

Trends in Overseas Subsidiaries

(Quarterly Survey of Overseas Subsidiaries)

Results for October – December 2003

Prospects for January 2004 – June 2004

March 26, 2004

Enterprise Statistics Office

Research and Statistics Department

Ministry of Economy, Trade and Industry

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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

These are 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 December 2003).

* The deadline for submitting the survey for this quarter was February 13, 2004.

(4) Subject of the survey

The survey covers companies that met all the following conditions as of the end of March 2003:

All industries except finance, insurance and real estate

Companies with 100 million yen or more in capital

Companies with 50 or more employees

Companies with overseas subsidiaries

In the case of overseas subsidiaries owned by the above Japanese parent companies, this survey targets those overseas subsidiaries (including overseas subsidiaries that were established during the term of the survey) that meet all of the following conditions as of the end of each quarter:

Manufacturing companies

Companies with 50 or more employees

Companies with 50% or more investment (including both 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 |
|---|------------------------------------|---------------|
| 3595 | 2521 | 70.1% |

(6) Survey method

The survey is conducted by mail, using self-declarations made by parent companies subject to the survey.

2. Usage notes

(1) With regard to listed currencies

This “Quarterly Survey of Overseas Subsidiaries” eliminates the “Survey of Parent Companies” from the former “Trend Survey of Japanese Companies,” and has been conducted since the April-June quarter of 2003 with a focus on overseas subsidiaries that engage in manufacturing overseas.

Accordingly, where amounts relating to overseas subsidiaries are reported 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 practice of converting figures into US dollars has been in place since the April-June quarter of 2001.

(For exchange rates of main currencies into US dollars, please refer to page 26.)

(2) Adjustment to deal with discrepancies in reported values

There are discrepancies between the results of this quarter and those of the previous or earlier quarters, 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

Numerical values for the current quarter will be finalized in the succeeding quarter.

Numerical values for previous year (quarter and fiscal year totals)

These are finalized 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 estimates. The numerical values for this quarter are preliminary estimates and may be changed in the following quarter.

x: Denotes data that is kept confidential because there are only one or two parent companies of overseas subsidiaries, and it is feared that confidential information about individual respondents may be leaked. In some cases, data is kept confidential even when 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 reported value (other than preliminary estimate) 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). Estimates cover 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 for relevant companies

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

II. Findings of the survey

1. Sales trends

[Results]

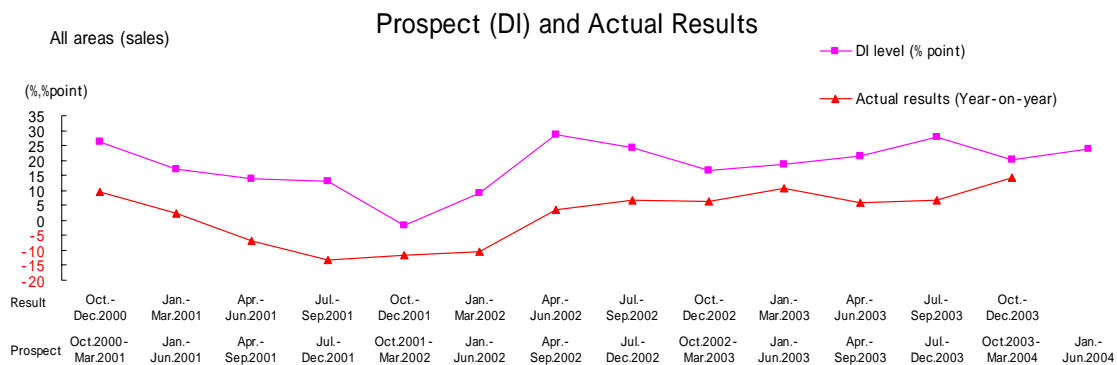
Sales made by overseas subsidiaries in the October-December quarter of 2003 totaled 121.12569 billion dollars, or 13.1906 trillion yen, a 14.4% increase from the same quarter of the preceding year for the seventh straight quarter of growth. The gain was observed in major industries in part due to a recovery in electrical machinery sales, which had been in a slump, and partly as a result of brisk sales in transportation equipment and industrial machinery. Sales increased in all regions, including China, which has sustained a high economic growth rate; Europe, where sales advanced for the seventh straight quarter; and North America, where they recovered.

- By type of industry, sales by overseas subsidiaries increased in ten out of thirteen industries. Of particular note were transportation equipment (an increase of 16.3% from the same quarter of the preceding year) and industrial machinery (a 14.5% gain from a year earlier), both of which advanced for the seventh consecutive quarter. Electrical machinery showed a sharp increase (a rise of 13.3% on a year-on-year basis) thanks to a recovery in the demand for PCs and accelerating expansion of the digital market. Thus, sales increased by double-digit percentages in major industries.
- By region (country), Asia has remained steady and registered a rise of 20.3% from the same quarter of the preceding year. In particular, China (including Hong Kong) registered a 31.6% rise from the corresponding period of last year, showing significant growth of between 30% and 40% for the third straight quarter, thanks to active sales of IT-related products. In Europe (where a 19.2% gain from the same quarter of the preceding year was seen), sales of electrical machinery and transportation equipment have remained brisk. Furthermore, in North America (reporting an increase of 8.1% from a year earlier), sales of transportation equipment marked a dramatically increased (marking a gain of 12.7% from the corresponding period of last year), bolstered by expanding personal spending to show vigorous growth, while the rate of decrease (a drop of 1.3% on a year-on-year basis) in electrical machinery sales, which had remained sluggish, was reduced.

[Prospects (for January-June 2004)]

With regard to sales posted by overseas subsidiaries, the prospects for sales (sales DI: the ratio of companies expecting an increase minus the ratio of companies expecting a decrease) registered 23.7 percentage points, a positive figure for the ninth consecutive term. The prospects compared with the previous term (the DI level for January-June 2004 minus the DI level for October 2003-March 2004) rose by 3.4 percentage points, and improved in all regions in the context of a recovery in the world economy.

- By industry, DI levels were positive in twelve industries, including transportation equipment (28.1 percentage points) and electrical machinery (22.0 percentage points). Compared with the previous term, DI levels improved in transportation equipment (a gain of 8.8 percentage points), industrial machinery (a growth of 2.1 percentage points), and electrical machinery (an increase of 1.6 percentage points), etc.
- By region (country), DI levels registered double-digit positive figures in all regions. In Asia (25.9 percentage points), China (including Hong Kong) in particular remained high at 35.2 percentage points. As for the DI level compared with the previous term, recoveries in North America (an increase of 8.1 percentage points) and in ASEAN4 (a gain of 5.8 percentage points) are conspicuous, and the DI levels improved in all regions.
- In North America, prospects compared with the previous term shifted from declines to increases in six industries, including transportation equipment (a gain of 11.8 percentage points from the preceding term.)



(1) Trends in main industries

Transportation equipment (38.7% of total sales)

[Results]

Transportation equipment sales for this quarter amounted to 46.81794 billion dollars, or 5.0985 trillion yen, a 16.3% increase from the same period a year ago.

- By region, sales of transportation equipment for this quarter in North America, comprising nearly 60% of total sales, reached 26.28410 billion dollars, or 2.8623 trillion yen, an increase of 12.7% from the same period a year ago, showing a double-digit growth rate for the first time in three terms in the context of economic recovery. In Europe, where the sales share of Japanese vehicles has been increasing, sales amounted to 6.75585 billion dollars, or 735.7 billion yen, a gain of 20.5% from a year earlier, showing double-digit growth for the seventh straight quarter. Furthermore, in ASEAN4, where a number of companies made new inroads, sales increased by 24.8% on a year-on-year basis thanks to active sales in Thailand; in China (including Hong Kong), they rose by 62.7% from the same quarter a year earlier due to strong domestic demand. On the other hand, sales in NIES3 decreased by 3.6% from a year earlier, in the first fall in seven quarters.

[Prospects (for January-June 2004)]

Sales prospects, or sales DI, for transportation equipment for this term registered 28.1 percentage points and remained in positive double-digit figures for the ninth consecutive term. DI increased by 8.8 percentage points from the preceding term (19.3 to 28.1.)

- By region (country), DI levels have remained positive in high double-digit figures in all regions (countries.) Prospects in North America and Europe continued to improve, gaining 11.8 percentage points and 4.2 percentage points respectively from the preceding term. On the other hand, the outlook in Asia reversed earlier declines, registering growth of 8.1 percentage points from the previous period.

Electrical machinery (34.4% of total sales)

[Results]

Electrical machinery sales for this quarter registered 41.62938 billion dollars, or 4.5334 trillion yen, a year-on-year increase of 13.3%. A number of factors, including a recovery in the demand for PCs and the accelerating expansion of the digital market as well as year-end business competition, were responsible for the significant growth rate.

- By region (country), electrical machinery sales for this quarter in Europe amounted to 10.60353 billion dollars, or 1.1547 trillion yen, up 23.4% year-on-year. In Asia, they totaled 19.68841 billion dollars, or 2.1441 trillion yen, up 20.4% year-on-year. In particular, China (including Hong Kong) recorded a significant 35.4% increase from the same quarter a year earlier, to 6.59457 billion dollars, or 718.1 billion yen, boosted by strong domestic and overseas demand for IT related products. North America, on the other hand, posted a 1.3% decrease from the same quarter a year earlier, to 10.47040 billion dollars, or 1140.2 billion yen, showing a reduced decrease rate due to a recovery in consumer spending.

[Prospects (for January-June 2004)]

The DI level registered a high value of 22.0 percentage points, a double-digit positive figure for the fourth consecutive term. Sales prospects, or sales DI, for electrical machinery for this term rose 1.6 percentage points from the preceding term (20.4 to 22.0).

- By region (country), DI levels were positive for the third consecutive term in all regions (countries). The DI level in Asia increased by 2.9 percentage points from the previous term. In particular, ASEAN4 and China (including Hong Kong) showed a remarkable improvement, a rise of 4.8 percentage points and 4.6 percentage points, respectively from the preceding period. Meanwhile, the DI decreased in North America (a fall of 5.6 percentage points from the previous term) and in Europe (a drop of 5.3 percentage points from the preceding period).

Industrial machinery (6.1% of total sales)

[Results]

Industrial machinery sales for this quarter totaled 7.34399 billion dollars, or 799.8 billion yen, an increase of 14.5% from the same period a year earlier.

- By region (country), industrial machinery sales for this quarter increased in all regions. In Asia,

sales registered 2.43396 billion dollars, or 265.1 billion yen, a year-on-year increase of 15.9%, thanks to strong sales of business equipment. In particular, sales in China (including Hong Kong) rose by 26.7% on a year-on-year basis, delivering double-digit growth for the fourth consecutive quarter. In addition, sales in North America amounted to 2.85328 billion dollars, or 310.7 billion yen, a year-on-year increase of 11.0%, and in Europe they totaled 1.94143 billion dollars, or 211.4 billion yen, an increase of 16.6% from a year earlier.

[Prospects (for January-June 2004)]

The DI level registered 29.7 percentage points, remaining in double-digit figures for the fourth consecutive term. Sales prospects, or sales DI, for industrial machinery for this term improved 2.1 percentage points for the fourth straight term (27.6 to 29.7).

- By region, DI levels were high in Europe (36.3 percentage points), Asia (32.0 percentage points), and North America (23.9 percentage points). While sales prospects improved both in Europe and North America, rising 15.4 percentage points and 4.6 percentage points, respectively, from the previous term, they decreased in Asia by 4.3 percentage points from the preceding period.

Chemicals (6.6% of total sales)

[Results]

Chemical sales for this quarter amounted to 7.93799 billion dollars, or 864.4 billion yen, a 23.5% gain from the same period of the preceding year, for the fourth consecutive quarter of increase.

- By region, chemical sales for this quarter recorded increases in all regions for the third straight quarter. They amounted to 2.65009 billion dollars, or 288.6 billion yen, up 25.8% in Europe; to 2.50097 billion dollars, or 272.4 billion yen, up 19.8% in North America; and to 2.66558 billion dollars, or 290.3 billion yen, up 24.3% in Asia, against the same period of the preceding year.

[Prospects (for January-June 2004)]

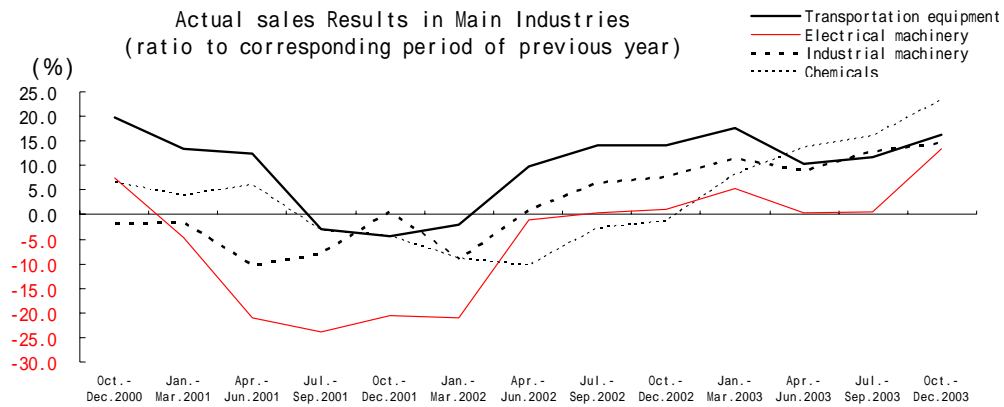
The DI remained positive in double digits for the ninth consecutive term, while sales prospects, or sales DI, for chemicals for this term decreased by 0.3 percentage points from the preceding term (24.5 to 24.2).

- By region, DI levels remained positive in all regions. Sales prospects improved both in Europe (a gain of 10.9 percentage points from the previous term) and in North America (an increase of 7.9 percentage points from the preceding period). In Asia, on the other hand, they decreased by 5.0 percentage points from the previous period.

Sales Trends in Main Industries

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

| | Quarterly Performance | | | | | Year-on-year change | | | | |
|---------------------------------|-----------------------|-------------|-------------|-------------|--------------|---------------------|-------------|-------------|-------------|-------------|
| | Oct. - Dec. | Jan. - Mar. | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Oct. - Dec. | Jan. - Mar. | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. |
| | 2002 | 2003 | 2003 | 2003 | 2003 | 2002 | 2003 | 2003 | 2003 | 2003 |
| Manufacturing industry in total | 9,280,767 | 9,452,815 | 11,015,809 | 11,130,733 | P 12,112,569 | 6.5 | 10.6 | 6.0 | 6.6 | P 14.4 |
| Transportation equipment | 3,594,580 | 3,875,026 | 4,553,490 | 4,425,171 | P 4,681,794 | 14.1 | 17.6 | 10.3 | 11.8 | P 16.3 |
| Electrical machinery | 3,036,382 | 2,892,500 | 3,425,217 | 3,604,475 | P 4,162,938 | 1.0 | 5.3 | 0.3 | 0.7 | P 13.3 |
| Industrial machinery | 605,892 | 635,174 | 681,175 | 711,571 | P 734,399 | 7.6 | 11.6 | 8.9 | 12.8 | P 14.5 |
| Chemicals | 583,963 | 588,470 | 726,795 | 740,438 | P 793,799 | -1.2 | 8.2 | 13.6 | 16.0 | P 23.5 |



(2) Trends by destination

With regard to sales classified by destination, local sales (sales in the countries where overseas subsidiaries are located) accounted for 71.0% of total sales, a decline of 0.1% from the previous term; exports to Japan (exporting products directly to Japan) accounted for 9.7%, an increase of 0.1% from the preceding term; and exports to countries other than Japan (exporting products to countries except Japan and the country of operation) accounted for 19.3%, unchanged from the previous period.

Local sales (71.0% of total sales)

[Results]

Local sales were 86.03179 billion dollars, or 9.3679 trillion yen, an increase of 13.5% over the previous year.

- By type of industry, local sales increased in ten industries, including transportation equipment (a rise of 16.5% from a year earlier), industrial machinery (a gain of 16.4% on a year-on-year basis) and electrical machinery (a growth of 9.1% from the same quarter of the preceding year).
- By region (country), sales rose in all regions (countries) against the same period of the preceding year: by 21.4% in Asia, 31.4% in China (including Hong Kong), 16.5% in NIES3 and 16.4% in ASEAN4, as well as by 16.0% in Europe and 8.8% in North America.

[Prospects (for January-June 2004)]

The DI level continued to be positive for the ninth consecutive term. Local sales prospects increased by 1.4 percentage points from the preceding period (17.7 to 19.1).

- By type of industry, local sales prospects improved in eight industries including transportation equipment (a rise of 7.3 percentage points from the previous period), while they decreased in four industries including electrical machinery (a fall of 1.6 percentage points from the preceding term).
- By region, while North America, improved by 8.8 percentage points from the previous term thanks to its economic recovery, Europe and Asia showed slight decreases, dropping by 2.3 percentage points and 0.1 percentage points respectively from the preceding period.

Export sales to Japan (9.7% of total sales)

[Results]

Exports to Japan were 11.69281 billion dollars, or 1.2733 trillion yen, an rise of 27.4% from a year earlier, for the sixth straight quarter of increase.

- By type of industry, exports to Japan increased in twelve industries including electrical machinery - up 36.7% over exports a year ago - and industrial machinery, which posted a year-on-year gain of 7.5%.
- By region, Asia, comprising 90% of the total exports to Japan, increased significantly by 25.4% from the same period of the previous year.

[Prospects (for January-June 2004)]

The DI remained in positive figures. The forecast for exports to Japan increased by 0.7 percentage points from the preceding term (5.9 to 6.6).

- By industry, prospects for exports to Japan improved in seven industries, including electrical machinery (a gain of 4.5 percentage points from the preceding term), transportation equipment, (a rise of 2.4 percentage points from the previous period, and industrial machinery (a 0.1 percentage point increase from the preceding period).
- By region, the DI registered 10.0 percentage points in Asia, a high figure. Especially in China (including Hong Kong), it registered a lofty 20.7 percentage points. The prospects for exports to Japan improved in Asia (a rise of 1.2 percentage points from the previous term) and in Europe (a 3.2 percentage point increase from the preceding period).

Export sales to countries other than Japan (19.3% of total sales)

[Results]

Exports to countries other than Japan reached 23.35803 billion dollars, or 2.5437 trillion yen, for an 11.8% year-on-year rise, improving for the sixth consecutive period.

- By industry, transportation equipment and industrial machinery showed remarkable increases, posting gains of 17.7% and 14.2%, respectively, from a year earlier. In addition, electrical machinery, which accounts for 50% of total exports to countries other than Japan, also increased by 9.7% on a year-on-year basis.

- By region (country), Europe registered a sharp increase of 22.2% from the previous year, thanks to brisk exports of electrical machinery. In Asia, where exports advanced by 14.6% from a year earlier, China (including Hong Kong) showed remarkable growth, gaining 32.9% from the corresponding period of the previous year. Conversely, North America fell by 5.7% from the previous year.

[Prospects (for January-June 2004)]

The DI stood at 11.0 percentage points, remaining in positive double digits for the fourth straight term. Prospects for exports to countries other than Japan improved by 0.2 percentage point from the preceding period (10.8 to 11.0).

- By industry, prospects improved in eight industries, including transportation equipment (a gain of 2.8 percentage points from the previous term), and industrial machinery (a rise of 9.8 percentage points from the preceding period). At the same time, the outlook for electrical machinery fell by 5.6 percentage points from the preceding period, for the second straight term of decrease.
- By region, while North America improved by 0.2 percentage points from the preceding term, Asia and Europe deteriorated, declining by 0.7 percentage points and 2.2 percentage points respectively from the previous term.

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

| | Quarterly Performance | | | | | Year-on-year change | | | | |
|---|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Sales | 9,280,767 | 9,452,815 | 11,015,809 | 11,130,733 | P 12,112,569 | 6.5 | 10.6 | 6.0 | 6.6 | P 14.4 |
| Local sales | 6,771,931 | 7,010,661 | 8,054,517 | 7,909,430 | P 8,603,179 | 5.4 | 9.7 | 4.1 | 4.8 | P 13.5 |
| Exports to Japan | 812,195 | 762,336 | 970,808 | 1,070,754 | P 1,169,281 | 10.7 | 13.6 | 17.3 | 20.0 | P 27.4 |
| Exports to countries other than Japan | 1,696,641 | 1,679,818 | 1,962,534 | 2,150,549 | P 2,335,803 | 9.3 | 13.0 | 8.6 | 7.2 | P 11.8 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 540,321 | 528,044 | 633,172 | 640,406 | P 674,556 | 16.6 | 25.7 | 19.2 | 8.0 | P 12.9 |
| Import from the parent company in Japan | 1,149,316 | 1,131,127 | 1,229,426 | 1,269,626 | P 1,448,605 | 13.0 | 22.3 | 0.8 | -0.6 | P 14.6 |
| Acquisition of tangible fixed assets | 243,757 | 306,113 | 312,379 | 304,720 | P 347,508 | -0.7 | 11.7 | 14.1 | 7.2 | P 11.4 |
| Number of employees | 1,973,486 | 1,976,297 | 2,261,572 | 2,316,947 | P 2,324,636 | 3.9 | 3.9 | 2.5 | 2.8 | P 2.8 |

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

| | D I | | | | | Ratio to previous quarter | | | | |
|---|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------------|---------------------|---------------------|-----------------------|---------------------|
| | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 |
| Sales | 18.7 | 21.4 | 28.0 | 20.3 | P 23.7 | 2.1 | 2.7 | 6.6 | -7.7 | P 3.4 |
| Local sales | 17.3 | 18.0 | 22.9 | 17.7 | P 19.1 | 3.2 | 0.7 | 4.9 | -5.2 | P 1.4 |
| Exports to Japan | 2.2 | 3.8 | 8.2 | 5.9 | P 6.6 | 0.7 | 1.6 | 4.4 | -2.3 | P 0.7 |
| Exports to countries other than Japan | 7.2 | 11.7 | 13.0 | 10.8 | P 11.0 | 2.6 | 4.5 | 1.3 | -2.2 | P 0.2 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 3.1 | 3.8 | 8.2 | 6.2 | P 7.3 | 1.9 | 0.7 | 4.4 | -2.0 | P 1.1 |
| Import from the parent company in Japan | 6.1 | 9.5 | 8.7 | 6.0 | P 7.5 | 4.0 | 3.4 | -0.8 | -2.7 | P 1.5 |
| Acquisition of tangible fixed assets | 11.9 | 12.7 | 17.4 | 12.8 | P 17.4 | -0.2 | 0.8 | 4.7 | -4.6 | P 4.6 |
| Number of employees | 3.9 | 1.0 | 4.2 | 2.3 | P 7.4 | 3.2 | -2.9 | 3.2 | -1.9 | P 5.1 |

2. Equipment investment trends

[Results]

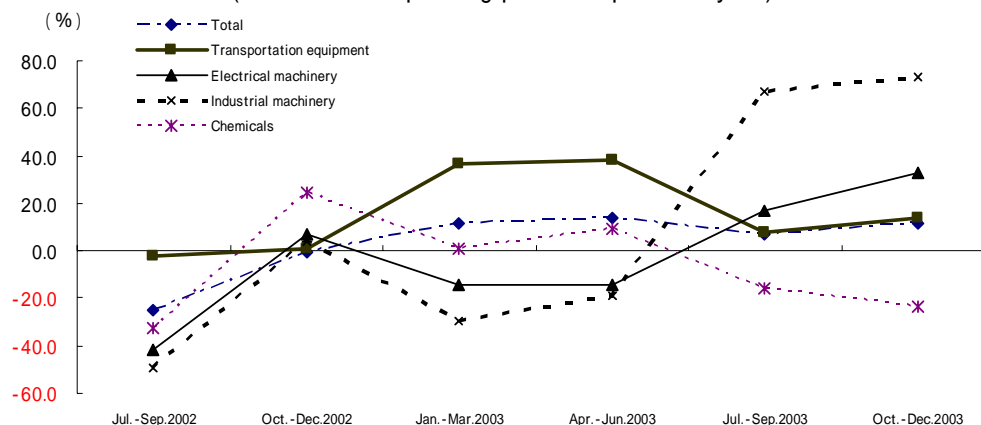
Equipment investment (the amount of acquired tangible fixed assets excluding land) totaled 3,47508 billion dollars, or 378.4 billion yen, up 11.4% from the corresponding period of the previous year, for the fourth consecutive quarter of increase.

- By industry, investments in transportation equipment amounted to 2.05706 billion dollars, or 224.0 billion yen, up 13.6% on a year-on-year basis for the fifth straight quarter of increase; those in electrical machinery rose by 32.9% from a year earlier for the second consecutive quarter of increase.
- By region, equipment investment increased in North America by 22.4%, and in Asia by 11.9%, respectively, from a year earlier. In particular, China (including Hong Kong) showed a remarkable increase of 3.2% from the corresponding period of the previous year, for the fourth straight quarter of large growth. Investment in Europe, on the other hand, decreased by 22.3% on a year-on-year basis, for the third consecutive quarter of decline.
- Transportation equipment in ASEAN4 and North America showed notable increases, rising by 41.0% and 16.7%, respectively, on a year-on-year basis. Electrical machinery in North America registered significant growth of 137.4% from the corresponding period of the previous year.

1. Changes in equipment investments by major industry Unit-Results:US \$ 10,000, year-on-year change: %

| | Quarterly Performance | | | | | Year-on-year change | | | | |
|--------------------------|-----------------------|-------------------|-------------------|-------------------|--------------------|---------------------|-------------------|-------------------|-------------------|--------------------|
| | Oct.- Dec.2002 | Jan.- Mar.2003 | Apr.- Jun.2003 | Jul.- Sep.2003 | Oct.- Dec. 2003 | Oct.- Dec.2002 | Jan.- Mar.2003 | Apr.- Jun.2003 | Jul.- Sep.2003 | Oct.- Dec. 2003 |
| Total | 243,757 | 306,113 | 312,379 | 304,720 | P 347,508 | -0.7 | 11.7 | 14.1 | 7.2 | P 11.4 |
| Transportation equipment | 136,947 | 206,286 | 182,562 | 173,039 | P 205,706 | 0.7 | 36.9 | 37.8 | 8.0 | P 13.6 |
| Electrical machinery | 45,517 | 55,861 | 68,580 | 66,653 | P 78,070 | 6.6 | -14.6 | -14.1 | 16.5 | P 32.9 |
| Industrial machinery | 6,661 | 7,307 | 6,894 | 12,811 | P 11,922 | 3.9 | -29.5 | -18.6 | 66.7 | P 72.8 |
| Chemicals | 17,622 | 10,909 | 22,825 | 20,413 | P 15,642 | 24.6 | 1.1 | 9.0 | -15.6 | P -23.1 |

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



[Prospects (for January-June 2004)]

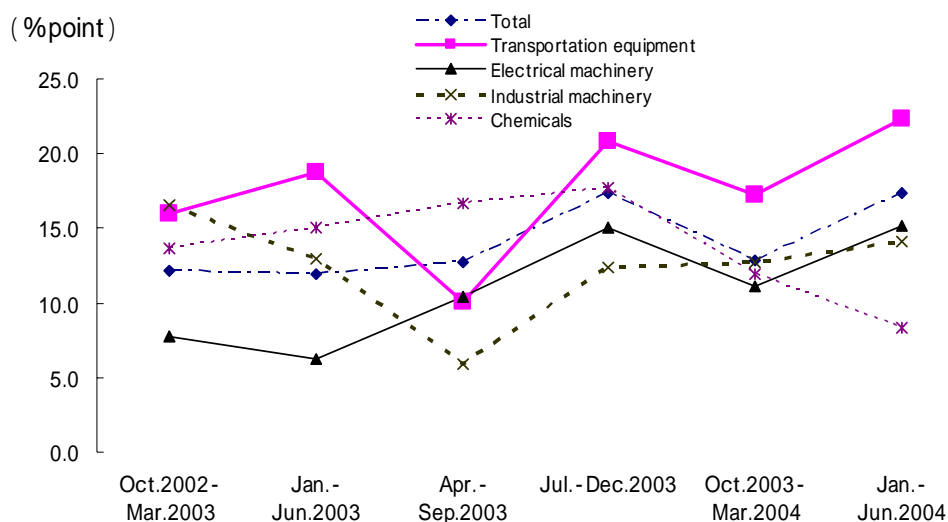
The DI this term was 17.4 percentage points, remaining in positive double-digit figures for the eighth consecutive term with prospects for equipment investment increasing by 4.6 percentage points compared to the preceding term (12.8 to 17.4).

- By industry, prospects for equipment investment rose in twelve industries, including increases from the preceding period of 4.1 percentage points in electrical machinery and 5.1 percentage points in transportation equipment.
- By region, DI levels were positive in all regions. While prospects compared with the preceding term increased in Asia (up 5.1 percentage points), Europe (up 3.1 percentage points), and North America (up 2.8 percentage points) those in NIES3 fell by 6.9 percentage points from the previous period.
- With regard to the objectives of increasing investments (with multiple answers possible), of the four possible answers, “to increase production capacity” was listed on 62.9% of responses (62.0% in the previous term), followed by “to update or repair the plant/equipment,” at 33.9%, and “to streamline or improve efficiency,” at 18.9%.
- By region (country) 64.0% of overseas subsidiaries in Asia - and, notably, 73.2% of subsidiaries in China (including Hong Kong) - expected “to increase production capacity.” In addition, 60.2% of companies in North America, and 70.2% of those in Europe, responded similarly.

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

| | D I | | | | | Ratio to Previous Quarter | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-----------------------|--------------------|---------------------------|-------------------|-------------------|-----------------------|--------------------|
| | Jan.- Jun.2003 | Apr.- Sep.2003 | Jul.- Dec.2003 | Oct.2003- Mar.2004 | Jan.- Jun. 2003 | Jan.- Jun.2003 | Apr.- Sep.2003 | Jul.- Dec.2003 | Oct.2003- Mar.2004 | Jan.- Jun. 2003 |
| Total | 11.9 | 12.7 | 17.4 | 12.8 | P 17.4 | -0.2 | 0.8 | 4.7 | -4.6 | P 4.6 |
| Transportation equipment | 18.8 | 10.1 | 20.8 | 17.2 | P 22.3 | 2.8 | -8.7 | 10.7 | -3.6 | P 5.1 |
| Electrical machinery | 6.3 | 10.4 | 15.0 | 11.1 | P 15.2 | -1.5 | 4.1 | 4.6 | -3.9 | P 4.1 |
| Industrial machinery | 13.0 | 5.9 | 12.4 | 12.7 | P 14.1 | -3.6 | -7.1 | 6.5 | 0.3 | P 1.4 |
| Chemicals | 15.1 | 16.7 | 17.7 | 11.9 | P 8.3 | 1.5 | 1.6 | 1.0 | -5.8 | P -3.6 |

Prospects for equipment investment by major industry (DI)



3. Employment trends (number of employees)

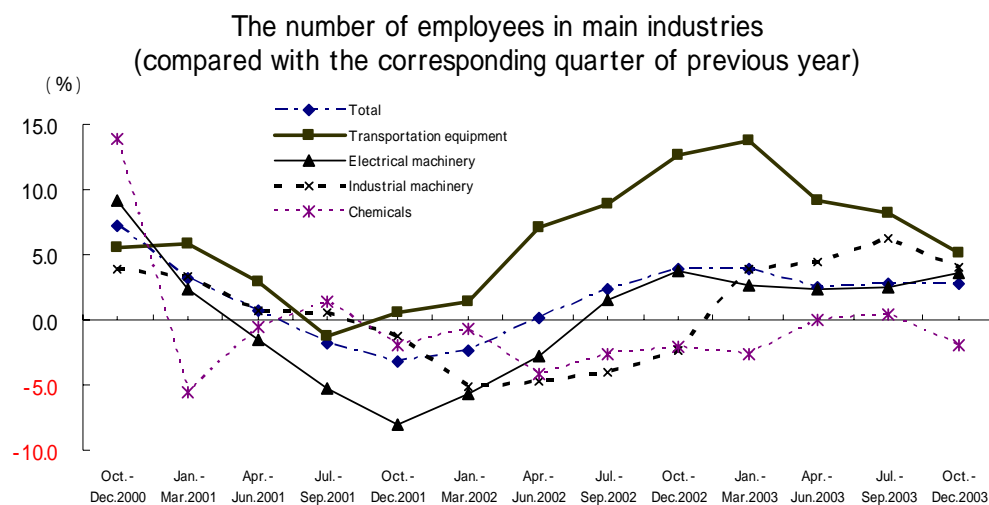
[Results]

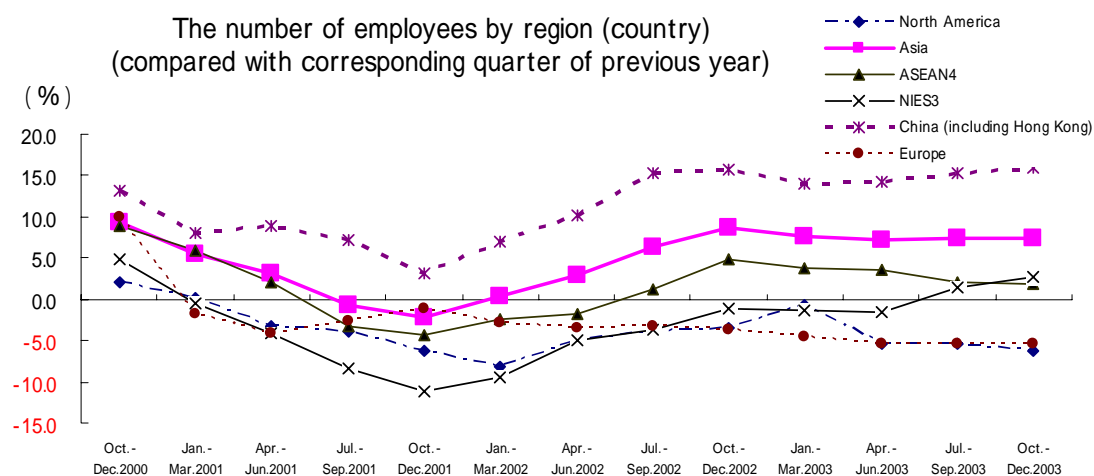
Employment was 2.32 million people, up 2.8% from the corresponding quarter of the previous year, for the seventh consecutive period of increase.

- By industry, the number of employees grew in seven out of thirteen industries. In particular, the number of employees registered notable growth in transportation equipment, which was up by 510,000 people, or 7.8% from the corresponding quarter of the previous year; electrical machinery, up by 1,010,000 people, or 3.6%; and industrial machinery, which increased by 130,000 people, or 4.0%.
- By region, the number of employees in Asia, comprising just under 70% of the total, increased to 1.57 million people, up 7.4% from the corresponding quarter of the previous year. In particular, employees numbered 630,000 in China (including Hong Kong), up 15.9% from the corresponding quarter of the previous year. At the same time, employment fell to 410,000 people in North America, down 6.3%, and to 210,000 people, in Europe, down 5.3%, both compared to the corresponding quarter of the previous year.
- In China (including Hong Kong), the number of employees in electrical machinery increased to 370,000 people, up 19.5% on a year-on-year basis, for the seventh straight quarter of double-digit growth.

1. The number of employees in main industries

| | Quarterly Performance (No. of employees) | | | | | Year-on-year change (%) | | | | |
|--------------------------|--|---------------|---------------|---------------|---------------|-------------------------|---------------|---------------|---------------|---------------|
| | Oct.-Dec.2002 | Jan.-Mar.2003 | Apr.-Jun.2003 | Jul.-Sep.2003 | Oct.-Dec.2003 | Oct.-Dec.2002 | Jan.-Mar.2003 | Apr.-Jun.2003 | Jul.-Sep.2003 | Oct.-Dec.2003 |
| Total | 1,973,486 | 1,976,297 | 2,261,572 | 2,316,947 | P 2,324,636 | 3.9 | 3.9 | 2.5 | 2.8 | P 2.8 |
| Transportation equipment | 415,904 | 424,230 | 498,407 | 506,688 | P 512,130 | 12.6 | 13.7 | 9.2 | 8.2 | P 5.2 |
| Electrical machinery | 831,604 | 823,676 | 967,932 | 1,005,628 | P 1,012,407 | 3.8 | 2.6 | 2.3 | 2.5 | P 3.6 |
| Industrial machinery | 114,072 | 119,602 | 129,295 | 131,336 | P 128,119 | -2.3 | 3.9 | 4.5 | 6.3 | P 4.0 |
| Chemicals | 101,243 | 99,321 | 117,460 | 117,136 | P 115,327 | -2.1 | -2.6 | 0.0 | 0.4 | P -2.0 |





[Prospects (for January-June 2004)]

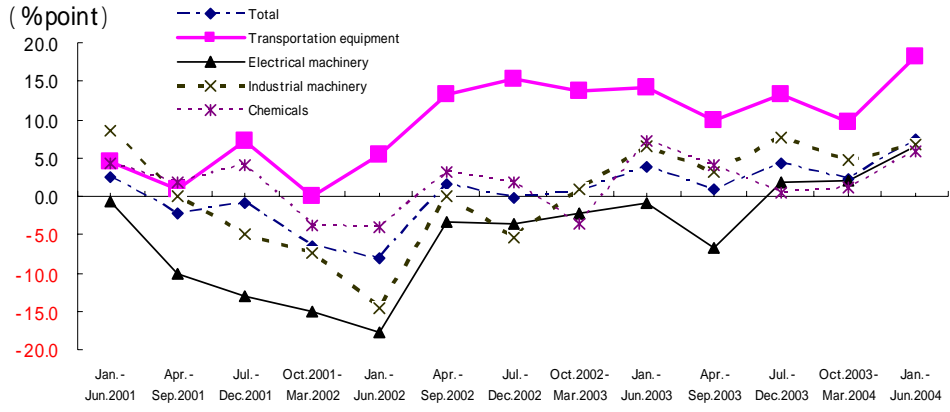
Expected employment increased by 5.1 percentage points from the preceding term (2.3 to 7.4). The level was high following the 9.1 percentage points registered in the July-September quarter of 2000.

- By industry, the DI level was 7.4 percentage points and positive in eleven industries including transportation equipment (18.2 percentage points) and electrical machinery (6.5 percentage points). Employment prospects improved notably in major industries including transportation equipment (up 8.6 percentage points from the preceding term), chemicals (up 4.8 percentage points), and electrical machinery (up 4.5 percentage points).
- By region, the DI showed large growth, of 10.2 percentage points in Asia. In China (including Hong Kong), in particular, it was 20.3 percentage points, and only China (including Hong Kong) maintained the double-digit figure of the previous term. Meanwhile, in North America, the DI turned positive this term, registering 2.3 percentage points, reversing itself from the negative figure of the previous term. Employment prospects showed remarkable growth compared with the preceding term in North America, standing at 11.3 percentage points.

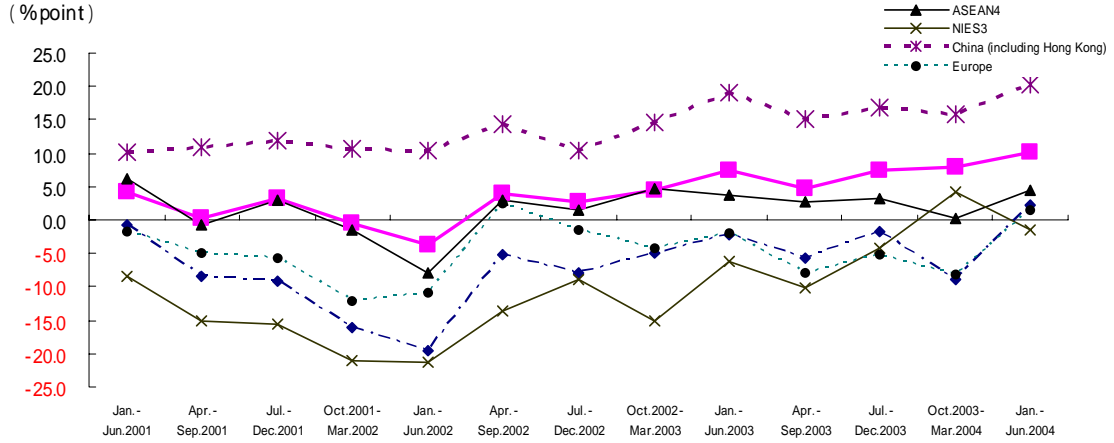
2 . The prospects of the number of employees in main industries (%point)

| | D I | | | | | Ratio to Previous Quarter | | | | | |
|--------------------------|---------------|------|---------------|-----|---------------|---------------------------|------|---------------|------|---|-----|
| | Jan.-Jun.2003 | | Apr.-Sep.2003 | | Jul.-Dec.2003 | Oct.2003-Mar.2004 | | Jan.-Jun.2004 | | P | |
| | 3.9 | 1.0 | 4.2 | 2.3 | 7.4 | 3.2 | -2.9 | 3.2 | -1.9 | | |
| Total | 3.9 | 1.0 | 4.2 | 2.3 | 7.4 | 3.2 | -2.9 | 3.2 | -1.9 | P | 5.1 |
| Transportation equipment | 14.2 | 10.0 | 13.2 | 9.6 | 18.2 | 0.4 | -4.2 | 3.2 | -3.6 | P | 8.6 |
| Electrical machinery | -0.8 | -6.7 | 1.8 | 2.0 | 6.5 | 1.4 | -5.9 | 8.5 | 0.2 | P | 4.5 |
| Industrial machinery | 6.5 | 3.2 | 7.6 | 4.8 | 6.7 | 5.5 | -3.3 | 4.4 | -2.8 | P | 1.9 |
| Chemicals | 7.2 | 4.1 | 0.4 | 1.1 | 5.9 | 10.8 | -3.1 | -3.7 | 0.7 | P | 4.8 |

The prospects of the number of employees in main industries (DI)



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 6.74556 billion dollars, or 734.6 billion yen, up 12.9% from the corresponding period of the previous year.

- By industry, exports to parent companies in Japan rose in nine industries, including 14.0% year-on-year growth in electrical machinery exports, which accounted for more than 50% of total exports, and 1.3% growth in transportation equipment.
- By region, exports to parent companies increased by 14.4% from the corresponding period of the previous year in Asia. ASEAN4, comprising 40% of total exports, showed an increase of 9.1% from a year earlier, and China (including Hong Kong), accounting for 30% of the total exports, increased by 20.6% on a year-on-year basis. In addition, North America also posted a rise of 5.5% from the corresponding period of the previous year.

[Prospects (for January-June 2004)]

The DI stood at 7.3 percentage points, remaining positive for the eighth straight term. Prospects for exports to parent companies in Japan increased by 1.1 percentage points from the previous term (6.2 to 7.3).

- By industry, the DI was positive in eleven industries, including electrical machinery (11.7 percentage points) and industrial machinery (9.7 percentage points). Compared with the previous term, prospects improved notably in electrical machinery, which registered an increase of 7.2 percentage points. Overall however, prospects worsened in eight industries.
- By region, the DI was high in Asia, at 11.4 percentage points, China (including Hong Kong), in particular, registered 21.0 percentage points. Prospects turned positive in Asia, gaining 2.2 percentage points on the previous term and in Europe, which increased by 1.5 percentage points. On the other hand, North America fell into negative territory, falling 3.6 percentage points from the previous period.

(2) Imports from parent companies in Japan

[Results]

Imports from parent companies in Japan stood at 14.48605 billion dollars, or 1.5775 trillion yen, a 14.6% rise from a year earlier.

- By industry, imports increased in ten industries, including a year-on-year rise of 20.6% in electrical machinery, which accounted for about 41% of total imports, and a rise of 6.0% in

transportation equipment, accounting for 35% of total imports. Precision instruments exhibited growth of 30.4% from the previous year, and industrial machinery posted an 18.9% increase, on the same basis.

- By region, Asia showed significant growth of 15.8% from the same quarter a year ago. In particular, China (including Hong Kong) registered an increase of 30.8% on a year-on-year basis. In addition, North America and Europe also posted rises of 12.8% and of 13.6%, respectively, from the previous year.

[Prospects (for January-June 2004)]

The DI remained positive for the eighth straight term. The outlook increased by 1.5 percentage points from the previous term (6.0 to 7.5), after having decreased for two straight periods.

- By industry, prospects improved in seven industries, including industrial machinery, which increased by 8.9 percentage points on the preceding period (7.8 to 16.7), and electrical machinery, which registered a rise of 5.4 percentage points compared with the previous term (7.3 to 12.7).
- By region, the DI increased by 4.2 percentage points from the preceding period (5.3 to 9.5) in North America, and by 1.1 percentage points from the previous term (6.4 to 7.5) in Asia. On the other hand, it decreased in Europe by 2.7 percentage points from the previous term (8.3 to 5.6).

(3) Intra-company trade balances

With regard to intra-company transactions (exports to and imports from parent companies in Japan), imports from parent companies in Japan exceeded exports to them by 7.07255 billion dollars, or 664.6 billion yen, up 16.1% from the corresponding period of the previous year.

- By type of industry, transportation equipment - which accounted for approximately 60% of total excess imports - increased by 6.6% from a year earlier, and electrical machinery (which was responsible for 30% of the total) rose by 34.6% from the previous year. By region, North America, which accounted for 82.3% of total excess imports, stood at 5.81851 billion dollars, or 633.6 billion yen, up 13.3% from the previous year.

At the same time, Asia registered an excess of exports over imports of 1.46797 billion dollars, or 159.9 billion yen, equivalent to 10.8% growth from the corresponding period of the previous year.

5. Trends by region (country)

(1) North America (40.2% of total sales)

[Results]

Sales totaled 48.73304 billion dollars, or 5.3070 trillion yen, up 8.1% from the same period of the previous year.

- By industry, sales of electrical machinery decreased by 1.3% from the corresponding period of the previous year. However, sales of transportation equipment, which accounts for a major part of total sales, increased by 12.7% from a year earlier, while sales of industrial machinery rose by 11.0%, and chemicals by 19.8%, respectively, on a year-on-year basis.
- By region (country), total local sales were 44.65932 billion dollars, or 4.8634 trillion yen, up 8.8% from the same period of the previous year. Furthermore, the ratio of local sales to total sales in North America was 91.6%.

With regard to intra-company transactions (exports to parent companies in Japan and imports from them), exports to parent companies in Japan registered 409.41 million dollars, or 44.6 billion yen, up 5.5% from the corresponding period of the previous year, while imports from parent companies in Japan totaled 6.48152 billion dollars, or 705.8 billion yen, up 12.8% from the previous year for the first increase in three quarters.

- By industry, exports to parent companies of transportation equipment (up 51.5% from the same period of the previous year) increased for the sixth consecutive quarter. Imports from parent companies of electrical machinery (up 20.6% from the same period of the previous year) increased for the first time in three quarters.

Equipment investment (the amount of acquired tangible fixed assets, excluding land) increased to 1.77011 billion dollars, or 192.8 billion yen, up 22.4% from the same period of the previous year.

- By industry, significant investment growth was seen in transportation equipment, (up 16.7% from the same period for the last year, and comprising 80% of total Investment) and in electrical machinery (up 137.4% on a year-on-year basis).

The number of employees stood at 410,000, continuing its decline in registering a drop of 6.3% from the same period of the previous year.

- By industry, the number of employees decreased in eleven industries, including a year-on-year

drop of 21.8% in electrical machinery, and a fall of 4.7% in industrial machinery, although employment in transportation equipment increased (up 6.3% from the same period of the previous year).

[Prospects (for January-June 2004)]

Sales prospects increased by 8.1 percentage points from the preceding term.

- By type of industry, sales prospects improved in nine industries out of thirteen. Transportation equipment, in particular, rose by 11.8 percentage points, for the first rise in four terms. The DI level was positive in all industries, except precision instruments, which dropped by 20.0 percentage points from the previous period.

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 3.6 percentage points from the preceding term, and the DI fell into negative territory, at minus 2.4 percentage points. Imports from parent companies increased by 4.2 percentage points from the previous term, and the DI, which was positive for the fifth consecutive term, stood at 9.5 percentage points.

- By industry, exports of transportation equipment to parent companies in Japan advanced, however, in eight industries. Imports from parent companies also increased in eight industries, including transportation equipment and electrical machinery.

Equipment investment DI (the amount of acquired tangible fixed assets, excluding land) improved by 2.8 percentage points from the previous term.

- By type of industry, equipment investment improved in eight industries, including transportation equipment and industrial machinery. The DI rose by 11.6 percentage points compared with the previous term, remaining positive for the ninth consecutive period.

The number of employees improved by 11.3 percentage points from the previous term, and the DI value was also registered positive for the first time in thirteen terms.

- By industry, the number of employees improved in nine industries, including transportation equipment and industrial machinery. The DI was positive in seven industries, including transportation equipment, but was negative in electrical machinery for the thirteenth consecutive term of decrease.

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 | | | | |
|---|-----------------------|-------------|-------------|-------------|-------------|---------------------|-------------|-------------|-------------|-------------|
| | Oct. - Dec. | Jan. - Mar. | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Oct. - Dec. | Jan. - Mar. | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. |
| | 2002 | 2003 | 2003 | 2003 | 2003 | 2002 | 2003 | 2003 | 2003 | 2003 |
| Sales | 4,238,321 | 4,459,608 | 4,781,144 | 4,662,939 | P 4,873,304 | -1.5 | 5.4 | -1.6 | 1.0 | P 8.1 |
| Local sales | 3,876,704 | 4,109,130 | 4,398,880 | 4,268,508 | P 4,465,932 | -1.6 | 5.2 | -2.1 | 1.0 | P 8.8 |
| Exports to Japan | 59,535 | 65,772 | 71,021 | 80,742 | P 83,109 | -14.0 | 12.5 | -0.8 | 17.3 | P 28.1 |
| Exports to countries other than Japan | 302,082 | 284,706 | 303,755 | 313,689 | P 321,125 | 2.7 | 8.1 | 4.9 | -2.6 | P -5.7 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 32,133 | 36,368 | 43,380 | 40,485 | P 40,941 | 6.3 | 46.9 | 19.8 | -3.3 | P 5.5 |
| Import from the parent company in Japan | 545,890 | 532,819 | 558,108 | 572,000 | P 648,152 | 7.7 | 19.1 | -3.3 | -6.3 | P 12.8 |
| Acquisition of tangible fixed assets | 112,269 | 162,272 | 156,405 | 147,166 | P 177,011 | -10.9 | 8.3 | 36.3 | 19.4 | P 22.4 |
| Number of employees | 402,394 | 401,771 | 420,980 | 425,724 | P 411,400 | -3.5 | -0.7 | -5.3 | -5.3 | P -6.3 |

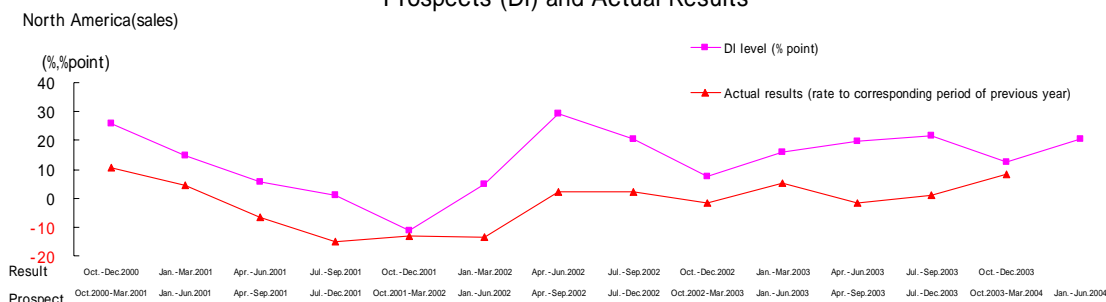
Trends in main industry sales Units (results : US \$ 10,000;) Year-on-year change : %

| | Quarterly Performance | | | | | Year-on-year change | | | | |
|---------------------------------|-----------------------|-------------|-------------|-------------|-------------|---------------------|-------------|-------------|-------------|-------------|
| | Oct. - Dec. | Jan. - Mar. | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. | Oct. - Dec. | Jan. - Mar. | Apr. - Jun. | Jul. - Sep. | Oct. - Dec. |
| | 2002 | 2003 | 2003 | 2003 | 2003 | 2002 | 2003 | 2003 | 2003 | 2003 |
| Manufacturing industry in total | 4,238,321 | 4,459,608 | 4,781,144 | 4,662,939 | P 4,873,304 | -1.5 | 5.4 | -1.6 | 1.0 | P 8.1 |
| Transportation equipment | 2,162,923 | 2,434,228 | 2,702,235 | 2,514,037 | P 2,628,410 | 4.3 | 11.1 | 2.1 | 5.5 | P 12.7 |
| Electrical machinery | 1,021,899 | 943,677 | 906,653 | 961,463 | P 1,047,040 | -6.5 | 0.9 | -8.5 | -6.6 | P -1.3 |
| Industrial machinery | 243,430 | 262,835 | 255,167 | 274,958 | P 285,328 | 4.2 | 7.8 | -1.7 | 9.0 | P 11.0 |
| Chemicals | 195,667 | 207,191 | 239,079 | 244,084 | P 250,097 | -13.8 | 11.0 | 11.1 | 17.6 | P 19.8 |

2 . Outlook for North America

| | D I | | | | | Ratio to previous quarter | | | | |
|---|-------------|-------------|-------------|-----------|-------------|---------------------------|-------------|-------------|-----------|-------------|
| | Jan. - Jun. | Apr. - Sep. | Jul. - Dec. | Oct.2003 | Jan. - Jun. | Jan. - Jun. | Apr. - Sep. | Jul. - Dec. | Oct.2003 | Jan. - Jun. |
| | 2003 | 2003 | 2003 | -Mar.2004 | 2004 | 2003 | 2003 | 2003 | -Mar.2004 | 2004 |
| Sales | 15.9 | 19.7 | 21.6 | 12.5 | P 20.6 | 8.5 | 3.8 | 1.9 | -9.1 | P 8.1 |
| Local sales | 15.2 | 21.9 | 21.4 | 12.8 | P 21.6 | 8.9 | 6.7 | -0.5 | -8.6 | P 8.8 |
| Exports to Japan | -5.1 | -2.9 | -5.5 | 0.7 | P -1.3 | 4.6 | 2.2 | -2.6 | 6.2 | P -2.0 |
| Exports to countries other than Japan | 5.1 | 7.2 | 7.1 | 6.5 | P 8.1 | 6.3 | 2.1 | -0.1 | -0.6 | P 1.6 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | -5.8 | -1.3 | -6.3 | 1.2 | P -2.4 | 1.7 | 4.5 | -5.0 | 7.5 | P -3.6 |
| Import from the parent company in Japan | 9.6 | 4.4 | 6.5 | 5.3 | P 9.5 | 11.0 | -5.2 | 2.1 | -1.2 | P 4.2 |
| Acquisition of tangible fixed assets | 5.6 | 13.1 | 18.8 | 8.8 | P 11.6 | 1.7 | 7.5 | 5.7 | -10.0 | P 2.8 |
| Number of employees | -2.2 | -5.7 | -1.7 | -9.0 | P 2.3 | 2.8 | -3.5 | 4.0 | -7.3 | P 11.3 |

Prospects (DI) and Actual Results



(2) ASEAN4 (15.0% of total sales)

[Results]

Sales were 18.22488 billion dollars, or 1.9847 trillion yen, up 14.4% from the same period of the previous year.

- By industry, transportation equipment (up 24.8% from the same period of the previous year) increased partly due to sales increases by newly established companies, and electrical machinery increased by 9.9% on a year-on-year basis.
- In destination terms, all regions showed an increase in sales, and regional local sales, which accounted for 40% of total sales, increased to 7.45522 billion dollars, or 811.9 billion yen, (up 16.4% from the same period of the previous year). Exports to countries other than Japan amounted to 6.26705 billion dollars, or 682.5 billion yen, up 10.4% from a year earlier, while and exports to Japan were 4.49212 billion dollars, or 489.2 billion yen, up 16.4% 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 stood at 2.80202 billion dollars, or 305.1 billion yen, up 9.1% from the corresponding period of the previous year, while imports from them were 2.06073 billion dollars, or 224.4 billion yen, up 12.7% from a year earlier.

- By industry, exports to parent companies in Japan of electrical machinery (up 7.9% from a year earlier) and imports from parent companies in Japan (up 12.3% on a year-on-year basis) both increased respectively.

Equipment investment (the amount of acquired tangible fixed assets, excluding land) were 568.57 million dollars, or 61.9 billion yen, up 7.9% from the same period of the previous year.

- By type of industry, transportation equipment increased by 41.0% from the corresponding period of the previous year, displaying a high rate of growth, and increasing for the seventh consecutive quarter. Meanwhile, electrical machinery decreased by 9.7% from a year earlier.

The number of employees increased to 730,000 people, up 1.8% on a year-on-year basis, for the sixth straight quarter of increase.

- By industry, employment increased in seven industries, including electrical machinery (up 2.7% from the same period of the previous year) and transportation equipment (up 6.1% from a year earlier).

[Prospects (for January-June 2004)]

Sales prospects improved by 5.8 percentage points from the preceding term with the DI standing at 24.6 percentage points.

- By industry, sales declined in industrial machinery. However, they improved in nine industries, including transportation equipment and electrical machinery. The DI values were registered 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 fell by 0.2 percentage points from the previous term, for the second consecutive term of decrease. Imports from parent companies in Japan decreased by 3.1 percentage points from the previous term, for the third straight period of decline.

Equipment investment (the amount of acquired tangible fixed assets, excluding land) improved by 6.5 percentage points from the previous period.

- By industry, nine industries improved their prospects, including electrical machinery and transportation equipment in the prospects.

The DI for number of employees increased by 4.1 percentage points from the previous term.

- By type of industry, nine industries improved, including electrical machinery and transportation equipment in the prospects.

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

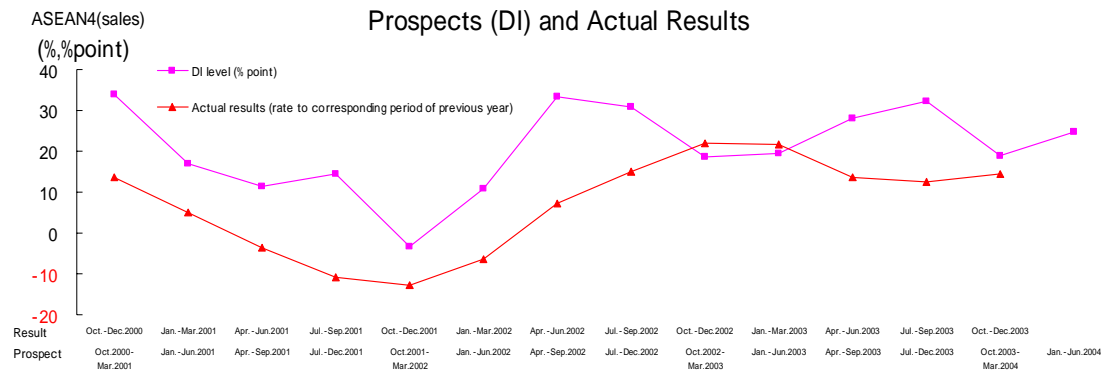
| | Quarterly performance | | | | Year-on-year change | | | | | |
|---|-----------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Sales | 1,347,146 | 1,345,854 | 1,617,792 | 1,717,203 | P 1,822,488 | 21.9 | 21.7 | 13.6 | 12.5 | P 14.4 |
| Local sales | 566,802 | 578,022 | 716,671 | 694,243 | P 745,522 | 40.5 | 37.7 | 22.3 | 23.7 | P 16.4 |
| Exports to Japan | 333,670 | 296,770 | 367,730 | 406,775 | P 449,212 | 12.2 | 8.6 | 8.2 | 10.1 | P 16.4 |
| Exports to countries other than Japan | 446,673 | 471,062 | 526,941 | 616,184 | P 626,705 | 10.5 | 14.0 | 7.6 | 1.9 | P 10.4 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 226,098 | 210,570 | 267,734 | 267,330 | P 280,202 | 15.8 | 17.7 | 21.6 | 5.3 | P 9.1 |
| Import from the parent company in Japan | 145,362 | 145,631 | 158,394 | 174,135 | P 206,073 | 24.6 | 26.2 | 3.6 | 6.2 | P 12.7 |
| Acquisition of tangible fixed assets | 39,252 | 38,365 | 42,051 | 51,895 | P 56,857 | -7.6 | -4.5 | -11.5 | 12.2 | P 7.9 |
| Number of employees | 638,709 | 638,265 | 711,117 | 716,249 | P 728,861 | 4.8 | 3.8 | 3.5 | 2.1 | P 1.8 |

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

| | Quarterly performance | | | | Year-on-year change | | | | | |
|---------------------------------|-----------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Manufacturing industry in total | 1,347,146 | 1,345,854 | 1,617,792 | 1,717,203 | P 1,822,488 | 21.9 | 21.7 | 13.6 | 12.5 | P 14.4 |
| Transportation equipment | 357,619 | 397,033 | 452,514 | 482,126 | P 495,746 | 72.5 | 83.0 | 48.7 | 48.3 | P 24.8 |
| Electrical machinery | 634,469 | 607,555 | 767,046 | 788,323 | P 843,460 | 7.9 | 4.8 | 4.5 | -1.4 | P 9.9 |
| Industrial machinery | 53,585 | 44,030 | 42,882 | 57,408 | P 57,294 | 8.5 | -8.6 | -27.4 | 6.8 | P -0.3 |
| Chemicals | 78,949 | 80,136 | 95,881 | 109,582 | P 105,259 | 32.0 | 27.2 | 13.8 | 19.9 | P 21.1 |

2 . Outlook for ASEAN4 (Unit:%points)

| | D I | | | | Ratio to previous quarter | | | | | |
|---|------------------|------------------|------------------|--------------------|---------------------------|------------------|------------------|------------------|--------------------|------------------|
| | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 |
| Sales | 19.4 | 28.0 | 32.3 | 18.8 | P 24.6 | 0.8 | 8.6 | 4.3 | -13.5 | P 5.8 |
| Local sales | 17.5 | 18.6 | 19.6 | 15.8 | P 17.1 | 1.7 | 1.1 | 1.0 | -3.8 | P 1.3 |
| Exports to Japan | 4.8 | 7.3 | 12.1 | 7.8 | P 4.7 | 1.2 | 2.5 | 4.8 | -4.3 | P -3.1 |
| Exports to countries other than Japan | 10.5 | 21.9 | 21.0 | 14.5 | P 14.0 | 1.0 | 11.4 | -0.9 | -6.5 | P -0.5 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 6.4 | 8.8 | 13.7 | 7.2 | P 7.0 | 4.0 | 2.4 | 4.9 | -6.5 | P -0.2 |
| Import from the parent company in Japan | 4.4 | 17.4 | 11.6 | 7.3 | P 4.2 | 1.7 | 13.0 | -5.8 | -4.3 | P -3.1 |
| Acquisition of tangible fixed assets | 12.8 | 14.1 | 17.2 | 14.2 | P 20.7 | -5.7 | 1.3 | 3.1 | -3.0 | P 6.5 |
| Number of employees | 3.8 | 2.7 | 3.2 | 0.3 | P 4.4 | -0.9 | -1.1 | 0.5 | -2.9 | P 4.1 |



(3) NIES3 (6.8% of total sales)

[Results]

Sales totaled 8.24999 billion dollars, or 898.4 billion yen, and increased by 15.4% compared with the same quarter a year earlier, for the second straight quarter of growth.

- By type of industry, sales of electrical machinery, which makes up slightly more than 50% of all sales, increased by 21.7% on a year-on-year basis for the first increase in five quarters. Sales of chemicals and industrial machinery increased, up 36.7% and up 8.4%, respectively, compared with a year earlier, respectively. On the other hand, sales of transportation equipment dropped by 3.6% on a year-on-year basis, for the first fall in seven quarters.

In terms of intra-company transactions (exports to parent companies in Japan and imports from them), exports to parent companies in Japan totaled 878.89 million dollars, or 95.7 billion yen, up 13.1% compared with the same quarter a year earlier, for the first rise in three quarters. Imports from them amounted to 100.167 million dollars, or 109.1 billion yen, down 1.7% from a year earlier, for the third consecutive quarter of decrease.

- By industry, exports of electrical machinery to parent companies in Japan increased by 15.3% compared with the same quarter a year earlier for the first rise in three quarters. Imports of electrical machinery from parent companies in Japan grew by 9.6% from a year earlier, for the first gain in four quarters. However, imports of transportation equipment decreased by 56.0% on a year-on-year basis, and those of industrial machinery also declined by 9.2% from the previous year.

Equipment investment (the amount of acquired tangible fixed assets, excluding land) amounted to 237.90 million dollars, or 25.9 billion yen, up 55.8% compared with a year earlier.

- By type of industry, electrical machinery achieved a remarkable increase of 114.8% compared with the previous last year.

The number of employees stood at 130,000, rising 2.7% from a year earlier, for the second consecutive quarter of increase.

- By industry, the year-on-year increases of 7.6% in electrical machinery, and 0.8% in transportation equipment, were most significant.

[Prospects (for January –June 2004)]

Sales prospects increased by 3.2 percentage points from the preceding term.

- By type of industry, the critical area of electrical machinery fell by 0.8 percentage points from the previous term, for the second straight period of decline. However, transportation equipment increased by 29.2 percentage points, for the second consecutive period of growth.
- By destination, the prospects for local sales declined. On the other hand, the prospects for exports to Japan and exports to countries other than Japan improved.

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 6.4 percentage points from the previous period, and the DI was also positive. The prospects for imports from parent companies in Japan increased by 14.1 percentage points from the preceding quarter, and the DI level was positive.

Prospects for equipment investment (the amount of acquired tangible fixed assets, excluding land) dropped by 6.9 percentage points from the previous term, for the second consecutive term of decline.

- By industry, transportation equipment increased, while electrical machinery, industrial machinery and chemicals decreased.

Employment dropped by 5.7 percentage points from the preceding period for the first fall in three terms. The DI level was in negative territory, down by 1.4 percentage points from the previous period.

- By industry, electrical machinery, transportation equipment, industrial machinery, and chemicals decreased.

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 | | | | | |
|---|-----------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Sales | 613,470 | 570,189 | 693,428 | 760,714 | P 824,999 | 6.3 | -0.7 | -8.3 | 1.5 | P 15.4 |
| Local sales | 318,007 | 301,466 | 383,528 | 392,547 | P 420,922 | 3.1 | -0.0 | -5.9 | 1.9 | P 16.5 |
| Exports to Japan | 100,745 | 94,787 | 149,386 | 158,227 | P 171,007 | 5.3 | 6.6 | 29.1 | 31.7 | P 42.6 |
| Exports to countries other than Japan | 194,719 | 173,935 | 159,759 | 209,940 | P 232,983 | 12.6 | -5.4 | -29.3 | -14.2 | P -0.5 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 74,242 | 69,939 | 77,295 | 77,304 | P 87,889 | 3.4 | 8.3 | -2.0 | -7.3 | P 13.1 |
| Import from the parent company in Japan | 86,581 | 84,341 | 91,511 | 86,954 | P 100,167 | 13.1 | 6.5 | -25.6 | -20.8 | P -1.7 |
| Acquisition of tangible fixed assets | 11,299 | 20,121 | 15,767 | 19,720 | P 23,790 | 41.4 | 91.2 | -10.3 | 13.5 | P 55.8 |
| Number of employees | 108,928 | 107,767 | 124,151 | 125,248 | P 125,648 | -1.1 | -1.4 | -1.5 | 1.5 | P 2.7 |

Trends in main industry sales

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

| | Quarterly performance | | | | Year-on-year change | | | | | |
|---------------------------------|-----------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Manufacturing industry in total | 613,470 | 570,189 | 693,428 | 760,714 | P 824,999 | 6.3 | -0.7 | -8.3 | 1.5 | P 15.4 |
| Transportation equipment | 85,700 | 76,837 | 93,019 | 86,431 | P 89,898 | 32.7 | 25.2 | 8.5 | 5.7 | P -3.6 |
| Electrical machinery | 306,514 | 284,701 | 347,726 | 407,610 | P 449,043 | -5.9 | -12.8 | -19.1 | -5.6 | P 21.7 |
| Industrial machinery | 34,729 | 33,669 | 35,279 | 39,635 | P 38,401 | 7.7 | 13.9 | 12.3 | 21.4 | P 8.4 |
| Chemicals | 62,025 | 55,368 | 85,588 | 86,031 | P 109,978 | 16.7 | 0.7 | 7.5 | 17.6 | P 36.7 |

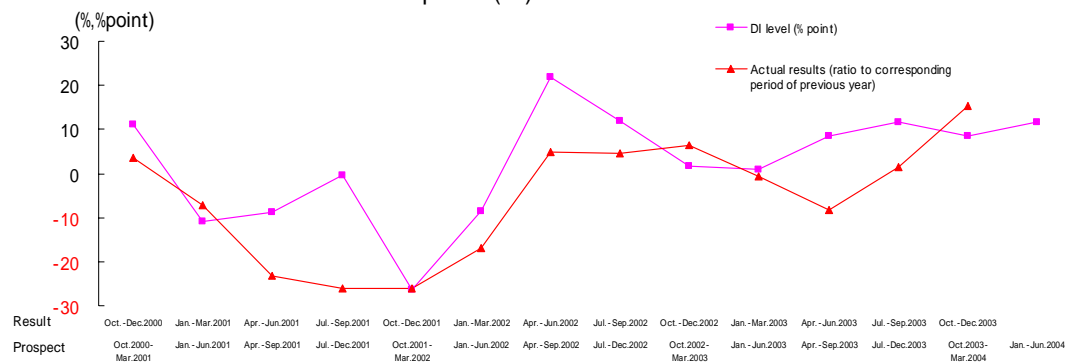
2 . Outlook for NIES3

(Unit:%points)

| | D I | | | | Ratio to previous quarter | | | | | |
|---|------------------|------------------|------------------|--------------------|---------------------------|------------------|------------------|------------------|--------------------|------------------|
| | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 |
| Sales | 0.8 | 8.4 | 11.7 | 8.5 | P 11.7 | -0.9 | 7.6 | 3.3 | -3.2 | P 3.2 |
| Local sales | -3.2 | 3.8 | 6.3 | 4.5 | P 4.0 | -4.2 | 7.0 | 2.5 | -1.8 | P -0.5 |
| Exports to Japan | -9.5 | -4.9 | 2.6 | -4.6 | P 1.4 | -0.6 | 4.6 | 7.5 | -7.2 | P 6.0 |
| Exports to countries other than Japan | -11.3 | 6.2 | 10.9 | 3.0 | P 5.4 | -1.2 | 17.5 | 4.7 | -7.9 | P 2.4 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | -9.1 | -3.9 | 2.3 | -3.9 | P 2.5 | -2.1 | 5.2 | 6.2 | -6.2 | P 6.4 |
| Import from the parent company in Japan | -9.1 | 0.7 | 0.5 | -3.9 | P 10.2 | 2.3 | 9.8 | -0.2 | -4.4 | P 14.1 |
| Acquisition of tangible fixed assets | 2.9 | 8.7 | 11.9 | 9.6 | P 2.7 | -1.1 | 5.8 | 3.2 | -2.3 | P -6.9 |
| Number of employees | -6.2 | -10.1 | -4.3 | 4.3 | P -1.4 | 8.9 | -3.9 | 5.8 | 8.6 | P -5.7 |

NIES3(sales)

Prospects (DI) and Actual Results



(4) China (including Hong Kong) (10.5% of total sales)

[Results]

Sales totaled 12.70358 billion dollars, or 1.3834 trillion yen, up 31.6% from the same quarter a year earlier, maintaining a large gain of between 30% and 40% for the third consecutive quarter.

- By industry, sales rose in all industries, of which eleven saw sales increase by double digits. In particular, electrical machinery, which accounts for slightly more than 50% of total sales, increased by 35.4% compared with the same quarter a year earlier, making significant 30%-plus growth for the second consecutive quarter. Great demand for transportation equipment led to a sales increase of 62.7% from a year earlier, continuing the previous rapid rate of growth. In addition, industrial machinery and precision instruments continued to show large increases, up 26.7% and up 31.1%, respectively, from the previous year.
- Looking at sales on a destination basis, local sales amounted to 5.64514 billion dollars, or 614.8 billion yen, up 31.4% from a year earlier. In particular, transportation equipment achieved a conspicuous increase of 109.6% compared with the same quarter a year earlier. Both exports to Japan and exports to countries other than Japan continued to improve significantly on a year-on-year basis, by 30.6% and 32.9%, respectively.

In terms of intra-company transactions (exports to parent companies in Japan and imports from them), exports to parent companies in Japan amounted to 2.18957 billion dollars, or 238.4 billion yen, an increase of 20.6% from a year earlier. Imports from them, on the other hand, totaled 1.46944 billion dollars, or 160.0 billion yen, a rise of 30.8% from the same quarter a year previous; both exports and imports continued to increase.

- By industry, electrical machinery was mainly responsible for the increases both in exports to parent companies (up 35.4% compared to the previous year) and in imports from them (up 41.1% from a year earlier).

Equipment investment (the amount of acquired tangible fixed assets, excluding land) stood at 278.71 million dollars, or 30.4 billion yen, up 3.2% on a year-on-year basis for the fifth consecutive quarter of increase, but the rate of increase declined from the double-digit figures of the previous quarter.

- By type of industry, electrical machinery and industrial machinery contributed to the increase in equipment investment.

The number of employees continued to rise, standing at 630,000 people, for a year-on-year increase of 15.9%. Growth in employees has been in double-digits since the April-June term of 2002.

- By industry, there were increases in eleven industries, seven of which showed double-digit increases, including electrical machinery (up 19.5% from a year earlier), which comprised slightly more than 50% of employees.

[Prospects (for January-June 2004)]

Sales prospects posted a gain of 0.7 percentage points from the preceding term, and the DI remained high at 35.2 percentage points.

- By type of industry, although the prospects of industrial machinery deteriorated, those of electrical machinery and transportation equipment improved. The DI level continued to be positive and in double digits in twelve industries, except food and tobacco, which posted a negative figure.
- By destination, the prospects of exports to Japan improved, while those of local sales and exports to countries other than Japan deteriorated. On the other hand, DI levels for local sales, exports to Japan, and exports to countries other than Japan remained in positive double-digits.

In terms of intra-company transactions (exports to parent companies in Japan and imports from them), the outlook for exports to parent companies in Japan and for imports from them improved, up 3.3 percentage points and 1.6 percentage points, respectively, from the preceding term.

The prospects for equipment investment (the amount of acquired tangible fixed assets, excluding land) improved by 9.1 percentage points from the previous term. The DI level remained in the positive double-digit range for the eleventh consecutive term.

- By industry, the prospects improved increased in ten industries. The DI level was in the positive double-digit range in twelve industries.

The outlook for employment improved by 4.4 percentage points from the preceding term. The DI remained in positive double digits range for the eighteenth straight term.

- By type of industry, prospects in six industries worsened, but the DI turned positive in all industries other than precision instruments, and ceramics, stone, and clay.

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 | | | | | |
|---|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Sales | 757,684 | 742,614 | 1,093,508 | 1,245,484 | P 1,270,358 | 21.2 | 27.2 | 30.5 | 31.7 | P 31.6 |
| Local sales | 261,203 | 252,197 | 474,570 | 546,016 | P 564,514 | 24.4 | 25.4 | 24.9 | 24.9 | P 31.4 |
| Exports to Japan | 264,427 | 254,374 | 322,388 | 354,614 | P 374,977 | 16.4 | 23.6 | 29.8 | 27.4 | P 30.6 |
| Exports to countries other than Japan | 232,055 | 236,044 | 292,687 | 344,853 | P 330,867 | 23.3 | 33.4 | 38.0 | 44.9 | P 32.9 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 172,191 | 185,634 | 207,546 | 216,223 | P 218,957 | 18.4 | 43.4 | 26.8 | 19.5 | P 20.6 |
| Import from the parent company in Japan | 102,371 | 105,120 | 116,891 | 137,066 | P 146,944 | 19.4 | 35.7 | 27.0 | 24.8 | P 30.8 |
| Acquisition of tangible fixed assets | 21,822 | 25,390 | 41,460 | 30,389 | P 27,871 | 35.5 | 51.5 | 26.4 | 43.5 | P 3.2 |
| Number of employees | 446,285 | 456,198 | 584,772 | 627,611 | P 633,917 | 15.7 | 14.0 | 14.2 | 15.2 | P 15.9 |

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

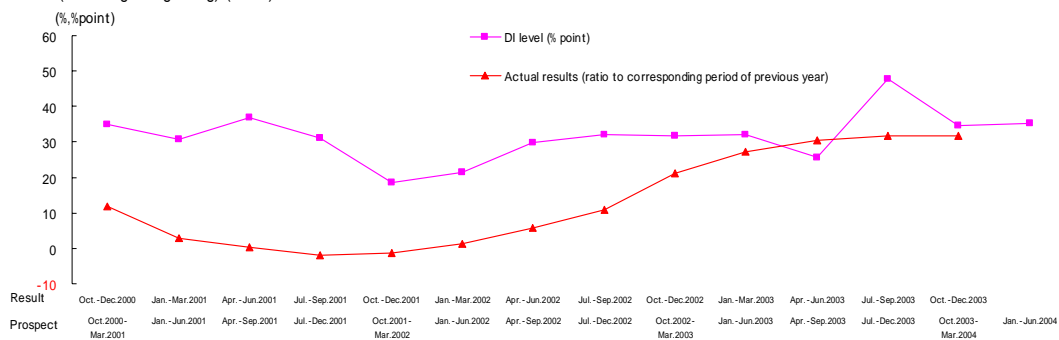
| | Quarterly performance | | | | Year-on-year change | | | | | |
|---------------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Manufacturing industry in total | 757,684 | 742,614 | 1,093,508 | 1,245,484 | P 1,270,358 | 21.2 | 27.2 | 30.5 | 31.7 | P 31.6 |
| Transportation equipment | 21,094 | 22,177 | 112,937 | 177,937 | P 192,624 | 58.5 | 54.8 | 49.6 | 73.3 | P 62.7 |
| Electrical machinery | 424,995 | 413,186 | 594,992 | 640,732 | P 659,457 | 22.7 | 29.0 | 27.3 | 32.0 | P 35.4 |
| Industrial machinery | 99,797 | 111,330 | 149,005 | 153,105 | P 142,871 | 8.5 | 21.3 | 54.8 | 43.5 | P 26.7 |
| Chemicals | 35,159 | 28,974 | 35,581 | 36,664 | P 40,376 | 27.0 | 25.2 | 30.9 | 3.0 | P 8.3 |

2. Outlook for China (including Hong Kong)

| | D I | | | | Ratio to previous quarter (Unit:%point) | | | | | |
|---|---------------------|---------------------|---------------------|-----------------------|---|---------------------|---------------------|---------------------|-----------------------|---------------------|
| | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 |
| Sales | 32.1 | 25.5 | 47.7 | 34.5 | P 35.2 | 0.3 | -6.6 | 22.2 | -13.2 | P 0.7 |
| Local sales | 35.9 | 24.8 | 44.7 | 32.5 | P 31.5 | 4.0 | -11.1 | 19.9 | -12.2 | P -1.0 |
| Exports to Japan | 13.6 | 14.6 | 21.6 | 15.7 | P 20.7 | -0.9 | 1.0 | 7.0 | -5.9 | P 5.0 |
| Exports to countries other than Japan | 19.7 | 8.4 | 17.8 | 15.9 | P 11.5 | 6.9 | -11.3 | 9.4 | -1.9 | P -4.4 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 13.1 | 9.9 | 20.0 | 17.7 | P 21.0 | 2.2 | -3.2 | 10.1 | -2.3 | P 3.3 |
| Import from the parent company in Japan | 20.4 | 10.3 | 13.7 | 11.1 | P 12.7 | 6.4 | -10.1 | 3.4 | -2.6 | P 1.6 |
| Acquisition of tangible fixed assets | 24.7 | 20.7 | 22.9 | 19.8 | P 28.9 | 5.4 | -4.0 | 2.2 | -3.1 | P 9.1 |
| Number of employees | 19.0 | 15.1 | 16.9 | 15.9 | P 20.3 | 4.5 | -3.9 | 1.8 | -1.0 | P 4.4 |

China (including Hong Kong) (sales)

Prospects (DI) and Actual Results



(5) Europe (20.2% of total sales)

[Results]

Sales totaled 24.48756 billion dollars, or 2.6667 trillion yen, up 19.2% from the same period a year earlier.

- By type of industry, sales rose in nine industries. Among them, transportation equipment continued to increase, by 20.5% from the previous year. In addition, electrical machinery (which accounted for approximately a little more than 40% of total sales), chemicals, and industrial machinery increased by 23.4%, 25.8%, and 16.6%, respectively, from a year earlier.
- By destination, local sales, exports to Japan, and exports to countries other than Japan all increased.

With regard to intra-company transactions (exports to parent companies in Japan and imports from them), exports to parent companies in Japan rose by 65.7% from a year ago for the fourth straight quarter of increase, although the amount was small. Imports from parent companies increased by 13.6% compared to a year earlier.

- By type of industry, exports to parent companies in Japan increased in the area of electrical machinery, up 116.3% on a year-on-year basis, although the actual amount was small. Imports from parent companies in Japan rose in the areas of electrical machinery, up 33.4% from a year ago, and transportation equipment, up 6.1% from a year earlier.

Equipment investment (the amount of acquired tangible fixed assets, excluding land) amounted to 418.35 million dollars, or 45.6 billion yen, registering a fall of 22.3% from a year previous.

- By type of industry, investment dropped in eight industries, including transportation equipment, which decreased by 12.2% on a year-on-year basis.

The number of employees totaled 210,000 people, marking a continued drop of 5.3% from the same quarter a year ago.

- By industry, electrical machinery showed a significant fall of 14.7% from a year earlier.

[Prospects (for January-June 2004)]

Sales prospects improved by 2.2 percentage points from the previous term, and the DI remained to be positive.

- By type of industry, although prospects for electrical machinery worsened, there were rises in the outlook for five industries, including industrial machinery and transportation equipment. The DI was positive in nine industries.
- By destination, prospects for exports to Japan improved. However, those for local sales and exports to countries other than Japan decreased, down 2.3 percentage points and 2.2 percentage points, respectively, from the preceding period.

In terms of intra-company transactions (exports to parent companies in Japan and imports from them), prospects for exports to parent companies in Japan increased by 1.5 percentage points from the previous period. The prospects for imports from parent companies in Japan declined by 2.7 percentage points from the preceding term.

Prospects for equipment investment (the amount of acquired tangible fixed assets, excluding land) increased by 3.1 percentage points from the previous term.

- By type of industry, while the prospects for industrial machinery and chemicals worsened, those for electrical machinery and transportation equipment improved.

The forecast for employment increased by 9.7 percentage points from the previous period, and the DI was positive for the first time in seven periods.

- By industry, there were rises in the forecast for seven industries, including electrical machinery, transportation equipment, and industrial machinery.

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

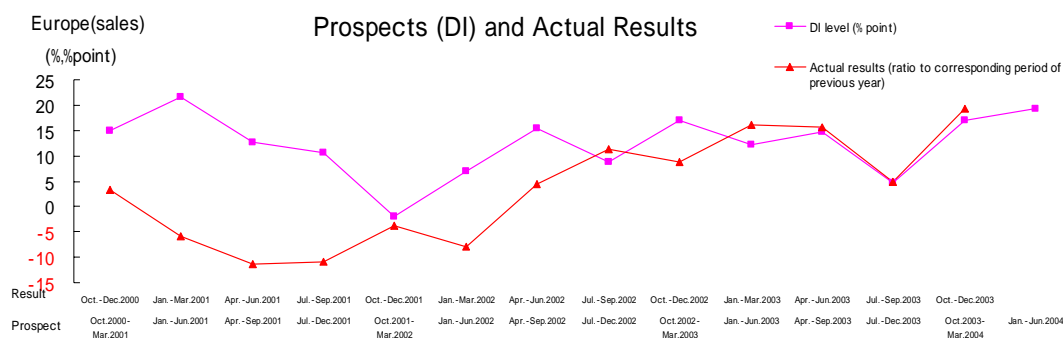
| | Quarterly performance | | | | Year-on-year change | | | | | |
|---|-----------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Sales | 1,681,443 | 1,745,574 | 2,072,665 | 1,971,386 | P 2,448,756 | 8.8 | 16.2 | 15.6 | 4.8 | P 19.2 |
| Local sales | 1,234,542 | 1,288,065 | 1,456,254 | 1,365,241 | P 1,679,352 | 10.7 | 16.1 | 13.7 | 1.1 | P 16.0 |
| Exports to Japan | 19,626 | 20,590 | 23,000 | 33,765 | P 53,537 | -3.4 | 15.4 | 21.8 | 107.6 | P 156.0 |
| Exports to countries other than Japan | 427,276 | 436,919 | 589,396 | 572,381 | P 715,867 | 4.3 | 16.5 | 20.1 | 12.0 | P 22.2 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 7,213 | 9,179 | 12,539 | 14,201 | P 14,792 | -22.6 | 24.4 | 48.6 | 82.3 | P 65.7 |
| Import from the parent company in Japan | 157,453 | 155,077 | 180,925 | 166,591 | P 199,483 | 18.2 | 17.4 | 7.2 | -2.3 | P 13.6 |
| Acquisition of tangible fixed assets | 43,571 | 41,380 | 39,900 | 35,944 | P 41,835 | 13.1 | 11.8 | -8.7 | -35.4 | P -22.3 |
| Number of employees | 196,856 | 191,296 | 211,798 | 210,768 | P 210,813 | -3.6 | -4.5 | -5.5 | -5.4 | P -5.3 |

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

| | Quarterly performance | | | | Year-on-year change | | | | | |
|---------------------------------|-----------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|
| | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 | Oct. - Dec. 2002 | Jan. - Mar. 2003 | Apr. - Jun. 2003 | Jul. - Sep. 2003 | Oct. - Dec. 2003 |
| Manufacturing industry in total | 1,681,443 | 1,745,574 | 2,072,665 | 1,971,386 | P 2,448,756 | 8.8 | 16.2 | 15.6 | 4.8 | P 19.2 |
| Transportation equipment | 503,238 | 528,276 | 642,834 | 604,705 | P 675,585 | 19.5 | 25.5 | 22.4 | 10.9 | P 20.5 |
| Electrical machinery | 586,641 | 594,475 | 744,821 | 740,287 | P 1,060,353 | 2.3 | 12.2 | 6.9 | -0.3 | P 23.4 |
| Industrial machinery | 164,295 | 171,693 | 179,535 | 169,468 | P 194,143 | 14.5 | 19.5 | 11.6 | 0.8 | P 16.6 |
| Chemicals | 200,709 | 206,384 | 247,932 | 240,812 | P 265,009 | -6.1 | -0.3 | 15.4 | 14.2 | P 25.8 |

2 . Outlook for Europe (Unit:%point)

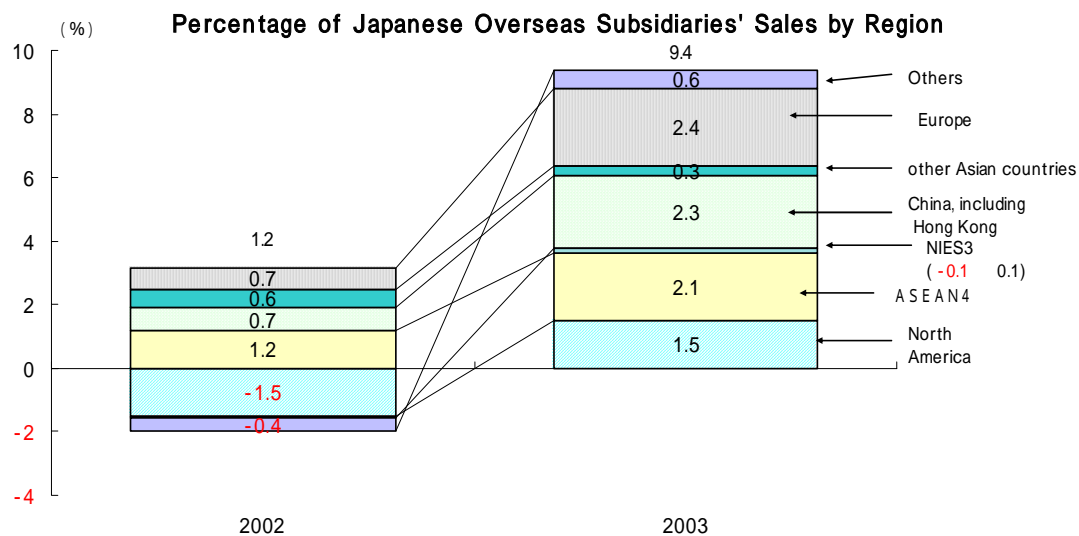
| | D I | | | | Ratio to previous quarter | | | | | |
|---|------------------|------------------|------------------|--------------------|---------------------------|------------------|------------------|------------------|--------------------|------------------|
| | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 | Jan. - Jun. 2003 | Apr. - Sep. 2003 | Jul. - Dec. 2003 | Oct.2003 -Mar.2004 | Jan. - Jun. 2004 |
| Sales | 12.1 | 14.7 | 4.6 | 17.1 | P 19.3 | -5.0 | 2.6 | -10.1 | 12.5 | P 2.2 |
| Local sales | 8.1 | 11.0 | 6.0 | 15.7 | P 13.4 | -0.4 | 2.9 | -5.0 | 9.7 | P -2.3 |
| Exports to Japan | 0.0 | -0.8 | -1.6 | -2.3 | P 0.9 | 1.3 | -0.8 | -0.8 | -0.7 | P 3.2 |
| Exports to countries other than Japan | 5.8 | 10.7 | -1.0 | 14.3 | P 12.1 | 0.1 | 4.9 | -11.7 | 15.3 | P -2.2 |
| (Parent-subsidiary deals) | | | | | | | | | | |
| Export to the parent company in Japan | 2.6 | 1.5 | 0.0 | -0.6 | P 0.9 | 2.6 | -1.1 | -1.5 | -0.6 | P 1.5 |
| Import from the parent company in Japan | -0.6 | 5.7 | 1.0 | 8.3 | P 5.6 | 1.3 | 6.3 | -4.7 | 7.3 | P -2.7 |
| Acquisition of tangible fixed assets | 8.7 | 3.7 | 9.4 | 7.4 | P 10.5 | -1.9 | -5.0 | 5.7 | -2.0 | P 3.1 |
| Number of employees | -1.9 | -8.0 | -5.2 | -8.1 | P 1.6 | 2.3 | -6.1 | 2.8 | -2.9 | P 9.7 |



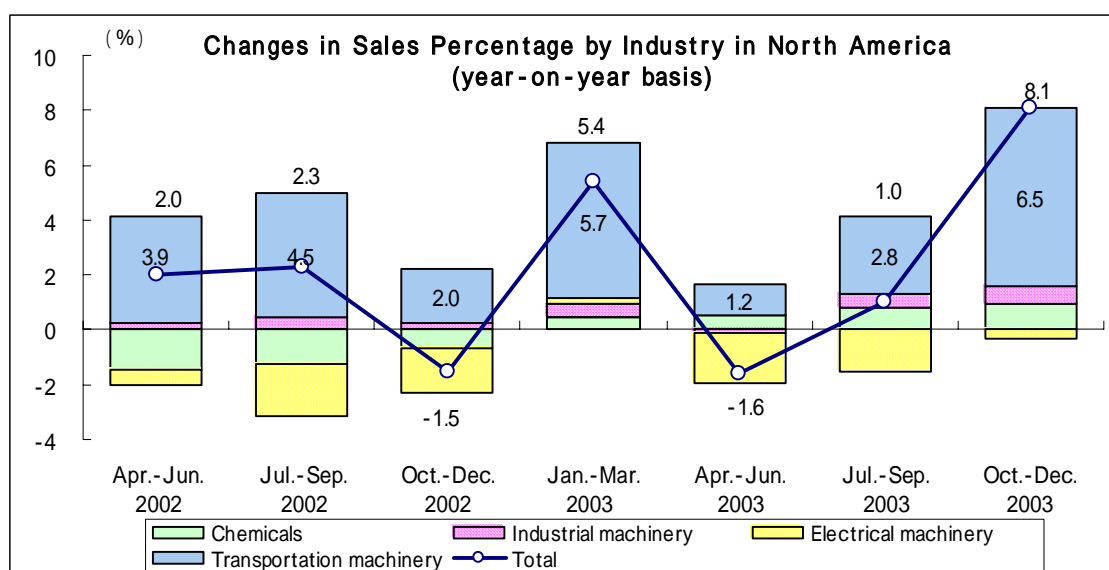
【 Topics 】

Sales by Japanese overseas subsidiaries totaled 396.8 billion dollars on an annualized basis, a gain of 9.4% from the same period a year earlier.

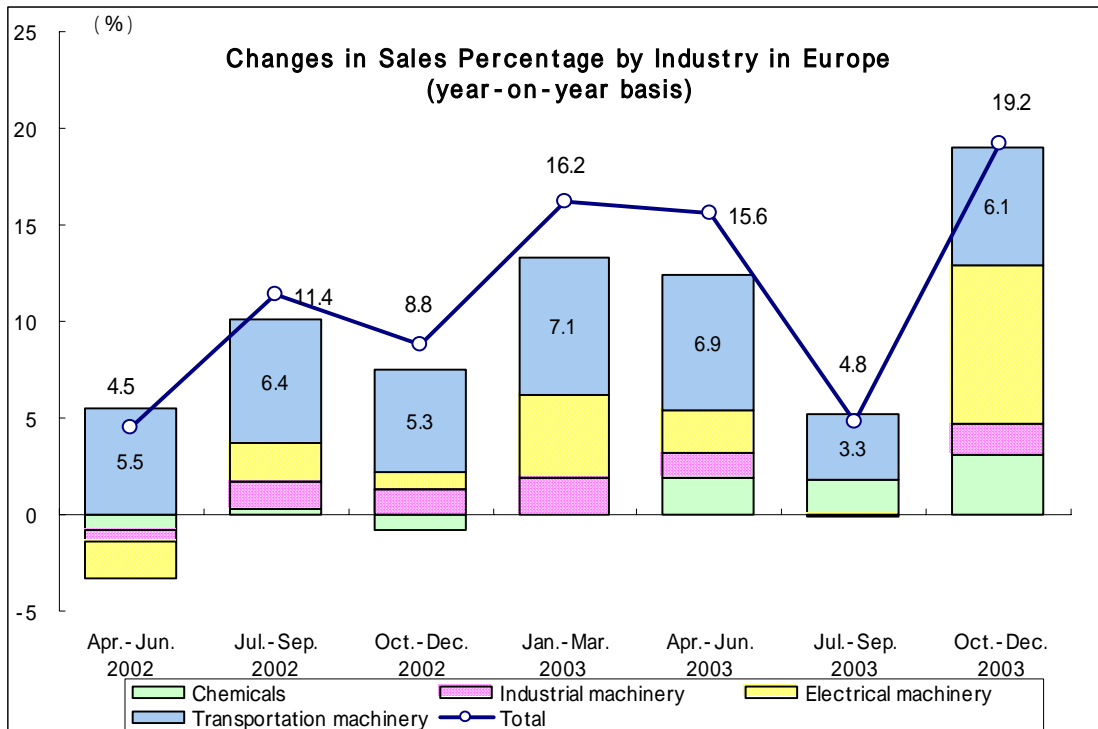
Sales increased in all regions, among which North America and Europe showed a recovery.



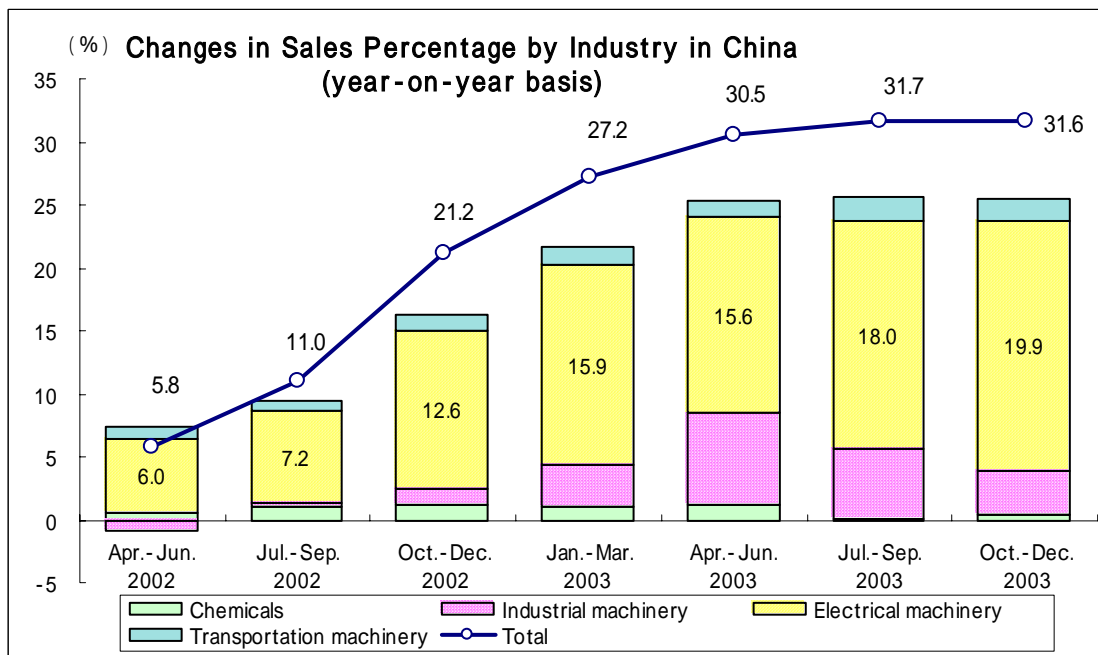
<North America> Active sales of transportation equipment, and a trend to recovery in electrical machinery sales



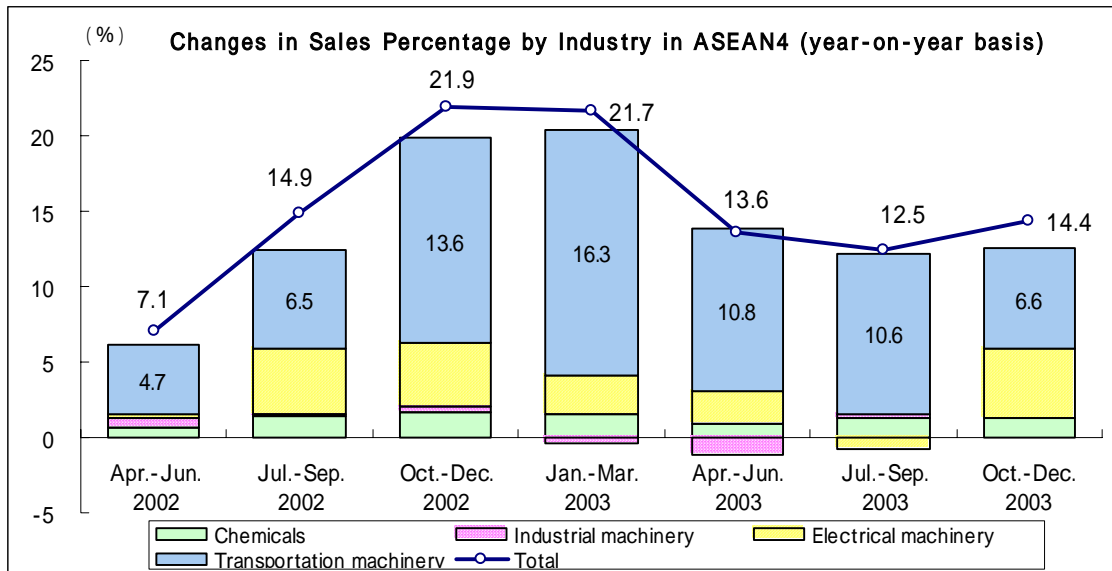
<Europe> Sales in transportation equipment remained strong, and electrical machinery sales recovered.



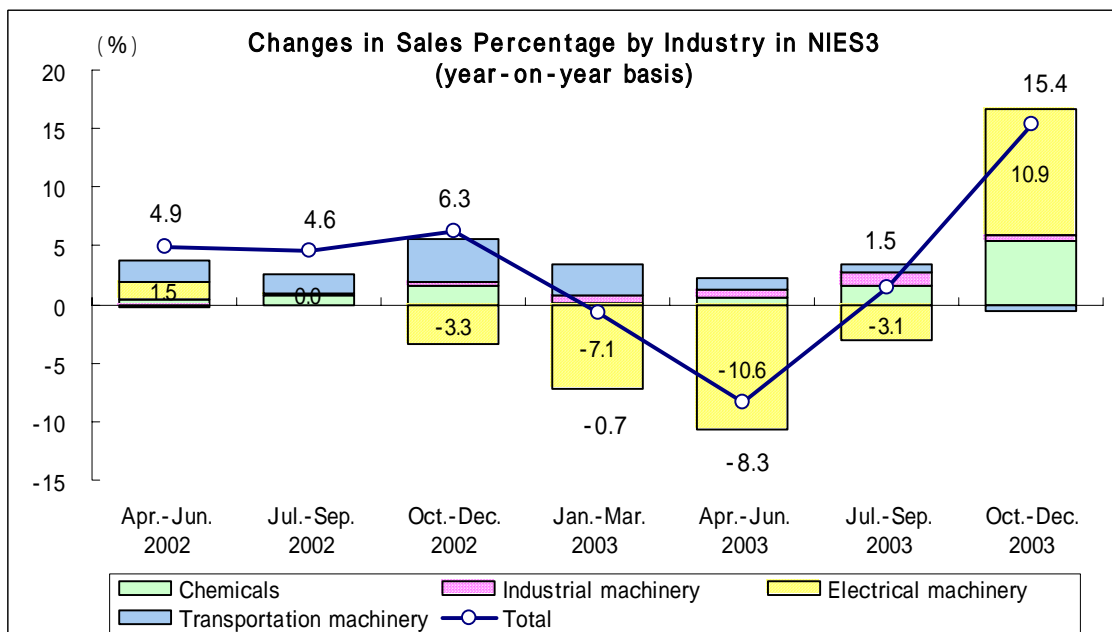
<China (Hong Kong included)> Sales of electrical machinery were brisk and those of industrial machinery remained on the rise.



<ASEAN4> Sales of transportation equipment boosted the total sales, and electrical machinery sales also recovered in the October-December quarter of 2003.



<NIES3> Sales of electrical machinery, which had been in a slump, showed a dramatic recovery.



(Reference)

1 . Comparison of US dollar and Japanese yen exchange rates

(Ratio Over Same quarter of last year : %)

| Area | Item | US dollar equivalent | | | | | Japanese yen equivalent | | | | |
|-------------------------------|------------------|----------------------|---------|---------|---------|---------|-------------------------|---------|---------|---------|---------|
| | | 2002 | | 2003 | | | 2002 | | 2003 | | |
| | | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| All areas | Sales | 6.5 | 10.6 | 6.0 | 6.6 | P 14.4 | 5.9 | -0.8 | -1.2 | 5.2 | P 1.3 |
| | Local sales | 5.4 | 9.7 | 4.1 | 4.8 | P 13.5 | 4.7 | -1.6 | -2.9 | 3.4 | P 0.5 |
| | Exports to Japan | 10.7 | 13.6 | 17.3 | 20.0 | P 27.4 | 10.0 | 1.9 | 9.3 | 18.4 | P |
| North America | Sales | -1.5 | 5.4 | -1.6 | 1.0 | P 8.1 | -2.1 | -5.4 | -8.2 | -0.3 | P -4.2 |
| | Local sales | -1.6 | 5.2 | -2.1 | 1.0 | P 8.8 | -2.2 | -5.7 | -8.7 | -0.3 | P -3.6 |
| | Exports to Japan | -14.0 | 12.5 | -0.8 | 17.3 | P 28.1 | -14.5 | 0.9 | -7.5 | 15.8 | P 13.5 |
| Asia | Sales | 20.4 | 17.4 | 12.9 | 15.5 | P 20.3 | 19.6 | 5.4 | 5.2 | 13.9 | P 6.6 |
| | Local sales | 29.9 | 22.4 | 14.4 | 17.8 | P 21.4 | 29.1 | 9.8 | 6.6 | 16.3 | P 7.6 |
| | Exports to Japan | 13.3 | 13.9 | 19.3 | 19.8 | P 25.4 | 12.6 | 2.1 | 11.2 | 18.2 | P 11.1 |
| ASEAN4 | Sales | 21.9 | 21.7 | 13.6 | 12.5 | P 14.4 | 21.2 | 9.1 | 5.9 | 11.0 | P 1.4 |
| | Local sales | 40.5 | 37.7 | 22.3 | 23.7 | P 16.4 | 39.7 | 23.5 | 14.0 | 22.1 | P 3.1 |
| | Exports to Japan | 12.2 | 8.6 | 8.2 | 10.1 | P 16.4 | 11.6 | -2.6 | 0.8 | 8.6 | P 3.1 |
| NIES3 | Sales | 6.3 | -7.0 | -8.3 | 1.5 | P 15.4 | 5.7 | -10.9 | -14.5 | 0.1 | P 2.2 |
| | Local sales | 3.1 | 0.0 | -5.9 | 1.9 | P 16.5 | 2.5 | -10.3 | -12.3 | 0.6 | P 3.2 |
| | Exports to Japan | 5.3 | 6.6 | 29.1 | 31.7 | P 42.6 | 4.6 | -4.4 | 20.4 | 30.0 | P 26.4 |
| China (Hong Kong is included) | Sales | 21.2 | 27.2 | 30.5 | 31.7 | P 31.6 | 20.4 | 14.1 | 21.7 | 30.0 | P 16.6 |
| | Local sales | 24.4 | 25.4 | 24.9 | 24.9 | P 31.4 | 23.6 | 12.4 | 16.5 | 23.3 | P 16.4 |
| | Exports to Japan | 16.4 | 23.6 | 29.8 | 27.4 | P 30.6 | 15.7 | 10.9 | 21.0 | 25.7 | P 15.7 |
| Europe | Sales | 8.8 | 16.2 | 15.6 | 4.8 | P 19.2 | 8.2 | 4.3 | 7.8 | 3.5 | P 5.6 |
| | Local sales | 10.7 | 16.1 | 13.7 | 1.1 | p 16.0 | 10.1 | 4.2 | 6.0 | -0.3 | P 2.7 |
| | Exports to Japan | -3.4 | 15.4 | 21.8 | 107.6 | P 156.0 | -4.0 | 3.5 | 13.6 | 104.8 | P 126.8 |
| Other | Sales | 3.6 | 4.8 | 8.1 | 10.0 | P 17.9 | 2.9 | -6.0 | 0.8 | 8.6 | P 4.4 |
| | Local sales | 0.8 | 5.3 | 10.6 | 13.7 | P 25.3 | 0.2 | -5.6 | 3.1 | 12.2 | P 11.1 |
| | Exports to Japan | 34.9 | 7.1 | 6.3 | -27.7 | P -26.5 | 34.1 | -4.0 | -0.9 | -28.7 | P -34.9 |

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

| | Oct.-Dec. 2002 | Jan.-Mar. 2003 | Apr.-Jun. 2003 | Jul.-Sep. 2003 | Oct.-Dec. 2003 |
|--|----------------|----------------|----------------|----------------|----------------|
| Yen | 122.9 | 118.82 | 118.44 | 117.57 | 108.9 |
| ASEAN4 | | | | | |
| Rupiah (Indonesia) | 9054.7 | 8905.5 | 8479.3 | 8441.3 | 8482.5 |
| Ringgit (Malaysia) | 3.8 | 3.8 | 3.8 | 3.8 | 3.8 |
| Peso (Philippines) | 53.234 | 54.076 | 52.904 | 54.576 | 55.256 |
| Baht (Thailand) | 43.37 | 42.756 | 42.18 | 41.29 | 39.733 |
| NIES3 | | | | | |
| Won (Republic of Korea) | 1219.83 | 1202.33 | 1207.88 | 1174.32 | 1181.92 |
| Dollar (Singapore) | 1.7679 | 1.7446 | 1.7521 | 1.7516 | 1.7243 |
| Dollar (Taiwan) | 34.8364 | 34.7057 | 34.721 | 34.0757 | 34.001333 |
| People's Republic of China (Hong Kong is included) | | | | | |
| Yuan (People's Republic of China) | 8.2771 | 8.2771 | 8.277 | 8.2771 | 8.2769 |
| Dollar (Hong Kong) | 7.799 | 7.799 | 7.798 | 7.8 | 7.756 |
| Europe | | | | | |
| Pound (United Kingdom) | 1.5684 | 1.603 | 1.6193 | 1.61 | 1.7052 |
| Euro (Euro Area) | 1.00336 | 0.9318 | 0.8814 | 0.8897 | 0.8413 |

INTERNATIONAL FINANCIAL STATISTICS (IMF)

(Reference)

3 . Results by major country and area

| | Item | Results(US\$10,000, persons) | | | | | Ratio Over Same quarter of last year(%) | | | | |
|--|---------------------|------------------------------|-----------|-----------|-----------|-------------|---|---------|---------|---------|---------|
| | | 2002 | | 2003 | | | 2002 | | 2003 | | |
| | | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| United States of America | Sales | 3,880,418 | 4,048,219 | 4,333,116 | 4,267,064 | P 4,435,098 | -2.6 | 3.7 | -2.2 | 0.8 | P 7.9 |
| | Local sales | 3,552,294 | 3,731,759 | 4,005,902 | 3,917,950 | P 4,079,406 | -2.7 | 3.4 | -2.8 | 0.5 | P 8.3 |
| | Exports to Japan | 55,804 | 61,733 | 64,975 | 75,205 | P 78,555 | -13.2 | 11.2 | -2.2 | 18.7 | P 32.2 |
| | Number of employees | 384,564 | 383,332 | 400,465 | 404,642 | P 391,467 | -3.7 | -1.1 | -5.4 | -5.3 | P -6.0 |
| Indonesia | Sales | 248,511 | 243,717 | 311,472 | 322,188 | P 332,704 | 31.3 | 27.8 | 23.2 | 18.9 | P 18.0 |
| | Local sales | 117,745 | 118,985 | 147,324 | 154,179 | P 156,369 | 58.2 | 51.6 | 49.5 | 44.1 | P 21.0 |
| | Exports to Japan | 50,574 | 40,914 | 69,791 | 66,803 | P 75,684 | 17.3 | 12.9 | 15.3 | 6.7 | P 22.2 |
| | Number of employees | 179,617 | 179,815 | 196,685 | 194,757 | P 197,848 | 7.9 | 8.1 | 7.2 | 4.6 | P 1.2 |
| Malaysia | Sales | 312,598 | 289,932 | 413,534 | 460,180 | P 464,731 | -0.8 | -5.8 | -5.1 | 2.1 | P 8.7 |
| | Local sales | 81,629 | 78,740 | 140,013 | 87,259 | P 84,938 | -2.0 | -5.1 | -19.0 | -11.3 | P -2.0 |
| | Exports to Japan | 71,950 | 71,375 | 101,874 | 103,621 | P 120,921 | -5.1 | 8.2 | 10.0 | 15.7 | P 25.6 |
| | Number of employees | 146,988 | 143,360 | 162,982 | 167,203 | P 168,058 | -7.3 | -7.5 | -7.4 | -4.2 | P -2.9 |
| Philippines | Sales | 238,621 | 232,442 | 241,248 | 232,246 | P 275,688 | 23.2 | 17.6 | 15.1 | 1.8 | P -1.6 |
| | Local sales | 42,199 | 41,714 | 44,567 | 43,031 | P 73,770 | 21.8 | 16.3 | 6.7 | 3.2 | P -13.3 |
| | Exports to Japan | 99,506 | 77,818 | 80,170 | 95,095 | P 98,789 | 23.6 | -0.9 | 5.9 | 9.1 | P -1.3 |
| | Number of employees | 115,308 | 114,585 | 121,054 | 116,622 | P 120,164 | 12.7 | 5.6 | 5.8 | -0.1 | P 0.4 |
| Thailand | Sales | 547,799 | 554,429 | 651,537 | 702,588 | P 749,365 | 34.7 | 35.1 | 21.8 | 21.1 | P 22.9 |
| | Local sales | 325,246 | 327,989 | 384,768 | 409,775 | P 430,444 | 54.2 | 47.4 | 29.2 | 31.0 | P 23.1 |
| | Exports to Japan | 111,617 | 103,008 | 115,897 | 141,256 | P 153,818 | 14.1 | 11.4 | 5.3 | 8.6 | P 23.6 |
| | Number of employees | 196,801 | 197,209 | 230,396 | 237,667 | P 242,791 | 8.2 | 6.6 | 7.8 | 5.9 | P 6.8 |
| Republic of Korea | Sales | 100,581 | 98,093 | 156,092 | 181,495 | P 190,065 | 16.7 | 20.9 | 7.4 | 11.1 | P 13.3 |
| | Local sales | 60,854 | 61,756 | 92,883 | 92,335 | P 94,040 | 15.5 | 22.8 | 12.2 | 14.3 | P 19.5 |
| | Exports to Japan | 25,457 | 24,147 | 45,379 | 49,156 | P 54,999 | 22.1 | 32.0 | 14.7 | 10.9 | P 13.5 |
| | Number of employees | 19,721 | 20,058 | 27,042 | 26,781 | P 26,107 | -1.3 | 1.3 | -3.0 | -4.4 | P -5.2 |
| Singapore | Sales | 261,192 | 231,589 | 241,269 | 270,987 | P 307,761 | -5.1 | -13.3 | -21.5 | -10.9 | P 14.4 |
| | Local sales | 109,688 | 99,606 | 112,525 | 116,285 | P 126,170 | -17.5 | -21.5 | -24.4 | -11.5 | P 14.8 |
| | Exports to Japan | 42,134 | 40,130 | 37,796 | 42,007 | P 51,107 | -5.6 | -6.5 | -18.8 | -14.2 | P 20.6 |
| | Number of employees | 45,980 | 44,903 | 47,238 | 48,977 | P 49,834 | 2.3 | -0.4 | -1.8 | 4.3 | P 7.4 |
| Taiwan | Sales | 251,697 | 240,307 | 296,067 | 308,232 | P 327,173 | 16.8 | 6.3 | 0.9 | 12.9 | P 17.2 |
| | Local sales | 147,464 | 139,955 | 178,120 | 183,928 | P 200,712 | 20.1 | 12.5 | 4.4 | 8.6 | P 16.4 |
| | Exports to Japan | 33,153 | 30,327 | 66,211 | 67,064 | P 64,901 | 9.8 | 9.4 | 116.0 | 124.7 | P 93.0 |
| | Number of employees | 43,227 | 42,781 | 49,871 | 49,490 | P 49,707 | -4.4 | -3.7 | -0.5 | 1.3 | P 1.2 |
| People's Republic of China (Hong Kong is included) | Sales | 757,684 | 743,200 | 1,093,508 | 1,245,484 | P 1,270,358 | 21.2 | 27.3 | 30.5 | 31.7 | P 31.6 |
| | Local sales | 274,847 | 263,912 | 474,570 | 546,016 | P 564,514 | 30.9 | 31.2 | 24.9 | 24.9 | P 24.9 |
| | Exports to Japan | 264,427 | 254,249 | 322,388 | 354,614 | P 374,977 | 16.4 | 23.6 | 29.8 | 27.4 | P 30.6 |
| | Number of employees | 446,285 | 456,123 | 584,772 | 627,611 | P 633,917 | 15.7 | 14.0 | 14.2 | 15.2 | P 15.9 |
| United Kingdom | Sales | 619,527 | 612,301 | 715,107 | 720,318 | P 937,745 | 11.3 | 13.8 | 16.5 | 3.1 | P 20.6 |
| | Local sales | 475,461 | 467,468 | 513,963 | 513,136 | P 659,681 | 13.5 | 14.0 | 12.4 | -1.7 | P 15.2 |
| | Exports to Japan | 9,045 | 9,140 | 7,085 | 17,724 | P 32,852 | -2.8 | -4.9 | 13.0 | 192.0 | P 258.1 |
| | Number of employees | 57,528 | 56,091 | 61,762 | 61,405 | P 57,972 | -5.5 | -3.8 | -4.5 | -5.5 | P -11.5 |
| France | Sales | 190,670 | 205,890 | 234,985 | 202,912 | P 274,562 | 10.6 | 29.6 | 14.9 | 6.8 | P 23.3 |
| | Local sales | 124,760 | 136,501 | 130,976 | 112,126 | P 163,647 | 11.9 | 25.4 | 20.4 | 14.3 | P 30.9 |
| | Exports to Japan | 2,325 | 2,437 | 3,295 | 3,030 | P 3,444 | -31.2 | -0.4 | 18.7 | 28.0 | P 47.6 |
| | Number of employees | 17,359 | 17,505 | 19,567 | 18,694 | P 20,030 | 1.7 | 4.2 | -3.0 | -11.2 | P -0.2 |
| Germany | Sales | 236,366 | 248,123 | 307,914 | 284,981 | P 333,942 | 15.0 | 20.0 | 15.5 | 0.5 | P 13.7 |
| | Local sales | 162,146 | 177,343 | 224,531 | 196,548 | P 233,286 | 16.9 | 20.2 | 10.7 | -5.8 | P 11.0 |
| | Exports to Japan | 3,545 | 3,484 | 3,722 | 7,432 | P 7,994 | -2.1 | 82.1 | -0.7 | 167.5 | P 88.0 |
| | Number of employees | 22,269 | 21,458 | 26,573 | 27,357 | P 27,269 | 2.4 | -4.7 | -3.8 | -0.9 | P -1.3 |
| Netherlands | Sales | 263,433 | 269,261 | 320,130 | 321,710 | P 385,724 | 1.7 | 5.1 | 8.6 | 7.4 | P 22.3 |
| | Local sales | 222,107 | 228,636 | 273,811 | 264,103 | P 308,316 | 4.8 | 8.8 | 9.1 | 3.2 | P 17.7 |
| | Exports to Japan | 466 | 438 | 465 | 388 | P 1,949 | 114.3 | 73.6 | 97.7 | -20.9 | P 105.4 |
| | Number of employees | 28,658 | 26,481 | 30,173 | 30,679 | P 31,397 | -6.1 | -13.0 | -6.5 | -3.0 | P -3.7 |

『References』

1. Classification of countries (regions)

The countries (regions) in which overseas subsidiaries were located were classified as follows (in alphabetical order):

<Classification>

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

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 prospects 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 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 rate of increase compared with the previous term, but by the rate of increase compared with 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 had been 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

〒 1 0 0 - 8 9 0 2

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Data printing (Internet)

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

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