

Trends in Overseas Subsidiaries

(Quarterly Survey of Overseas Subsidiaries)

Results for April – June 2003
Prospects for July – December 2003

September 30, 2003

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

Contents

. Quarterly Survey of Overseas Subsidiaries (formerly “Trend Survey of Japanese Companies”)	
1. Outline of the survey	3
2. Usage notes	4
II. Findings of the survey	
1. Sales trends.....	7 14
2. Equipment investment trends.....	15 17
3. Employment trends (number of employees).....	18 21
4. Intra-company transaction trends.....	22 23
5. Trends by region (country)	
(1) North America.....	24 26
(2) ASEAN4	27 29
(3) NIES3	30 32
(4) China (including Hong Kong)	33 35
(5) Europe	36 38
【Topics】 Accelerating China, Declining NIES3.....	39 40
(References)	
1. Comparison of US dollar and Japanese yen exchange rates.....	41
2. Changes in the exchange rates of major currencies against the US dollar, by region (average term rates published by IMF)	42
3. Results by major country and area.....	43
『References』	
1. Classification of countries (regions)	44
2. Record of changes in the content of the survey.....	44 46

I. Quarterly Survey of Overseas Subsidiaries (formerly “Trend Survey of Japanese Companies”)

1. Outline of the survey

(1) Purpose of the survey

The purpose of this survey is to identify overseas economic trends in advance by surveying the results and prospects of overseas business activities of Japanese companies, and to understand the economic trends of Japanese companies overseas and actual conditions of economic globalization. An additional purpose is to contribute to drafting flexible industrial and trade policy.

(2) Legal basis of the survey

This is the authorized statistics based on Article 4 of the Statistics Report Adjustment Law.

(3) Date of the survey

The survey was conducted as of the last day of the quarter (the last day of June 2003).

* The deadline for submitting the survey for this quarter was August 15, 2003.

(4) Subject of the survey

Companies that meet all the following conditions as of the end of March 2003 are the subject of the survey:

All industries except finance, insurance and real estate

Companies with more than 100 million yen capital

Companies with more than 50 employees

Companies with overseas subsidiaries

Among overseas subsidiaries that the above Japanese parent companies own, this survey is conducted for overseas subsidiaries that meet all the following conditions (including overseas subsidiaries that were established during the term of the survey) as of the end of each quarter:

Manufacturing companies

Companies with more than 50 employees
 Companies with more than 50% investment rate (adding direct investment and indirect investment) by parent companies

(5) Response rate

The responses to the survey for this quarter are summarized below:

Number of companies subject to survey (overseas subsidiaries)	Number of companies that Responded	Response rate
3611	2374	65.7%

(6) Method of the survey

This is a mail survey using self-declarations made by parent companies subject to survey.

2. Usage notes

(1) With regard to publicized currencies

Abolishing the “Survey of Parent Companies” from the former “Trend Survey of Japanese Companies”, this “Quarterly Survey of Overseas Subsidiaries” has been conducted since the April-June quarter of 2003 focusing on overseas subsidiaries that engage in manufacturing overseas. Accordingly, amounts relating to overseas subsidiaries are mentioned in local currencies, they are analyzed by converting them into US dollars at the average exchange rate for the quarter announced by the IMF. The conversion into US dollars has been adopted since the April-June quarter of 2001.

(For the exchange rate of main currencies into US dollars, please refer to page 42.)

(2) Adjustment to deal with gap in published values

There is a gap between the results of this quarter and those of the previous quarter or before, due to the reconsideration of companies subject to the survey and the extension of scope of the survey (see 1, (4), above: investment rate “over 50%” changed to “50% or more”) since the April-June quarter of 2003. Therefore, comparisons between this quarter and the same quarter of the previous year are calculated and estimated by totaling figures only for overseas subsidiaries continuously subject to the survey since the same quarter of the last year.

Note that this adjustment has not been applied to quarterly results and DI levels since the April-June quarter of 2001.

(3) Method for determining numerical values

Quarterly numerical values

The numerical values for this quarter will be decided in the following quarter.

Numerical values for previous year (quarter, total of the fiscal year)

Decided in the quarter following the last quarter of the fiscal year (i.e. the April-June quarter).
[inter-fiscal year amendment]

The total for the fiscal year is indicated by the letter “p” in the January-March quarter.

(4) Annotations in the statistical tables

- : No results.

p: Preliminary estimate values. The numerical values for this quarter are preliminary estimate values and may be changed in the following quarter.

x: Confidential because the number of parent companies of overseas subsidiaries is one or two, and it is feared that confidential information about individual respondents may be leaked. In some cases, confidentiality is maintained even where the number of companies is three or more, if there is any risk that x could be calculated from the information provided.

r: Shows a change from the publicized value (other than preliminary estimate value) for the previous quarter.

(5) Tabulation method

Data on all companies subject to the survey is tabulated after estimating results for companies that did not submit responses, based on the following formula in each region and industry (the number of employees given in the previous quarter is used in the case of employees). The estimated items are all items except “the amount of acquired tangible fixed assets”.

Estimated values for this quarter for companies not submitting data

= value of same quarter in previous year of relevant companies

× $\frac{\text{total values for this quarter of companies that submitted data both this quarter and the same quarter in previous year}}{\text{total values for same quarter in previous year of the companies that submitted both this quarter and the same quarter in previous year}}$

II. Findings of the survey

1. Sales trends

[Results]

Sales made by overseas subsidiaries in the April-June quarter of 2003 totaled 109.94965 billion dollars or 13022.4 billion yen, a 5.8% increase from the same quarter of the preceding year (an increase of 10.6% from the same ratio for the previous quarter). The gain was mainly due to Asia, where steady increases in demand in China's domestic and overseas markets were observed. On the other hand, sales in North America declined.

- By industry, sales by overseas subsidiaries increased in ten out of thirteen industries. Noticeably, transportation equipment posted a double-digit increase of 10.3% from the same quarter of the preceding year for the fourth consecutive quarter of increases (a 17.6% gain from the same ratio for the previous quarter) and chemicals registered a 13.0% increase (a 8.2% gain from the same ratio for the previous quarter). On the other hand, three material industries, namely iron and steel, metals, and nonferrous metals all recorded decreases: 40.0%, 9.8%, and 0.8% respectively.
- By region, Europe increased 15.7% from the same quarter of the previous year (a 16.2% rise from the same ratio for the previous period) and Asia increased 12.9% from the same period of the previous year (a 17.4% rise from the same ratio for the previous period). With regard to Asia, what is remarkable is China's significant 30.9% increase from the same period of the previous year (a 27.2% rise from the same ratio for the previous period). On the other hand, North America decreased 1.9% from the same period of the preceding year.
- In Europe and Asia, active sales of transportation equipment registered a 22.4% increase and a 39.7% increase, respectively, from the same quarter of the preceding year.
- The decrease in sales in North America was significantly affected by decreases in sales of iron and steel, and electrical machinery.

[Prospects (for July-December 2003)]

With regard to sales posted by overseas subsidiaries, the prospects for sales (DI: the ratio of companies expecting an increase minus the ratio of companies expecting a decrease) for this term rose by 6.4 percentage points (the DI level for the July-December 2003 minus the DI level for the previous April-September 2003), continuing to improve. Especially in China, the DI level increased 21.7

percentage points from the previous period, largely due to the end of the epidemic of Severe Acute Respiratory Syndrome, or SARS. The DI levels continued to be positive for the seventh straight term.

- By industry, DI levels improved in eleven industries, excluding nonferrous metals and transportation equipment. Remarkably, electrical machinery increased by 12.2 percentage points, continuing to improve.
- By region, while the DI level decreased 8.7 percentage points in Europe, it increased 11.1 percentage points in Asia. The DI levels in all regions except Europe registered a positive two-digit figure. Remarkably, the DI level in China (including Hong Kong), was 47.2 percentage points, its highest level ever.
- In China, the DI level for transportation equipment for this term stood at 68.2 percentage points, for its highest level ever.
- In North America, the DI level for electrical machinery increased 22.6 percentage points to 28.3 percentage points. It was the highest DI level registered in this region since the April-June 2000 quarter.



(1) Trends in main industries

Transportation equipment (sales share 36.9%)

[Results]

Transportation equipment sales for this quarter amounted to 45.52196 billion dollars, or 5391.6 billion yen, a 10.3% increase from the same period a year ago.

- By region (country), sales of transportation equipment for this quarter in Asia reached 7.76717 billion dollars, or 919.9 billion yen, a significant 39.7% increase. In Europe, they reached 6.42635 billion dollars, or 761.1 billion yen, also a significant year-on-year increase of 22.4%. A notable year-on-year increase of 48.8% in the ASEAN4 region, where sales amounted to 4.52795 billion dollars, or 536.3 billion yen, was attributed to a number of companies that made new inroads there. Sales in North America, comprising 60% of the total sales, reached 27.00862 billion dollars, or 3198.9 billion yen, a slight increase of 2.1%.

[Prospects (for July – December 2003)]

Sales prospects, or DI, for transportation equipment for this term decreased 11.7 percentage points from the previous term (38.1% to 26.4%).

- By region (country), the DI level decreased 34.8 percentage points in Europe, 12.1 percentage points in North America, and 8.7 percentage points in Asia from the previous term. On the other hand, the DI level increased 1.5 percentage points in China (including Hong Kong). The DI levels in all regions (countries) other than NIES3, which posted a decrease of 21.5 percentage points, remained positive at relatively high double-digit figures.

Electrical machinery (sales share 31.2%)

[Results]

Electrical machinery sales for this quarter registered 34.28387 billion dollars, or 4060.6 billion yen, a slight year-on-year increase of 0.4%.

- By region (country), electrical machinery sales for this quarter in Europe amounted to 7.47796 billion dollars, or 885.7 billion yen, up 7.5% year-on-year. In Asia, they totaled 17.25963 billion dollars, or 2044.2 billion yen, up 4.5% year-on-year. China (including Hong Kong) recorded a significant 27.4% increase from the same quarter a year earlier to 5.95107 billion dollars, or 704.8 billion yen. North America, on the other hand posted an 8.5 % decrease from the same period a year earlier to 9.06653 billion dollars, or 1073.8 billion yen, holding back overall growth in the sector.

[Prospects (for July – December 2003)]

Sales prospects, or DI, for electrical machinery for this term rose 12.2 percentage points from the preceding term (16.8% to 29.0%). The DI level reached 29.0 percentage points, the highest since the April-June 2000 quarter.

- By region (country), the DI level improved 22.6 percentage points in North America, 19.0 percentage points in Europe, and 10.2 percentage points in Asia. Of note was China (including Hong Kong), where a fall of 7.9 percentage points in the DI level of the previous term became a 23.1 percentage point increase in this period. The DI levels in all regions marked double-digit-plus figures.

Industrial machinery (sales share 6.2%)

[Results]

Industrial machinery sales for this quarter totaled 6.79384 billion dollars, or 804.7 billion yen, an increase of 8.8% from the same period a year earlier.

- By region, industrial machinery sales for this quarter in Asia registered 2.36699 billion dollars, or 280.3 billion yen, a year-on-year increase of 24.6%. In Europe, they amounted to 1.78948 billion dollars, or 211.9 billion yen, a gain of 11.9% over the same period of the preceding year. In North America, on the other hand, sales declined to 2.53078 billion dollars, or 299.7 billion yen, down 2.5% from the same period of the previous year.

[Prospects (for July – December 2003)]

Sales prospects, or DI, for industrial machinery for this term improved 8.2 percentage points for the second straight term of increases (15.1% to 23.3%).

- By region, while the DI level increased by 17.2 percentage points in North America and 12.1 percentage points in Asia, it decreased by 11.6 percentage points in Europe for the third straight term of decrease. While the DI level was 44.6 percentage points in Asia and 20.0 percentage points in North America, it was minus 20.9 percentage points in Europe, the only region that posted a decrease.

Chemicals (sales share 6.5%)

[Results]

Chemical sales for this quarter amounted to 7.18151 billion dollars, or 850.6 billion yen, a 13.0% gain from the same period of the preceding year, for the second straight quarter of increase.

- Chemical sales for this quarter recorded increases in all regions. They amounted to 2.40343 billion dollars, or 284.7 billion yen, up 14.1% in Europe, to 2.28891 billion dollars, or 271.1 billion yen, up 14.0% in Asia, and to 2.39466 billion dollars, or 283.6 billion yen, up 11.3% in North America, against the same period of the preceding year.

[Prospects (for July - December 2003)]

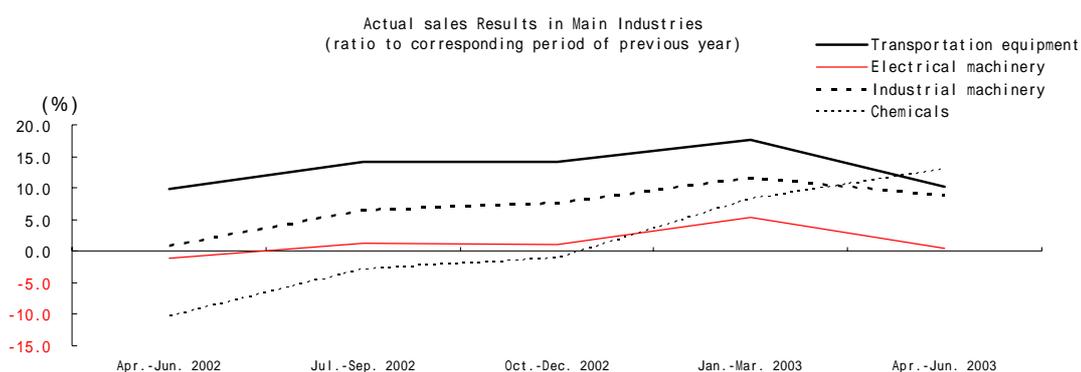
Sales prospects, or DI, for chemicals for this term increased 6.0 percentage points (20.7% to 26.7%). The DI level remained in double digits or higher for the seventh consecutive term.

- By region (country), the DI levels improved in all regions (countries), including gains of 7.3 percentage points in Asia, 5.3 percentage points in Europe, and 2.1 percentage points in North America. Notably, relatively large increases were seen in Asia, including gains of 4.0 percentage points in ASEAN4, 14.0 percentage points in NIES3, and 8.7 percentage points in China (including Hong Kong). The DI levels remained in double-digit-plus figures in all regions.

Sales Trends in Main Industries

Unit-Results : US \$ 10,000, year-on-year change : %

	Quarterly Performance					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Manufacturing industry in total	9,198,822	9,284,253	9,280,767	9,452,815	P 10,994,965	3.4	6.9	6.5	10.6	P 5.8
Transportation equipment	3,682,521	3,538,555	3,594,580	3,875,026	P 4,552,196	9.9	14.2	14.1	17.6	P 10.3
Electrical machinery	2,873,489	3,032,210	3,036,382	2,892,500	P 3,428,387	-1.1	1.2	1.0	5.3	P 0.4
Industrial machinery	597,133	588,957	605,892	635,174	P 679,384	0.8	6.5	7.6	11.6	P 8.8
Chemicals	559,116	579,927	583,963	588,470	P 718,151	-10.3	-2.8	-1.2	8.2	P 13.0



(2) Trends by destination

With regard to sales classified by destination, local sales (sales in the countries where overseas subsidiaries are located) accounted for 73% of the total sales, exports to Japan (exporting products directly to Japan), for 9%; and exports to countries other than Japan (exporting products to countries except Japan and the country of operation), for 18%.

Local sales (73.2% of total sales)

[Results]

Local sales were 8.053033 billion dollars, or 9538 billion yen, and increased by 4.4% over the previous year (a rise of 9.7% from the same ratio for the previous quarter).

- By industry, local sales increased in eight industries, including transportation equipment and chemicals. The transportation equipment industry, especially, posted a healthy rise in sales.
- By region, China (including Hong Kong) increased by 37.2% from a year earlier, and Europe rose 14.0% year-on-year.
- Transportation equipment and chemicals saw local sales increase in all regions.

[Prospects (for July – December 2003)]

Local sales prospects increased by 5.0 percentage points from the previous term (18.0% to 23.0%). The DI level continued to be positive for the seventh straight term.

- By industry, electrical machinery showed an increase of 16.3 percentage points from the preceding period. Local sales prospects improved in nine industries, including precision machinery.
- By region, China (including Hong Kong), having showed a fall in the previous term, improved by 19.2 percentage points from the preceding period and registered a record 44.0% in the DI level.

Export sales to Japan (8.8% of total sales)

[Results]

Exports to Japan were 9.71735 billion dollars, or 1150.9 billion yen, up 17.7% year-on-year (a rise of 13.6% from the same ratio for the previous quarter).

- By industry, exports to Japan increased in twelve industries other than iron and steel. Transportation equipment remained strong, up 29.2 % over exports a year ago (a rise of 50.1% from the same ratio for the previous quarter) .
- By region, China (including Hong Kong) increased by 30.2% year-on-year. Exports to Japan rose

in all regions (countries).

[Prospects (for July – December 2003)]

The forecast for exports to Japan increased by 4.4 percentage points from the preceding term (3.8% to 8.2%), for the third consecutive term. The DI level continued in positive figures but remained weak.

- By industry, the prospects improved in eight industries including textiles. Non-ferrous metals and textiles registered double-digit-plus figures. Transportation equipment turned around to show an increase in the prospects, recording a rise of 3.6 percentage points from the preceding term (minus 0.8% to 2.8%).
- By region, the prospects for exports to Japan improved remarkably in Asia (ASEAN4, NIES3, and China including Hong Kong). In the DI level, Asia saw double-digit-plus figures.

Export sales to countries other than Japan (17.6% of total sales)

[Results]

Exports to countries other than Japan reached 19.36261 billion dollars, or 2293.3 billion yen, and saw a 6.5% year-on-year rise (an increase of 13.0% from the previous quarter), for the fourth consecutive quarter of increase.

- By industry, industrial machinery posted an increase of 35.5 % year-on-year (a rise of 37.9% from the same ratio for the previous quarter) and transportation equipment registered a 27.5% rise over the previous year (up 20.1% from the same ratio for the preceding quarter). Exports to countries other than Japan increased for the second consecutive quarter, but exports in general remained in single-digit figures for this term because electrical machinery, comprising 50% of total exports, fell by 4.6% year-on-year (a rise of 8.8% from the same ratio for the previous quarter).
- By region, exports remained strong in two regions. China (including Hong Kong) increased by 24.0% on a year-on-year basis, and Europe showed a rise of 20.3% from the previous year. Meanwhile, NIES3 dropped by 29.2% from a year earlier.

[Prospects (for July – December 2003)]

The prospects of exports to countries other than Japan fell short of the increase rate for the previous term, but increased by 1.4 percentage points from the preceding term (11.7% to 13.1%).

- By industry, the prospects improved in nine industries, including wood, pulp, paper, and paper products, which increased by 13.9 percentage points from the preceding period (minus 7.7% to 6.2%). The rate of increase was reduced because transportation equipment and industrial machinery saw a fall of 3.3 percentage points and 2.5 percentage points from the previous term

respectively.

- By region, China (including Hong Kong), having showed a drop in the preceding quarter, improved by 9.1 percentage points this term. Europe decreased by 10.7 percentage points from the previous period (10.7 % to 0.0%).

1 . Results by destination Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly Performances					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Sales	9,198,822	9,284,253	9,280,767	9,452,815	P 10,994,965	3.4	6.9	6.5	10.6	P 5.8
Local sales	6,902,431	6,798,130	6,771,931	7,010,661	P 8,053,033	5.1	6.9	5.4	9.7	P 4.4
Exports to Japan	721,543	798,394	812,195	762,336	P 971,735	-4.5	4.2	10.7	13.6	P 17.7
Exports to countries other than Japan	1,575,707	1,688,007	1,696,641	1,679,818	P 1,936,261	0.0	8.1	9.3	13.0	P 6.5
(Parent-subsidary deals)										
Export to the parent company in Japan	474,568	539,736	540,321	528,044	P 631,420	-3.2	8.4	16.6	25.7	P 19.3
Import from the parent company in Japan	1,139,761	1,184,266	1,149,316	1,131,127	P 1,223,008	-0.1	10.3	13.0	22.3	P 0.3
Acquisition of tangible fixed assets	220,217	230,438	243,757	306,113	P 306,715	-22.5	-24.7	-0.7	11.7	P 14.3
Number of employees	1,938,690	1,975,355	1,973,486	1,976,297	P 2,259,873	0.1	2.4	3.9	3.9	P 2.4

2 . Outlook by destination(DI) (Unit:%points)

	D I					Ratio to previous quarter				
	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003
Sales	24.3	16.6	18.7	21.4	P 27.8	-4.2	-7.7	2.1	2.7	P 6.4
Local sales	21.9	14.1	17.3	18.0	P 23.0	-4.1	-7.8	3.2	0.7	P 5.0
Exports to Japan	4.2	1.5	2.2	3.8	P 8.2	-4.2	-2.7	0.7	1.6	P 4.4
Exports to countries other than Japan	10.5	4.6	7.2	11.7	P 13.1	-5.2	-5.9	2.6	4.5	P 1.4
(Parent-subsidary deals)										
Export to the parent company in Japan	2.6	1.2	3.1	3.8	P 8.1	-5.3	-1.4	1.9	0.7	P 4.3
Import from the parent company in Japan	8.0	2.1	6.1	9.5	P 9.0	-0.4	-5.9	4.0	3.4	P -0.5
Acquisition of tangible fixed assets	12.9	12.1	11.9	12.7	P 17.8	0.1	-0.8	-0.2	0.8	P 5.1
Number of employees	-0.3	0.7	3.9	1.0	P 3.9	-1.8	1.0	3.2	-2.9	P 2.9

2. Equipment investment trends

[Results]

Equipment investment (the amount of acquired tangible fixed assets excluding land) totaled 3.06715 billion dollars, or 363.3 billion yen, up 14.3% from the corresponding period of the previous year (a rise of 11.7% from the same ratio for the previous quarter).

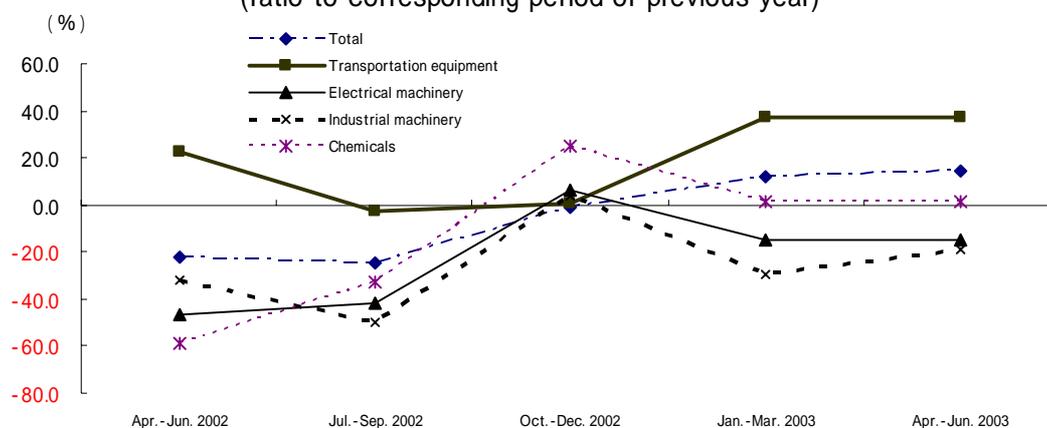
- By industry, investment increased in five industries including transportation equipment. Investments in transportation equipment amounted to 1.80789 billion dollars or 214.1 billion yen, registering the highest year-on-year increase of 36.9%. On the other hand, electrical machinery declined by 14.8% from the previous year (a fall of 14.6% from the same ratio for the previous quarter), for the second consecutive term of decline.
- By region, equipment investment in North America totaled 1.54296 billion dollars, or 182.7 billion yen, showing large growth of 34.2% from the previous year. In Asia, investment amounted to 1.01357 billion dollars, or 120 billion yen, up 4.2% from the corresponding period of the previous year. China (including Hong Kong) showed outstanding growth of 24.8%, on a year-on-year basis.
- In particular, transportation equipment in North America advanced, with investments totaling 1.27276 billion dollars, or 150.7 billion yen, up 52.1% from the previous year.

1. Changes in equipment investment by major industry

Unit-Results:US \$ 10,000, year-on-year change:%

	Quarterly Performance					Year-on-year change				
	Apr.-Jun. 2002	Jul.-Sep. 2002	Oct.-Dec. 2002	Jan.-Mar. 2003	Apr.-Jun. 2003	Apr.-Jun. 2002	Jul.-Sep. 2002	Oct.-Dec. 2002	Jan.-Mar. 2003	Apr.-Jun. 2003
Total	220,217	230,438	243,757	306,113	306,715	-22.5	-24.7	-0.7	11.7	14.3
Transportation equipment	113,969	129,862	136,947	206,286	180,789	22.4	-2.3	0.7	36.9	36.9
Electrical machinery	49,394	45,227	45,517	55,861	68,249	-47.0	-41.4	6.6	-14.6	-14.8
Industrial machinery	7,745	7,512	6,661	7,307	6,888	-32.3	-49.7	3.9	-29.5	-18.6
Chemicals	17,308	16,591	17,622	10,909	21,007	-59.2	-32.7	24.6	1.1	1.2

Actual results of equipment investment by major industry
(ratio to corresponding period of previous year)



[Prospects (for July - December 2003)]

The prospects for equipment investment grew by 5.1 percentage points from the preceding period (12.7% to 17.8%). The 17.8 percentage points of DI level this term was the highest figure since the commencement of quarterly survey. (The surveys for FY 2000 and earlier years were half-yearly surveys.)

- By industry, the prospects for equipment investment rose in eleven industries, including increases from preceding periods of 12.4 percentage points in metals, 11.2 percentage points in iron and steel, and 11.0 percentage points in transportation equipment.
- By region, Europe showed an increase of 7.6 percentage points, and North America saw a rise of 5.0 percentage points from the previous term. All regions advanced in the prospects. In the DI level, all regions registered double-digit increases.

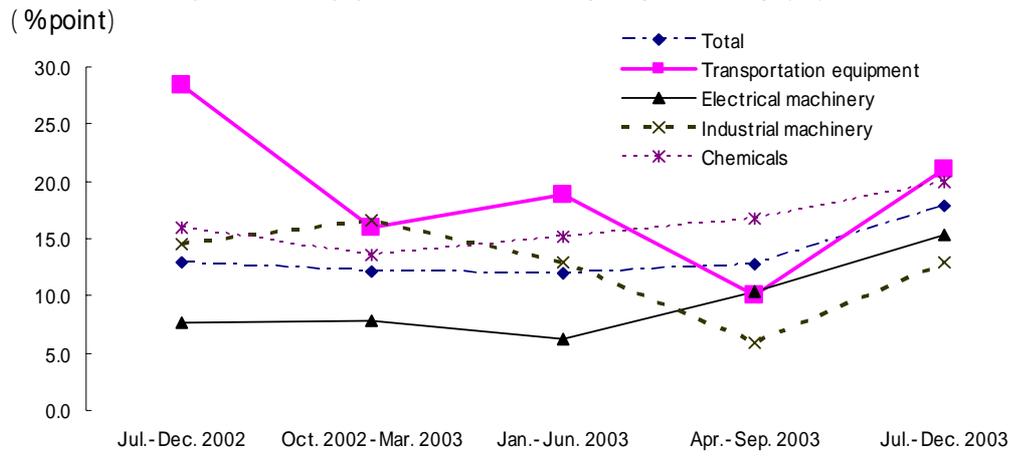
With regard to the objectives of increasing investment (multiple answers possible), of the four objectives, “to boost production capacity” amounted to 68.2% (66.5% in the previous term), and by industry, transportation equipment accounted for the highest percentage of 79.6%. This objective was followed by “renewal and repair,” at 29.1%, and “rationalization and streamlining,” at 20.1%.

Studying the companies which expected “to boost production capacity” by region (country), those in Asia accounted for 72.9% of overseas subsidiaries; in particular, those in China (including Hong Kong) had a high percentage of 79.1%. Companies in North America accounted for 62.0% of the total, and those in Europe for 54.8%. By industry, transportation equipment in the ASEAN4 marked a 92.0% rise.

2 . Prospects for equipment investment by major industry (DI) (%point)

	D I					Ratio to Previous Quarter				
	Jul.-Dec. 2002	Oct. 2002-Mar. 2003	Jan.-Jun. 2003	Apr.-Sep. 2003	Jul.-Dec. 2003	Jul.-Dec. 2002	Oct. 2002-Mar. 2003	Jan.-Jun. 2003	Apr.-Sep. 2003	Jul.-Dec. 2003
Total	12.9	12.1	11.9	12.7	17.8	0.1	-0.8	-0.2	0.8	5.1
Transportation equipment	28.4	16.0	18.8	10.1	21.1	5.9	-12.4	2.8	-8.7	11.0
Electrical machinery	7.6	7.8	6.3	10.4	15.3	-6.7	0.2	-1.5	4.1	4.9
Industrial machinery	14.6	16.6	13.0	5.9	13.0	-3.3	2.0	-3.6	-7.1	7.1
Chemicals	15.9	13.6	15.1	16.7	19.9	5.7	-2.3	1.5	1.6	3.2

Prospects for equipment investment by major industry (DI)



3. Employment trends (number of employees)

[Results]

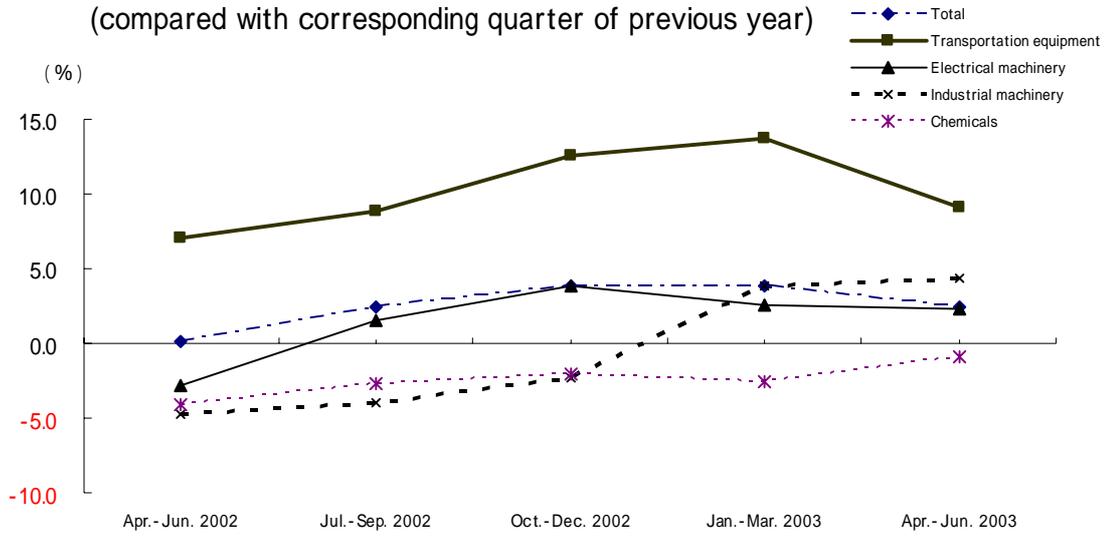
Employment was 2.26 million people, up 2.4% from the corresponding quarter of last year, for the fifth consecutive period of increase since the April-June quarter of 2002.

- By industry, the number of employees grew in five out of thirteen industries. In particular, the number of employees in transportation equipment was 500,000, up 9.1% from the corresponding quarter of the previous year. On the other hand, employees fell by 32.9% in iron and steel, from which an overseas subsidiary withdrew.
- By region (country), the number of employees in Asia increased to 1.5 million, up 7.1% from the corresponding quarter of the previous year. In particular, it was 580,000 in China (including Hong Kong), up 14.1% from the corresponding quarter of the previous year.
- In China (including Hong Kong), the number of employees in electrical machinery was 330,000, up 18.4% from the corresponding quarter of the previous year.
- In North America, the number of employees in iron and steel, from which an overseas subsidiary withdrew, fell 61.4% from the corresponding quarter of the previous year.

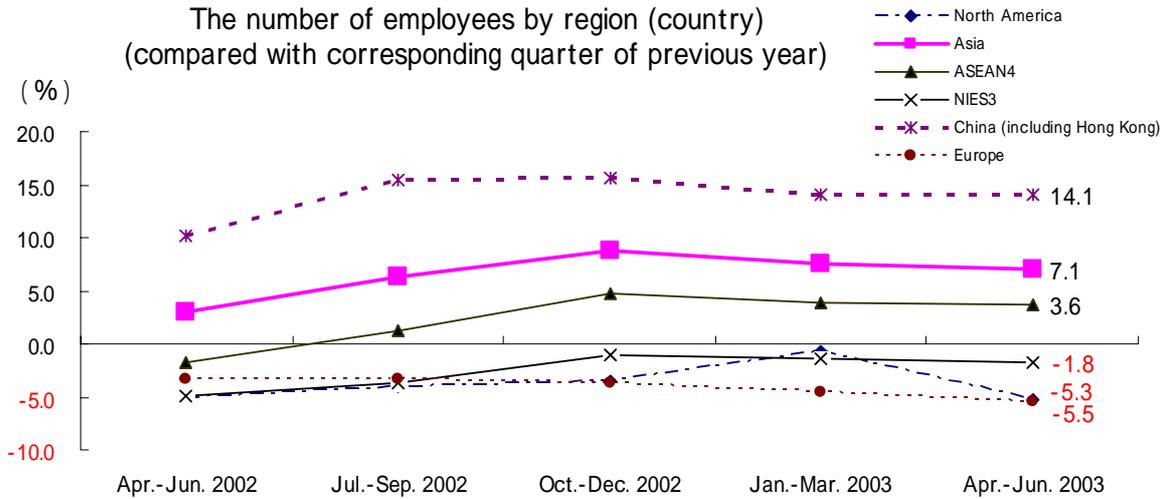
1. The number of employees in main industries

	Quarterly Performance (No. of employees)					Year-on-year change (%)				
	Apr.-Jun. 2002	Jul.-Sep. 2002	Oct.-Dec. 2002	Jan.-Mar. 2003	Apr.-Jun. 2003	Apr.-Jun. 2002	Jul.-Sep. 2002	Oct.-Dec. 2002	Jan.-Mar. 2003	Apr.-Jun. 2003
Total	1,938,690	1,975,355	1,973,486	1,976,297	2,259,873	0.1	2.4	3.9	3.9	2.4
Transportation equipment	389,652	401,539	415,904	424,230	497,898	7.1	8.9	12.6	13.7	9.1
Electrical machinery	813,237	837,120	831,604	823,676	967,574	-2.8	1.5	3.8	2.6	2.3
Industrial machinery	115,378	114,654	114,072	119,602	129,174	-4.7	-4.0	-2.3	3.9	4.4
Chemicals	101,708	100,755	101,243	99,321	116,026	-4.1	-2.7	-2.1	-2.6	-0.9

The number of employees in main industries
(compared with corresponding quarter of previous year)



The number of employees by region (country)
(compared with corresponding quarter of previous year)



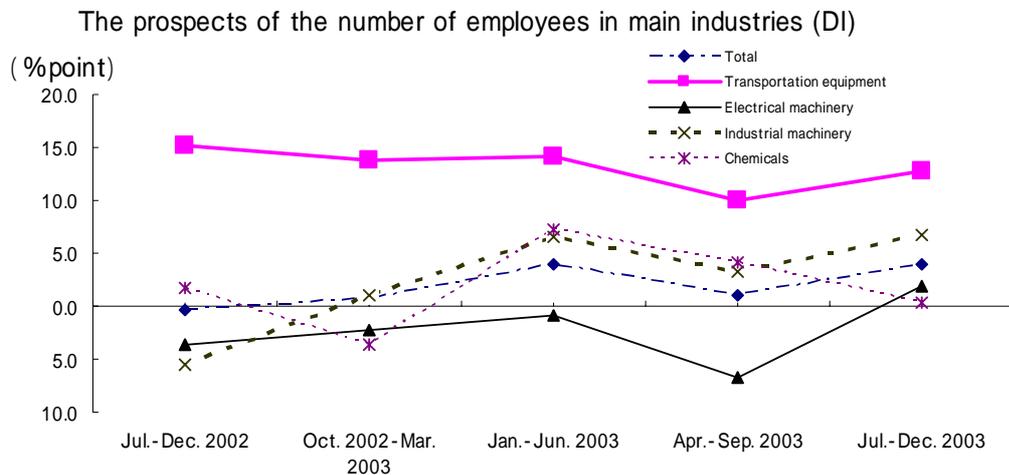
[Prospects (for July-December 2003)]

Prospected employment increased by 2.9 percentage points from the preceding term (1.0% to 3.9%) .

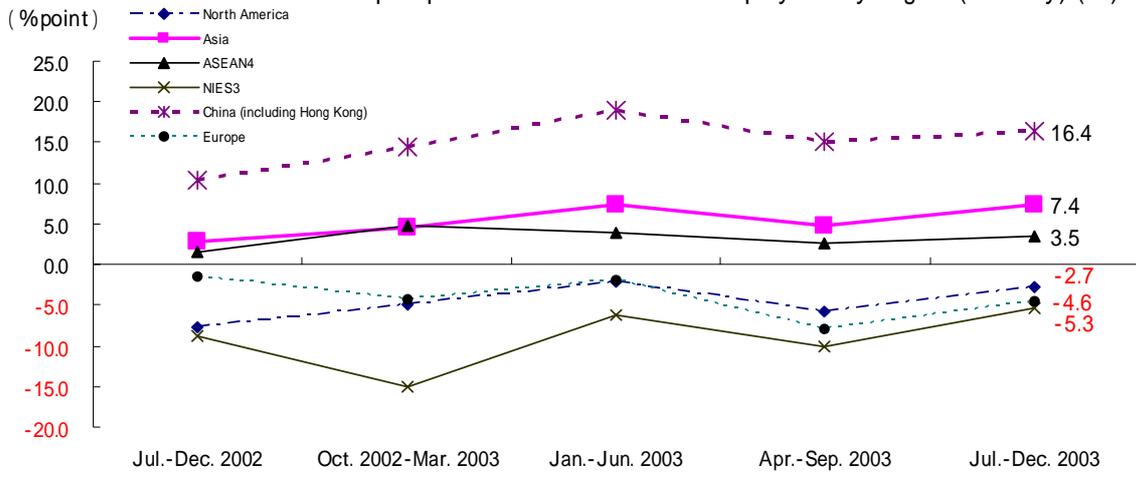
- By industry, employment prospects improved in eight industries, including electrical machinery and transportation equipment. The DI level of electrical machinery turned positive this term, after registering negative figures for ten consecutive periods.
- By region (country), employment prospects improved in all regions (countries). In North America, the DI level decreased for the eleventh consecutive period, but the rate of decline diminished (minus 5.7 to minus 2.7). In China (including Hong Kong), it was 16.4 percentage points, and only China (including Hong Kong) maintained the double-digit figures of the previous term.

2 . The prospects of the number of employees in main industries (%point)

	D I					Ratio to Previous Quarter				
	Jul.-Dec. 2002	Oct. 2002-Mar. 2003	Jan.-Jun. 2003	Apr.-Sep. 2003	Jul.-Dec. 2003	Jul.-Dec. 2002	Oct. 2002-Mar. 2003	Jan.-Jun. 2003	Apr.-Sep. 2003	Jul.-Dec. 2003
Total	-0.3	0.7	3.9	1.0	3.9	-0.8	1.0	3.2	-2.9	2.9
Transportation equipment	15.2	13.8	14.2	10.0	12.7	1.9	-1.4	0.4	-4.2	2.7
Electrical machinery	-3.7	-2.2	-0.8	-6.7	1.9	-0.4	1.5	1.4	-5.9	8.6
Industrial machinery	-5.5	1.0	6.5	3.2	6.7	-5.5	6.5	5.5	-3.3	3.5
Chemicals	1.7	-3.6	7.2	4.1	0.4	-1.4	-5.3	10.8	-3.1	-3.7



The prospects of the number of employees by region (country) (DI)



4. Intra-company transaction trends

(1) Exports to parent companies in Japan

[Results]

Exports to parent companies in Japan totaled 6.31420 billion dollars, or 747.9 billion yen, up by 19.3% from the corresponding period of the previous year (up 25.7% from the same ratio for the previous quarter).

- By industry, exports to parent companies in Japan rose in twelve industries, and fell in lumber, pulp, paper, and paper products. In particular, transportation equipment increased by 49.3% from the corresponding quarter of the previous year, and electrical machinery exports, comprising more than 50% of total exports, increased 15.8% year-on-year, showing significant growth.
- By region (country), exports to parent companies increased in four regions, except NIES3 and Other regions. ASEAN4, comprising 40% of total exports, showed an increase of 21.2% from a year earlier, and China (including Hong Kong), accounting for 30% of total exports, increased 26.7% on a year-on-year basis.

[Prospects (for July-December 2003)]

The prospects for exports to parent companies in Japan increased by 4.3 percentage points from the previous term (3.8% to 8.1%), and the rate of increase was small. However, the DI level remained positive for the sixth straight term.

- By industry, the prospects turned positive in seven industries including textiles. Textiles rose by 18.8 percentage points from the previous term (minus 1.1% to 17.7%), and only food and tobacco posted a negative figure of minus 6.8 percentage points.
- By region (country), prospects improved significantly in three regions (countries) in Asia. In particular, in China (including Hong Kong), the DI level rose by 9.7 percentage points from the previous term.

(2) Imports from parent companies in Japan

[Results]

Imports from parent companies in Japan was 12.23008 billion dollars, or 1448.5 billion yen, a 0.3% rise from a year earlier.

- By industry, imports increased in six industries, including industrial machinery, which posted an increase of 34.6% in imports from the previous year. On the other hand, electrical machinery and

transportation equipment, accounting for approximately 80% of total imports, registered decreases, which suppressed overall growth slightly.

- By region (country), China (including Hong Kong) increased 26.4% from the same quarter a year ago, but the overall growth rate was small due to the decrease in NIES3 and North America.

[Prospects (for July-December 2003)]

Although the outlook for imports from parent companies in Japan fell by 0.5 percentage points from the previous term, after having increased for two straight terms, the level of DI remained positive for the sixth consecutive term.

- By industry, the prospects decreased in six industries including transportation equipment. Transportation equipment posted a double-digit decrease, down 14.8 percentage points, from the previous term (19.4 % to 4.6%).
- By region (country), the outlook worsened in all regions (countries) except North America, China (including Hong Kong), and NIES3. In particular, ASEAN4 was down 5.9 percentage points from the previous term (17.4% to 11.5%). The DI level, however, remained in double-digits.

(3) Intra-company trade balances

With regard to trade balances within companies, imports from parent companies in Japan exceeded by 5.77552 billion dollars, or 684.1 billion yen, down 13.2% from the corresponding period of the previous year.

- By type of industry, transportation equipment accounted for approximately 70% of the total excess of imports, down 3.8% from the previous year, and electrical machinery was responsible for 20% of the total, down 35.2% from a year earlier. By region (country), North America, accounting for 86.5% of the total excess of imports, posted a figure of 4.99745 billion dollars, or 591.9 billion yen, down 5.1% from the previous year.

At the same time, Asia registered an excess of exports over imports of 1.71139 billion dollars, or 202.7 billion yen, equivalent to 86.6% growth from the corresponding period of the previous year.

5. Trends by region (country)

(1) North America (sales share 43.3%)

[Results]

Sales totaled 47.64068 billion dollars, or 5642.6 billion yen, down 1.9% from the same period of the previous year.

- By industry, sales of transportation equipment, which accounts for a major part of the total sales, increased (up 2.1% from the corresponding period of the previous year), but sales of electrical machinery (down 8.5% from the same period of the previous year) and steel (down 56.6% from the same period of the previous year) decreased significantly, due to the withdrawals of their overseas subsidiaries.
- By region (country), total local sales were 43.80086 billion dollars, or 5,187.8 billion yen, down 2.4% from the same period of the previous year. Furthermore, the ratio of local sales to total sales in North America was 91.9%.

With regard to intra-company transactions (exports to parent companies in Japan and imports from them), exports to parent companies in Japan registered 422.31 million dollars, or 50.0 billion yen, up 22.3% from the corresponding period of the previous year, while imports from them totaled 5.5629 billion dollars, or 658.9 billion yen, down 3.6% from the previous year for the first decrease in four terms.

- By industry, exports to parent companies of transport equipment (up 128.3% from the same period of the previous year) increased for the fourth consecutive fiscal term, and those of electrical machinery also increased (up 19.9 % from the same period of the previous year). Imports from parent companies of electrical machinery (down 10.4% from the same period of the previous year) decreased significantly.

Equipment investments (the amount of acquired tangible fixed assets, excluding land) increased to 1.54296 billion dollars, or 182.7 billion yen, up 34.2 % from the same period of the previous year.

- By industry, investment declined in seven industries, while investments in transportation equipment (up 52.1% from the same period for the last year) increased for the second consecutive term due to new and expanded factories.

The number of employees totaled 420,000 people, showed a 5.3% drop (from the same period of the previous year), decreasing for the ninth consecutive term.

- By industry, the number of employees decreased in 12 industries, except for transportation

equipment (up 6.8% from the same period of the previous year). The decrease in electrical machinery (down 13.5% from the same period of the previous year), which accounts for 30% or less of the total, is conspicuous.

[Prospects (for July-December 2003)]

Sales prospects increased by 1.1 percentage points from the previous period, for the third consecutive term of increase.

- By type of industry, prospects improved in six out of 13 industries. Electrical machinery increased by 22.6 percentage points for the second consecutive term of increase. The DI was positive in all industries.

With regard to intra-company transactions (exports to parent companies in Japan and imports from them) exports to parent companies in Japan were down by 5.2 percentage points and the DI value, which continued to be negative, was minus 6.5. Imports from parent companies increased by 2.5 percent points from the previous period.

- By industry, sales of electrical machinery (imports from parent company) were significant, increasing by 30.8 percentage points from the previous period.

Equipment investments (the amount of acquired tangible fixed assets, excluding land) improved by 5.0 percentage points for the third consecutive increase. 62.0% of companies responding increase reported increases in their production capacities.

- By type of industry, sales of electrical machinery, which had worsened in the previous term, improved by 13.7 percentage points. Out of electrical machinery companies responding increase, a total of 76.5% reported increases in their production capacities.

The number of employees improved by 3.0 percentage points this term from the worsened figure of the previous term, but the DI value was negative for the eleventh consecutive term.

- By industry, the number of employees improved in eight industries. Six industries, including transportation equipment (up 5.7 percentage points from the previous period) and electrical machinery (up 6.5 percentage points from the previous period) improved from worsened figures of the previous year. DI values were negative in seven industries, but transportation equipment posted positive figures for the seventh consecutive term.

1 . Trends among overseas subsidiaries in North America Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Sales	4,500,368	4,369,956	4,238,321	4,459,608	P 4,764,068	2.0	2.9	-1.5	5.4	P -1.9
Local sales	4,178,529	4,004,341	3,876,704	4,109,130	P 4,380,086	3.8	3.1	-1.6	5.2	P -2.4
Exports to Japan	63,754	62,757	59,535	65,772	P 71,662	-25.3	-17.4	-14.0	12.5	P 3.3
Exports to countries other than Japan	258,739	302,859	302,082	284,706	P 295,634	-13.8	5.5	2.7	8.1	P 2.9
(Parent-subsidiary deals)										
Exports to the parent company in Japan	29,860	34,270	32,133	36,368	P 42,231	-21.3	-6.8	6.3	46.9	P 22.3
Imports from the parent company in Japan	556,288	580,695	545,890	532,819	P 556,290	-3.9	8.9	7.7	19.1	P -3.6
Acquisition of tangible fixed assets	100,551	103,582	112,269	162,272	P 154,296	-19.9	-28.0	-10.9	8.3	P 34.2
Number of employees	411,107	413,358	402,394	401,771	P 420,942	-5.0	-4.0	-3.5	-0.7	P -5.3

Trends in main industry sales Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly performances					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Manufacturing industry overall	4,500,368	4,369,956	4,238,321	4,459,608	P 4,764,068	2.0	2.9	-1.5	5.4	P -1.9
Transportation equipment	2,395,749	2,213,540	2,162,923	2,434,228	P 2,700,862	7.8	9.4	4.3	11.1	P 2.1
Electrical machinery	951,439	1,017,072	1,021,899	943,677	P 906,653	-2.4	-5.1	-6.5	0.9	P -8.5
Industrial machinery	255,610	237,260	243,430	262,835	P 253,078	5.1	8.0	4.2	7.8	P -2.5
Chemicals	198,011	195,482	195,667	207,191	P 239,466	-25.1	-21.0	-13.8	11.0	P 11.3

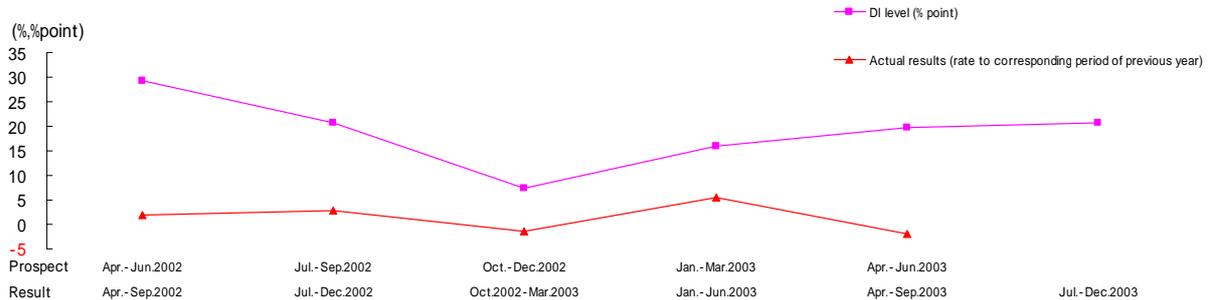
2 . Outlook for North America

(Unit:%points)

	D I					Ratio to previous quarter				
	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Jul. - Dec. 2002	Oct. 2002 -Mar. 2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003
Sales	20.7	7.4	15.9	19.7	P 20.8	-8.7	-13.3	8.5	3.8	P 1.1
Local sales	22.2	6.3	15.2	21.9	P 21.3	-7.3	-15.9	8.9	6.7	P -0.6
Exports to Japan	-1.2	-9.7	-5.1	-2.9	P -5.9	-0.8	-8.5	4.6	2.2	P -3.0
Exports to countries other than Japan	7.3	-1.2	5.1	7.2	P 6.1	-7.2	-8.5	6.3	2.1	P -1.1
(Parent-subsidiary deals)										
Exports to the parent company in Japan	-0.9	-7.5	-5.8	-1.3	P -6.5	2.3	-6.6	1.7	4.5	P -5.2
Imports from the parent company in Japan	9.7	-1.4	9.6	4.4	P 6.9	3.5	-11.1	11.0	-5.2	P 2.5
Acquisition of tangible fixed assets	7.9	3.9	5.6	13.1	P 18.1	2.1	-4.0	1.7	7.5	P 5.0
Number of employees	-7.8	-5.0	-2.2	-5.7	P -2.7	-2.5	2.8	2.8	-3.5	P 3.0

North America(sales)

Transition of a prospect (DI) and an actual result



(2)ASEAN4 (sales share14.7%)

[Results]

Sales were 16.18067 billion dollars, or 1916.4 billion yen, up 13.7% from the same period of the previous year.

- By industry, transportation equipment (up 48.8% from the same period of the previous year) increased due to sales increases by newly established companies.
- By destination, all regions showed an increase in sales, but regional local sales in particular increased to 7.18918 billion dollars, or 851.5 billion yen, up 22.8% from the same period of the previous year.

With regard to intra-company transactions (exports to parent companies in Japan and imports from them) exports to parent companies in Japan were 2.66852 billion dollars, or 316.0 billion yen, up 21.2% from the corresponding period of the previous year, while imports from them were 1.56989 billion dollars, or 185.9 billion yen , up 2.8%.

- By industry, exports to parent companies in Japan, especially of transportation equipment (up 53.5% from the same period of the previous year), were conspicuous. Electrical machinery also increased (up 24.3% from the same period of the previous year), for its fourth consecutive increase. Imports from parent companies them increased in transportation equipment (up 4.1% from the same period of the previous year) and in electrical machinery (up 5.8%).

Equipment investments (the amount of acquired tangible fixed assets, excluding land) were 406.84 billion dollars, or 48.2 billion yen, falling by 14.7%, for the second consecutive decrease.

- By industry, electrical machinery, which accounts for the majority of total sales, decreased by 42.5% from the same period of the previous year. At the same time, transportation equipment was in good shape, increasing by 33.2% from the same period of the previous year, for the fifth consecutive rise.

The number of employees increased to 710,000, up 3.6% ,for the fourth consecutive term of increase.

- By industry, transportation equipment, which accounted for 50% of the total employees, increased by 26.0% from the same period of the previous year due to an increase in new surveyed companies.

[Prospect (for July-December 2003)]

Sales improved by 4.7 percentage points compared with the same period of the previous year, and the increase was for the third consecutive quarters. The DI value was 32.7percentage points.

- By industry, all industries except iron and steel, and transportation equipment, improved. Electrical machinery, which accounts for the major part of total sales, remained positive, improving by 2.9

percentage points from the same period of the previous year. DI values were positive in all industries.

With regard to intra-company transactions (exports to parent companies in Japan and imports from them) exports to parent companies in Japan improved by 4.4 percentage points for the third consecutive period of increases due to the improvement of industrial machinery. At the same time, imports from parent companies decreased by 5.9 percentage points from the same period of the previous year.

Equipment investments (the amount of acquired tangible fixed assets, excluding land) improved by 3.7 percentage points for the second consecutive increase. 71.3% of the companies with an increase in sales reported that the reason for the increase was due to the increase of their production capacities.

- By industry, nine industries improved. Electrical machinery improved by 7.1 percentage points from the same period of the previous year, and transportation equipment improved by 1.8 percentage points.

The number of employees increased by 0.8 percentage points from the same period of the previous year, recovering from the worst levels reported in the previous two consecutive terms.

- By industry, six industries, including industrial machinery, improved. As electrical machinery decreased by 2.6 percentage points and transportation equipment decreased by 2.3 percentage points, overall improvement was meager.

1 . Trends among overseas subsidiaries in ASEAN4 Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Sales	1,224,458	1,330,736	1,347,146	1,345,854	P 1,618,067	7.1	14.9	21.9	21.7	P 13.7
Local sales	489,329	522,304	566,802	578,022	P 718,918	16.0	23.4	40.5	37.7	P 22.8
Exports to Japan	289,230	333,588	333,670	296,770	P 366,734	-3.0	5.1	12.2	8.6	P 7.8
Exports to countries other than Japan	445,906	474,844	446,673	471,062	P 525,796	5.4	13.9	10.5	14.0	P 7.4
(Parent-subsidiary deals)										
Exports to the parent company in Japan	190,554	227,158	226,098	210,570	P 266,852	-3.5	7.2	15.8	17.7	P 21.2
Imports from the parent company in Japan	137,609	148,144	145,362	145,631	P 156,989	11.0	19.0	24.6	26.2	P 2.8
Acquisition of tangible fixed assets	35,867	36,163	39,252	38,365	P 40,684	-39.8	-36.4	-7.6	-4.5	P -14.7
Number of employees	614,925	625,970	638,709	638,265	P 711,243	-1.8	1.3	4.8	3.8	P 3.6

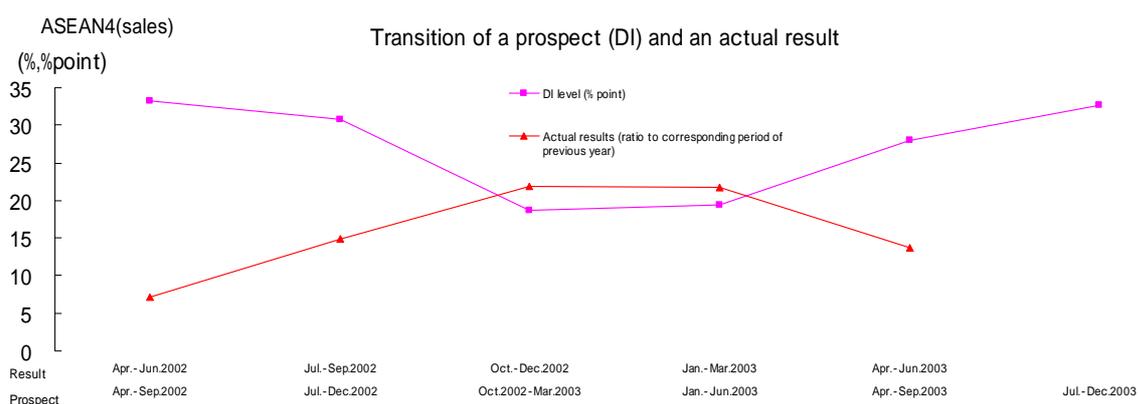
Trends in main industry sales Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly Performances					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Manufacturing industry overall	1,224,458	1,330,736	1,347,146	1,345,854	P 1,618,067	7.1	14.9	21.9	21.7	P 13.7
Transportation equipment	272,069	293,065	357,619	397,033	P 452,795	24.6	34.6	72.5	83.0	P 48.8
Electrical machinery	615,983	673,881	634,469	607,555	P 767,546	0.4	8.2	7.9	4.8	P 4.6
Industrial machinery	50,203	47,206	53,585	44,030	P 42,681	16.2	1.7	8.5	-8.6	P -27.8
Chemicals	74,524	84,319	78,949	80,136	P 94,030	11.3	25.1	32.0	27.2	P 11.3

2 . Outlook for ASEAN4

(Unit: %points)

	D I					Ratio to previous quarter				
	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Jul. - Dec. 2002	Oct. 2002 -Mar. 2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003
Sales	30.8	18.6	19.4	28.0	P 32.7	-2.5	-12.2	0.8	8.6	P 4.7
Local sales	24.1	15.8	17.5	18.6	P 20.2	-5.0	-8.3	1.7	1.1	P 1.6
Exports to Japan	8.2	3.6	4.8	7.3	P 12.0	-5.8	-4.6	1.2	2.5	P 4.7
Exports to countries other than Japan	15.5	9.5	10.5	21.9	P 21.2	-4.8	-6.0	1.0	11.4	P -0.7
(Parent-subsidiary deals)										
Exports to the parent company in Japan	5.5	2.4	6.4	8.8	P 13.2	-11.0	-3.1	4.0	2.4	P 4.4
Imports from the parent company in Japan	14.1	2.7	4.4	17.4	P 11.5	1.4	-11.4	1.7	13.0	P -5.9
Acquisition of tangible fixed assets	14.3	18.5	12.8	14.1	P 17.8	-0.3	4.2	-5.7	1.3	P 3.7
Number of employees	1.6	4.7	3.8	2.7	P 3.5	-1.4	3.1	-0.9	-1.1	P 0.8



(3) NIES3 (sales share 6.3%)

[Results]

Sales totaled 6.93709 billion dollars, or 821.6 billion yen, and dipped 8.3% compared with the same quarter a year earlier, due to the decline of local sales and exports to countries other than Japan.

- By industry, a 19.1% drop in sales of electrical machinery, which makes up about 50% of the sales, had a significant impact on the results.

In terms of intra-company transactions (exports to parent companies in Japan and imports from them) exports to parent companies in Japan totaled 773.02 million dollars or 91.6 billion yen, and imports from them amounted to 920.42 million dollars or 109 billion yen, both of which fell 2.0% and 24.8% compared with a year earlier, respectively.

- By industry, the decline of 40.6% in industrial machinery from the previous year was mainly responsible for the decline in exports to parent companies in Japan, and the imports of electrical machinery showed a remarkable drop, down 23.1% on a year-on-year basis.

Equipment investments (the amount of acquired tangible fixed assets, excluding land) amounted to 147.75 million dollars, or 17.5 billion yen, up 28.0% compared with a year earlier, for the third consecutive quarter of increase.

- By industry type, transportation equipment achieved a remarkable increase of 23.9% compared with a year previous.

The number of employees was 120,000 people, a year-on-year fall of 1.8%.

- By industry, there was a fall in five industries, and the drop of 19.0% on a year-on-year-basis in precision instruments was most significant.

[Prospects (for July-December 2003)]

Sales prospects increased by 2.8 percentage points from the previous quarter, and the DI level was 11.2 percentage points, lower than other regions in Asia.

- By industry, the DI level turned positive in nine of 13 industries. Electrical machinery is a critical area, and it continued to improve for the second consecutive quarter, with a slight increase of 2.3 percentage points. On the other hand, transportation equipment saw a substantial drop of 42.3 percentage points.
- By destination, the outlook for local sales, exports to Japan (Japan reimports), and exports to countries other than Japan, all improved, with exports to Japan, in particular showing an increase of 8.0 percentage points.

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

them), the prospects for exports to parent companies in Japan showed a gain of 6.8 percentage points due to increases in electrical machinery and transportation equipment, and the DI level also registered a positive figure after being negative in the previous quarter. The outlook for imports from parent companies in Japan increased by 0.4 percentage points, and the DI level continued to be positive.

The prospects for equipment investments (the amount of acquired tangible fixed assets, excluding land) saw an increase of 3.4 percentage points, remaining positive.

- By industry, four industries, including electric machinery and transportation equipment, saw declines.

At the same time, another four industries (including industrial machinery) registered positive figures, resulting in positive figures overall for equipment investments.

Employment rose by 4.8 percentage points from the previous period. The DI level was negative for the 11th consecutive quarter.

- By industry, electrical machinery increased 18.9 percentage points, but, its DI level remained negative at a single-digit figure.

1 . Trends among overseas subsidiaries in NIES3

Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly Performance					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Sales	660,966	647,873	613,470	570,189	P 693,709	4.9	4.6	6.3	-0.7	P -8.3
Local sales	352,315	340,120	318,007	301,466	P 383,466	5.2	3.4	3.1	-0.0	P -5.9
Exports to Japan	96,471	101,582	100,745	94,787	P 149,542	-12.2	-3.6	5.3	6.6	P 29.3
Exports to countries other than Japan	212,180	206,171	194,719	173,935	P 159,948	14.6	11.4	12.6	-5.4	P -29.2
(Parent-subsidiary deals)										
Exports to the parent company in Japan	74,685	80,966	74,242	69,939	P 77,302	-11.4	3.9	3.4	8.3	P -2.0
Imports from the parent company in Japan	100,571	93,122	86,581	84,341	P 92,042	12.0	15.2	13.1	6.5	P -24.8
Acquisition of tangible fixed assets	11,096	10,815	11,299	20,121	P 14,775	-25.6	-7.0	41.4	91.2	P 28.0
Number of employees	111,468	109,624	108,928	107,767	P 123,789	-4.9	-3.6	-1.1	-1.4	P -1.8

Trends in main industry sales

Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly Performances					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Manufacturing industry overall	660,966	647,873	613,470	570,189	P 693,709	4.9	4.6	6.3	-0.7	P -8.3
Transportation equipment	79,069	76,822	85,700	76,837	P 93,019	15.7	16.0	32.7	25.2	P 8.5
Electrical machinery	368,215	353,334	306,514	284,701	P 347,726	2.7	0.1	-5.9	-12.8	P -19.1
Industrial machinery	30,899	32,081	34,729	33,669	P 35,735	-3.8	-2.1	7.7	13.9	P 13.8
Chemicals	58,442	59,692	62,025	55,368	P 85,415	4.8	9.2	16.7	0.7	P 7.2

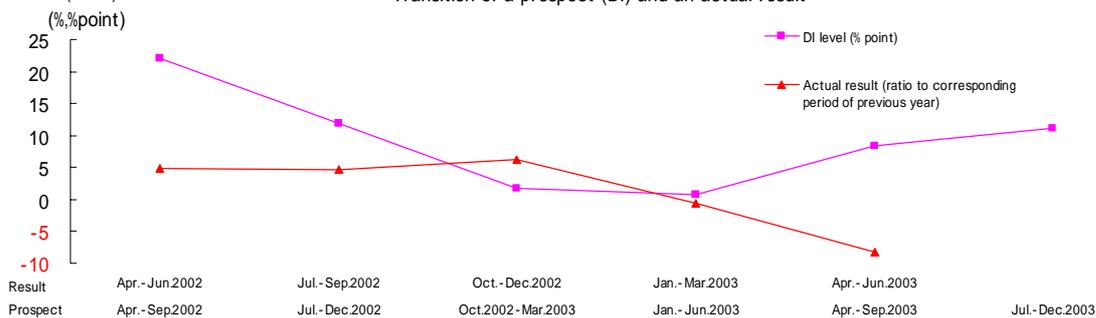
2 . Outlook for NIES3

(Unit:%point)

	D I					Ratio to previous quarter				
	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Jul. - Dec. 2002	Oct. 2002 -Mar. 2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003
Sales	11.9	1.7	0.8	8.4	P 11.2	-10.1	-10.2	-0.9	7.6	P 2.8
Local sales	11.7	1.0	-3.2	3.8	P 6.4	-9.8	-10.7	-4.2	7.0	P 2.6
Exports to Japan	-8.7	-8.9	-9.5	-4.9	P 3.1	-11.7	-0.2	-0.6	4.6	P 8.0
Exports to countries other than Japan	4.7	-10.1	-11.3	6.2	P 11.1	-9.4	-14.8	-1.2	17.5	P 4.9
(Parent-subsidiary deals)										
Exports to the parent company in Japan	-11.4	-7.0	-9.1	-3.9	P 2.9	-13.3	4.4	-2.1	5.2	P 6.8
Imports from the parent company in Japan	-3.5	-11.4	-9.1	0.7	P 1.1	-10.1	-7.9	2.3	9.8	P 0.4
Acquisition of tangible fixed assets	3.4	4.0	2.9	8.7	P 12.1	1.3	0.6	-1.1	5.8	P 3.4
Number of employees	-8.8	-15.1	-6.2	-10.1	P -5.3	4.7	-6.3	8.9	-3.9	P 4.8

NIES3(sales)

Transition of a prospect (DI) and an actual result



(4) China (including Hong Kong) (sales share 10.0%)

[Results]

Sales totaled 10.95871 million dollars, or 1298 billion yen, a large gain of 30.9% from the same quarter a year ago due to strong internal and external demand.

- By industry, there was a rise in 11 industries, of which nine industries saw their sales increase by double digits. In particular, electrical machinery, which accounts for more than 50% of total sales, showed a substantial leap of 27.4% compared with the same quarter a year earlier. In addition, transportation equipment continued to show a large growth, up 49.6% from a year earlier due to strong demand. Industrial machinery, precision instruments, and chemicals continued to increase from the previous year, up 54.3%, 43.2%, and 34.3%, respectively.
- Looking sales on a destination basis, local sales amounted to 4.88391 billion dollars, or 578.5 billion yen, up 37.2% from a year earlier. In particular, transportation equipment achieved a conspicuous increase of 75.3% compared with the same quarter a year earlier. Both exports to Japan (Japan reimports) and exports to countries other than Japan improved by 30.2% and 24.0% , respectively, from a year earlier.

In terms of intra-company transactions (exports to parent companies in Japan and imports from them), exports to parent companies in Japan amounted to 2.07392 billion dollars, or 245.6 billion yen, and imports, from them totaled 1.16373 billion dollars, or 137.8 billion yen, both of which were increases of 26.7% and 26.4%, respectively, from the same quarter a year ago.

- By industry, precision machinery, with its increase ratio of 69.1% compared to the previous year, contributed very much to the increase in exports to parent companies, while electrical machinery, which increased 27.6% from a year earlier, was mainly responsible for the increase in imports from parent companies in Japan.

Equipment investments (the amount of acquired tangible fixed assets, excluding land) registered 411.92 million dollars, or 48.8 billion yen, up 24.8% on a year-on-year basis for the third consecutive term.

- By industry, seven industries showed an increase, and transportation machinery and precision machinery, in particular, increased remarkably.

The number of employees was 580,000 people, a year-on-year increase of 14.1%, showing a continued increase since the survey started. It is the only figure to maintain double-digit growth since the April-June term of 2002.

- By industry, there was a rise in nine industries. Among them, electrical machinery, comprising more

than 50% of employees, increased 18.4% from a year ago. In addition, industrial machinery, transportation equipment, and precision instruments continued to increase from a year earlier, up 30.3%, 19.5%, and 3.8%, respectively.

[Prospects (for July-December 2003)]

Sales prospects posted a gain of 21.7 percentage points from the preceding term (25.5% to 47.2%), and the DI level stood at a record level.

- By industry, although the outlook deteriorated in nine industries in the previous term, there was a rise in all industries this term. The DI level of transportation equipment, in particular, reached a record high of 68.2 percentage points.
- By destination, there was a rise in each destination. In particular, the outlook for local sales showed a significant improvement of 19.2% from the previous period (24.8% to 44.0%)

In terms of intra-company transactions (exports to parent companies in Japan and imports from them), the forecast for exports to parent companies in Japan increased by 9.7 percentage points (9.9% to 19.6%), and the outlook for imports from them improved by 4.0 percentage points (10.3% to 14.3%) from the previous term.

The outlook for equipment investments (the amount of acquired tangible fixed assets, excluding land) improved by 3.1 percentage points from the previous period (20.7% to 23.8%), and the DI level continued to be relatively high, remaining positive in a double-digit figure for the ninth consecutive term.

- By industry, the outlook increased in seven industries. The DI level was positive in eleven industries, excepting nonferrous metals and precision machinery.

The forecast for employment improved by 1.3 percentage points from the previous period (15.1% to 16.4%), and the DI level remained positive in the double-digit range for the 16th consecutive term, far outweighing other regions.

- By type of industry, eight industries worsened, however, such industries as electrical machinery, transportation machinery, and precision machinery showed improvements. The DI level of precision machinery and wood & pulp turned negative.

1 . Trends among overseas subsidiaries in China (including Hong Kong) Units (results : US \$ 10,000; number of employees: persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Sales	667,443	742,422	757,684	742,614	P 1,095,871	5.8	11.0	21.2	27.2	P 30.9
Local sales	234,175	257,793	261,203	252,197	P 488,391	4.7	10.9	24.4	25.4	P 37.2
Exports to Japan	227,040	253,381	264,427	254,374	P 323,427	4.9	14.6	16.4	23.6	P 30.2
Exports to countries other than Japan	206,427	231,527	232,055	236,044	P 281,049	8.1	7.6	23.3	33.4	P 24.0
(Parent-subsidiary deals)										
Exports to the parent company in Japan	154,450	170,870	172,191	185,634	P 207,392	4.2	14.6	18.4	43.4	P 26.7
Imports from the parent company in Japan	88,028	100,567	102,371	105,120	P 116,373	-0.3	11.1	19.4	35.7	P 26.4
Acquisition of tangible fixed assets	16,970	16,806	21,822	25,390	P 41,192	-31.6	-44.9	35.5	51.5	P 24.8
Number of employees	420,635	446,915	446,285	456,198	P 584,309	10.1	15.4	15.7	14.0	P 14.1

Trends in main industry sales Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly performances					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Manufacturing industry overall	667,443	742,422	757,684	742,614	P 1,095,871	5.8	11.0	21.2	27.2	P 30.9
Transportation equipment	17,391	19,503	21,094	22,177	P 112,937	48.6	39.2	58.5	54.8	P 49.6
Electrical machinery	381,647	417,663	424,995	413,186	P 595,107	10.9	13.2	22.7	29.0	P 27.4
Industrial machinery	88,567	94,851	99,797	111,330	P 148,586	-6.2	2.1	8.5	21.3	P 54.3
Chemicals	25,610	32,959	35,159	28,974	P 36,461	14.1	28.3	27.0	25.2	P 34.3

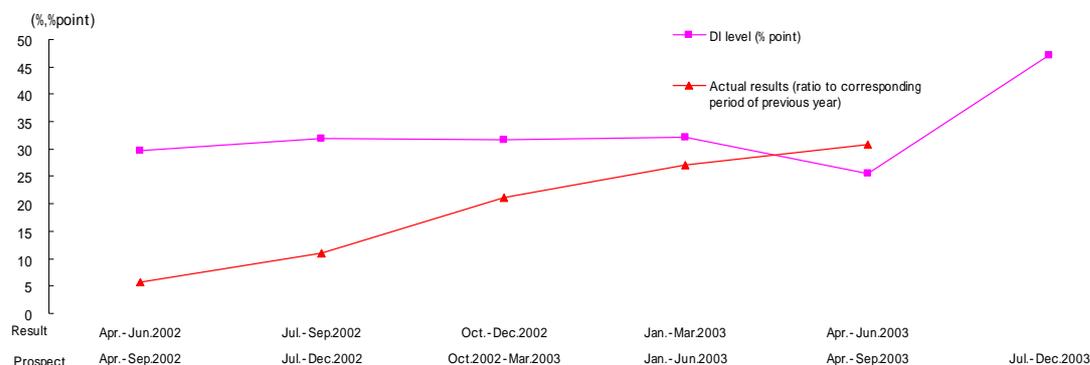
2 . Outlook for China (including Hong Kong)

(Unit: %points)

	D I					Ratio to previous quarter				
	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Jul. - Dec. 2002	Oct. 2002 -Mar. 2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003
Sales	32.0	31.8	32.1	25.5	P 47.2	2.2	-0.2	0.3	-6.6	P 21.7
Local sales	29.7	31.9	35.9	24.8	P 44.0	4.5	2.2	4.0	-11.1	P 19.2
Exports to Japan	13.9	14.5	13.6	14.6	P 21.2	-2.7	0.6	-0.9	1.0	P 6.6
Exports to countries other than Japan	15.7	12.8	19.7	8.4	P 17.5	3.3	-2.9	6.9	-11.3	P 9.1
(Parent-subsidiary deals)										
Exports to the parent company in Japan	11.8	10.9	13.1	9.9	P 19.6	-2.8	-0.9	2.2	-3.2	P 9.7
Imports from the parent company in Japan	12.0	14.0	20.4	10.3	P 14.3	-0.7	2.0	6.4	-10.1	P 4.0
Acquisition of tangible fixed assets	21.3	19.3	24.7	20.7	P 23.8	2.8	-2.0	5.4	-4.0	P 3.1
Number of employees	10.4	14.5	19.0	15.1	P 16.4	-3.9	4.1	4.5	-3.9	P 1.3

China(including Hong Kong)(sales)

Transition of prospect (DI) and an actual result



(5) Europe (sales share 18.8%)

[Results]

Sales totaled 20.67552 billion dollars, or 2448.8 billion yen, up 15.7% from the same period a year earlier.

- By industry, sales rose in eight industries. Among them, transportation equipment continued to increase, by 22.4% from the previous year. In addition, precision instruments, industrial machinery, and electrical machinery increased by 26.8%, 11.9%, and 7.5%, respectively, from a year earlier.
- By destination, local sales increased to 14.57517 billion dollars, or 1726.3 billion yen, up 14.0%. Transportation equipment continued to increase by a double-digit figure, 20.3%. Precision instruments, industrial machinery, and electrical machinery continued to rise, by 32.4%, 9.9%, and 5.7%, respectively, from a year earlier. Exports to Japan (Japan reimports) were 228.57 million dollars, or 27.1 billion yen, up 21.9% from the same period the previous year, although the amount is small.

With regard to intra-company transactions (exports to parent companies in Japan and imports from them), exports to parent companies in Japan reached 127.59 million dollars, or 15.1 billion yen, up 51.7% from a year ago, although the amount is small. Imports from them totaled 1.78561 billion dollars, or 211.5 billion yen, continuing to increase 5.8% from a year earlier.

- By industry, exports to parent companies in Japan increased in the areas of industrial machinery and electrical machinery, contributing to a rise in exports. Imports from parent companies showed a continued increase in the area of industrial machinery, up 46.7% from a year earlier, contributing to another rise in the current term.

Equipment investments (the amount of acquired tangible fixed assets, excluding land) amounted to 391.97 million dollars, or 46.4 billion yen, and falling by 9.2% from a year previous.

- By type of industry, there was a continued increase in industrial machinery and transportation equipment. Electrical machinery decreased by 55.2% from a year ago, for the second straight quarterly fall.

The number of employees totaled 210,000 people, down 5.5% from the same quarter a year ago, for the tenth straight quarter of decrease.

- By industry, electrical machinery (down 12.3% on a year-on-year basis) and industrial machinery (down 5.2% from a year earlier) both dropped, contributing greatly to a decline of employees in this term.

[Prospects (for July-December 2003)]

Sales prospects decreased by 8.7 percentage points from the previous term (14.7% to 6.0%). The DI level continued to be positive.

- By type of industry, there was a fall in seven industries, including industrial machinery and transportation equipment. The DI level was positive for chemicals, electrical machinery, and transportation equipment, while that for industrial machinery declined by 20.9 percentage points to be negative for the third straight quarter.
- Prospects for sales by destination declined overall. Exports to third countries declined by 10.7 percentage points.

In terms of intra-company transactions (exports to parent companies in Japan and imports from them), the forecast for exports to parent companies in Japan fell by 1.5 percentage points from the previous period (1.5% to 0.0%), but the fluctuation remained small. The forecast for imports from parent companies declined by 4.0 percentage points (5.7% to 1.7%), after three straight terms of increases. The DI level continued to be positive.

The prospects for equipment investments (the amount of acquired tangible fixed assets, excluding land) increased by 7.6 percentage points (3.7% to 11.3%), after four straight terms of decline. The DI level stayed positive, as a double-digit figure.

- By industry, there was an increase in all industries except chemicals and electrical machinery.

The forecast for employment increased by 3.4 percentage points from the previous term (minus 8.0 to minus 4.6). The level of DI continued to be negative for the fifth consecutive term.

- By industry, prospects fell for five industries, while industrial machinery, precision instruments, and electrical machinery reported increases. Transportation equipment decreased slightly by 1.0 percentage points from the previous term.

1 . Trends among overseas subsidiaries in Europe Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

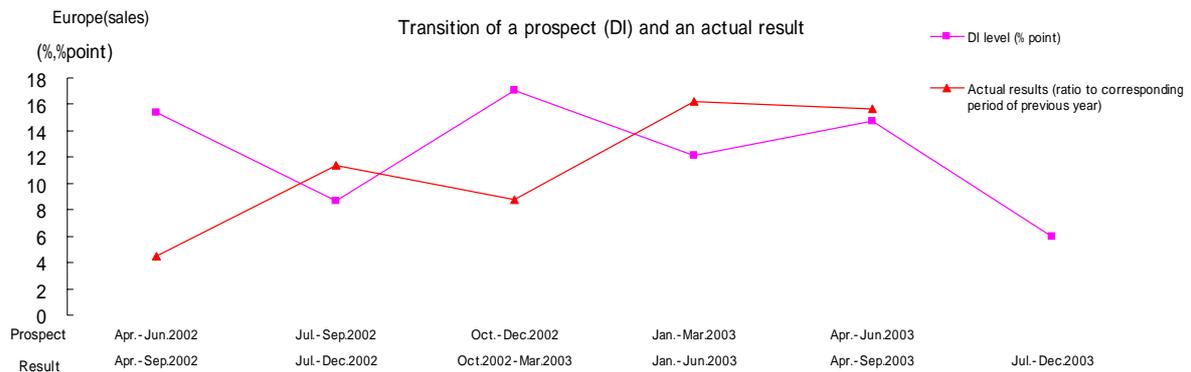
	Quarterly performance					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Sales	1,512,946	1,572,146	1,681,443	1,745,574	P 2,067,552	4.5	11.4	8.8	16.2	P 15.7
Local sales	1,124,900	1,163,718	1,234,542	1,288,065	P 1,457,517	8.5	15.0	10.7	16.1	P 14.0
Exports to Japan	16,720	15,172	19,626	20,590	P 22,857	-16.1	-23.9	-3.4	15.4	P 21.9
Exports to countries other than Japan	371,325	393,256	427,276	436,919	P 585,652	-5.1	3.6	4.3	16.5	P 20.3
(Parent-subsidiary deals)										
Exports to the parent company in Japan	7,210	6,846	7,213	9,179	P 12,759	-29.4	-27.2	-22.6	24.4	P 51.7
Imports from the parent company in Japan	153,207	154,604	157,453	155,077	P 178,561	9.0	9.7	18.2	17.4	P 5.8
Acquisition of tangible fixed assets	38,804	44,222	43,571	41,380	P 39,197	-7.9	-11.9	13.1	11.8	P -9.2
Number of employees	199,467	199,720	196,856	191,296	P 211,174	-3.4	-3.3	-3.6	-4.5	P -5.5

Trends in main industry sales Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly performances					Year-on-year change				
	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Apr. - Jun. 2002	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003
Manufacturing industry overall	1,512,946	1,572,146	1,681,443	1,745,574	P 2,067,552	4.5	11.4	8.8	16.2	P 15.7
Transportation equipment	468,567	482,433	503,238	528,276	P 642,635	20.2	23.0	19.5	25.5	P 22.4
Electrical machinery	496,159	517,934	586,641	594,475	P 747,796	-5.3	5.9	2.3	12.2	P 7.5
Industrial machinery	158,556	165,835	164,295	171,693	P 178,948	-5.0	12.8	14.5	19.5	P 11.9
Chemicals	191,736	197,365	200,709	206,384	P 240,343	-5.8	2.4	-6.1	-0.3	P 14.1

2 . Outlook for Europe

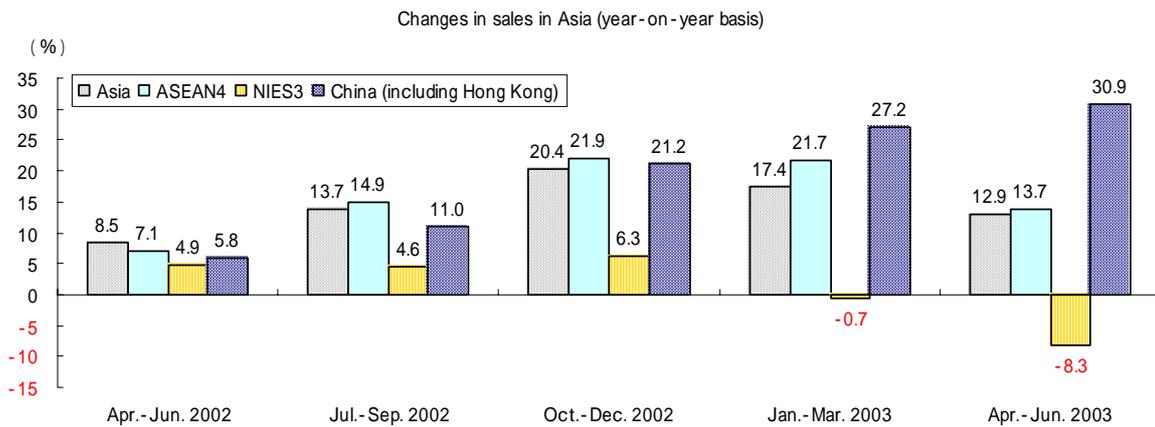
	D I					Ratio to previous quarter				
	Jul. - Dec. 2002	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Jul. - Dec. 2002	Oct. 2002 -Mar. 2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003
Sales	8.7	17.1	12.1	14.7	P 6.0	-6.7	8.4	-5.0	2.6	P -8.7
Local sales	9.6	8.5	8.1	11.0	P 6.6	-7.8	-1.1	-0.4	2.9	P -4.4
Exports to Japan	-4.3	-1.3	0.0	-0.8	P -1.8	-4.9	3.0	1.3	-0.8	P -1.0
Exports to countries other than Japan	4.3	5.7	5.8	10.7	P 0.0	-5.9	1.4	0.1	4.9	P -10.7
(Parent-subsidiary deals)										
Exports to the parent company in Japan	-3.0	0.0	2.6	1.5	P 0.0	-3.6	3.0	2.6	-1.1	P -1.5
Imports from the parent company in Japan	-2.7	-1.9	-0.6	5.7	P 1.7	-3.3	0.8	1.3	6.3	P -4.0
Acquisition of tangible fixed assets	12.1	10.6	8.7	3.7	P 11.3	-4.4	-1.5	-1.9	-5.0	P 7.6
Number of employees	-1.4	-4.2	-1.9	-8.0	P -4.6	-3.9	-2.8	2.3	-6.1	P 3.4



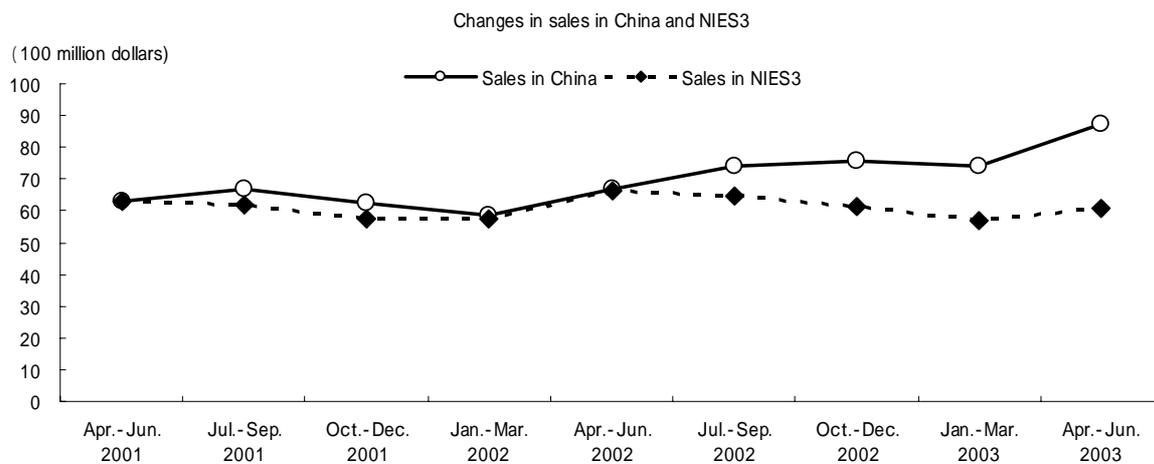
[Topics]

Accelerating China, Decelerating NIES3

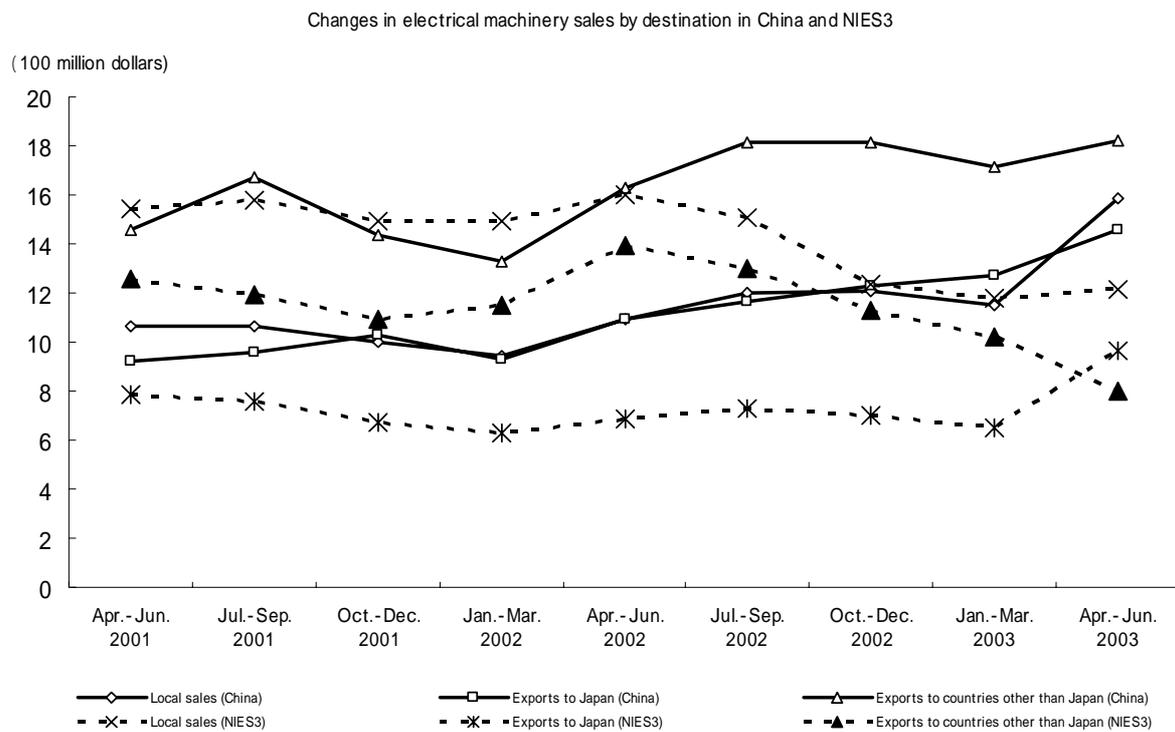
Sales in China grew rapidly, while sales in NIES3 registered a negative growth rate compared to the same quarter of the previous year for the second consecutive period.



The gap in sales between China and NIES3, which was small last year, has widened recently.



In the area of electrical machinery, China enjoyed brisk domestic and foreign demand, while NIES3 suffered from weakened exports to countries other than Japan.



(Reference)

1 . Comparison of US dollar and Japanese yen exchange rates

(Ratio to same quarter of previous year : %)

Area	Item	US dollar equivalent					Japanese yen equivalent				
		2002			2003		2002			2003	
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
All areas	Sales	3.4	6.9	6.5	10.6	P 5.8	7.1	4.6	5.9	-0.8	P -1.3
	Local sales	5.1	6.9	5.4	9.7	P 4.4	8.9	4.6	4.7	-1.6	P -2.7
	Exports to Japan	-4.5	4.2	10.7	13.6	P 17.7	-1.1	2.0	10.0	1.9	P 9.7
North America	Sales	2.0	2.9	-1.5	5.4	P -1.9	5.7	0.7	-2.1	-5.4	P -8.6
	Local sales	3.8	3.1	-1.6	5.2	P -2.4	7.5	0.9	-2.2	-5.7	P -9.0
	Exports to Japan	-25.3	-17.4	-14.0	12.5	P 3.3	-22.6	-19.1	-14.5	0.9	P -3.7
Asia	Sales	8.5	13.7	20.4	17.4	P 12.9	12.4	11.3	19.6	5.4	P 5.2
	Local sales	14.7	19.1	29.9	22.4	P 16.8	18.9	16.5	29.1	9.8	P 8.9
	Exports to Japan	-1.2	7.4	13.3	13.9	P 19.4	2.3	5.1	12.6	2.1	P 11.3
ASEAN4	Sales	7.1	14.9	21.9	21.7	P 13.7	11.0	12.5	21.2	9.1	P 6.0
	Local sales	16.0	23.4	40.5	37.7	P 22.8	20.2	20.8	39.7	23.5	P 14.4
	Exports to Japan	-3.0	5.1	12.2	8.6	P 7.8	0.5	2.9	11.6	-2.6	P 0.5
NIES3	Sales	4.9	4.6	6.3	-7.0	P -8.3	8.7	2.4	5.7	-10.9	P -14.5
	Local sales	5.2	3.4	3.1	0.0	P -5.9	8.9	1.2	2.5	-10.3	P -12.3
	Exports to Japan	-12.2	-3.6	5.3	6.6	P 29.3	-9.0	-5.7	4.6	-4.4	P 20.5
China (including Hong Kong)	Sales	5.8	11.0	21.2	27.2	P 30.9	9.6	8.7	20.4	14.1	P 22.0
	Local sales	4.7	10.9	24.4	25.4	P 37.2	8.4	8.5	23.6	12.4	P 27.9
	Exports to Japan	4.9	14.6	16.4	23.6	P 30.2	8.7	12.2	15.7	10.9	P 21.4
Europe	Sales	4.5	11.4	8.8	16.2	P 15.7	8.2	9.0	8.2	4.3	P 7.9
	Local sales	8.5	15.0	10.7	16.1	p 14.0	12.4	12.5	10.1	4.2	P 6.3
	Exports to Japan	-16.1	-23.9	-3.4	15.4	P 21.9	-13.1	-25.6	-4.0	3.5	P 13.7
Other	Sales	-10.9	-5.6	3.6	4.8	P 8.3	-7.7	-7.6	2.9	-6.0	P 1.0
	Local sales	-11.6	-6.7	0.8	5.3	P 10.8	-8.4	-8.7	0.2	-5.6	P 3.3
	Exports to Japan	-7.9	9.0	34.9	7.1	P 6.8	-4.5	6.7	34.1	-4.0	P -0.4

2 . Changes in the exchange rates of major currencies against the US dollar, by region (average term rates published by IMF)

	Apr.-Jun. 2002	Jul.-Sep. 2002	Oct.-Dec. 2002	Jan.-Mar. 2003	Apr.-Jun. 2003
Yen	127.05	119.15	122.9	118.82	118.44
ASEAN4					
Rupiah (Indonesia)	9076.6	8955.7	9054.7	8905.5	8479.3
Ringgit (Malaysia)	3.8	3.8	3.8	3.8	3.8
Peso (Philippines)	50.376	51.848	53.234	54.076	52.904
Baht (Thailand)	42.751	42.018	43.37	42.756	42.18
NIES3					
Won (Republic of Korea)	1267.01	1197.65	1219.83	1202.33	1207.88
Dollar (Singapore)	1.804	1.7575	1.7679	1.7446	1.7521
Dollar (Taiwan)	34.453	33.991	34.8364	34.7057	34.721
People's Republic of China (including Hong Kong)					
Yuan (People's Republic of China)	8.2771	8.2768	8.2771	8.2771	8.277
Dollar (Hong Kong)	7.799	7.799	7.799	7.799	7.798
Europe					
Pound (United Kingdom)	1.4628	1.5481	1.5684	1.603	1.6193
Euro (Euro Area)	1.08886	1.01677	1.00336	0.9318	0.8814

INTERNATIONAL FINANCIAL STATISTICS (IMF)

3. Results by major country and area

	Item	Results(US\$10,000, persons)					Ratio to same quarter of previous year(%)				
		2002			2003		2002			2003	
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
United States of America	Sales	4,114,377	4,024,697	3,880,418	4,048,219	P 4,316,015	0.9	2.0	-2.6	3.7	P -2.6
	Local sales	3,825,033	3,692,091	3,552,294	3,731,759	P 3,989,029	2.7	2.2	-2.7	3.4	P -3.2
	Exports to Japan	60,932	59,569	55,804	61,733	P 67,496	-23.5	-16.2	-13.2	11.2	P 1.9
	Number of employees	393,733	395,525	384,564	383,332	P 400,427	-5.1	-4.0	-3.7	-1.1	P -5.5
Indonesia	Sales	216,739	240,847	248,511	243,717	P 309,890	3.9	13.8	31.3	27.8	P 22.4
	Local sales	90,680	97,888	117,745	118,985	P 147,947	14.7	15.7	58.2	51.6	P 50.2
	Exports to Japan	44,852	51,842	50,574	40,914	P 68,744	-7.2	9.1	17.3	12.9	P 12.9
	Number of employees	167,809	170,500	179,617	179,815	P 196,995	-0.4	1.7	7.9	8.1	P 7.4
Malaysia	Sales	331,702	347,454	312,598	289,932	P 413,772	-3.1	3.0	-0.8	-5.8	P -5.0
	Local sales	90,015	93,293	81,629	78,740	P 140,506	-1.6	4.7	-2.0	-5.1	P -18.4
	Exports to Japan	72,332	78,102	71,950	71,375	P 101,619	-12.5	-8.3	-5.1	8.2	P 9.6
	Number of employees	151,879	148,535	146,988	143,360	P 162,829	-9.8	-9.5	-7.3	-7.5	P -7.5
Philippines	Sales	205,148	222,760	238,621	232,442	P 241,308	11.1	13.8	23.2	17.6	P 15.1
	Local sales	39,670	39,999	42,199	41,714	P 44,595	10.7	14.7	21.8	16.3	P 6.8
	Exports to Japan	74,860	86,642	99,506	77,818	P 81,169	-2.9	6.5	23.6	-0.9	P 7.2
	Number of employees	110,214	112,278	115,308	114,585	P 120,985	-0.1	7.3	12.7	5.6	P 5.8
Thailand	Sales	470,869	519,676	547,799	584,175	P 653,098	15.6	25.9	34.7	42.4	P 22.2
	Local sales	268,963	291,123	325,246	338,092	P 385,871	24.8	35.7	54.2	52.0	P 29.7
	Exports to Japan	97,185	117,002	111,617	109,227	P 115,203	8.0	13.3	14.1	18.1	P 4.6
	Number of employees	185,023	194,657	196,801	200,889	P 230,434	3.5	7.0	8.2	8.6	P 7.9
Republic of Korea	Sales	97,855	100,065	100,581	98,093	P 156,099	7.0	3.2	16.7	20.9	P 7.4
	Local sales	62,672	64,638	60,854	61,756	P 92,862	10.7	14.0	15.5	22.8	P 12.1
	Exports to Japan	20,782	23,193	25,457	24,147	P 45,382	-2.3	-8.4	22.1	32.0	P 14.7
	Number of employees	20,121	19,985	19,721	20,058	P 27,036	-4.5	-3.5	-1.3	1.3	P -3.0
Singapore	Sales	300,072	303,484	261,192	231,589	P 241,379	-1.5	0.1	-5.1	-13.3	P -21.4
	Local sales	142,728	131,307	109,688	99,606	P 112,663	2.1	-5.1	-17.5	-21.5	P -24.3
	Exports to Japan	46,554	48,984	42,134	40,130	P 37,806	-16.3	-1.2	-5.6	-6.5	P -18.8
	Number of employees	47,620	46,699	45,980	44,903	P 47,210	-1.8	-0.3	2.3	-0.4	P -1.9
Taiwan	Sales	263,038	244,324	251,697	240,307	P 296,231	12.5	11.4	16.8	6.3	P 0.9
	Local sales	146,915	144,175	147,464	139,955	P 177,941	6.0	7.7	20.1	12.5	P 4.3
	Exports to Japan	29,135	29,405	33,153	30,327	P 66,353	-11.7	-3.7	9.8	9.4	P 116.5
	Number of employees	43,727	42,940	43,227	42,781	P 49,543	-8.2	-7.0	-4.4	-3.7	P -1.2
People's Republic of China (including Hong Kong)	Sales	667,443	742,422	757,684	743,200	P 1,095,871	5.8	11.0	21.2	27.3	P 30.9
	Local sales	246,672	269,912	274,847	263,912	P 488,391	10.3	16.1	30.9	31.2	P 30.2
	Exports to Japan	227,040	253,381	264,427	254,249	P 323,427	4.9	14.6	16.4	23.6	P 30.2
	Number of employees	420,635	446,915	446,285	456,123	P 584,309	10.1	15.4	15.7	14.0	P 14.1
United Kingdom	Sales	506,276	577,021	619,527	612,301	P 713,240	-0.3	18.6	11.3	13.8	P 17.1
	Local sales	391,000	443,977	475,461	467,468	P 514,348	3.0	21.4	13.5	14.0	P 12.8
	Exports to Japan	5,934	5,922	9,045	9,140	P 6,925	-27.1	-34.3	-2.8	-4.9	P 13.0
	Number of employees	58,121	58,488	57,528	56,091	P 61,422	-9.0	-5.8	-5.5	-3.8	P -4.3
France	Sales	168,563	155,108	190,670	205,890	P 234,892	7.5	6.1	10.6	29.6	P 14.9
	Local sales	108,011	97,820	124,760	136,501	P 130,868	0.9	5.9	11.9	25.4	P 20.4
	Exports to Japan	2,651	2,352	2,325	2,437	P 3,295	-3.4	-28.4	-31.2	-0.4	P 18.7
	Number of employees	17,507	18,016	17,359	17,505	P 19,563	-3.4	4.5	1.7	4.2	P -3.0
Germany	Sales	222,621	231,375	236,366	248,123	P 305,664	-7.7	15.6	15.0	20.0	P 14.5
	Local sales	162,761	164,706	162,146	177,343	P 224,695	-6.1	21.1	16.9	20.2	P 10.8
	Exports to Japan	2,762	2,326	3,545	3,484	P 3,723	-17.5	-21.1	-2.1	82.1	P -0.6
	Number of employees	22,176	22,478	22,269	21,458	P 26,398	0.1	3.0	2.4	-4.7	P -4.6
Netherlands	Sales	253,850	260,253	263,433	269,261	P 319,534	29.9	7.6	1.7	5.1	P 8.7
	Local sales	215,577	220,235	222,107	228,636	P 273,824	50.6	15.4	4.8	8.8	P 9.2
	Exports to Japan	235	490	466	438	P 465	-19.6	-12.8	114.3	73.6	P 97.7
	Number of employees	28,881	28,574	28,658	26,481	P 30,121	3.8	-7.1	-6.1	-13.0	P -6.5

『References』

1. Classification of countries (regions)

The countries (regions) in which overseas subsidiaries were located were classified as follows (in the order of the Japanese syllabary).

<Classification>

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

2. Record of changes in the content of the survey

(For details, refer to materials published for each term.)

The October-December quarter of 1996, and January-March quarter of 1997

- A test survey was conducted, and findings were published under the approval of the Management and Coordination Agency.

From the April-June quarter of FY 1998

- Survey periods for "the amount of acquired tangible fixed assets excluding land" (with regard to parent companies, together with "overseas direct investment") were excluded from quarterly surveys, and researched every other quarter, such as July-September, and January-March. Accordingly, the results and outlooks of surveys are conducted semi-annually instead of quarterly. The content of the surveys was also changed from "tangible fixed assets completed or acquired except land during the term" to

"tangible fixed assets acquired (including temporary construction accounts) except land during the term". With regard to parent companies, findings of "the Ministry of International Trade and Industry's Survey on Investment in Plant and Equipment" were used.

- Quarterly prospects were also changed to semi-annual prospects.

From the April-June quarter of FY 1999

- A coefficient of connection was created and used for data before fiscal 1997 (the January-March quarter of 1998) to maintain consistency with past data, because dropped companies were added to the survey from fiscal 1998 (the April-June quarter of 1998).
- Because of a change in estimating methods, results were decided not by the increase rate of the previous term, but by the increase rate of the same period of the previous year.

From the April-June quarter of FY 2001

- "Company Trends Survey" was renewed by combining the "Industry Economic Trends Survey" with the "Company Trends Survey," both of which were under the control of the Ministry of Economy, Trade and Industry. In addition, the "Overseas Affiliated Company Edition" was published separately from the "Parent Company Edition."

From the April-June quarter of FY 2002

- A coefficient of connection was created and used for data before fiscal 2000 (the January-March quarter of 2001) to maintain consistency with past data, because companies included in the survey, questions to be asked, and other items surveyed were reviewed in order to reorganize and consolidate the surveys (the April-June quarter of 2001 and later).
- Region/country classifications were revised to separate "China (including Hong Kong)" from "China and other Asian countries", and create another independent category.

The April-June quarter of FY 2003

- The "Parent Company Survey" in the former "Company Trend Survey" was discontinued, and from the April-June quarter of 2003 the survey was conducted as the "Quarterly Survey of Overseas Subsidiaries," which was focused on overseas subsidiaries conducting manufacturing abroad.

Since companies included in the survey were reviewed and the scope of the survey was expanded (as noted in (4)-(), from "over 50% of a controlling share" to "50% or more" of that) from the April-June

quarter of 2003, differences between results in this quarter and those in the previous quarter or earlier have become apparent. The ratio to the same period of the previous year is estimated only on the basis of the total figures of companies which continued to be included in the survey from the previous fiscal year to the current quarter.

Data reference

〒100 - 8902

1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo

Enterprise Statistics Office

Research and Statistics Department

Ministry of Economy, Trade and Industry

Tel. : 03-3501-1831

Fax. : 03-3580-6320

E-Mail : qqcebh@meti.go.jp

Data printing (Internet)

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

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