a whole, foreign affiliates continued to maintain their superiority in indices such as the ratio of ordinary profit to sales, etc.**

- Compared to incorporated enterprises as a whole, foreign affiliates maintained their superiority in indices such as the ratio of ordinary profit to sales, ratio of operating cost to sales, return on equity (ROE), etc.

**○The ratio of part-timers/temporary workers and dispatched workers in the manufacturing sector grew.**

- The number of full-timers employed was 556,000, up by 5.8% (id.). Employment in the manufacturing and non-manufacturing sectors both showed increases, by 1.9% (id.) and 8.6% (id.) respectively. In addition, there were increases in the transport equipment and retail trade sectors.

- The ratio of part-timers was 5.6%, increasing by 1.1 points (id.), and that of temporary workers was 10.0%, increasing by 1.8 points (id.).

**Enterprise Statistics Office  
Research and Statistics Department  
Economic and Industrial Policy Bureau**

**Trade and Investment Facilitation Division  
Trade and Economic Cooperation Bureau**

**Ministry of Economy, Trade and Industry**

## **Outline of the Survey**

### **1. Survey target**

The survey covers enterprises (excluding those in the financial/insurance and real estate industries) that met the following conditions as of the end of March 2007.

- (1) Enterprises in which foreign investors hold more than one-third of the stocks or shares.
- (2) Enterprises invested in by holding companies in which foreign investors hold more than one third of the stocks or shares, and in which the ratio of combined direct and indirect investment by foreign investors exceeds one-third.

In both cases, it is necessary for the investment ratio of the main foreign investors to be 10% or over.

### **2. Date**

The survey was conducted on July 1, 2007, in connection with the business results for FY 2006 and the end of FY 2006.

### **3. Number of respondents**

Respondents: 2,921 (2,758 in the previous survey)

Response ratio: 63.5% (61.3% in the previous survey)

## **Instructions for Use**

### **1. Note on survey results**

- (1) Only valid answers are included. Therefore, the number of respondents varies per item.
- (2) When comparing the results of the current survey with previous surveys, it is necessary to note the differences in the response ratio and the number of foreign affiliates covered, as some enterprises that fell outside the scope of previous surveys were included in the current survey, and vice versa.

### **2. Classification of industries**

The classification of industries and classification of each enterprise by industry is done in compliance with the Japan Standard Industrial Classification.

### **3. Definition of regions**

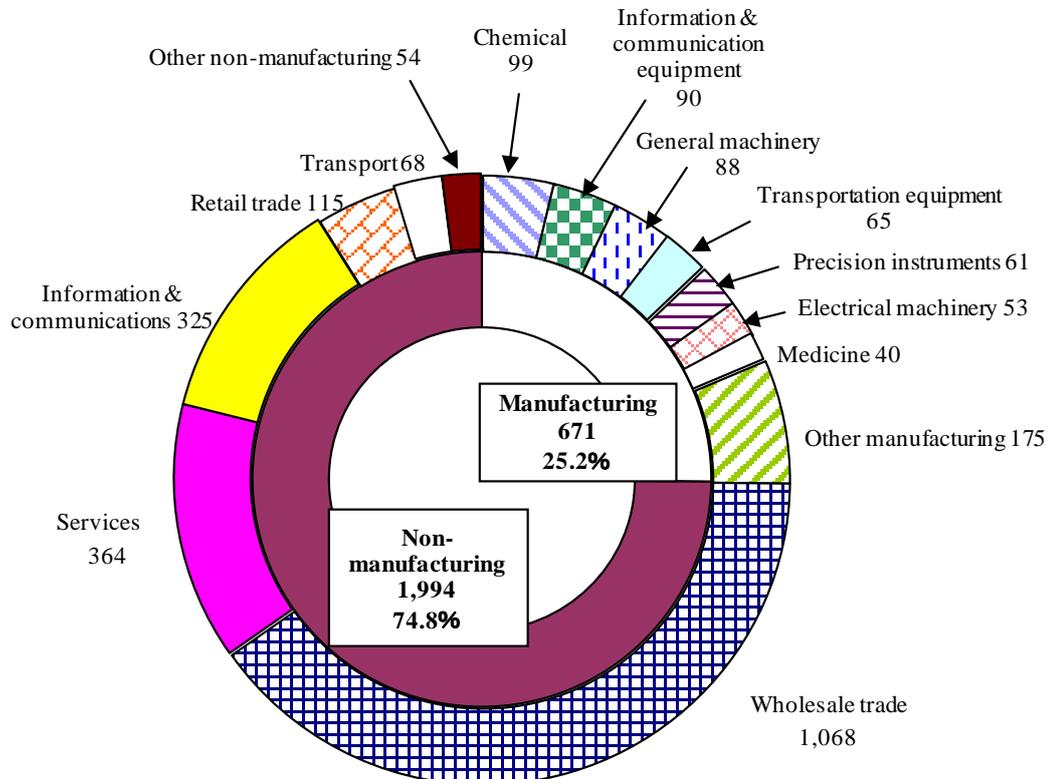
Unless otherwise specified, for the purpose of this survey, nationality refers to the country or region where the foreign investor is located.

## Main Points

### (1) Distribution

- There were 2,665 foreign affiliates at the end of March 2007, of which 671 companies were in the manufacturing sector and 1,994 companies were in the non-manufacturing sector. The manufacturing sector accounted for 25.2% of all industries (down by 2.2 points compared to the previous fiscal year) and the non-manufacturing sector for 74.8% (up by 2.2 points (id.)) (Fig. 1-1).
- By industry, foreign affiliates in the wholesale trade numbered the highest, at 1,068 companies, accounting for 40.1%, followed by those in the service industry and the information and communications industry (Fig. 1-1).
- By nationality, European companies came to 1,135, accounting for 42.6% and decreasing by 0.4 points (id.). U.S. companies came to 944 (35.4%, remaining flat) and Asian companies came to 447 (16.8 %, up by 0.7 points) (Table 1-1).
- By function<sup>(Note 1)</sup>, 50% of the companies in the manufacturing sector have R&D facilities, and companies in the non-manufacturing sector have an average of 7.2 business and sales offices (Fig. 1-2).

**Figure 1-1 Distribution of Foreign Affiliates by Industry**



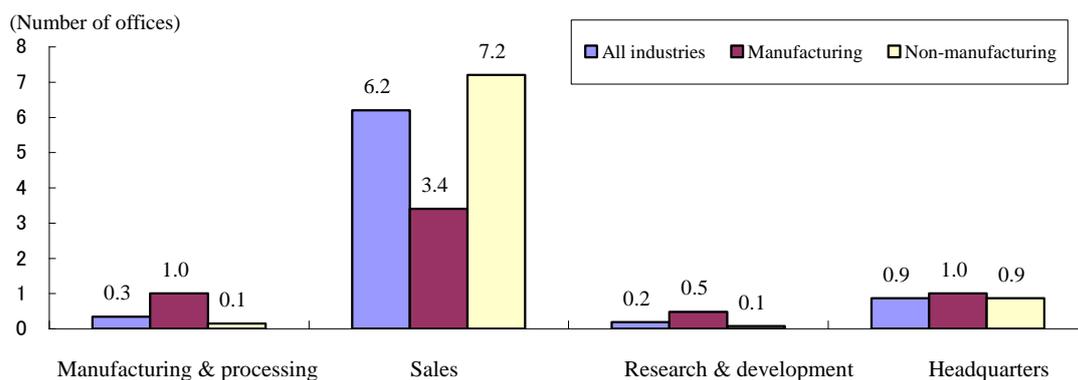
(Note 1) When one office has multiple functions, each function is counted.

**Table 1-1 No. of Foreign Affiliates by Nationality**

(Companies, %)

	Number of foreign affiliates	Distribution ratio (%)	Difference from the previous year
Total	2,665	100.0	—
US	944	35.4	0.0
Asian	447	16.8	0.7
Chinese	162	6.1	0.1
European	1,135	42.6	-0.4
Others	139	5.2	-0.3

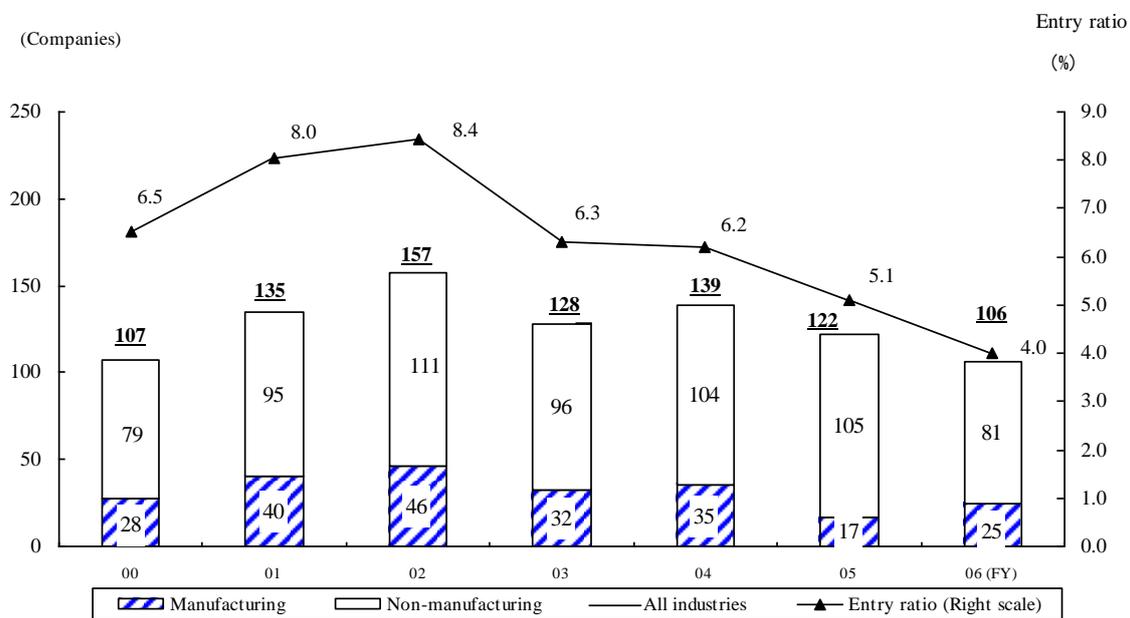
**Figure 1-2 No. of Offices of Foreign Affiliates in Japan by Function**  
(Average per Enterprise)



**(2) Newly established and newly funded foreign affiliates**

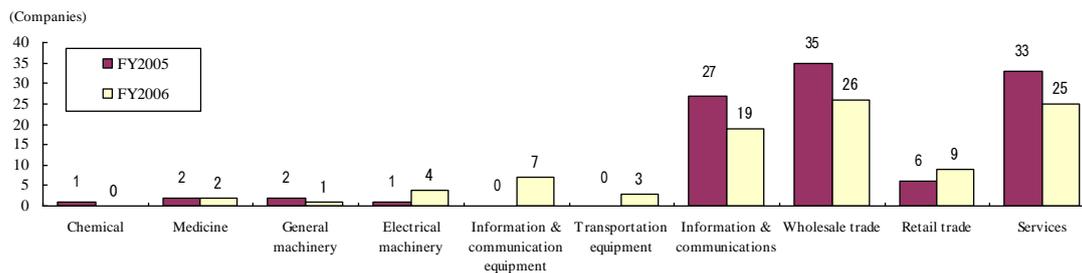
- There were 106 newly established/funded foreign affiliates, a decrease of 16 companies compared to the previous fiscal year. Of these companies, 25 were in the manufacturing sector (an increase of eight companies (id.)) and 81 in the non-manufacturing sector (a decrease of 24 companies (id.)). The entry ratio<sup>(Note 2)</sup> decreased by 1.1 points compared to the previous fiscal year, to 4.0% (Fig. 2-1).
- By industry, in the manufacturing sector, seven new entries were in the information and communication equipment industry, where there were no entries in the previous fiscal year. In the non-manufacturing sector, 26 new entries were in the wholesale trade industry (a decrease of nine companies (id.)), and 25 were in the service industry (a decrease of eight companies (id.)) (Fig. 2-2).
- By capital, the share of new entries was biggest for companies with capital of 50 million yen or less (75 companies), at 70.8%. By contrast, the number of large companies with capital of over 1 billion yen was limited to eight, or 7.5% (Table 2-1).
- By nationality, there were decreases in both European companies (40, down by three companies (id.)) and Asian companies (25, down by 18 companies (id.)) (Table 2-2).

**Figure 2-1 No. of Newly Established and Newly Funded Foreign Affiliates**



(Note 2) Entry ratio = Number of newly established and newly funded foreign affiliates/Number of foreign affiliates compiled × 100

**Figure 2-2 No. of Newly Established and Newly Funded Foreign Affiliates by Industry**



**Table 2-1 No. of Newly Established and Newly Funded Foreign Affiliates by Capital**

(Companies, %)

	Total	50 million yen or less	Over 50 million to 100 million yen or less	Over 100 million to 300 million yen or less	Over 300 million to 1 billion yen or less	Over 1 billion to 10 billion yen or less	Over 10 billion yen
All industries	106	75	9	9	5	7	1
Distribution ratio	100.0	70.8	8.5	8.5	4.7	6.6	0.9

**Table 2-2 No. of Newly Established and Newly Funded Foreign Affiliates by Nationality**

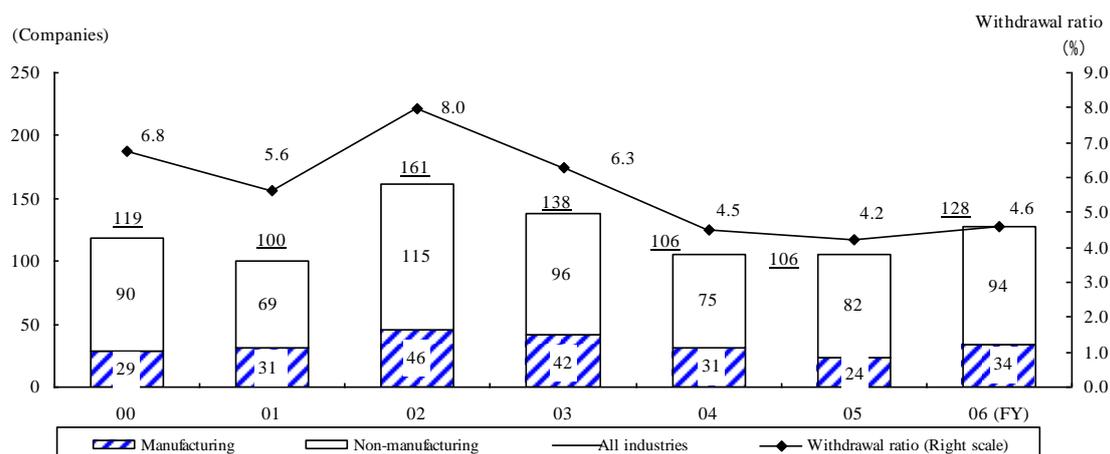
(Companies)

	02	03	04	05	06 (FY)
Total	157	128	139	122	106
US	54	48	47	29	30
European	70	32	36	43	40
Asian	28	33	39	43	25
Others	5	15	17	7	11

### (3) Withdrawal

- 128 companies withdrew<sup>(Note 3)</sup>, an increase of 22 compared to the previous fiscal year. Of those companies, 34 were from the manufacturing sector (an increase of 10 companies (id.)) and 94 were from the non-manufacturing sector (an increase of 12 companies (id.)). The ratio of companies withdrawing<sup>(Note 4)</sup> increased to 4.6% (an increase of 0.4 points (id.)) (Fig. 3-1).
- By industry, in the manufacturing sector, there was a notable increase in the chemical industry (6, an increase of 5 companies (id.)). Also, in the non-manufacturing sector, there was strong growth in the wholesale trade sector (53, an increase of 20 companies (id.)) (Fig. 3-2).
- By capital, the percentage of companies withdrawing was largest for those with capital of 50 million yen or less, at 55.5% (71 companies). By contrast, the number of large companies with capital of over 1 billion yen came to 14, or 10.9% (Table 3-1).

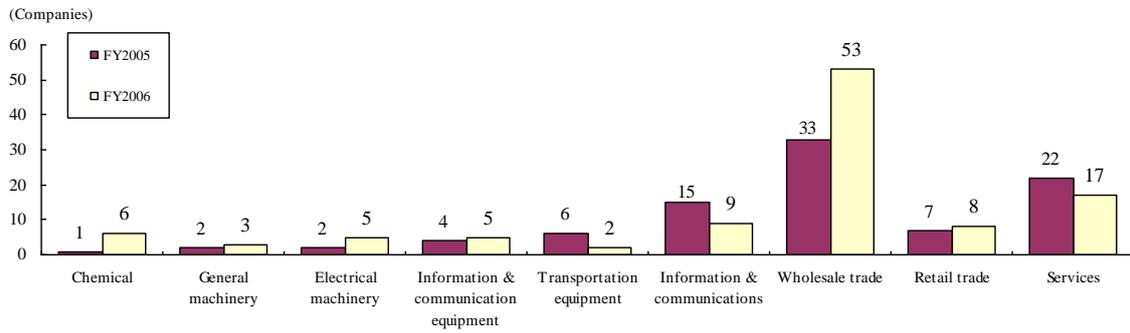
Figure 3-1 No. of Withdrawals



(Note 3) Withdrawal includes “liquidation” and “reduction in controlling share (the controlling shares held by foreign companies drop to one third or less of the total, or the shares held by the main foreign investors decrease to less than 10%).”

(Note 4) Ratio of companies withdrawing = Number of companies withdrawing / (Number of foreign affiliates included in survey + Number of companies withdrawing) × 100

**Figure 3-2 No. of Withdrawals by Industry**



**Table 3-1 No. of Withdrawals by Capital**

(Companies, %)

	Total	50 million yen or less	Over 50 million to 100 million yen or less	Over 100 million to 300 million yen or less	Over 300 million to 1 billion yen or less	Over 1 billion to 10 billion yen or less	Over 10 billion yen	Unknown
All industries	128	71	12	12	18	11	3	1
Distribution ratio	100.0	55.5	9.4	9.4	14.1	8.6	2.3	0.8

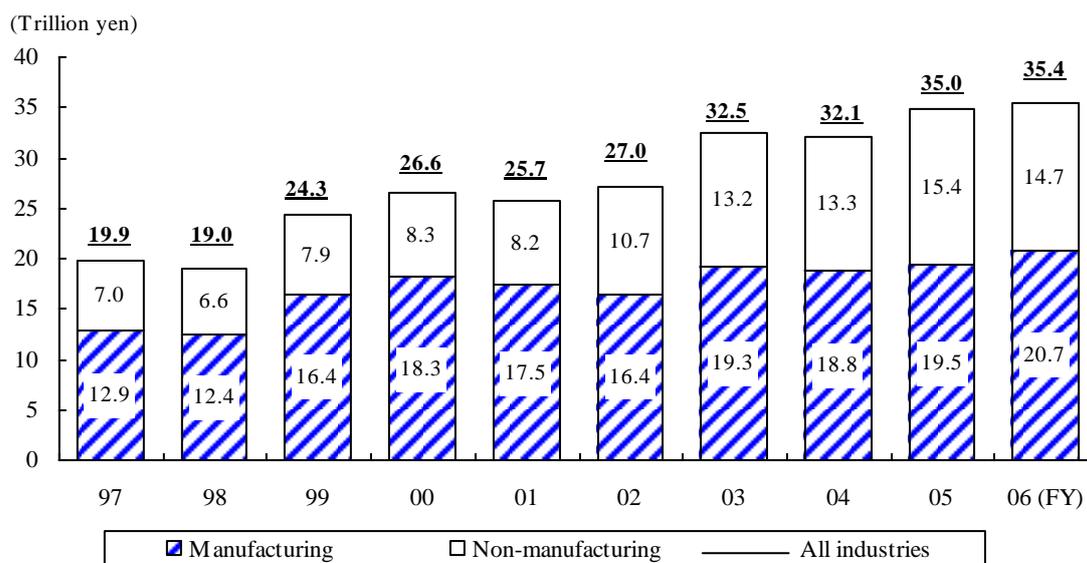
#### (4) Sales/Imports and exports

• Sales increased by 1.3% (compared to the previous fiscal year), to 35.4 trillion yen, marking a record high (when limited to enterprises that responded in both the previous fiscal year and the current year: up by 9.1% (id.)). The manufacturing sector posted a figure of 20.7 trillion yen, up by 6.1% (id.), and the non-manufacturing sector posted 14.7 trillion yen, down by 4.8% (id.) (Fig. 4-1).

• By industry, in the manufacturing sector, the petroleum and transport equipment industries both saw increases. In the non-manufacturing sector, the information and communication industry decreased markedly due to the withdrawal of foreign capital from companies (Fig. 4-2).

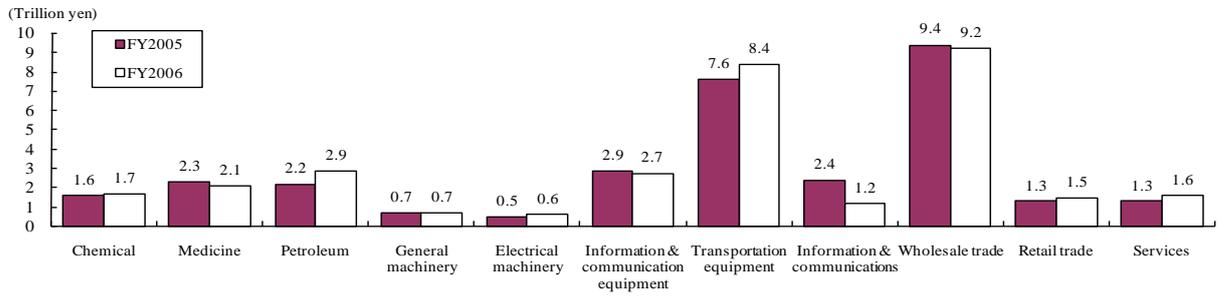
• The direct balance of trade<sup>(Note 5)</sup> showed an excess of imports for the third consecutive year. In the manufacturing sector, the direct balance of trade continued to show an excess of exports for the eighth consecutive year (Fig. 4-3).

**Figure 4-1 Sales**

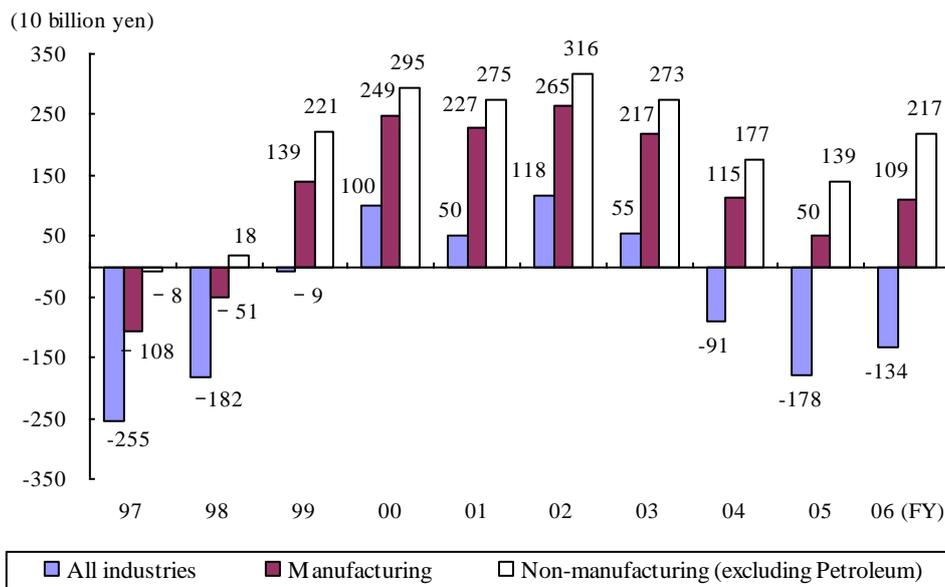


(Note 5) Direct balance of trade = Amount of direct exports – Direct imports

**Figure 4-2 Sales by Industry**



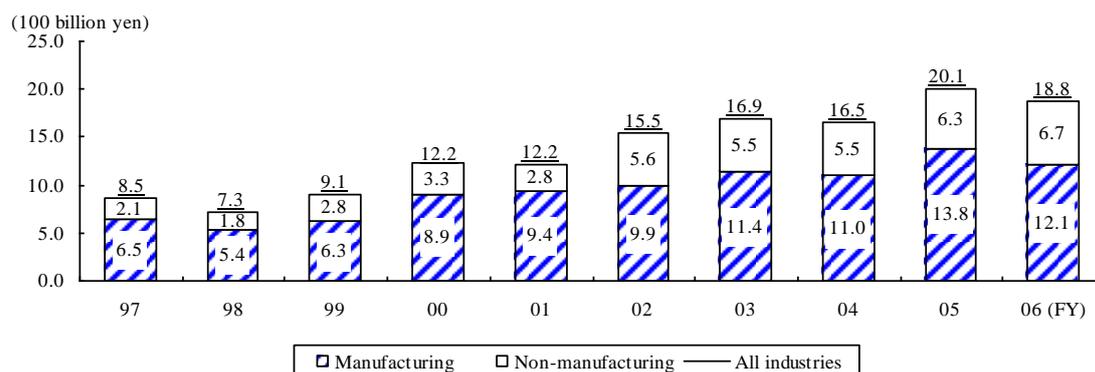
**Figure 4-3 Direct Balance of Trade**



### (5) Profit

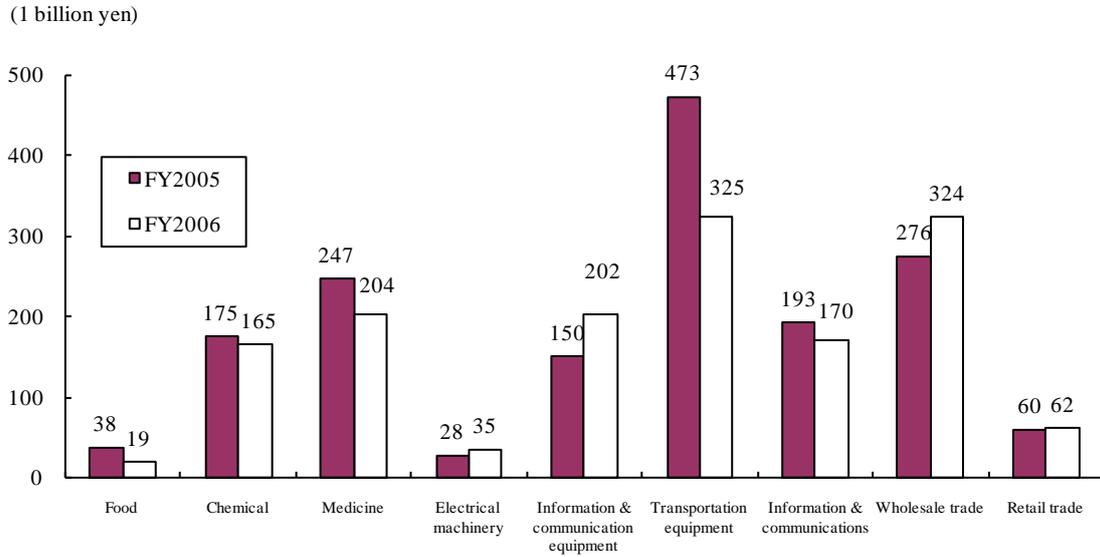
- Ordinary profit was 1,877.6 billion yen, a decrease of 6.5% (compared to the previous fiscal year). Ordinary profit in the manufacturing sector decreased by 12.8% (id.) to 1,205.9 billion yen. By contrast, the non-manufacturing sector increased by 7.3% (id.) to 671.7 billion yen (Fig. 5-1).
- Within the manufacturing sector, there was a decrease of 31.4% (id.) in the transport equipment industry. Within the non-manufacturing sector, an increase of 17.5% was seen in the wholesale trade industry (Fig. 5-2).
- The ratio of ordinary profit to sales<sup>(Note 6)</sup> was 5.3 %, down by 0.5 points from the previous fiscal year. However, this was 1.8 points higher than that for incorporated enterprises as a whole (Fig. 5-3).

Figure 5-1 Ordinary Profit

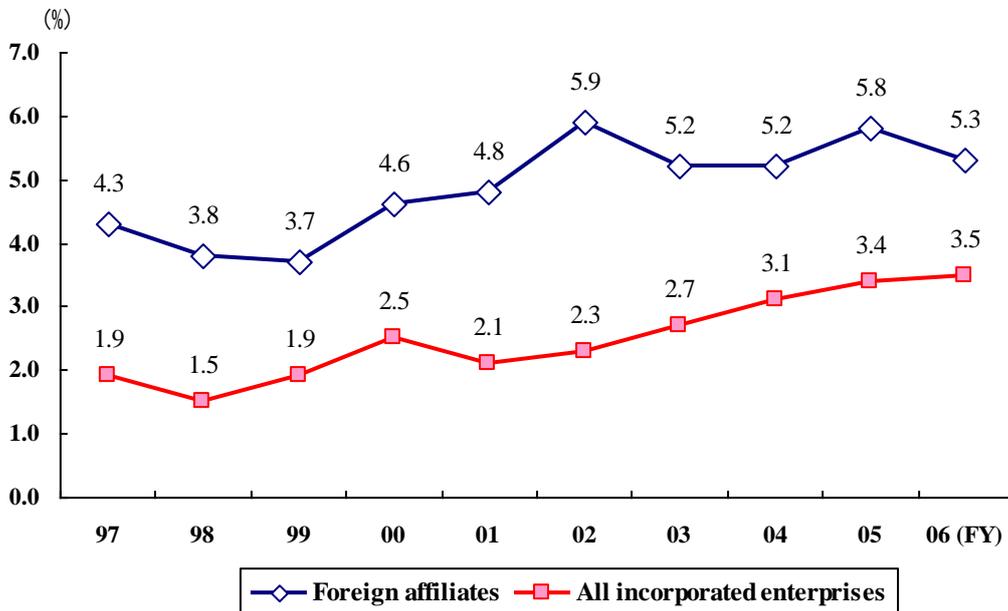


(Note 6) Ratio of ordinary profit to sales = Ordinary profit/Sales × 100

**Figure 5-2 Ordinary Profit by Industry**



**Figure 5-3 Ratio of Ordinary Profit to Sales**

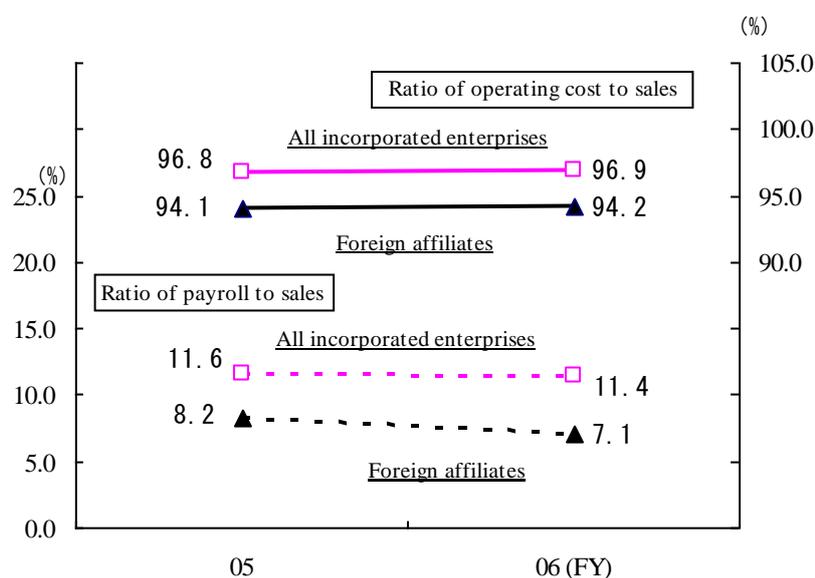


Source: All incorporated enterprises: “Financial Statement Statistics of Corporations by Industry” (Ministry of Finance)

**(6) Cost**

- The ratio of operating cost to sales<sup>(Note 7)</sup> was 94.2 %, increasing by 0.1 points compared to the previous fiscal year. In comparison with incorporated enterprises as a whole, the foreign affiliates included in the survey showed a figure 2.7 points lower.
- The ratio of payroll to sales<sup>(Note 8)</sup> decreased by 1.1 points to 7.1%, because the payroll growth rate was lower than that for sales. In comparison with incorporated enterprises as a whole, the foreign affiliates included in the survey showed a figure 4.3 points lower (Fig. 6-1).

**Figure 6-1 Ratio of Operating Cost to Sales and Ratio of Payroll to Sales**



Source: All incorporated enterprises: “Financial Statement Statistics of Corporations by Industry” (Ministry of Finance)

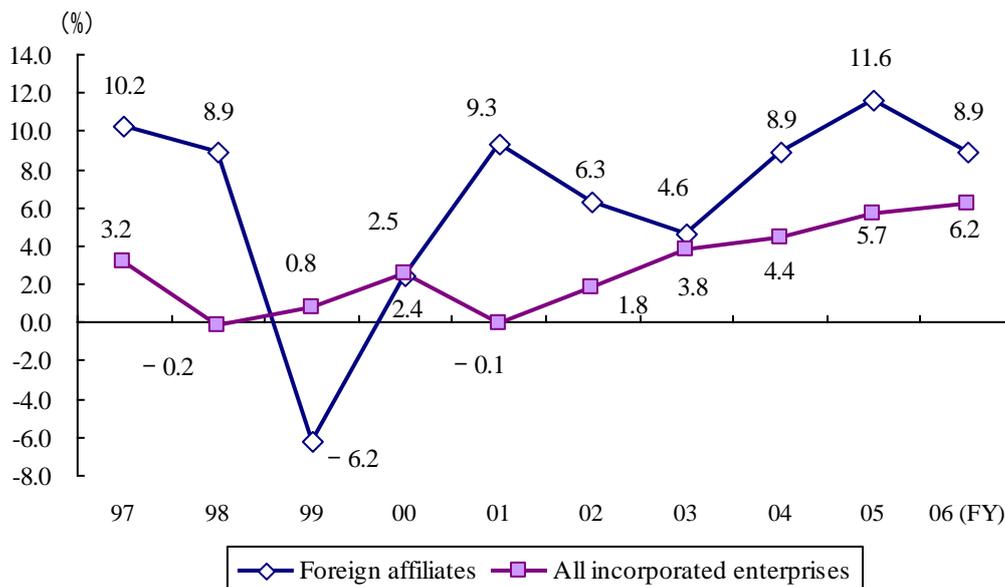
(Note 7) Ratio of operating cost to sales = (Cost of sales + Sales and administrative costs)/Sales × 100

(Note 8) Ratio of payroll to sales = Total payroll amount/ Sales × 100

**(7) Return on equity (ROE)**

• Return on equity (ROE)<sup>(Note 9)</sup> decreased by 2.7 points compared to the previous fiscal year, to 8.9%, due to the decrease in current income after tax. In comparison with all incorporated enterprises, the ROE for foreign affiliates compiled was 2.7 points higher (Fig. 7-1).

**Figure 7-1 Return on Equity**



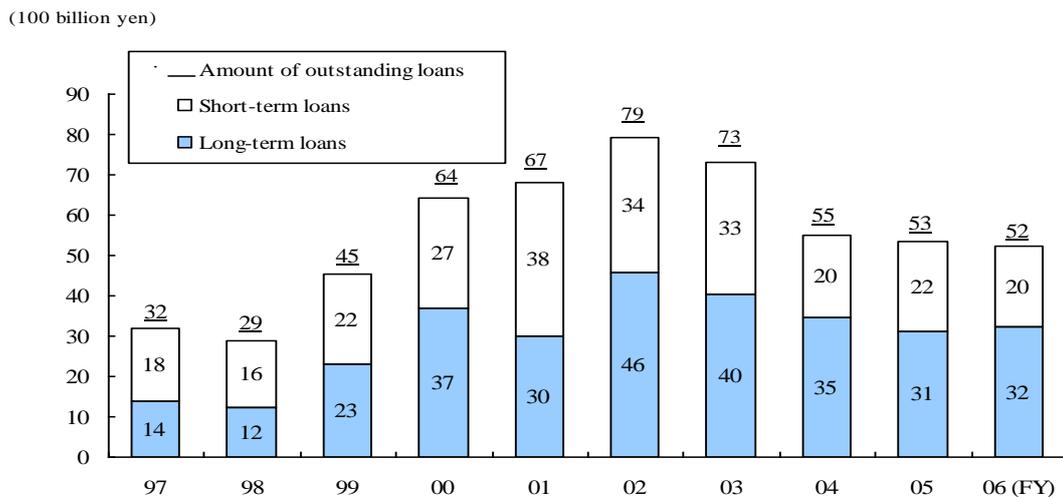
Source: All incorporated enterprises: “Financial Statement Statistics of Corporations by Industry” (Ministry of Finance)

(Note 9) Return on equity (ROE) = Current income after tax/Shareholders' equity × 100

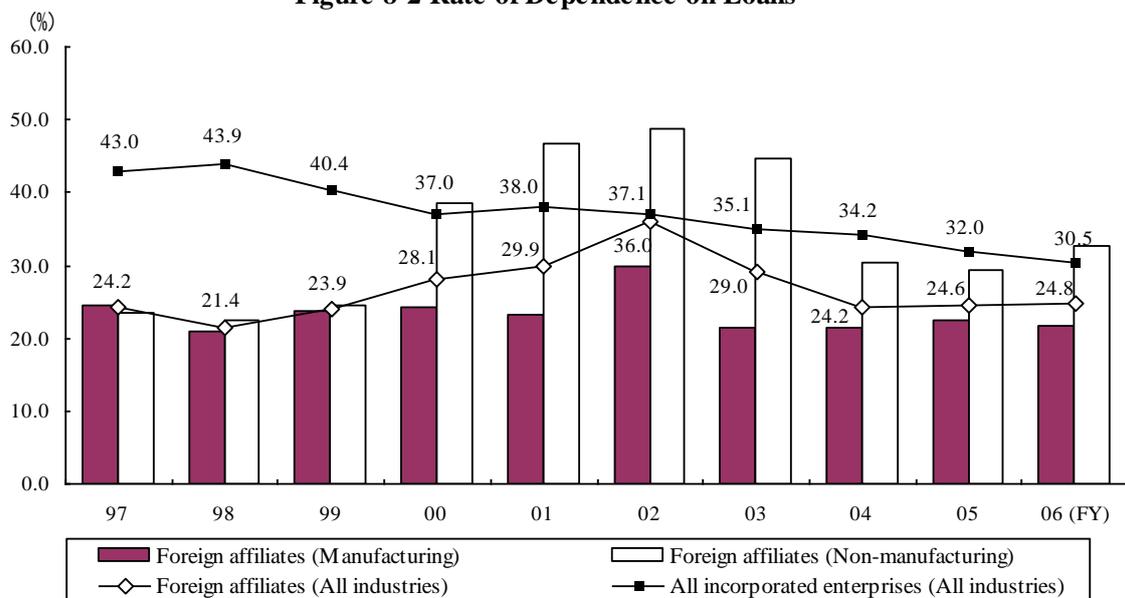
## (8) Funding

- The outstanding balance of loans decreased by 2.3% from the previous fiscal year to 5,221.6 billion yen, down for the fourth consecutive year (Fig. 8-1).
- The rate of dependence on loans<sup>(Note 10)</sup> increased to 24.8%, up by 0.2% (id.). The manufacturing sector saw a decrease of 0.8 points to 21.6%, while the non-manufacturing sector saw an increase of 3.3 points to 32.6%. In comparison with incorporated enterprises as a whole, the foreign affiliates included in the survey showed a figure 5.7 points lower (Fig.8-2).

**Figure 8-1 Outstanding Balance of Loans**



**Figure 8-2 Rate of Dependence on Loans**



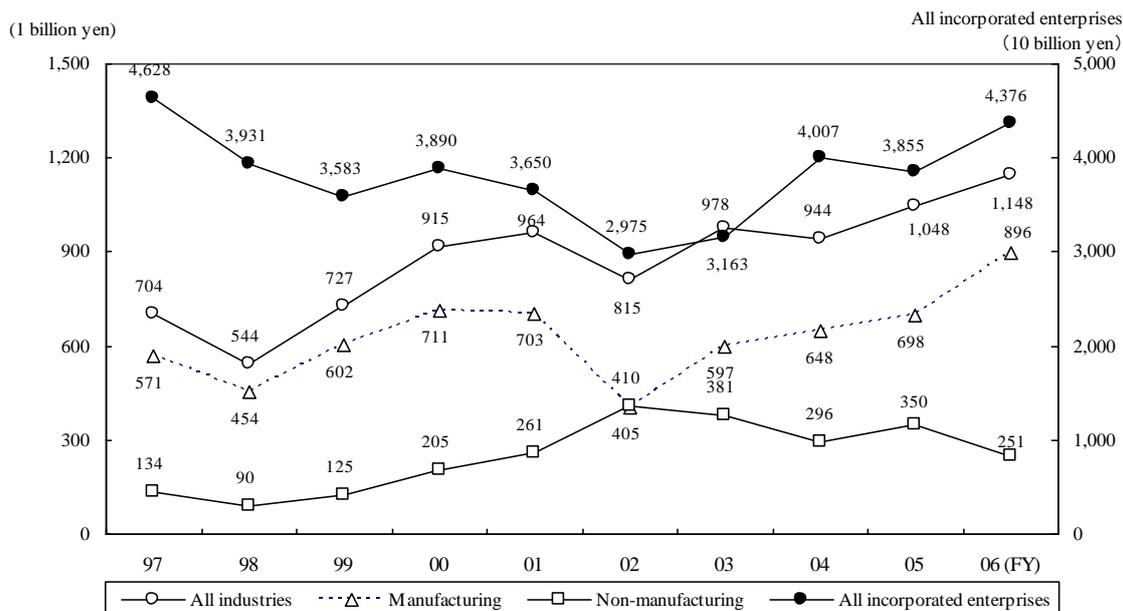
Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

(Note 10) Rate of dependence on loans = Outstanding balance of loans/ All assets (total assets) × 100

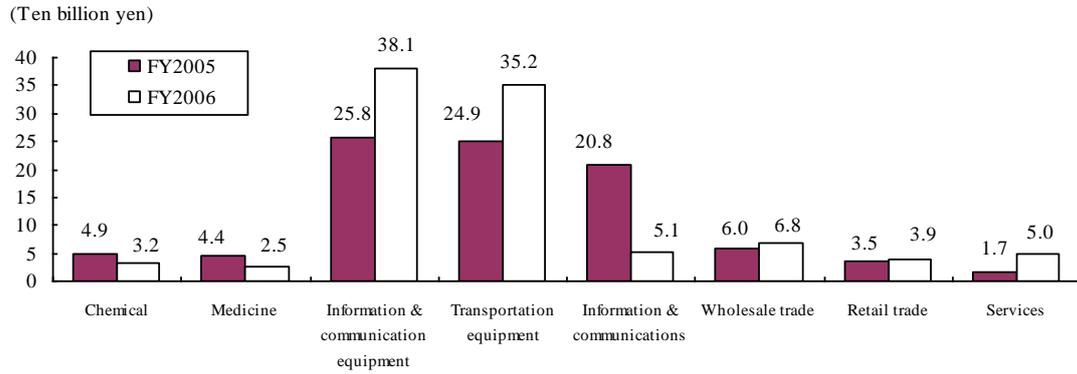
### (9) Capital investment/Research and development

- Capital investment increased by 9.5% (compared to the previous fiscal year), to 1,147.6 billion yen, marking a record high (when limited to enterprises that responded in both the previous fiscal year and the current year: up by 33.9% (id.)). Capital investment in the manufacturing sector increased by 28.5% to 896.5 billion yen, up for the fourth consecutive year. By contrast, capital investment in the non-manufacturing industry decreased by 28.3% (id.), to 251.1 billion yen (Fig. 9-1).
- The rate of foreign affiliates among all incorporated enterprises decreased by 0.1 points (id.) to 2.6 %.
- By industry, in the manufacturing sector, the information and communication equipment industry saw an increase of 47.8% (id.) to 381.0 billion yen, and the transport equipment industry saw an increase of 41.3% to 352.0 billion (id.). In the non-manufacturing sector, the information and communications industry saw a decrease of 75.5% to 50.9 billion yen, due to the withdrawal of foreign capital from companies (Fig. 9-2).
- The average rate of research and development expenses in the manufacturing sector increased to 3.2 billion yen per company, up by 13.8% (id.). By industry, research and development expenses were largest for the transport equipment industry (18.6 billion yen), followed by the drug and medicine industry (4.6 billion yen) and the information and communication equipment industry (2.2 billion yen) (Fig. 9-3).

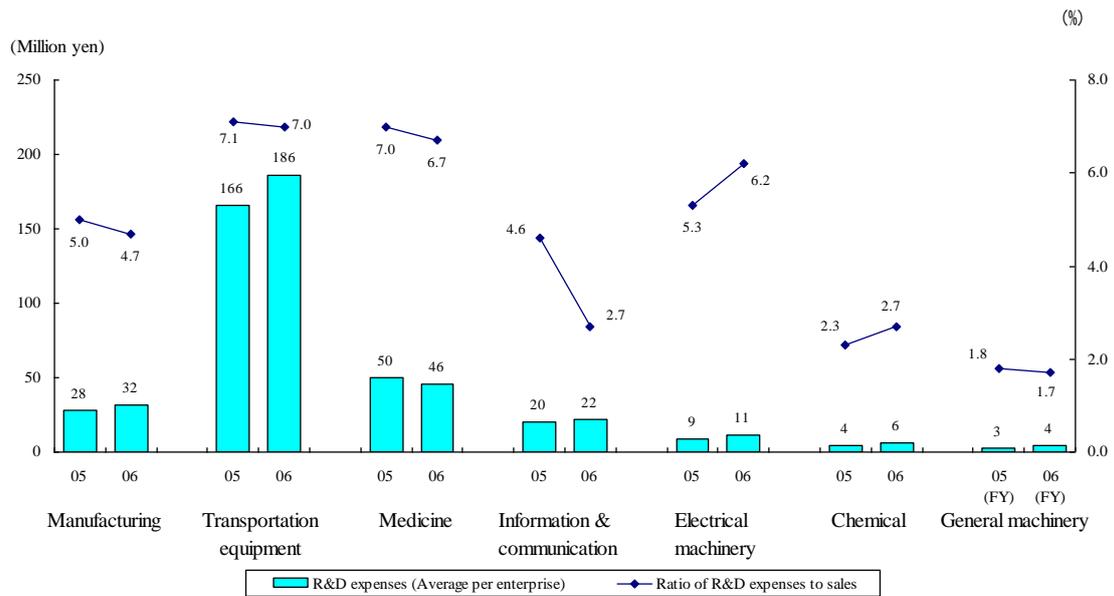
Figure 9-1 Capital Investment



**Figure 9-2 Capital Investment by Industry**



**Figure 9-3 R&D Expenses (average per enterprise) by Industry/Ratio of R&D Expenses to Sales**

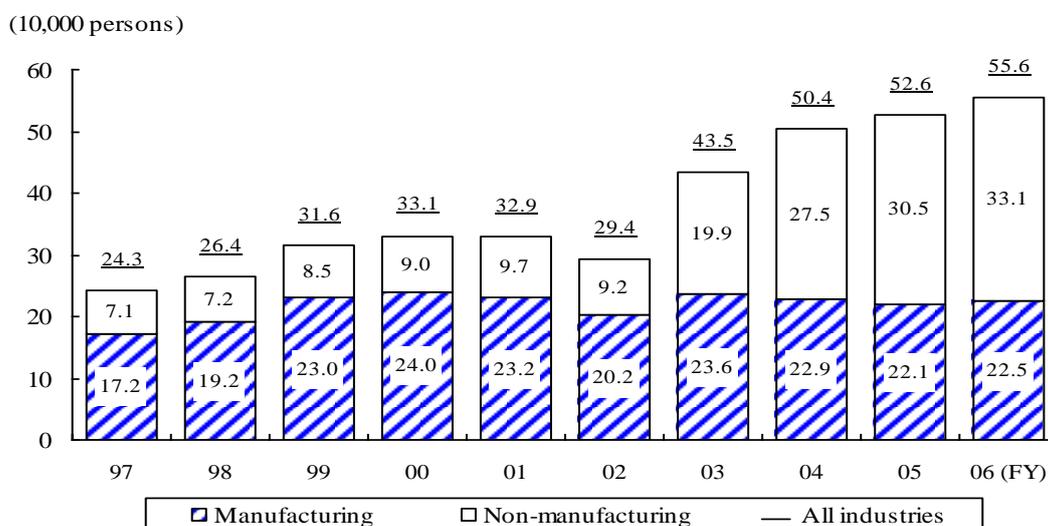


$$\text{Ratio of R\&D expenses to sales} = \text{R\&D expenses} / \text{Sales} \times 100$$

## (10) Employment

- The number of employees increased to 556,000, a 5.8% increase compared to the previous fiscal year (when limited to enterprises that responded in both the previous fiscal year and the current year: up by 1.6% (id.)). The manufacturing sector showed a 1.9% increase, to 225,000, and the non-manufacturing sector showed an 8.6% increase, to 331,000 (Fig. 10-1).
- By industry, in the manufacturing sector, the number of employees in the transport equipment industry increased by 11.7% (id.) to 93,000. Within the non-manufacturing sector, there was an increase of 33.3% to 45,000 in the retail trade industry and an increase of 11.2% to 58,000 in the wholesale trade industry (Fig. 10-2).
- The ratio of part-timers<sup>(Note 11)</sup> increased by 2.4 points (id.) to 37.6%. The ratio of dispatched workers<sup>(Note 12)</sup> increased by 0.5 points (id.) to 6.4%. In the manufacturing sector, the ratios of both part-timers and dispatched workers increased, while both decreased in the non-manufacturing sector (Table 10-1).

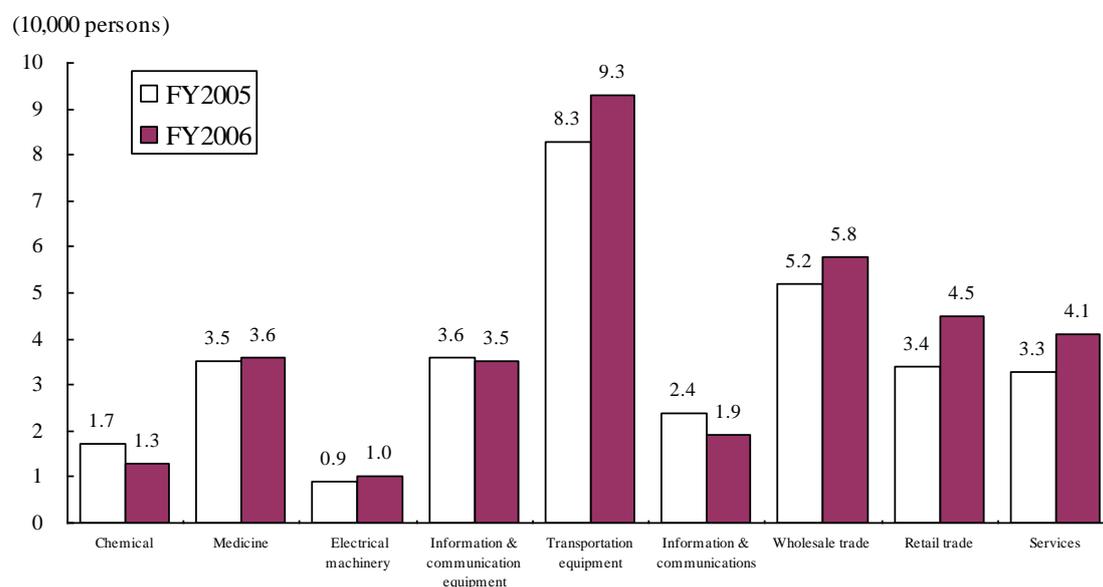
Figure 10-1 No. of Employees



(Note 11) Ratio of part-timers = Number of part-timers / (Number of full-time workers + Number of part-timers) × 100

(Note 12) Ratio of dispatched workers = Number of accepted (dispatched) temporary workers / (Number of regular workers + Number of accepted (dispatched) temporary workers) × 100

**Figure10-2 No. of Employees by Industry**



**Table 10-1 Ratio of Part-timers and Ratio of Dispatched Workers**

(%)

	Ratio of part-timers			Ratio of dispatched workers		
	FY2005	FY2006	Y/Y	FY2005	FY2006	Y/Y
All industries	35.2	37.6	2.4	5.9	6.4	0.5
Manufacturing	4.5	5.6	1.1	8.2	10.0	1.8
Non-manufacturing	57.6	56.5	-1.1	4.1	3.8	-0.3

**Confidential**

**Survey of Trends in Business Activities of Foreign Affiliates**  
**Form for FY2007 Survey of Trends in Business Activities of Foreign Affiliates**

(Address column)

Ministry of Internal Affairs and Communications	No. 26845	Submission Deadline	2007/8/31
Certification Valid Until	2007/12/31	Submit To	Minister of Economy, Trade and Industry

(To be completed by Ministry of Economy, Trade and Industry)

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- This survey covers the following companies:
  - a company in which more than one third of shares or holdings is owned by a foreign investor
  - a company, funded by a holding company in which more than one third of shares or holdings is owned by foreign investors, in which the total ratio of the foreign investor's direct investment and indirect investment (the ratio of investment in the holding company by foreign investors x the ratio of investment in the company in question by the holding company) is more than one third of the shares or holdings of the company concerned.
    - \* A holding company refers to a corporation whose purpose is not to practice business activities, but to control several other companies by owing shares of such companies, and is a corporation that is involved in planning the management of the overall group.
- **The entries in this survey will be used for statistical purposes only and will be kept confidential under the Statistics Law. They will not be used for any purposes that may cause concern to the respondent.**
- The data of this survey is as of March 31, 2007. Please give annual figures for fiscal year 2006. Please refer to the "Notes for Completing the Survey Form" before completing the form.
- All monetary amounts should be indicated in yen denomination, rounded off to units of one million yen.
- "1" Company outline" is pre-printed based on the information given in the previous survey. If any alterations need to be made, cross out the items with a === and make the correct entries.

**(Since we may need to make some clarifications, please designate the place of contact for the person completing the form.)**

Assigned department \_\_\_\_\_

Name of respondent \_\_\_\_\_ Telephone No. \_\_\_\_\_

Address (write the address if it differs from the address of the head office as written in 102)  
 \_\_\_\_\_

**1 Company Outline**

101	(katakana)						
	Company name						
102	(Postal code)			-			
	Address						
103	Business sector code	Business sector No.	Type of industry		* Please refer to the Industrial Classification Code Table in Appendix I. If you are not sure about your type of industry, enter the specific details of your business.		
104	Foreign capital ratio						

\* When the address of the head office differs from the address indicated in the registration, write the address of the office which is actually functioning as the head office.

\* Write figures up to the first decimal point and justify to the right.  
 \* If your company was funded by a holding company, enter the ratio of indirect investment through the holding company based on the above-mentioned calculation, and if your company is also invested in directly by a foreign investor, enter the total ratio of direct and indirect investments.

105	Name of the principal foreign investor													* Write the name of the principal foreign investor in Japanese katakana characters or Roman letters.
106	Nationality of the principal foreign investor	Country code			Name of region/country			* Refer to the National Classification Code Table in Appendix II of the Notes for Completing the Survey Form.	* Write the nationality of the principal foreign investor you enter in the above Item 105 "Name of principal foreign investor."	* If your company was funded by a holding company, write the name of the principal foreign investor of the holding company. If your company is also directly invested in by a foreign investor, write the name of the foreign investor as the principal foreign investor in the case that the direct investment ratio is higher, or the name of the principal foreign investor in the case of the higher indirect investment ratio.				
107	Investment ratio of the principal foreign investor				*Write figures up to the first decimal point and justify to the right. *Enter the investment ratio of the principal foreign investor named in "105. Name of the principal foreign investor"									
108	Capital or investments	(¥ million)						* Enter the amount of paid-in capital or investments held.						
109	Accounting term				* Write the two-digit accounting month.									
110	Consumption tax	1.Tax included		2.Tax excluded		* Circle the relevant number as to whether consumption tax is included in the monetary amounts given below.								

## 2 Operation status

### 2-1. Operation status (Select and circle one number from the following choices.)

201	1. In operation	Company is currently in operation.	* Fill in all the items from 2-2
	2. Before the first accounting term after establishment	Company has not yet reached the first accounting term after establishment or after foreign capitalization.	
	3. Not yet established, not yet in operation	Company has not yet been established/ is not in operation	
	4. Suspended	Company is temporarily out of business or in dormancy.	
	5. Dissolution, withdrawal and foreign capital ratio reduced	Company dissolved due to liquidation, bankruptcy, take over, merger or similar reason. Your company's foreign investors have withdrawn or your company's ratio of capitalization by foreign investors has fallen below one third.	

\* Fill in the items 202 "Year of establishment or foreign capitalization," 203 "Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares."

\* Fill in the items 202 "Year of establishment or foreign capitalization."

### 2-2. Year of establishment or foreign capitalization

Please write the two-digit month and four-digit year of the time when the ratio of shares or equity owned by foreign investors surpassed one third of the total shares in your company.

If the ratio of shares or equity owned by foreign investors was less than one third at the time of establishment, give the year when it surpassed one third of the total.

202	Year of establishment or foreign capitalization	YYYY				MM		* If the company that invested in your company was changed either from a foreign investor to another foreign investor or from a foreign investor to a foreign-affiliated holding company, write the initial "Year of establishment or foreign capitalization" instead of the time when the investing company was changed.

### 2-3. Reason for which the ratio of shares or equity owned by foreign investors has surpassed one-third of the total shares

Select and circle one number from the following.

If your investing company was changed from one foreign investor to another foreign investor or from a foreign investor to a foreign-affiliated holding company, write "Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares" at the initial time instead of at the time when the investing company was changed.

203	1. Newly established by a single company	* Please include the case in which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares due to capital increase in the M&A.
	2. Newly established as a joint venture	
	3. Merger & Acquisition	
	4. Other	

If you have responded to “The FY2007 Basic Survey of Business Structure and Activities of the Ministry of Economy, Trade and Industry,” fill in the survey items within the red frame below.

**If you have not responded to “The FY2007 Basic Survey of Japanese Business Structure and Activities of the Ministry of Economy, Trade and Industry,” fill in all the survey items below.**

The “Basic Survey of Japanese Business Structure and Activities” is a designated statistical survey conducted by the Ministry of Economy, Trade and Industry for those companies with 50 employees or more and with capital of ¥30 million or more.

For details, refer to page 4 of the “Notes for Completing the Survey Form.”

### 3 Employment

#### 3-1. Total full-time persons employed

(End of FY)

311	Total full-time persons employed (persons)					
312	Salaried directors					
313	Full-time employees					
314	Regular employees, regular staff					
315	Part-timers, casual employees					

\* Employees refers to those who have employed for a period unspecified or at lease one month, and those for at least 18 days within the previous two months at the time the survey conducted.

#### 3-2. Employees accepted (dispatch)

(End of FY)

321	Number of employees accepted (dispatch) (persons)				
-----	---------------------------------------------------	--	--	--	--

\* Fill in the number of workers, other than those listed in 3-1 “Total full-time persons employed,” accepted through a dispatch contract with a proprietor of labor dispatch business.

### 4 Types and number of the establishments in Japan

Enter the number of the domestic establishments for each function below.

(End of FY)

401	Manufacturing and processing				
402	Marketing and sales (business office, distribution, store, etc.)				
403	Research and development				
404	Head office				

\* If an establishment has two or more functions, count each function when entering the number.

**5 Sales turnover and purchase turnover**

**5-1. Sales turnover**

		(Annual)					
		(¥ million)					
511	Sales turnover						
512	Of which, exports						
513	Of which, sales to principal foreign investors						

\* Write the amount of goods directly exported by your company carrying out customs procedures in its own name.

\* Enter the sales turnover to the principal foreign investor you put in Item 105 "Name of the principal foreign investor" on page 1.

**5-2. Purchase turnover**

		(Annual)					
		(¥ million)					
521	Purchase turnover						
522	Of which, imports						
523	Of which, purchase from the principal foreign investors						

\* Write the amount of goods directly imported by your company carrying out customs procedures in its own name.

\* Enter the purchase turnover from the principal foreign investor you put in Item 105 "Name of the principal foreign investor" on page 1.

**6 Expenses**

**6-1. Operating expenses**

		(Annual)					
		(¥ million)					
611	Operating expenses	Cost of goods sold					
612		Sales and general administrative expenses					
613	Breakdown of operating expenses (specific items)	Total remuneration (excl. retirement benefit)					
614		Packing and delivery expenses					
615		Rental expenses					
616		Depreciation expenses					

\* For the breakdown of the operating expenses, write the total of costs arising in connection with your costs of goods sold and sales and general administrative expenses.

**6-2. Payments for the principal foreign investor**

Enter the payments for the principal foreign investor you put in Item 105 "Name of the principal foreign investor" on page 1 based on accounting data.

		(Annual)				
		(¥ million)				
621	Dividends					
622	Interest on loans					
623	Royalties					

**6-3. R&D expenses**

		(Annual)				
		(¥ million)				
631	R&D expenses					

\* Include the burden of joint research costs, and research consignment costs.

**6-4. Plant and equipment investments**

		(Annual)				
		(¥ million)				
641	Plant and equipment investment (excluding land)					

\* Please write the amount of acquisition of tangible fixed assets (including construction in process account and excluding land) during fiscal 2005 before depreciation.

**7 Profit**

		(Annual)				
		(¥ million)				
701	Current profit (△ indicates a loss)					
702	Current net income (△ indicates a loss)					

\* Apply a △ before figures when you have made a loss in the current profit or the current net income

**8 Assets**

		(End of FY)				
		(¥ million)				
801	Total assets					
802	Of which, fixed assets					
803	Of which, land					
804	Of which, buildings					

**9 Financing**

Write the balance of financing as of the end of FY2006 on a stock basis.

If your company was funded by a holding company, enter the only funds directly procured from overseas and the only funds procured from the principal foreign investor, excluding the funds procured through the holding company, in “Amount of funds procured from overseas” and “Amount of funds procured from the principal foreign investor,” respectively

(End of FY)

			Total funds raised		Amount of funds procured from overseas		Amount of funds procured from the principal foreign investor	
			(¥ million)		(¥ million)		(¥ million)	
901	Loans outstanding	Short-term loans						
902		Long-term loans						
903	Amount of the bonds outstanding							
904	Total capital							

\* Include the amount of the convertible bonds

**Thank you for your cooperation.**

**FY2007**  
**Survey of Trends in Business Activities of Foreign Affiliates**  
**Notes for Completing the Survey Form**

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**Address for any inquiries**

Office for Survey of Trends in Business Activities of Foreign Affiliates

Enterprise Statistics Office

Research and Statistics Department

Economic and Industrial Policy Bureau

Ministry of Economy, Trade and Industry (METI)

Tel: 03-5775-3236

URL: (Japanese) <http://www.meti.go.jp/statistics/data/h2c2topj.html>

(English) <http://www.meti.go.jp/english/statistics/data/h2c2tope.html>

## I. Survey Outline

### 1. Purpose of the survey

The purpose of this survey is to contribute to the promotion of future policy on industry and trade by ascertaining the business trends of foreign capital companies in Japan. This survey has been conducted every year since fiscal 1967.

### 2. Legal basis for the survey and protection of confidentiality

This survey is conducted by the Ministry of Economy, Trade and Industry as approved under Article 4 of the Statistical Reports Coordination Law. The confidentiality of information reported in response to the survey is protected under the Statistics Law. Therefore, the information cannot be used in connection with tax affairs or for any purpose other than statistics (Article 14 of the Statistics Law).

### 3. Scope of the survey

This survey covers companies that met the following conditions as of the end of fiscal 2006 (the end of March, 2007), or had satisfied them during fiscal 2006 (except finance & insurance and real estate businesses):

(1) A company in which more than one third of shares or holdings is owned by foreign investors (Case 1)

(2) A company, funded by a holding company in which more than one third of shares or holdings is owned by foreign investors, in which the total ratio of direct and indirect investments made by foreign investors is more than one third of the total shares (Cases 2 and 3)

\* A holding company refers to a corporation whose purpose is not to practice business activities, but to control several other companies by owning shares of such companies, and is a corporation that is involved in planning the management of the overall group.

\* Direct investment ratio means the ratio of a foreign investor's shares or holdings to the total capital or capitalization.

Indirect investment ratio means the ratio of investment in a holding company by foreign investors multiplied by the ratio of the holding company's investment in the company in question.



completed by the respective companies. Survey staff from the Office for Survey of Trends in Business Activities of Foreign Affiliates may conduct telephone interviews, etc. for clarification.

**5. Deadline for submission of completed forms**

Please submit the completed forms by August 31, 2007, by posting them to METI using the enclosed envelope.

**6. Publication of survey results**

The results of this survey will be compiled by business sector and by area, and will be analyzed and published by the Enterprise Statistics Office of the Research and Statistics Department, Economic and Industrial Policy Bureau and the Trade and Investment Facilitation Division of the Trade and Economic Cooperation Bureau.

## **II. General Matters**

### **1. Time and fiscal year of the survey**

The time of this survey is as of March 31, 2007. Annual figures should be given for fiscal 2006.

#### **(1) Full-year accounting terms**

March 31, 2007, or the nearest accounting date prior to that, should be given as the end of fiscal 2006.

#### **(2) Half-year accounting terms**

March 31, 2007, or the nearest accounting date prior to that, should be given as the end of fiscal 2006, and annual results should be given as a total of the term in question and the previous term (total of first and second halves).

#### **(3) Accounting term alterations**

If annual results cannot be given due to changes in the accounting period, etc., please give details in accordance with your company's terms as appropriate. A note to this effect should be given in the blank space.

### **2. Industrial classification**

"Appendix I. Industrial Classification Code Table" is created in accordance with the Japanese Standard Industrial Classification. Please refer to and enter the corresponding business sector number and type of industry given in the "Appendix I. Industrial Classification Code Table."

When conducting business in two or more business sectors, write the relevant code for your main business in which you have the largest sales turnover.

If you are a holding company, put the same industry sector as the main industry sector of your subsidiary, etc., and if "Research institute," the same industry sector as that of your parent company.

### **3. National classification code**

In the nationality column, refer to and enter the corresponding country code and name of region/country given in the "Appendix II. National Classification Code Table."

The term "country" may also include "regions."

#### 4. Figures

- (1) Figures should be rounded to the nearest full unit.
- (2) Figures in each column should be justified to the right, with only one digit in each box.
- (3) Negative figures should be preceded by the symbol  $\Delta$ .

Example 

			$\Delta$	9	9	9
--	--	--	----------	---	---	---

- (4) Approximated figures will be acceptable if exact figures are difficult to calculate.
- (5) If you have no results, please put "0."

#### 5. Monetary amounts

Monetary amounts should all be indicated in yen denomination and in units of one million yen. Figures are to be rounded to the nearest unit.

#### 6. Terminology

The terminology used should, in principle, be in accordance with the "Enforcement Regulations of the Commercial Law" on the basis of the "Commercial Law," the "Foreign Exchange and Foreign Trade Law," and the ministerial ordinances for the administration of the said Act.

#### 7. The Basic Survey of Japanese Business Structure and Activities

If you have responded to "The FY2007 Basic Survey of Japanese Business Structure and Activities of the Ministry of Economy, Trade and Industry," fill in the survey items within the red frame from "3 Employment" to "9 Financing."

If you have not responded to "The FY2007 Basic Survey of Japanese Business Structure and Activities of the Ministry of Economy, Trade and Industry," fill in all the survey items from "3 Employment" to "9 Financing."

The "Basic Survey of Japanese Business Structure and Activities" is a designated statistical survey (No. 118) separate from the "Survey of Trends in Business Activities of Foreign Affiliates" conducted by the Ministry of Economy, Trade and Industry for those companies of industries shown in the table below, with 50 employees or more and with capital of ¥30 million or more.

Finance and insurance\* are not industry sectors applicable to the Survey of Trends in Business Activities of Foreign Affiliates.

List of industries (including services, etc.) subject to the Basic Survey of Japanese Business Structure and Activities of the Ministry of Economy, Trade and Industry

Mining	
Manufacturing	
Electricity, gas, heat supply, water services	Electricity
	Gas
Information and communications	Software
	Information processing, information provision services
	Internet-based services
	Movie and video production
	Television program production
	Newspapers
	Publishing
Wholesale and retail trade	Wholesale trade
	Retail trade
Finance and insurance*	Credit card industry, loan industry
Restaurants and lodging establishments	General restaurants
Education and learning-support services	Foreign language schools
	Fitness clubs
	Culture centers (general)
Service industry	Design industry, machine design industry
	Photography industry
	Engineering industry
	Academic institutions, development research institutions
	Laundry services
	Other laundry, hairdressing, beauty, bathhouse services
	Services for ceremonial functions (including mutual aid societies)
	Photographic developing & printing
	Other lifestyle-related services
	Movie theaters
	Golf courses
	Provision of sports facilities (excluding those that fall under the category of other leisure businesses)
	Parks, amusement parks, and theme parks
	Bowling alleys
	Waste processing industry
	Machine repair services
	Repair services for electric machinery and appliances
	Leasing of industrial machinery and appliances
	Leasing of office machinery and appliances
	Automobile leasing (excluding rentals)
	Leasing of sporting and leisure goods
	Other leasing services
	Advertising industry

	Commodity inspection services (excluding non-destructive testing services)
	Surveyor certification services
	Private job placement services
	Display services
	Labor dispatch services

#### **8. English version of the Survey of Trends in Business Activities of Foreign Affiliates and the Survey Form**

The English version of the Survey of Trends in Business Activities of Foreign Affiliates and the Survey Form is available at the METI web site at the following URL:

URLs: <http://www.meti.go.jp/english/statistics/data/h2c2tope.html>

(METI English Version HP)

If you wish to make the submission in English, please print out and use the English Survey Form.

Thank you very much for your cooperation.

### III. Specific Matters

Section “**1** Company Outline” of the survey form has been pre-printed based on your reports that had been presented by last year. If you have any corrections to the pre-printed details, please cross out the relevant column with a ===== and enter the correct details above the pre-printed details.

If you are participating for the first time this year, there is no pre-printed information. Please complete all the sections of the survey form.

#### **Reference of entry**

Survey staff from the Office for Survey of Trends in Business Activities of Foreign Affiliates may conduct telephone interviews, etc. for clarification. Please give the name, telephone number, department assigned, and address (only when not identical to “102. Address”) of the person completing the form.

#### **1 Company Outline**

##### **101. Company name**

Please write the registered trade name or other formal name used in the course of business. The Japanese pronunciation should be written in katakana characters. When doing so, please justify to the left.

##### **102. Address**

Please write the address of your company’s head office or head branch. When the address of the head office differs from the address indicated in the registration, write the address and the postal code of the office that is actually functioning as the head office.

##### **103. Business sector code**

The Industrial classification code table for this survey form is created in accordance with the Japanese Standard Industrial Classification. Please refer to and enter the corresponding business sector number and type of industry given in the “Appendix I. Industrial Classification Code Table.”

When conducting business in two or more business sectors, please write the relevant code for your main business (the industrial classification in which you have the largest sales turnover.)

If you are a holding company, put the same industry sector as the main industry sector

of your subsidiary, etc., and if “Research institute,” the same industry sector as that of your parent company.

#### **104. Foreign capital ratio**

Write the ratio of shares owned or capitalization by foreign investors in the total number of shares issued by your company or total capitalization to the 1<sup>st</sup> decimal point (round off the 2<sup>nd</sup> decimal point) justified to the right.

If your company is funded by a holding company:

(1) When indirectly invested in by foreign investors through the holding company alone, write the indirect investment ratio, which is the ratio of investment by foreign investors in the holding company multiplied by the ratio of investment by the holding company in your company. (Hereinafter the same.)

(2) When directly invested in by a foreign investor and also indirectly invested in through your holding company, write the total of the direct investment ratio (ratio of shares or holdings by the foreign investor) and the indirect investment ratio of your holding company.

#### **105. Name of the principal foreign investor**

Write the name of the principal foreign investor in Japanese katakana characters or Roman letters.

If your company is funded by a holding company:

(1) When indirectly invested in by foreign investors through the holding company alone, write the name of the principal foreign investor of the holding company.

(2) When directly invested in by a foreign investor and also indirectly through the holding company:

① In the case that the ratio invested indirectly through the holding company is higher than the direct investment ratio, write the name of the principal foreign investor of the holding company, or,

② In the case that the ratio invested directly by the foreign investor (ratio of shares or holdings by the foreign investor) is higher than the indirect investment ratio, write the name of the foreign investor which directly invests in your company.

#### **106. Nationality of the principal foreign investor**

Please refer to and enter the corresponding country code and name of region/country given in the “Appendix II. National Classification Code Table” for the nationality of the principal foreign investor named in “105. Name of the principal foreign investor.” The term “country” may also include “regions.”

**107. Investment ratio of the principal foreign investor**

Write the ratio of shares owned or capitalization by the principal foreign investor (the principal foreign investor named in “105. Name of the principal foreign investor”) in the total number of shares issued by your company or total capitalization to the 1<sup>st</sup> decimal point (round off the 2<sup>nd</sup> decimal point) justified to the right.

(1) In the case that investments from the principal foreign investor are indirect investments only (investments in your company are comprised only of investments made through the holding company), write down the ratio of indirect investments (ratio derived by multiplying the ratio invested by the principal foreign investor to the holding company with the ratio invested by the holding company to your company).

(2) In the case that investments from the principal foreign investor are composed of both direct investments from the principal foreign investor and indirect investments from the holding company, write down the total of the direct investment ratio (ratio of shares or equity owned by the principal foreign investor) and the ratio of indirect investments via the holding company.

**108. Capital or investments**

Write down the amount of paid-in capital held or investments made by your company, as of the end of March 2007.

**109. Accounting term**

According to your company’s accounting term, write the accounting month following the principles given below.

(1) Full-year term: write an accounting month that falls between April 1, 2006 and March 31, 2007.

(2) Half-year term: write an accounting month that falls between October 1, 2006 and March 31, 2007.

**110. Consumption tax**

For the treatment of consumption tax concerning the survey items, circle 1 when “tax included” and 2 when “tax excluded.”

**2 Operation status**

## **2-1. Operation status**

### **201. Operation status**

Circle the relevant number for the operation status of your company at the time of the survey (as of the end of March 2007).

#### **1. In operation**

“In operation” means that your company is currently in operation. In this case, please answer all items from 2-2.

#### **2. Before the first accounting term after establishment**

“Before the first accounting term after establishment” means that your first accounting term has not yet arrived after establishment or after foreign capitalization has made.

In this case, please answer, from 2-2 on, Item 202 “Year of establishment and foreign capitalization,” Item 203 “Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares.”

#### **3. Not yet established, not yet in operation**

“Not yet established” means that the company has not yet been established, although a notification or ex post-facto report has been made in accordance with the “Foreign Exchange and Foreign Trade Act.” “Not yet in operation” means that, although the company has been established, it is not yet in operation.

In this case, please answer, from 2-2 on, Item 202 “Year of establishment and foreign capitalization,” Item 203 “Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares.”

#### **4. Suspended**

“Suspended” means that your company is temporarily out of business or in dormancy.

In this case, please answer, from 2-2 on, Item 202 “Year of establishment and foreign capitalization,” Item 203 “Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares.”

#### **5. Dissolution, withdrawal and foreign capital ratio reduced**

“Dissolution” means the situation in which a company stops its business activities and loses its status as a legal entity. “Dissolution” includes liquidation, which refers to the procedure for processing a company’s legal matters after the company has been dissolved due to a reason other than a merger, as well as so-called company failure and

bankruptcy.

“Withdrawal” means a company was sold, absorbed or merged, and as a result, the total control share became 0%.

“Foreign capital ratio reduced” means that your company’s ratio of capitalization by a foreign investor (if by foreign investors, the total of their ratios), which should include the indirect investment ratio if your company is indirectly invested in through a holding company, has fallen one third or less.

In this case, please answer, from -2 on, Item 202 “Year of establishment and foreign capitalization.”

-2 **Year of establishment or foreign capitalization**

**202. Year of establishment or foreign capitalization**

Please write the two-digit month and four-digit year of the time when the ratio of shares or equity owned by foreign investors surpassed one third of the total shares in your company.

If the ratio of shares or equity owned by foreign investors was less than one third at the time of establishment, give the year when it surpassed one third of the total.

If the company that invested in your company was changed either from one foreign investor to another foreign investor or from a foreign investor to a foreign-affiliated holding company, write the initial “Year of establishment or foreign capitalization” instead of the “time” when the investing company was changed.

-3 **Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares**

**203. Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares**

Circle the relevant number from 1 to 4 on the survey form indicating the reason why the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares.

If the company that invested in your company was changed either from one foreign investor to another foreign investor or from a foreign investor to a foreign-affiliated holding company, write the “Reason for which the ratio of shares or equity owned by foreign investors has surpassed one third of the total shares” at the initial time of establishment or foreign capitalization instead of the “reason” at the time when the investing company was changed.

### **1. Newly established by a single company**

“Newly established by a single company” refers to cases in which your company was established by itself.

### **2. Newly established as a joint venture**

“Newly established as a joint venture” refers to a case in which the ratio of shares or equity owned by foreign investors has already surpassed one third of the total shares at the time of the establishment of the joint venture.

### **3. Merger and acquisition (M&A)**

“Merger and acquisition” refers to cases in which the ratio of shares or equity owned by foreign investors was one third or less of the total shares at the time of establishment of your company and has surpassed one third of the total shares due to a later merger with a foreign firm, foreign investors’ later purchase of shares or equity, or capital increase.

### **4. Other**

“Other” refers to cases in which the ratio of shares or equity owned by foreign investors was one third or less of the total shares at the time of establishment of your company and has since then surpassed one third of the total shares because of other reasons than those referred to above.

## **3 Employment**

Please write the number of persons employed as of the end of March 2007. If the figure cannot be given, write the number of employees as of the latest available time prior to that.

### **3-1 Full-time persons employed**

#### **311. Total full-time persons employed**

Please put the total number of salaried directors and full-time persons employed in your company as of the end of March 2007.

#### **312. Salaried directors**

Enter the number of salaried full-time directors who are engaged in business management.

**313. Full-time employees**

Enter the total number of full-time persons employed (contract employees of at least one month and those who have been employed for at least 18 days within the previous two months as of the end of March 2007 or the nearest point in time thereto, irrespective of titles such as “regular employees,” “regular staff,” “part-timers,” “casual employees,” etc.)

**314. Regular employees, regular staff**

Enter the number of regular employees or regular staff among the above-described full-time employees.

**315. Part-timers**

Enter the number of part-timers, casual employees or employees with similar titles who work fewer hours a day or fewer days a week than other regular employees among the above-described full-time employees.

**3-2 Employees accepted (dispatch)****321. Employees accepted (dispatch)**

Write the number of workers other than those listed in 3-1 accepted through a dispatch contract with a proprietor of a labor dispatch business as of the end of March 2007.

“Dispatch workers (accepted)” are those workers employed by a business proprietor of a labor dispatch business and dispatched to companies to undertake the services of the company to which the worker is being dispatched based on the contract made between the labor dispatch business company and the company accepting such dispatch workers.

**4 Types and number of establishments in Japan**

Please write the number of the establishments of your company in Japan for each applicable function as of the end of March 2007. If such figures cannot be given, put those figures at the latest available time prior to the end of March 2007.

“Business and sales function” includes business offices, distribution bases (collection sites for articles of export and import, delivery centers, etc.) and stores as well as customer services and business and sales supports bases. “Head office function” includes a regional control function.

If an establishment has two or more functions, write the number counting each function.

## **5 Sales turnover and purchase turnover**

### **5-1. Sales turnover**

#### **511. Sales turnover**

Write the total of your company's sales of mineral products or manufactured products, income from processing fees, sales of stocked products, and other business revenues (including sales from free trade zones).

Sales in commercial agency and mediation businesses refer to income from commissions.

#### **512. Of which, exports**

Of the sales in 511, write the amount of goods directly exported by your company carrying out customs procedures in its own name.

#### **513. Of which, sales to principal foreign investors**

Of the exports in 512, write the total amount of sales (direct exports) to the principal foreign investor (the principal foreign investor named in "105. Name of the principal foreign investor").

### **5-2 Purchase turnover**

#### **521. Purchase turnover**

Write the purchase turnover of raw materials, components, semi-finished products, etc., and the turnover of purchased goods from other companies.

#### **522. Of which, imports**

Of the purchase turnover in 521, write the amount of direct imports by your company carrying out customs in its own name.

#### **523. Of which, purchases from the principal foreign investor**

Of the imports in "522. Of which, imports," write the total amount of purchases (direct imports) from the principal foreign investor (the principal foreign investor named in "105. Name of the principal foreign investor").

## **6 Expenses**

### **6-1 Operating expenses**

#### **611. Cost of goods sold**

Write your company's overall cost price for sales, including manufacturing cost (cost of materials for manufacturing, labor costs and sundry expenses), purchase of goods, etc.

#### **612. Sales and general administrative expenses**

Write the total of costs arising in connection with your sales and general administrative expenses, including salaries, travel expenses, advertising and PR costs, data processing costs, communication costs, real estate rental costs, and movable property rental costs, for work covering sales and management of your entire business, etc.

#### **613. Total remuneration**

Write the total amount before tax (the amount before deducting income tax, regional tax, social insurance (including health insurance and welfare pension insurance), labor insurance, etc.) of remuneration (basic salaries, allowances, bonuses, and other sums paid both regularly and irregularly) that was or should have been paid during the 12 months of fiscal 2006.

However, retirement benefit and the company's legally stipulated social welfare contributions (social insurance (including health insurance and welfare pension insurance), labor insurance, etc.) should not be included in remuneration.

Write the total of expenditure pertaining to the cost of goods sold and that pertaining to sales and general administrative expenses.

#### **614. Packing and delivery expenses**

Write costs such as packing material costs and packing costs for the packaging of mineral products, manufactured products, and merchandise, or transportation costs for the conveyance thereof (including consignment costs in your entries for the relevant work).

Write the total of expenditure pertaining to the cost of goods sold and that pertaining to sales and general administrative expenses.

#### **615. Rental expenses**

Write the total of "Real estate rental costs" for land, buildings, etc. and "Movable

property rental costs” for mining machinery, manufacturing machinery, vehicles, showcases, office equipment, etc. Rental costs for computers including terminals, however, should be excluded.

Write the total of expenditure pertaining to the cost of goods sold and that pertaining to sales and general administrative expenses.

#### **616. Depreciation expenses**

Write the amount calculated as depreciation of fixed assets for the 12 months of fiscal 2006.

Write the total of expenditure pertaining to the cost of goods sold and that pertaining to sales and general administrative expenses.

(1) When the direct method is used: the amount deducted from the “tangible fixed asset account” as “depreciation expenses.”

(2) When the indirect method is used: the amount set aside for “accumulated depreciation.”

#### **6-2 Payments for the principal foreign investor**

For “621. Dividends” through “623. Royalties” below, please enter the amount of payments made to the principal foreign investor (the principal foreign investor named in “105. Name of the principal foreign investor”).

#### **621. Dividends**

Of the dividends paid to or due to shareholders as an appropriation of profit relating to fiscal 2006, write the amount of dividends to principal foreign investors.

#### **622. Interest on loans**

Write the amount of interest paid on loans from principal foreign investors based on accounting data.

#### **623. Royalties**

Write the amount paid for patent rights, authorship rights, and other intellectual property rights, etc. acquired from principal foreign investors based on accounting data.

#### **6-3 R&D expenses**

**631. R&D expenses**

This should include labor and material costs for experimental research, depreciation of research-related tangible fixed assets, the burden of joint research costs, and research consignment costs.

**6-4 Plant and equipment investments****641. Plant and equipment investments (excluding land)**

Please write the amount of acquisition of tangible fixed assets (including construction in process account and excluding land) during fiscal 2006 before depreciation.

**7. Profit****701. Current profit**

Write the total of operating and non-operating profit.

Apply a  $\Delta$  before figures when there is a loss.

The following formula may optionally be used to calculate current profit/loss.

Current profit/loss = (sales turnover – cost of goods sold – sales and general administrative expenses) + (non-operating income – non-operating expenses)

**702. Current net income**

Write the amount after deducting tax from the total amount of current profit/loss and extraordinary profit/loss. If you have made a loss, the figure should be preceded by the symbol  $\Delta$ .

**8 Assets**

Please write the amount of assets as of the end of March 2007. If the figure cannot be given, put the amount at the latest available time prior to that.

**801. Total assets**

Write the total of current assets (cash & deposits, receivables, notes and bills receivables, securities, etc.), fixed assets (tangible fixed assets, intangible fixed assets, investments, etc.), and assets deferred (foundation cost, R&D expenses, costs for issuing new shares, etc.)

**802. Of which, tangible fixed assets**

Of the total assets above, enter the amount of the tangible fixed assets (land, buildings, machinery, etc.) excluding accumulated depreciation.

**803. Of which, land**

Of the total of tangible fixed assets above, write the amount of value of land owned.

**804. Of which, buildings**

Of the total of tangible fixed assets above, write the amount of value of buildings owned (offices, shops, factories, warehouses, company housing, and equipment auxiliary to buildings).

**9 Financing**

Write the amount of funds raised as of the end of March 2007. If the figure cannot be given, put the amount at the latest available time prior to that.

**Total funds raised**

Write the balance of financing on a stock basis as of the end of March 2007.

**Total amount of funds procured from overseas**

Of the balance of financing above (Total funds raised), write the outstanding amount of funds directly procured from overseas (not through your holding company).

**Total amount of funds procured from the principal foreign investor**

Of the total amount of funds procured from overseas above, write the total of the outstanding amount of funds directly procured from the principal foreign investor and not through your holding company.

If your company was funded by a holding company:

(1) When your procured funds only came from your holding company, regard the funds from the principal foreign investor as “nil” in order to avoid overlapping the amount procured from the principal foreign investor reported by your holding company.

(2) When your company has funds procured both directly from the principal foreign investor and indirectly through your holding company write only the amount of the funds procured directly from the principal foreign investor.

**901. Short-term loans**

Of the outstanding amount of debt loans, write those with a repayment term of one year or less (including long-term loans with repayment due in one year or less) in the column of the total funds raised, of which loans from overseas financial institutions, etc.

should be put in the column of funds procured from overseas, and again, of which loans from the principal foreign investor in the column of the funds procured from the principal foreign investor.

**902. Long-term loans**

Of the outstanding amount of debt loans, write those with a repayment term of more than one year in the column of the total fund raised, of which loans from overseas financial institutions, etc. should be in the column of the funds procured from overseas, and again, of which loans from the principal foreign investor in the column of the funds procured from the principal foreign investor.

**903. Amount of outstanding bonds**

Write the total outstanding amount of your bonds in the column of the total funds raised, of which the amount of the bonds purchased by the foreign investor should be in the column of the funds procured from overseas, and again, of which the amount of the bonds purchased by the principal foreign investor in the column of the funds procured from the principal foreign investor.

Please note that the total amount of the outstanding bonds should include bonds with subscription warrants.

**904. Total capital**

Write the total of capital or capitalization and capital surplus, retained earnings and others (new share payments, land revaluation excess, variance of the estimate of shares, etc. and so on) in the column of the total funds raised, of which the amount procured from the foreign investor (of the amount paid by the shareholders, the amount paid by the overseas investors) should be put in the column of the funds procured from overseas, and again of which the amount procured from the principal foreign investor (of the amount paid by the shareholders, the amount paid by the principal foreign investor) in the column of the funds procured from the principal foreign investor.

**Table I Industrial Classification Code Table**

Code	Type of Industry	Description
0101	Agriculture, forestry, and fisheries Agriculture	Crop farms, Cattle farms, Agricultural and horticultural services, etc.
0102	Forestry	Sylviculture, Material production, Fuelwood production, Charcoal production, Forestry service, etc.
0103	Fisheries and Aquaculture	General sea fishing, Whaling, Inland water fisheries, Sea culture, Fresh-water cultivation
0201	Mining Mining	Metal mining (gold, silver, lead, zinc iron, tungsten, etc.), Coal and lignite mining (coal mine, etc.), Crude oil and natural gas mining, non-metal mining (quarrying, sand, gravel, cobble, dolomite, limestone, etc.)
0301	Construction Construction	Comprehensive construction work (civil engineering work, paving work, wooden architecture construction, etc.), Occupational construction work (painter's work, floor and interior finish work, etc.), Facility construction work (electrical work, telecommunication equipment and signaler installation work, etc.)
0401	Manufacture of food and of beverages, tobacco, and prepared animal foods Manufacture of food	Livestock food products, Aquatic food, Grain cleaning and flour milling, Condiments, etc.
0402	Manufacture of beverages	Soft drinks, Alcoholic beverages, etc.
0403	Tobacco manufacture	
0404	Prepared animal foods and organic fertilizers	Feed mixture, Organic feed, etc.
0501	Manufacture of textile mill products and of apparel and other finished products made from fabric and similar Silk reeling plants and spinning mills	Silk reeling, Cotton spinning, Chemical fiber spinning, Wool spinning, etc.
0502	Woven fabric mills and knit fabric mills	Cotton and staple fiber textiles, woolen textile, Circular knitted fabric, etc.
0503	Miscellaneous textile mill products	Dyed and finished fabrics, Twisted yarn, Netting and cordage, Lacework and miscellaneous textile articles, Carpeting, etc.
0504	Apparel and other finished products made from fabrics and similar materials	Textile outer garment, Knitted outer garment, Underwear, Kimono goods, etc.
0505	Chemical fibers	Rayon, Acetate fiber, Synthetic fabric

Code	Type of Industry	Description
0601 0602 0603	Manufacture of lumber and wood products and of pulp, paper and paper products Manufacture of lumber and wood products Manufacture of pulp and paper Manufacture of paper products	Common lumber, Veneer, Plywood, Particleboard, etc. Pulp, Foreign paper, Paper board, Japanese paper Cardboard, Wall paper, Office paper, Paper containers, etc.
0701 0702 0703 0704 0705 0706 0707	Manufacture of chemical and allied products Chemical fertilizers Industrial inorganic chemicals Industrial organic chemicals Oil and fat products, soaps, synthetic detergents, surface-active agents and paints Drugs and medicines Cosmetics, toothpaste and toilet preparations Miscellaneous chemical and allied products	Nitrogen and phosphoric fertilizers, Compound and mixed fertilizers Soda, Calcium carbide, Phosphoric acid, Sodium chloride, etc. Petrochemical basic products including ethylene, Aliphatic intermediary, Plastics including phenol resin, Synthetic rubber, etc. Fatty acids, Glycerin, Soaps, Synthetic detergents, surface-active agents, coating materials, Printing ink, etc. Drugs and medicines, Injection drugs, Galenicals and Chinese-style drug products, etc. Cosmetics, Toothpaste, etc. Explosives, Agricultural chemicals, Gelatin and adhesives, Photographic materials, etc.
0801 0802	Manufacture of petroleum and coal products Petroleum refining Miscellaneous petroleum and coal products	Gasoline, Naphtha, Kerosene, Diesel oil, Fuel oil, etc. Lubrication oil, Grease, Coke, Artificial coal, Briquette, Paving, etc.
0901 0902 0903	Manufacture of ceramics, stone and clay products Glass and its products Cement and its products Miscellaneous ceramic, stone and clay products	Glass sheet, Glassware, Vitrics for laboratory and medical use, etc. Cement, Freshly mixed concrete, Concrete products, etc. Ceramics and allied products, Clayware for construction use, Fire-resisting articles, Carbon and graphite products, Abrasives, etc.
1001 1002	Manufacture of iron and steel iron industries Pig iron, basic steel, and steel materials Castings and forgings, and other iron and steel products manufacturing	Pig iron, Basic steel, Steel materials, Steel pipes, etc. Pig iron casting, Iron formed-and-fabricated materials including cast steel, Iron and steel shearing and slitting, etc.
1101 1102	Manufacture of non-ferrous metals and products Smelting and refining of non-ferrous metals Miscellaneous non-ferrous metal products manufacturing	Copper, Lead, Zinc, Precious metals, Nickel, Aluminum, etc. Non-ferrous metals including rolled copper and their alloyed sheet products, Electric wire and cables, Non-ferrous metal casting, Non-ferrous metal castings and forgings

Code	Type of Industry	Description
1201	Manufacture of fabricated metal products Fabricated constructional and architectural metal products	Metal manufacture for construction including steel towers and bridges, Metal doors, Shutters, Metal manufacture for buildings including metal store rooms, etc. Tin can, Coated boards, Western style tableware, Cutting tools, Ironware, Heating apparatus, Metal formed-and-fabricated materials, Metal-wire articles, Bolts, Screw nuts, Rivets, etc.
1202	Miscellaneous fabricated metal products	
1301	Manufacture of general machinery Metal working machinery	Lathes, Metal cutting machine tools including drill presses, Rolling mills, Metal working machinery including vending machines, etc. Agricultural machinery, Construction machinery, Mining machinery, Textile machinery, Plastics processing machinery, etc. Business equipment, Freezing machines, Automatic dispensers, Laundry machines for business use, Amusement equipment, etc. Boilers, Generating machinery, Pumps, Compressors, Elevators, Digestive apparatus, Roller bearing, Dies, Industrial robots, etc.
1302	Special industry machinery	
1303	Office, service industry and household machines	
1304	Miscellaneous general machinery	
1401	Manufacture of electrical machinery, equipment and supplies Industrial electrical apparatus	Power generators, Electric motors, Miscellaneous rotary machines, Transformers and similar apparatus, Switching devices, Switch boards, Distribution boards, Electric welding machines, Electric furnaces and ovens, etc. Microwave ovens, Refrigerators, Electric rice cookers, Electric fans, Water heaters, Air conditioners, Washing machines, Vacuum cleaners, Irons, Electric heaters, etc. X-ray apparatus, Video equipment, Electronic applied devices for medical use, Electronic microscopes and other electronic applied devices Electric bulbs, Electric Lamps including fluorescent lamps, Electric lighting apparatus, Electric measuring equipment, Industrial instruments, Instruments for chemical analysis, Capacitors, Dry-cell batteries, Electromagnetic tape, Silicon wafers, Permanent magnets, etc.
1402	Household electric appliances	
1403	Electronic equipment	
1404	Miscellaneous electrical machinery equipment and supplies	

Code	Type of Industry	Description
1501	Manufacture of information and communication electronics equipment and of electronic parts and devices Communication equipment and related products	Wired communication equipment including telephone sets and facsimile machines, Radios and TV Broadcasting, wireless communication equipment including Cellular phones, Radios and TVs Receivers, Stereo sets, Tape recorders, Electro-acoustic devices including Karaoke sets, etc.
1502	Electronic data processing machines, digital and analog computers, equipment and accessories	Electric calculators, PCs, Storage units, I/O equipment, Magnetic tape drives, Computers including OCRs and auxiliary equipment
1503	Electronic parts and devices	Electronic tubes including cathode-ray tubes, Diodes, Semiconductor elements including Transistors, Integrated circuits, Resistors, Capacitors, Transformers, Magnetic heads, Printed circuits, Commutators, etc.
1601	Manufacture of transportation equipment Motor vehicles, motor vehicle bodies and trailers	Passenger cars, Buses, Trucks, Motorcycles
1602	Motor vehicle parts and accessories	Motor vehicle engines, Brakes, Clutch axles, Radiators, Deferential gears, etc.
1603	Miscellaneous transportation equipment	Railroad vehicles and their parts, Vessels, Machines for ships, Aircraft and accessories, Industrial vehicles and their parts accessories, Bicycles and their parts, etc.
1701	Manufacture of precision instruments and machinery Optical instruments and lenses	Cameras, Microscopes, Telescopes, Movie machines, Lenses and Prisms for optical equipment, etc.
1702	Watches, clocks, clockwork-operated devices and parts	Watches, Electric clocks, Clock parts, Watchcases
1703	Miscellaneous precision instruments and machinery	Weighing apparatus, Measuring instruments, Analytical instruments, Test devices, Machinery and equipment for measuring, Machinery and equipment for medical use, Machinery and equipment for laboratory use, Spectacles, etc.

Code	Type of Industry	Description
1801 1802 1803 1804 1805 1806	Miscellaneous manufacturing industries Manufacture of furniture and fixtures Printing and allied industries Manufacture of plastic products Manufacture of rubber products Manufacture of leather tanning, leather products and fur skin Miscellaneous manufacturing industries, etc.	Furniture, Religious utensils, fittings, etc. Printing businesses, Photoengraving businesses, Bookbinding, Printing finishing, Printing-related services Plastic boards, rods, pipe work, couplings, deformed extrusion products, films, sheets, floor materials and synthetic leather, Industrial plastic products, Foamed and reinforced plastic products, Plastic molding materials, etc. Pneumatic tyres, tubes, rubber and plastic footwear, rubber belts, rubber hose, Industrial rubber products, etc. Hides, Industrial leather manufacture, Leather footwear, Leather gloves, Bags, Bag cargo, Fur, etc. Precious metals and jewel products, Musical instruments, Toys, Sporting equipment, Stationery including Pens and Pencils, Clothing accessories, Ornamental articles and buttons, Lacquer ware, Life-related chandlery including Tatami mats, Umbrellas, Armaments, etc.
1901	Electricity, gas, heat supply and water Electricity, gas, heat supply and water	Power plants, Substations, Electric utility offices, Gas production plants, Gas distribution offices, Gas supply offices, heat supply, water supply, Industrial water supply, Sewerage works
2001 2002 2003 2004 2005	Information and communications Communications Broadcasting Information services Internet based services Video picture, sound information, character information production and distribution	Documents delivery service, Landline telecommunications, Mobile telecommunications Public broadcasting, Commercial broadcasting, Cable broadcasting Software services, Information processing and communications providing services Server-housing, Application service providers, Digital certificate services, Information networking and security services, Portal site operating, etc. Image information production and distribution, Sound information production, Newspaper trade, Publishing, etc.
2011 2012	Transport Railway transport, road passenger transport, road freight transport, water transport, and air transport Warehousing and services incidental to transport	Railway services, Road passenger transport, Road freight transport, Water transport, Air transport Warehousing, Harbor transport businesses, Cargo forwarding agents, Forwarding agents, Packaging, Transport facility providers, etc.
2021 2022	Wholesale and retail trade Wholesale trade Retail trade	General merchandise wholesale trade, Machinery and equipment wholesale trade, etc. General merchandise retail trade, Automobiles retail trade, Foodstuffs and beverages retail trade, etc.

Code	Type of Industry	Description
2031	Finance and insurance Finance and insurance	Banking, Collegial organization financial business, Securities businesses, Insurance, etc.
2041	Real estate Real estate	Property dealers, Real estate lease and administrative work
2051 2052	Eating and drinking places, accommodations Eating and drinking places Accommodations	General eating and drinking places (Restaurants, etc.), Entertainment restaurants (Ryotei, Pubs, Beer halls, etc.) Japanese-style hotels, Hotels, etc.
2061 2062 2063	Medical, health care, welfare, education, learning support and compound services Medical, health care, and welfare Education and learning support Compound services	Hospitals, Health care centers, Child-care centers, etc. Schools, Private schools, Skill training centers, etc. Post offices, Cooperative unions
2071 2072 2073 2074	Services, etc. Professional services Goods rental and leasing Advertising Miscellaneous services	Law firms, Patent offices, Certified public accountant offices, Licensed tax accountant offices, Veterinarians, Construction designers, Designers and machine designers, Authorship, Photo shops, Private investigators, etc. Various goods rental and leasing, Industrial machinery and equipment rental and leasing, Automobile rental, etc. Ad agencies, Outdoor advertising, etc. Academic and R&D institutions, Laundries, Barbers, Beauty parlors and Bathhouses, Other life-related services (Tour businesses, Funeral, Wedding and other ceremonies, etc.) Amusement businesses (Movie theaters, Sports facilities providers, Amusement parks, etc.), Waste disposal, Automobile repair, Machinery, etc. Repair, Other business services (Stenography, Security services, etc.), Political, economical and cultural organizations, Religions, etc.

Note: If a holding company, classify your firm in the same business section as the main business section of your subsidiary, etc., and if “Research institute” in the same business section as that of your parent company.

**Table II National Classification Code Table**

Code	Region/Country	Code	Region/Country	Code	Region/Country
	<b>NORTH AMERICA</b>		<b>ASIA</b>		<b>EUROPE</b>
101	United States	302	India	501	U.K.
102	Canada	303	Pakistan	502	France
		304	Bangladesh	503	Germany
	<b>CENTRAL/SOUTH AMERICA</b>	305	Sri Lanka	504	Belgium
201	Mexico	306	Myanmar	505	Ireland
202	Panama	307	Malaysia	506	Switzerland
203	El Salvador	308	Singapore	507	Portugal
204	Brazil	309	Thailand	508	Netherlands
205	Argentina	310	Indonesia	509	Italy
206	Paraguay	311	Philippines	510	Luxembourg
207	Chile	312	Cambodia	511	Spain
208	Peru	313	Laos	512	Greece
209	Dominica	314	Hong Kong	513	Malta
210	Venezuela	315	Taiwan	514	Austria
211	Bolivia	316	Vietnam	515	Norway
212	Bahamas	317	Korea	516	Denmark
213	Colombia	318	Nepal	517	Iceland
214	Guatemala	319	Brunei	518	Sweden
215	Ecuador	320	China (excl.Hong Kong )	519	Turkey
216	Netherlands Antilles	321	Macau	520	Romania
217	Nicaragua	399	Others	521	Finland
218	Costa Rica		Bhutan	522	Monaco
219	Trinidad Tobago		Mongolia	523	Cyprus
220	British Bermuda		North Korea	524	Poland
221	Puerto Rico		Timor-Leste	525	Russia
222	French Caribbean Islands		Maldives	526	Hungary
223	Honduras			527	Czech Republic
224	Surinam		<b>MIDDLE EAST</b>	528	Slovakia
225	Jamaica	401	Iran	530	Slovenia
226	Guyana	402	Israel	531	Estonia
227	Cayman Islands (U.K.)	403	Kuwait	532	Latvia
228	Virgin Islands (U.S.)	404	Lebanon	533	Lithuania
229	Uruguay	405	Saudi Arabia	534	Bulgaria
299	Others	406	U.A.E.	599	Others
	Cuba	407	Afghanistan		Kazakhstan
	Haiti	408	Bahrain		San Marino
	Belize	409	Qatar		Gibraltar
	Saint Lucia	410	Syria		Uzbekistan
	Antigua and Barbuda	411	Iraq		Azerbaijan
	Commonwealth of Dominica	499	Others		Andorra
	Saint Christopher and Nevis		Oman		Azores
	Saint Vincent		Yemen		Liechtenstein
	French Guiana		Jordan		Kyrgyz

Code	Region/Country
	Vatican
	Armenia
	Albania
	Ukraine
	Georgia
	Croatia
	Serbia
	Tajikistan
	Turkmenistan
	Belarus
	Bosnia and Herzegovina
	Moldova
	Montenegro
	<b>OCEANIA</b>
601	Australia
602	New Zealand
603	Fiji
604	Papua New Guinea
605	Samoa
606	Palau
607	Northern Mariana Island (U.S.)
608	Vanuatu
609	Solomon Islands
610	New Caledonia (FRA)
699	Others
	Tonga
	Kiribati
	Nauru
	Polynesia (FRA)
	Micronesia
	Tuvalu
	<b>AFRICA</b>
701	Egypt
702	Morocco
703	Zimbabwe
704	Liberia
705	Tanzania
706	Sudan
707	Nigeria
708	Cote d'Ivoire
709	Madagascar
710	Kenya

Code	Region/Country
711	Ethiopia
712	Zambia
713	Uganda
714	Ghana
715	Cameroon
716	Republic of Cong
717	Democratic Republic of Cong
718	Mauritius
719	Canary Islands (ESP)
720	Rwanda
721	Gabon
722	Sierra Leone
723	Gambia
724	Mauritania
725	Senegal
726	Swaziland
727	Libya
728	Guinea
729	Niger
730	Tunisia
731	South Africa
799	Others
	Algeria
	Angora
	Zambia
	Namibia
	Botswana
	SADR
	Togo
	Mali
	Benin
	Chad
	Central African Republic
	Sao Tome and Principe
	Djibouti
	Somali
	Seychelles
	Mozambique
	Saint Helena