



Trends in Overseas Subsidiaries

**(Quarterly Survey of Overseas Subsidiaries)
Survey from January to March 2005 (Results/DI)**

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

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I. Quarterly Survey of Overseas Subsidiaries

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 for overseas business activities of Japanese companies, as well as to understand trends in overseas activities and the degree of globalization of Japanese enterprise. A further purpose is to contribute to the development of flexible industrial and trade policy.

(2) Legal basis of the survey

These are officially authorized statistics compiled in accordance with Article 4 of the Statistical Reports Coordination Law.

(3) Date of the survey

The survey was based on the period ending the last day of March 2005.
(The deadline for submitting survey responses for this quarter was May 13, 2005.)

(4) Survey targets

The survey covers companies that meet all the following criteria as of the end of March 2004:

- 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

This survey also targets overseas subsidiaries of the above Japanese parent companies (including overseas subsidiaries that were established during the term of the survey) that meet all of the following criteria as of the end of the surveyed quarter:

- Manufacturing companies
- Companies with 50 or more employees
- Companies with 50% or more of their capital coming from parent companies, including both direct and indirect funds (such as funds provided via local subsidiaries).

(5) Survey method

The survey was conducted via mail, using self-declarations submitted by parent companies.

(6) Survey content

The survey covers actual figures and DI (business confidence) in the three areas of: sales, the acquisition price of tangible fixed assets, and the number of employees. Starting with the April – June 2004 survey, the DI survey period was revised to three months (please see Page 15 for details).

(7) Response rate

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

Number of companies covered by survey (overseas subsidiaries)	Number of companies that responded	Response rate
3583	2666	74.4%

2. Usage notes

(1) Regarding listed currencies

This “Quarterly Survey of Overseas Subsidiaries,” which consists of the former “Trend Survey of Japanese Companies” (excluding the “Survey of Parent Companies”), has been conducted since the April – June quarter of 2003, and focuses on overseas subsidiaries engaged in manufacturing overseas. Accordingly, amounts relating to overseas subsidiaries listed in local currencies are analyzed by converting them into US dollars at the average exchange rate for the quarter announced by the IMF.

(For exchange rates of major currencies relative to the US dollar, please see Page 17.)

(2) Adjustment to deal with gaps in reported values

Previously-omitted parts were added starting with the April – June quarter of 2004, resulting in a gap between results for that quarter and those for previous quarters. Therefore, comparisons between the current quarter and the corresponding quarter of the previous year are calculated and estimated by totaling the figures only for overseas subsidiaries continuously subject to the survey since the corresponding quarter of the previous year.

(3) Method for determining numerical values

Quarterly numerical values

Numerical values for the current quarter are finalized in the succeeding quarter.

Numerical values for the previous year (quarterly values, fiscal year totals)

Previous-year figures are finalized in the quarter immediately following the last quarter of the fiscal year (i.e., the April – June quarter) (with inter-fiscal-year adjustments). Therefore, final figures for FY 2003 (April 2003 – March 2004) will differ from cumulative totals seen in the January – March quarter of 2004.

(4) Annotations in the statistical tables

- : Indicates no results.

p : Indicates preliminary estimated values. Numerical values for this quarter are preliminary estimates, and may be revised in the succeeding quarter.

x : Indicates that data is not being disclosed because there are only one or two parent companies of the overseas subsidiaries involved. Data may also be undisclosed when there are 3 or more companies, in order to avoid the risk of enabling the calculation of “x” from the data provided.

r : Indicates changes from released figures (other than preliminary estimates) for the previous quarter.

(5) Tabulation method

Data for all companies covered by the survey is tabulated after estimating the 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). All items are estimated except “amount of acquired tangible fixed assets.”

Estimated values for this quarter for companies not submitting data =

Value for corresponding quarter in previous year for relevant companies ×

Total values for this quarter for companies that submitted data both this quarter
and in the same quarter of the previous year

Total values for same quarter of the previous year for companies that submitted data both this quarter
and in the same quarter of the previous year

II. Survey Results

1. Trends in sales

[DI]

The Sales Current Assessment DI (for the April – June quarter of 2005) was positive at 25.9 percentage points, which was 16.1 points higher than in the previous quarter (compared with the previous survey). The Sales Prospects DI (for the July – September quarter of 2005) stood at 24.5 points and was positive. However, the Prospects DI exhibited a slight worsening, down 1.4 points from the Sales Current Assessment DI for the current quarter (see Table 1).

<By Region>

Compared with the previous quarter, the Current Assessment DI improved dramatically in China, NIEs3, and other Asian regions. The Current Assessment DI was positive in all regions, as DI figures for NIEs3 shifted from negative to positive, in relation to the previous quarter. Compared with the Current Assessment DI for the current quarter, the Prospects DI showed further improvement in ASEAN4 and in China. However, it worsened in North America, NIEs3, and Europe. The Prospects DI remained positive, but at low levels due to an easing in recovery of business confidence in Europe. The Prospects DI was positive in all regions, and continued at high levels in all regions except Europe.

North America

The overall Prospects DI stood at 14.8 percentage points, 6.0 points lower than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector was 7.3 points, down 15.7 points from the corresponding Current Assessment DI. The Prospects DI for the iron and steel sector also fell to 8.4 points, down 16.6 points from the corresponding Current Assessment DI. Meanwhile, the Prospects DI for the electrical machinery sector was 16.0 points, up 11.7 points from the corresponding Current Assessment DI.

ASEAN4

The overall Prospects DI stood at 29.1 percentage points, 3.5 points higher than the overall Current Assessment DI. The Prospects DI for the electrical machinery sector was 25.8 points, a great improvement of 13.0 points compared with the corresponding Current Assessment DI. In addition, the Prospects DI for the transportation equipment sector was 37.2 points, up 5.0 points from the corresponding Current Assessment DI. The Prospects DI for the chemical sector was 29.2 points, down 4.9 points from the corresponding Current Assessment DI. The Prospects DI for the iron and steel sector stood at 33.3 points, a sharp drop of 16.7 points compared with the corresponding Current Assessment DI, demonstrating continued high business confidence.

NIEs3

The overall Prospects DI stood at 15.5 percentage points, 3.1 points lower than the overall Current Assessment DI. The Prospects DI for the electrical machinery sector, which completed inventory adjustments of IT-related products, was 25.0 points, a sharp improvement of 16.3 points compared with the corresponding Current Assessment DI. The Prospects DI for the transportation equipment sector was 3.9 points, down 10.9 points from the corresponding Current Assessment DI.

CHINA

The overall Prospects DI stood at 39.9 percentage points, 1.9 points higher than the overall Current Assessment DI. The Prospects DI for the electrical machinery sector was 42.0 points, up 4.1 points from the corresponding Current Assessment DI. Meanwhile, the Prospects DI in the transportation equipment sector was 35.7 points, down 4.7 points from the corresponding Current Assessment DI, but maintaining a high level. The Prospects DI for the chemical sector was 50.0 points, down 5.8 points from the corresponding Current Assessment DI.

Europe

The overall Prospects DI stood at 2.7 percentage points, 14.3 points lower than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector registered minus 4.0 points, a huge decrease of 24.0 points compared with the corresponding Current Assessment DI. The Prospects DI for the electrical machinery was 0.0 points, down 5.3 points from the corresponding Current Assessment DI, while that for the industrial machinery sector was 5.0 points, a sharp fall of 29.1 points compared with the corresponding Current Assessment DI.

Notes:

1. China includes Hong Kong.
2. NIEs3 consists of Thailand, Taiwan, and the Republic of Korea.
3. ASEAN4 consists of Indonesia, Thailand, the Philippines, and Malaysia.
4. $DI = (\text{Proportion of companies that responded they would expect an increase}) - (\text{Proportion of companies that responded they would expect a decrease})$

Quarterly Changes in Current Assessment DI

$$= \text{Current Assessment DI in the current quarter} - \text{Current Assessment DI in the previous quarter}$$

Quarterly Changes in Prospects DI

$$= \text{Prospects DI in the current quarter} - \text{Current Assessment DI in the current quarter}$$

The Current Assessment DI for the previous quarter is based on current assessment figures for the period from January to March 2005 collected in the October - December 2004 survey.

The Current Assessment DI for the current quarter is based on current assessment figures for the period from April to June 2005 collected in the January - March 2005 survey.

The Prospects DI for the current quarter is based on prospects figures for the period from July to September 2005 collected in the January - March 2005 survey.

Chart 1 Sales DI by Region (Prospect: percentage points)

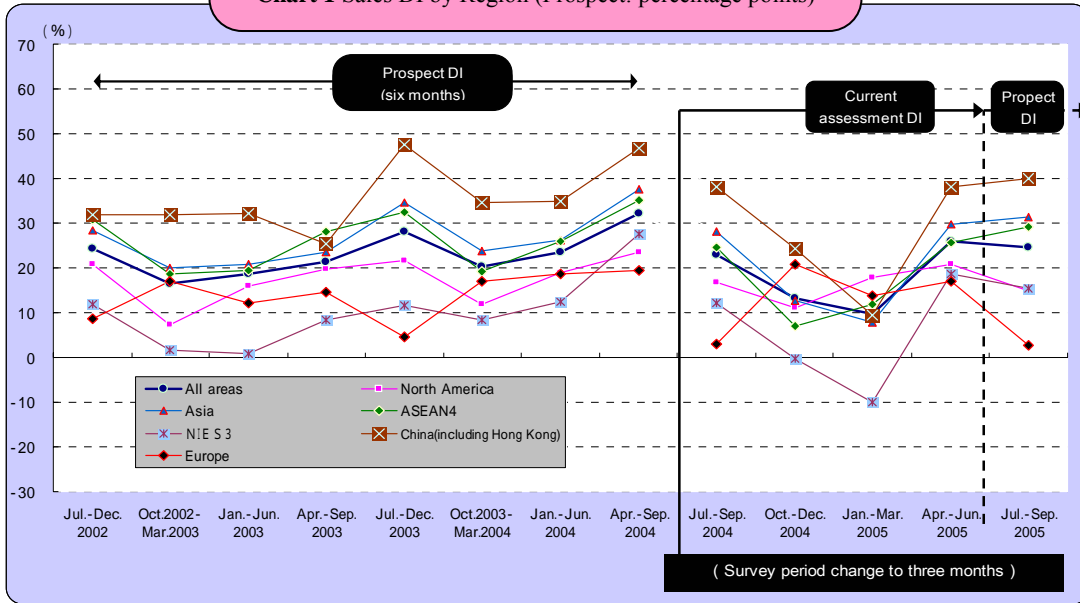


Table 1 Sales DI by Region

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
All areas	9.8	25.9	16.1	24.5	-1.4
North America	17.8	20.8	3.0	14.8	-6.0
Asia	7.9	29.7	21.8	31.4	1.7
ASEAN4	11.9	25.6	13.7	29.1	3.5
NIEs3	-9.9	18.6	28.5	15.5	-3.1
China(including Hong Kong)	9.4	38.0	28.6	39.9	1.9
Europe	13.9	17.0	3.1	2.7	-14.3

Table 2 Sales DI of Main Industries

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Manufacturing industry in total	9.8	25.9	16.1	24.5	-1.4
Transportation equipment	22.5	27.5	5.0	19.4	-8.1
Electrical machinery	-3.2	18.8	22.0	27.2	8.4
Industrial machinery	13.7	24.0	10.3	24.1	0.1
Chemicals	15.8	33.9	18.1	27.0	-6.9
Iron and Steel	30.2	41.2	11.0	21.6	-19.6

Sale DI of Main Industries in North America

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	19.1	23.0	3.9	7.3	-15.7
Electrical machinery	4.7	4.3	-0.4	16.0	11.7
Industrial machinery	35.8	19.1	-16.7	22.9	3.8
Chemicals	12.3	28.3	16.0	9.4	-18.9
Iron and Steel	6.2	25.0	18.8	8.4	-16.6

Sale DI of Main Industries in Asia

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	26.9	32.2	5.3	33.2	1.0
Electrical machinery	-4.3	23.0	27.3	32.6	9.6
Industrial machinery	0.0	23.9	23.9	31.7	7.8
Chemicals	17.2	39.8	22.6	33.9	-5.9
Iron and Steel	34.1	50.0	15.9	28.9	-21.1

Sale DI of Main Industries in ASEAN4

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	31.9	32.2	0.3	37.2	5.0
Electrical machinery	-4.4	12.8	17.2	25.8	13.0
Industrial machinery	-11.4	27.5	38.9	34.2	6.7
Chemicals	25.3	34.1	8.8	29.2	-4.9
Iron and Steel	40.0	50.0	10.0	33.3	-16.7

Sale DI of Main Industries in NIEs3

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	6.7	14.8	8.1	3.9	-10.9
Electrical machinery	-20.5	8.7	29.2	25.0	16.3
Industrial machinery	-10.0	19.3	29.3	15.4	-3.9
Chemicals	-11.1	30.8	41.9	22.7	-8.1
Iron and Steel	25.0	25.0	0.0	0.0	-25.0

Sale DI of Main Industries in China(including Hong Kong)

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	27.4	40.4	13.0	35.7	-4.7
Electrical machinery	0.0	37.9	37.9	42.0	4.1
Industrial machinery	10.6	22.0	11.4	36.7	14.7
Chemicals	30.2	55.8	25.6	50.0	-5.8
Iron and Steel	30.8	76.9	46.1	46.1	-30.8

Sale DI of Main Industries in Europe

Sales	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	26.6	20.0	-6.6	-4.0	-24.0
Electrical machinery	-6.9	5.3	12.2	0.0	-5.3
Industrial machinery	27.0	34.1	7.1	5.0	-29.1
Chemicals	26.5	20.0	-6.5	17.8	-2.2
Iron and Steel	100.0	0.0	-100.0	0.0	0.0

[Actual Results]

Total sales amounted to US\$146,678,850,000, up 14.1% from the same quarter of the previous year, for the sixth straight quarter of double-digit growth. Sales in the transportation equipment sector maintained their strong momentum, with an increase of 20.9% from the same quarter of the previous year, registering the eleventh straight quarter of double-digit growth. Sales in the iron and steel sector saw an increase of 30.0% from the same quarter of the previous year, for their fourth straight quarter of double-digit growth. Sales in the electrical machinery sector saw an increase of 6.4% from the same quarter of the previous year, for the second consecutive quarter of single-digit growth. (See Chart 2)

<Results by Region>

Sales increased in all regions compared to the same quarter of the previous year, marking the twelfth straight quarter of growth. Sales in Asia posted the eleventh straight quarter of double-digit growth. In particular, transportation equipment sector sales in China and those in ASEAN4 increased considerably. Sales in NIEs3 saw double-digit growth helped by favorable conditions in the transportation equipment sector, although sales in the electrical machinery sector decreased for the second consecutive quarter. Sales in North America continued their double-digit quarterly growth rate due to continued strong sales in the transportation equipment sector. Sales in Europe saw single-digit growth for the first time in six quarters due to a sluggish rise in sales in the electrical machinery sector, in spite of robust sales in the transportation equipment sector.

North America

Total sales amounted to US\$58,284,860,000 (39.7% of total sales in all regions), up 11.0% from the same quarter of the previous year, marking the seventh straight quarter of growth. Sales in the transportation equipment sector maintained their strong momentum with an increase of 17.4% from the same quarter of the previous year, registering the twelfth straight quarter of growth. Sales in the electrical machinery sector posted the fourth consecutive quarter of growth with an increase of 3.6% compared to the same quarter of the previous year. Sales in the iron and steel sector showed a significant increase of 33.9% from the same quarter of the previous year, and those in the chemical sector saw an increase of 20.4% compared to the same quarter the previous year, registering the fourth straight quarter of growth.

ASEAN4

Total sales amounted to US\$22,736,550,000 (15.5% of total sales in all regions), up 21.6% from the same quarter of the previous year, marking the eleventh straight quarter of double-digit growth. Sales in the transportation equipment sector showed a sharp increase of 45.9% compared to the same quarter of the previous year, marking the thirteenth straight quarter of double-digit growth. In particular, sales in Thailand and Indonesia continued to be brisk. Sales in the electrical machinery sector saw a single-digit increase, up 4.1% from the same quarter of the previous year, as in the previous quarter. Sales in the iron and steel sector posted their fourth consecutive quarter of double-digit growth, up 29.9% from the same quarter of the previous year thanks to expanded automobile production in Thailand.

NIEs3

Total sales amounted to US\$9,150,720,000 (6.2% of total sales in all regions), up 11.8% from the same quarter of the previous year, registering double-digit growth. Sales in the transportation equipment sector showed a dramatic increase of 45.2% from the same quarter of the previous year, registering the third straight quarter of growth, with sales in the industrial machinery sector increasing 14.4% from the same quarter a year earlier. Sales in the electrical machinery sector registered a decrease of 5.6% from the same quarter of the previous year due to a continued slump in export performance.

China

Total sales continued to rapidly increase, rising by 27.9% compared to the same quarter of the previous year, to US\$16,709,470,000 (11.4% of total sales in all regions), which marked the eleventh straight quarter of double-digit growth. Sales in the electrical machinery sector posted an increase of 21.8% from the same quarter of the previous year, registering the thirteenth straight quarter of double-digit growth. Sales in the transportation equipment sector continued to increase considerably, up 63.2% from the same quarter of the previous year, and those in the chemical sector saw an increase of 31.2% from the same quarter of the previous year, registering the fifth straight quarter of double-digit growth.

Europe

Total sales amounted to US\$28,507,990,000 (19.4% of total sales in all regions), up 9.2% from the same quarter of the previous year. Sales in the transportation equipment sector posted an increase of 11.0% compared to the same quarter of the previous year, marking the twelfth straight quarter of double-digit growth. However, sales in the electrical machinery sector saw a single-digit increase for the first time in six quarters, up 4.8% from the same quarter of the previous year. Sales in the chemical sector increased 25.5% compared to the same quarter of the previous year, for the eighth straight quarter of growth, while sales in the industrial machinery sector showed an increase of 22.2% from the same quarter of the previous year, registering the sixth consecutive quarter of growth.

Chart 2 Sales in Main Industries (Comparison to the same quarter of the previous year)

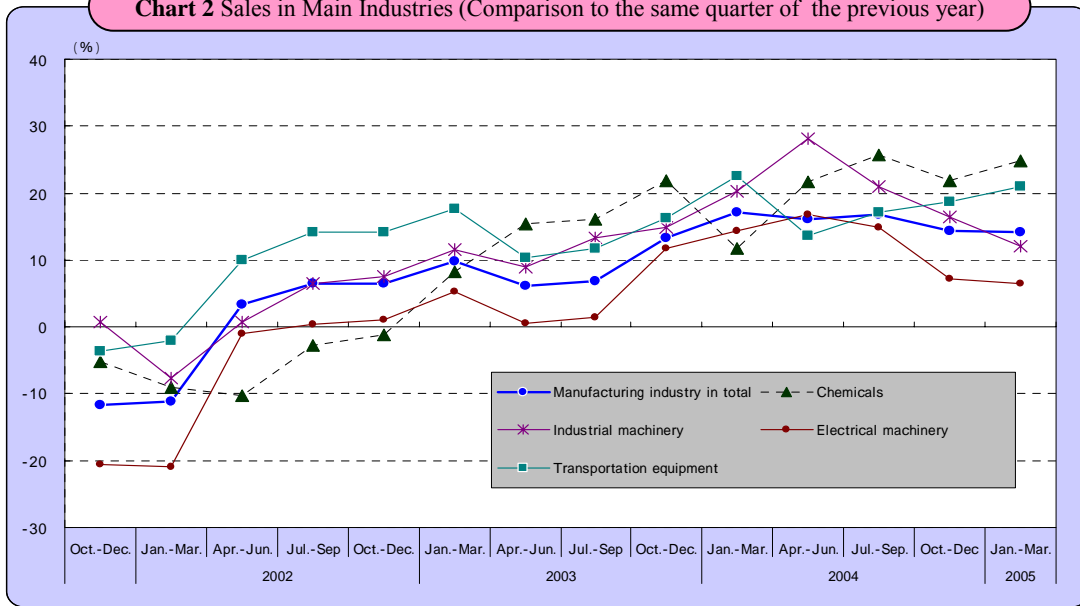
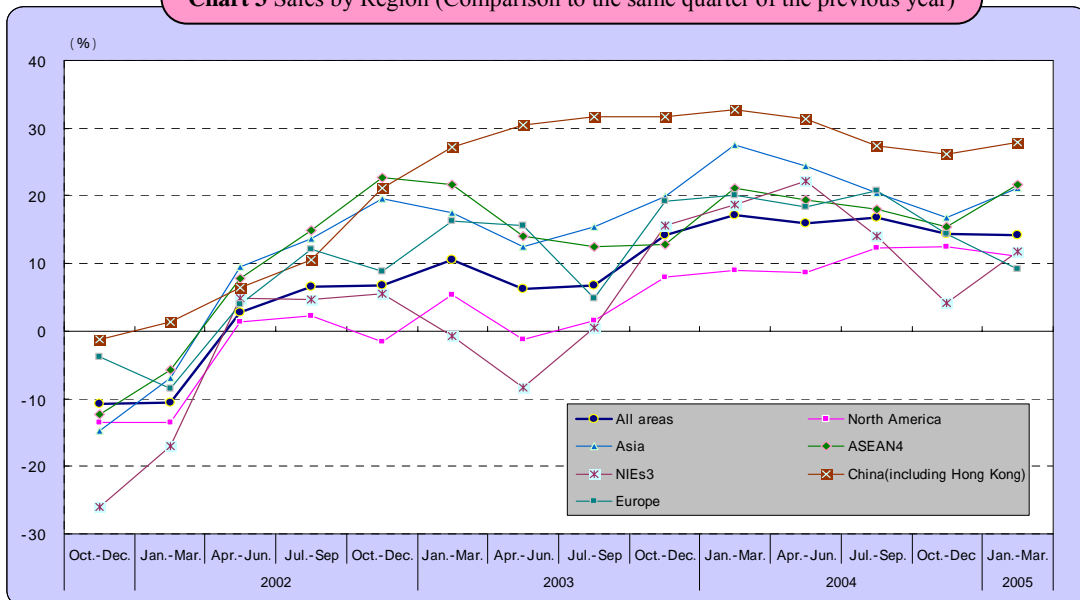
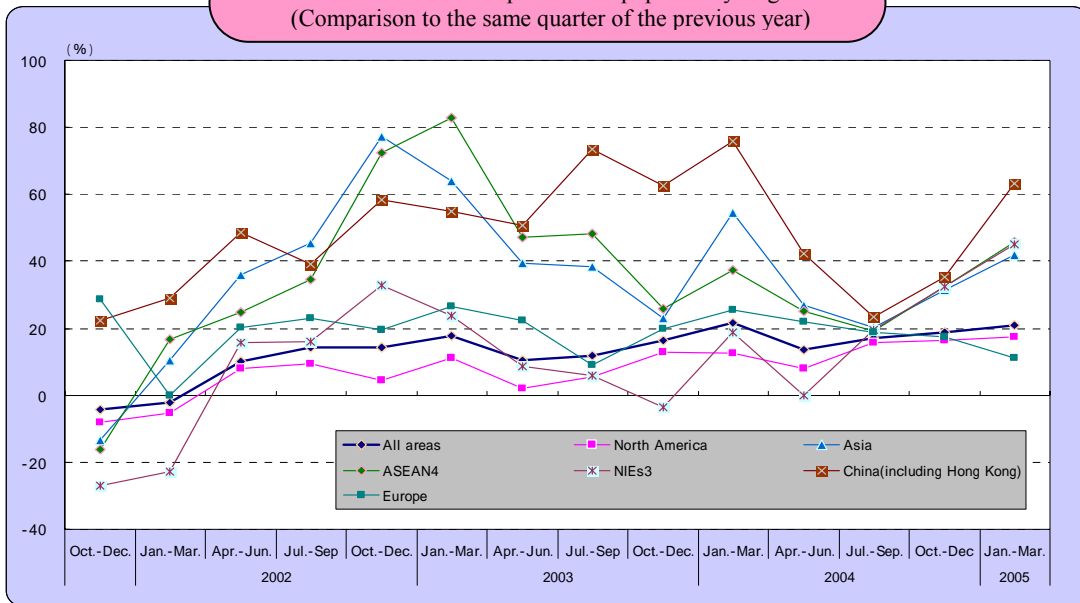


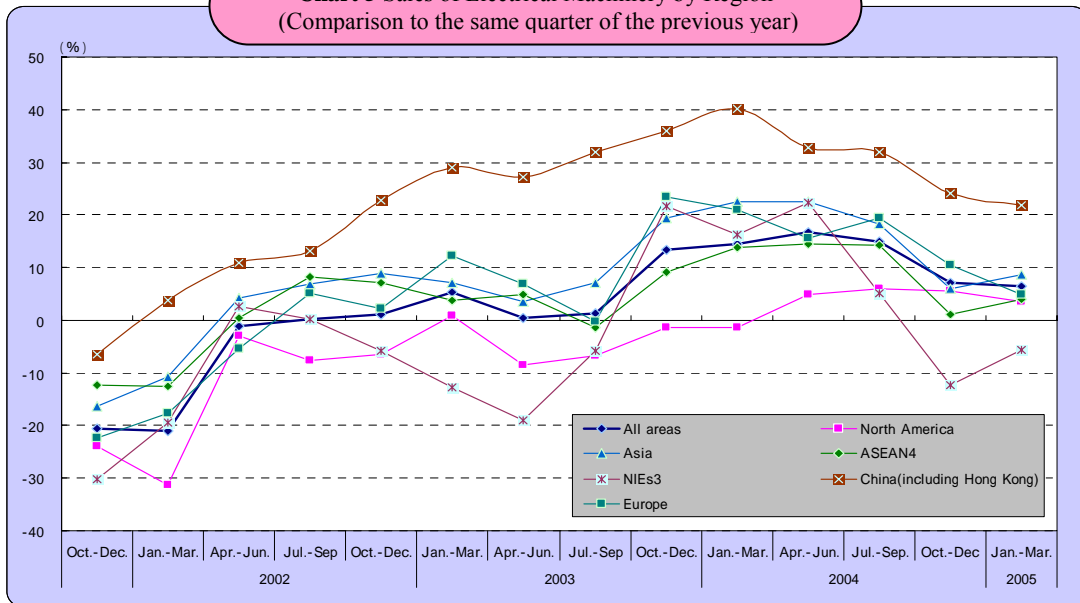
Chart 3 Sales by Region (Comparison to the same quarter of the previous year)



**Chart 4 Sales of Transportation Equipment by Region
(Comparison to the same quarter of the previous year)**



**Chart 5 Sales of Electrical Machinery by Region
(Comparison to the same quarter of the previous year)**



2. Trends in capital investment

[DI]

The Capital Investment Current Assessment DI (for the April to June quarter of 2005) was positive at 15.9 percentage points, up 7.7 points compared to that for the previous quarter. The Capital Investment Prospects DI (for the subsequent July to September quarter) stood at 14.9 points, down 1.0 points from the current quarter's Capital Investment Current Assessment DI.

<Results by Region>

The Current Assessment DI showed robust improvement of 18.9 percentage points in relation to the previous quarter for NIEs3, resulting in an improvement in all regions. The Current Assessment DI was positive in all regions as a result of a continuing favorable DI for Asia. Compared with the current quarter's Current Assessment DI, the Prospects DI worsened in all regions except North America and in China. The Prospects DI was in double-digit positive figures with continued strength in all regions except Europe, which saw moderate single-digit growth.

North America

The overall Prospects DI stood at 15.8 percentage points, 4.0 points higher than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector registered 14.5 points, marking a significant improvement of 10.9 points from the corresponding Current Assessment DI. The Prospects DI for the electrical machinery sector was 2.1 points, up 4.2 points from the corresponding Current Assessment DI. The Prospects DI for iron and steel was 50.0 points, a significant improvement of 20.0 points compared with the corresponding Current Assessment DI.

ASEAN4

The overall Prospects DI stood at 16.9 percentage points, 1.4 points lower than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector registered 15.2 points, a sharp deterioration of 14.1 points compared with the corresponding Current Assessment DI. The Prospects DI for the electrical machinery sector was 6.0 points, down 7.9 points from the corresponding Current Assessment DI.

NIEs3

The overall Prospects DI stood at 10.4 percentage points, 8.5 points lower than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector suffered a resounding drop of 53.0 points compared with the corresponding Current Assessment DI, registering a negative 18.2 points. The Prospects DI for the electrical machinery sector stood at 8.7 points, down 2.9 points from the corresponding Current Assessment DI.

China

The overall Prospects DI was essentially static at 17.8 percentage points, up by a mere 0.7 points compared with the overall Current Assessment DI. The Prospects DI for the electrical machinery sector was 14.6 points, an increase of 5.3 points from the corresponding Current Assessment DI. The Prospects DI for transportation equipment registered 21.7 points, a rise of 10.8 points compared with the corresponding Current Assessment DI, maintaining a high level due to continued good results.

Europe

The overall Prospects DI stood at 3.4 percentage points, 6.4 points lower than the overall Current Assessment DI. The Prospects DI for the electrical machinery sector, which fell into negative territory, registered minus 12.8 points, showing significant deterioration of 20.8 points from the corresponding Current Assessment DI. The Prospects DI for the transportation equipment sector was 5.1 points, 17.9 points lower than the corresponding Current Assessment DI.

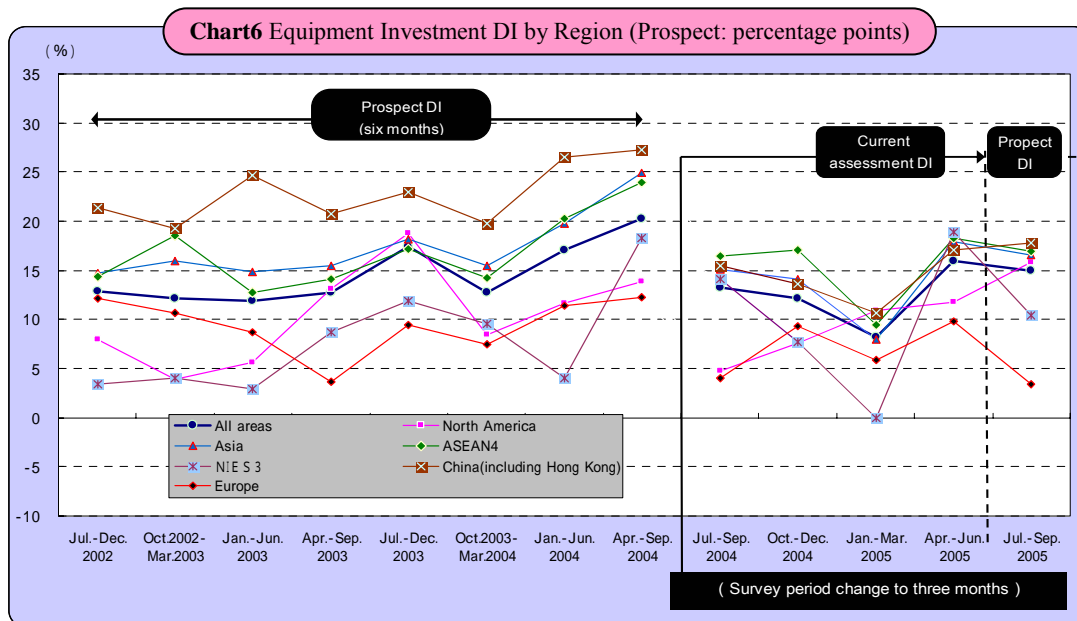


Table 1 Equipment Investment DI by Region

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
All areas	8.2	15.9	7.7	14.9	-1.0
North America	10.9	11.8	0.9	15.8	4.0
Asia	8.0	17.9	9.9	16.6	-1.3
ASEAN4	9.4	18.3	8.9	16.9	-1.4
NIEs3	0.0	18.9	18.9	10.4	-8.5
China(including Hong Kong)	10.7	17.1	6.4	17.8	0.7
Europe	5.9	9.8	3.9	3.4	-6.4

Table 2 Equipment Investment DI of Main Industries

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Manufacturing industry in total	8.2	15.9	7.7	14.9	-1.0
Transportation equipment	15.8	18.3	2.5	11.9	-6.4
Electrical machinery	3.3	9.3	6.0	6.5	-2.8
Industrial machinery	5.1	16.1	11.0	22.4	6.3
Chemicals	6.6	16.9	10.3	13.7	-3.2
Iron and Steel	6.2	20.5	14.3	26.6	6.1

Equipment Investment DI of Main Industries in North America

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	19.0	3.6	-15.4	14.5	10.9
Electrical machinery	-2.7	-2.1	0.6	2.1	4.2
Industrial machinery	0.0	23.8	23.8	23.2	-0.6
Chemicals	16.0	15.8	-0.2	10.5	-5.3
Iron and Steel	0.0	30.0	30.0	50.0	20.0

Equipment Investment DI of Main Industries in Asia

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	10.5	23.8	13.3	14.4	-9.4
Electrical machinery	3.7	11.3	7.6	10.3	-1.0
Industrial machinery	5.2	22.0	16.8	29.1	7.1
Chemicals	6.0	21.3	15.3	16.0	-5.3
Iron and Steel	9.1	18.8	9.7	21.2	2.4

Equipment Investment DI of Main Industries in ASEAN4

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	12.7	29.3	16.6	15.2	-14.1
Electrical machinery	4.1	13.9	9.8	6.0	-7.9
Industrial machinery	3.1	19.5	16.4	32.4	12.9
Chemicals	13.1	21.1	8.0	13.2	-7.9
Iron and Steel	0.0	6.3	6.3	25.0	18.7

Equipment Investment DI of Main Industries in NIEs3

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	3.8	34.8	31.0	-18.2	-53.0
Electrical machinery	-3.3	11.6	14.9	8.7	-2.9
Industrial machinery	-16.6	38.1	54.7	40.9	2.8
Chemicals	-12.8	2.6	15.4	10.5	7.9
Iron and Steel	0.0	0.0	0.0	0.0	0.0

Equipment Investment DI of Main Industries in China(including Hong Kong)

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	24.0	10.9	-13.1	21.7	10.8
Electrical machinery	6.6	9.3	2.7	14.6	5.3
Industrial machinery	15.9	16.7	0.8	18.6	1.9
Chemicals	5.0	31.4	26.4	25.0	-6.4
Iron and Steel	23.1	38.5	15.4	21.5	-17.0

Equipment Investment DI of Main Industries in Europe

Equipment Investment	Survey of previous term (Oct.-Dec.2004)	Survey of the present term(Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	35.4	23.0	-12.4	5.1	-17.9
Electrical machinery	2.1	8.0	5.9	-12.8	-20.8
Industrial machinery	5.7	-9.1	-14.8	2.8	11.9
Chemicals	-7.5	3.0	10.5	-3.0	-6.0
Iron and Steel	0.0	0.0	0.0	0.0	0.0

[Actual Results]

Total capital investment (total acquisition costs of fixed assets except land) was US\$5,239,270,000, up 24.5% from the same quarter of the previous year, marking the ninth straight quarterly growth on a year-on-year basis. Capital investment in the electrical machinery sector grew 32.7% compared to the same quarter of the previous year, for the sixth consecutive significant year-on-year quarterly increase. Capital investment in the transportation equipment sector rose 26.2% from the same quarter of the previous year. The investment in the iron and steel sector gained 67.9% compared to the same quarter of the previous year, for the second straight significant year-on-year quarterly rise. Capital investment in the chemical sector decreased 18.4% from the same quarter of the previous year.

<Results by Region>

Capital investment in Asia increased 36.7% compared to the same quarter of the previous year, for the seventh straight quarter of growth. In particular, capital investment in China rose considerably by 81.2% compared to the same quarter of the previous year, and investment in ASEAN4 registered its fifth straight quarter of double-digit growth. On the other hand, capital investment in NIEs3 declined by 19.9% compared to the same quarter of the previous year, marking the second straight quarterly drop. Capital investment in Europe was up 44.3%, surging considerably compared to the same quarter of the previous year, registering the third straight quarterly gain due to vigorous investment in the transportation equipment sector. Capital investment in North America gained 6.0% compared to the same quarter of the previous year, for the first gain in two quarters.

North America

Total capital investment amounted to US\$1,965,780,000 (37.5% of total capital investment in all regions), up 6.0% from the same quarter of the previous year. Capital investment in the electrical machinery sector registered a huge gain of 95.3% compared to the same quarter of the previous year, for the eighth consecutive quarter of growth, due to buildup in semiconductor equipment, etc. At the same time, capital investment in the transportation equipment sector posted its second straight quarterly decline, decreasing by 4.4% from the same quarter a year earlier.

ASEAN4

Total capital investment amounted to US\$971,750,000 (18.5% of total capital investment in all regions), up 30.8% from the same quarter of the previous year, and marking the fifth straight quarter of significant growth. Capital investment in the transportation equipment sector surged significantly, especially in Thailand and Indonesia, increasing 92.3% from the same quarter of the previous year. Capital investment in the electrical machinery sector decreased 14.7% from the same quarter of the previous year, for the first time in five quarters.

NIEs3

Total capital investment amounted to US\$197,830,000 (3.8% of total capital investment in all regions), a significant decrease of 19.9% from the same quarter a year earlier, and the second consecutive quarter of decline. Capital investment in electrical machinery dropped significantly by 23.1% from the same quarter of the previous year, due to the backlash from the previous year's vigorous investment. Investment in the transportation equipment sector decreased by 25.1% compared to the same quarter of the previous year, resulting in considerable investment drops in two primary sectors for the second consecutive quarter.

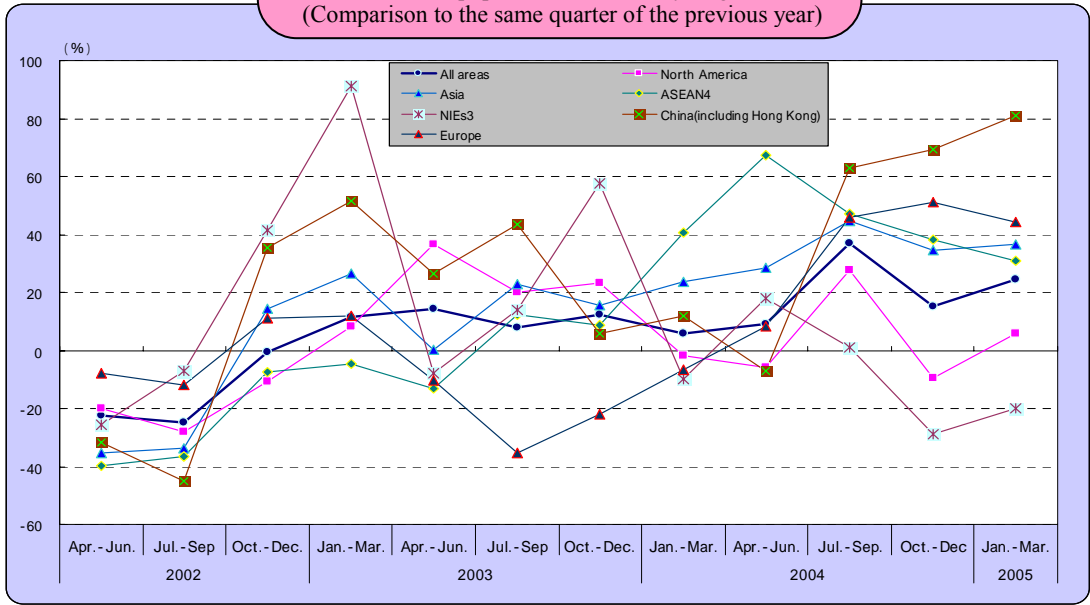
China

Total capital investment amounted to US\$654,330,000 (12.5% of total capital investment in all regions), increasing 81.2% from the same quarter a year earlier, and registering the third straight quarter of significant growth. Capital investment in the electrical machinery sector grew 79.8% compared to the same quarter of the previous year, for the third consecutive significant quarterly increase. Capital investment in the transportation equipment sector increased by 53.8% from the same quarter of the previous year, marking the fourth straight quarter of growth. Capital investment in the chemical sector skyrocketed by 273.2% compared to the same quarter a year previous, and registered its third consecutive quarter of growth.

Europe

Total capital investment amounted to US\$938,440,000 (17.9% of total capital investment in all regions), increasing 44.3% from the same quarter a year earlier and registering the third consecutive quarter of significant growth. Capital investment in the transportation equipment sector posted its third consecutive quarter of significant growth, increasing 72.3% from the same quarter of the previous year, due particularly to vigorous equipment investment in the Eastern European region. Capital investment in the electrical machinery sector increased by 24.1% from the same quarter a year earlier due to steady equipment investment in automobile-related electrical components. Capital investment in the industrial machinery sector showed a large gain of 89.7% compared to the same quarter of the previous year, for the first gain in two quarters.

Chart7 Equipment Investment by Region
(Comparison to the same quarter of the previous year)



3. Trends in employment (number of employees)

[DI]

The Employment Current Assessment DI (for the April to June quarter of 2005) was in positive territory at 10.9 percentage points, up 3.0 points compared to the previous quarter, and improving for the second consecutive quarter. The Employment Prospects DI (for the July to September quarter of 2005) stood at 8.3 points, a decline of 2.6 points from the current quarter's Employment Current Assessment DI.

<Results by Region>

Compared to the previous quarter, the Current Assessment DI fell by 0.9 percentage points in China. However, it improved in other regions, including NIEs3. The Current Assessment DI was positive in all regions except NIEs3, where the DI fell slightly into negative territory. Compared to the current quarter's Current Assessment DI, the Prospects DI worsened in all regions except NIEs3. The Prospects DI for NIEs3 rebounded to register 0.0 percentage points for the first time in three quarters, and the DI for all regions was positive.

North America

The overall Prospects DI stood at 4.2 percentage points, 6.0 points lower than the overall Current Assessment DI. The Prospects DI for the electrical machinery sector was 2.9 points, down 5.7 points from the corresponding Current Assessment DI. The Prospects DI for the transportation equipment sector registered 5.7 points, down 3.5 points from the corresponding Current Assessment DI.

ASEAN4

The overall Prospects DI stood at 10.9 percentage points, 2.3 points lower than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector registered 25.2 points, down 0.9 points from the corresponding Current Assessment DI, although it remained at a high level. The Prospects DI for the industrial machinery sector was 17.9 points, down 8.4 points from the corresponding Current Assessment DI. The Prospects DI for the electrical machinery sector stood at 6.1 points, up 1.1 points from the corresponding Current Assessment DI.

NIEs3

The overall Prospects DI stood at 0.0 percentage points, showing a slight improvement of 0.4 points compared to the overall Current Assessment DI. The Prospects DI for the electrical machinery sector registered 2.5 points, a slight increase of 0.1 points from the corresponding Current Assessment DI. The Prospects DI for the transportation equipment sector was 0.0 percentage point, remaining flat compared with the corresponding Current Assessment DI.

China

The overall Prospects DI stood at 14.3 percentage points, 0.9 points lower than the overall Current Assessment DI. The Prospects DI for the electrical machinery sector was 16.9 points and remained solid, up 2.4 points from the corresponding Current Assessment DI. The Prospects DI for the transportation equipment sector was 37.3 points, up 5.9 points from the corresponding Current Assessment DI, maintaining its high level. The Prospects DI for the iron and steel sector was 14.3 points, down 7.2 points from the corresponding Current Assessment DI.

Europe

The overall Prospects DI stood at 3.1 percentage points, 2.3 points lower than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector was 5.8 points, down 7.9 points from the corresponding Current Assessment DI, while that for the electrical machinery sector was 8.2 points, down 6.3 points from the corresponding Current Assessment DI. Meanwhile, the Prospects DI for the industrial machinery sector was 4.6 points, up 4.6 points from the corresponding Current Assessment DI, with that for the chemical sector standing at 2.3 points, up 4.6 points from the corresponding Current Assessment DI.

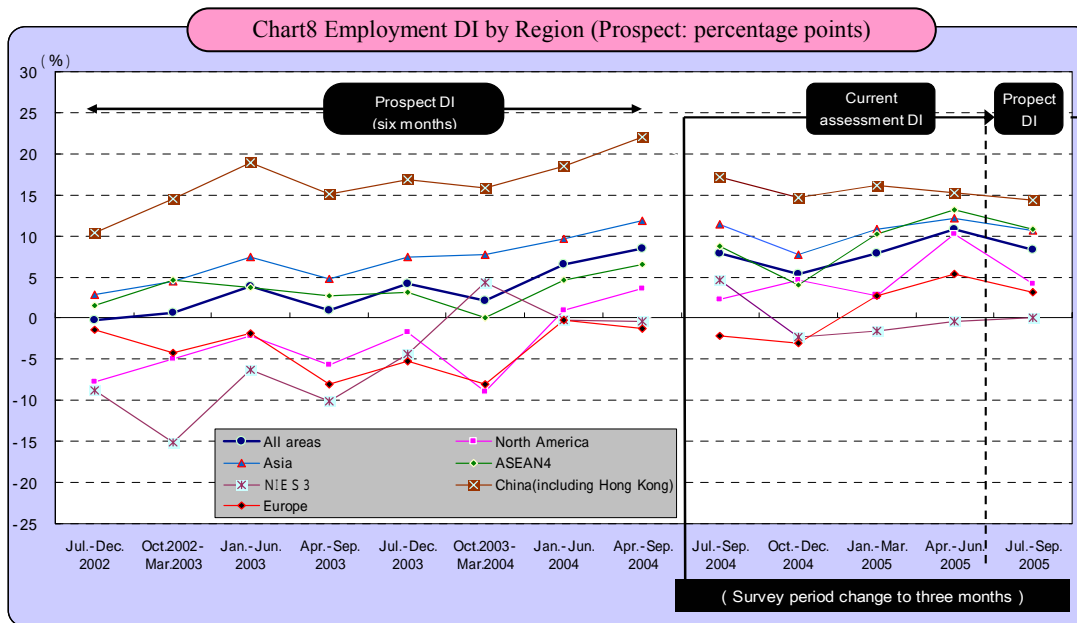


Table 1 Number of Employees DI by Region

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
All areas	7.9	10.9	3.0	8.3	-2.6
North America	2.7	10.2	7.5	4.2	-6.0
Asia	10.9	12.1	1.2	10.7	-1.4
ASEAN4	10.2	13.2	3.0	10.9	-2.3
NIEs3	-1.6	-0.4	1.2	0.0	0.4
China(including Hong Kong)	16.1	15.2	-0.9	14.3	-0.9
Europe	2.7	5.4	2.7	3.1	-2.3

Table 2 Number of Employees DI of Main Industries

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Manufacturing industry in total	7.9	10.9	3.0	8.3	-2.6
Transportation equipment	11.7	16.3	4.6	14.4	-1.9
Electrical machinery	5.7	8.5	2.8	8.3	-0.2
Industrial machinery	7.3	14.6	7.3	14.0	-0.6
Chemicals	12.9	9.1	-3.8	7.3	-1.8
Iron and Steel	14.5	14.8	0.3	3.7	-11.1

Number of Employees DI of Main Industries in North America

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	5.5	9.2	3.7	5.7	-3.5
Electrical machinery	3.2	8.6	5.4	2.9	-5.7
Industrial machinery	11.9	13.3	1.4	13.1	-0.2
Chemicals	-3.6	2.0	5.6	-4.0	-6.0
Iron and Steel	0.0	0.0	0.0	-7.7	-7.7

Number of Employees DI of Main Industries in Asia

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	17.1	23.5	6.4	23.7	0.2
Electrical machinery	6.5	8.0	1.5	9.6	1.6
Industrial machinery	10.7	20.5	9.8	18.0	-2.5
Chemicals	19.6	13.7	-5.9	10.9	-2.8
Iron and Steel	21.0	20.5	-0.5	5.3	-15.2

Number of Employees DI of Main Industries in ASEAN4

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	23.1	26.1	3.0	25.2	-0.9
Electrical machinery	4.7	5.0	0.3	6.1	1.1
Industrial machinery	20.0	26.3	6.3	17.9	-8.4
Chemicals	14.6	12.1	-2.5	8.8	-3.3
Iron and Steel	33.3	33.3	0.0	5.6	-27.7

Number of Employees DI of Main Industries in NIEs3

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	-10.4	0.0	10.4	0.0	0.0
Electrical machinery	-5.7	-2.6	3.1	-2.5	0.1
Industrial machinery	4.8	7.4	2.6	3.9	-3.5
Chemicals	7.5	3.8	-3.7	3.8	0.0
Iron and Steel	0.0	0.0	0.0	0.0	0.0

Number of Employees DI of Main Industries in China(including Hong Kong)

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	24.1	31.4	7.3	37.3	5.9
Electrical machinery	12.1	14.5	2.4	16.9	2.4
Industrial machinery	4.4	21.5	17.1	23.5	2.0
Chemicals	39.2	24.1	-15.1	23.2	-0.9
Iron and Steel	21.5	21.5	0.0	14.3	-7.2

Number of Employees DI of Main Industries in Europe

Number of Employees	Survey of previous term (Oct.-Dec.2004)	Survey of the present term (Jan.-Mar.2005)			
	Current assessment (Jan.-Mar.2005)	Current assessment (Apr.-Jun.2005)	comparison to the previous quarter	Prospect (Jul.-Sep.2005)	comparison to the previous quarter
Transportation equipment	13.8	13.7	-0.1	5.8	-7.9
Electrical machinery	-1.8	14.5	16.3	8.2	-6.3
Industrial machinery	-2.6	0.0	2.6	4.6	4.6
Chemicals	2.1	-2.3	-4.4	2.3	4.6
Iron and Steel	0.0	0.0	0.0	0.0	0.0

[Actual Results]

The overall number of employees stood at 2.52 million, up 4.3% from the same quarter of the previous year, for the twelfth straight quarter of growth. Compared to the same quarter of the previous year, the number of employees in the transportation equipment sector increased 8.3% to 600,000, marking the fourteenth straight quarter of increase, and employment in the electrical machinery sector stood at 1.08 million people, up 4.1 % from the same quarter of the previous year, for the eleventh consecutive quarter of growth. The number of employees in the industrial machinery sector increased by 7.7% to 140,000, marking the ninth straight quarter of growth, and employment in the iron and steel area increased by 2.8% from the same quarter a year earlier, to 20,000 people, for the first gain for in ten quarters. The number of employees increased in nine out of thirteen industries.

<Results by Region>

The number of employees in Asia (69.0% of the total number of employees in all regions, with 1.74 million people) grew by 6.6% compared to the same quarter a year earlier, marking the thirteenth straight quarter of growth. The number of employees in China and ASEAN4 rose due to steady growth in the primary driving sectors of electrical machinery and transportation equipment. The number of employees in North America decreased for the twelfth consecutive quarter, and the number in NIEs3 declined for the first time in seven quarters. Employment in Europe declined slightly for the first time in four quarters.

North America

The overall number of employees was 410,000 (16.1% of the total number of employees in all regions), down 0.8% from the same quarter of the previous year, and registering the sixteenth straight quarter of decline. The number of employees in the electrical machinery sector stood at 80,000, a decrease of 8.4% from the same quarter of the previous year, for the thirteenth consecutive quarterly drop. On the other hand, employment in the transportation equipment sector stood at 160,000, an increase of 4.0% from the same quarter of the previous year, and the eleventh straight quarterly gain.

ASEAN4

The overall number of employees was 770,000 (30.6% of the total number of employees in all regions), up 4.1% from the same quarter of the previous year, for the eleventh straight quarter of increase. The number of employees in the transportation equipment sector rose by 16.5% to 150,000, for the fourth straight quarter of double-digit growth. The number of employees in the electrical machinery sector was 400,000, a marginal increase of 1.6% from the same quarter of the previous year.

NIEs3

The overall number of employees stood at 130,000 (5.0% of the total number of employees in all regions), registering a slight decrease of 0.1% from the same quarter of the previous year. The number of employees in the electrical machinery was 60,000, down 2.4% from the same quarter a year earlier. However, the number of employees in transportation equipment was 20,000, up 5.0% from the same quarter of the previous year. Employment in the industrial machinery sector was 10,000 people, up 5.3% compared to the same quarter a year previous.

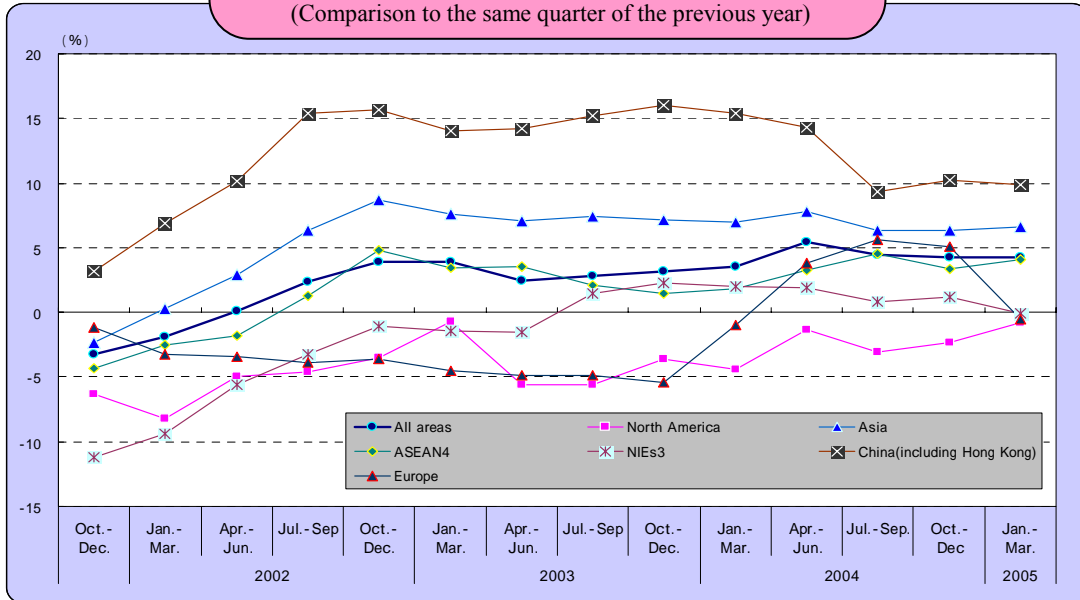
China

The overall number of employees continued to grow, standing at 750,000 (29.6% of the total number of employees in all regions), increasing 9.9% from the same quarter of the previous year. The number of employees in the electrical machinery sector surged 12.4% to 450,000, for the thirteenth straight quarter of double-digit growth. The number of employees in the transportation equipment sector was 70,000, up 11.9% from the same quarter a year earlier, and for the fifteenth straight quarter of double-digit growth.

Europe

The overall number of employees stood at 230,000 (9.2% of the total number of employees in all regions), registering a slight decrease of 0.5% for the first time in four quarters. The number of employees in the transportation equipment sector increased 3.4% to 80,000, the fourth straight quarter of growth, while the number of employees in the electrical machinery sector decreased 11.2% to 50,000, for the fourteenth straight quarter of decline.

Chart9 Number of Employees by Region
(Comparison to the same quarter of the previous year)



(Reference)

1. Classification of countries (regions)

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

• North America: Canada and USA

• Asia

ASEAN4: Indonesia, Malaysia, the Philippines, Thailand

NIEs3: Singapore, Taiwan, Republic of Korea

China (including Hong Kong): the People's Republic of China

(including Hong Kong Special Administrative District)

Other Asia: (including Bangladesh, India, Myanmar, Pakistan, Sri Lanka and Vietnam)

• 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. Changes in the exchange rates of major currencies against the US dollar, by region

(Average term rates published by IMF)

	Oct.-Dec. 2003	Jan.-Mar. 2004	Apr.-Jun. 2004	Jul.-Sep. 2004	Oct.-Dec. 2004	Jan.-Mar. 2005
Yen	108.9	107.23	109.75	109.91	105.89	104.71
ASEAN4						
Rupiah (Indonesia)	8482.5	8469.6	9001.4	9156.2	9128.2	9274.3
Ringgit (Malaysia)	3.8	3.8	3.8	3.8	3.8	3.8
Peso (Philippines)	55.256	55.966	55.911	55.997	56.282	55.006
Baht (Thailand)	39.733	39.166	40.221	41.253	40.250	38.566
NIEs3						
Won (Republic of Korea)	1181.92	1171.58	1162.29	1154.65	1093.12	1022.22
Dollar (Singapore)	1.7243	1.6948	1.7019	1.7075	1.6568	1.6356
Dollar (Taiwan)	34.00133	33.4067	33.3843	33.9766	32.9360	31.5400
People's Republic of China (Hong Kong is including)						
Yuan (People's Republic of China)	8.2769	8.2771	8.2769	8.2767	8.2765	8.2765
Dollar (Hong Kong)	7.756	7.777	7.796	7.800	7.780	7.798
Europe						
Pound (United Kingdom)	1.7052	1.839	1.8055	1.8179	1.8648	1.8924
Euro (Euro Area)	0.8413	0.7998	0.8305	0.8184	0.7728	0.7606

INTERNATIONAL FINANCIAL STATISTICS (IMF)

3. 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 defined on Page 1: "Outline of the survey" (4)-(iii) , from "over 50% of a controlling share" to "50% or more of a controlling share") beginning with the April-June quarter of 2003, differences between results for this quarter and those of previous quarters 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 were continuously included in the survey from the previous fiscal year to the current quarter.

The April – June quarter of FY 2004

- From the survey of the April – June quarter of 2004, the period of the DI survey was changed. The former six-month survey period was divided into the “estimation of the present assessment of the current situation” and the “future prospects,” and both were surveyed for three months respectively.
- The coefficient of connection was calculated. (Companies subject to the survey were reviewed and the scope of the survey was expanded in FY2003 (Page.20 reference)).
- Due to the review of companies covered by the survey from the April – June quarter of 2004, there is a gap between the results of that quarter and those of previous quarters. Comparisons between the current quarter and the corresponding quarter of the previous year are calculated by totaling figures only for overseas subsidiaries continuously covered to the survey since the corresponding quarter of the previous year.
- Classification of regions and countries was changed, and the category of “other Asian countries,” which used to be included under the totals for Asia, was extracted and listed separately.

4. Calculation of the coefficient of connection

There is a gap between the results of the April – June quarter of 2003 and the totals before the January – March quarter of 2003, due to the expansion of the scope of the survey since the April – June quarter of 2003. Therefore, comparisons between the current quarter and the corresponding quarter of the previous year since the April – June quarter of 2003 are calculated by totaling the figures only for overseas subsidiaries continuously covered by the survey from FY2002 to the April – June quarter of 2003. On publication of the survey results of FY2004, to retain continuity with the past results, the coefficient of connection was calculated based on the scope of the FY2003 survey.

(1) Period of connection

Pre-FY2003 figures (October – December quarter of 1996 to January – March quarter of 2003) are connected to FY2003 figures (April – June quarter of 2003 to January – March quarter of 2004).

(2) Coefficient of connection

When comparing the period up to FY2002 with FY2003, the coefficient of connection used for the former period is calculated by multiplying the following two factors.

• Factors that were newly included in the survey in FY2003 and should be considered to be an increase

----- (A)

• Factors that were outside the scope of the survey in FY2003 and should be considered to be a decrease

----- (B)

Coefficient of connection

$$= \left[\frac{\text{Results of FY2003 (companies covered continuously + Newly covered companies)}}{\text{Results of FY2003 companies covered continuously}} \right] \text{ (A)}$$
$$\times \left[\frac{\text{Results of FY2002 companies covered continuously}}{\text{Results of FY2002}} \right] \text{ (B)}$$

* Companies covered continuously are those covered by the survey continuously through FY2002 and FY2003

(3) Scope of coefficient processing

All cells for regions × industries × items, which are the officially published form.

Among the survey items, the coefficient of connection is not calculated with regard to the purchase value of tangible fixed assets (other than land).

(4) Processing of official value

• “Actual figure” → The actual figure without coefficient processing is given.

“Coefficient of connection” is given separately for connection.

Therefore, when the actual figure is used in connection, the actual figure before FY2002 should be multiplied with the coefficient of connection, which is given separately.

• “Ratio compared to same quarter of previous year”

→ The published ratio compared to the same quarter of the previous year was calculated by totaling figures only for overseas subsidiaries continuously covered by the survey from FY2002 to the April – June quarter of FY2003.

* Coefficient of connection table is on p.46 and p.47 of Statistical Tables.

	D.I												
	Jan.-Mar. 2004 investigation		Apr.-Jun. 2004 period investigation		Jul.-Sep. 2004 period investigation		Oct.-Dec. 2004 period investigation		Jan.-Mar. 2005 period investigation				
	Current assessment Jul.-Sep. 2004	Project Oct.-Dec. 2004	Current assessment Oct.-Dec. 2004	Project Jan.-Mar. 2005	Current assessment Jan.-Mar. 2005	Project Apr.-Jun. 2005	Current assessment Apr.-Jun. 2005	Project Jul.-Sep. 2005	Current assessment Jul.-Sep. 2005	Project Oct.-Dec. 2005	Current assessment Oct.-Dec. 2005	Project Jan.-Mar. 2006	
Europe													
Total value of electrical machinery	5.0	1.5	29.0	11.6	-5.9	-14.0	5.3	12.2	0.0	0.0	0.0	-5.3	
Electrical machines and apparatuses	-25.0	-15.6	47.4	9.1	18.2	11.1	-5.6	30.0	18.9	5.0	5.0	-25.0	
Information and communications machines and equipment	8.7	27.3	28.6	45.5	-9.5	-23.8	-14.3	9.5	9.5	-5.0	9.3	9.3	
Electronic parts and devices	23.8	-9.1	13.6	-16.0	-24.0	-5.3	-21.1	0.0	5.3	0.0	0.0	0.0	
Total value of transportation equipment	17.9	0.0	13.0	19.1	8.5	26.6	21.6	20.0	-8.6	0.0	-24.0		
Transportation machines and equipment	11.1	0.0	25.0	14.3	0.0	-14.3	14.3	14.3	28.6	14.3	14.3	0.0	
Parts and accessories for transportation machinery	19.1	0.0	10.9	20.0	10.0	32.1	22.6	20.9	-11.2	-7.0	-27.9		

	D.I											
	Jan.-Mar. 2004 investigation		Apr.-Jun. 2004 period investigation		Jul.-Sep. 2004 period investigation		Oct.-Dec. 2004 period investigation		Jan.-Mar. 2005 period investigation			
	Current assessment Jul.-Sep. 2004	Project Oct.-Dec. 2004	Current assessment Oct.-Dec. 2004	Project Jan.-Mar. 2005	Current assessment Jan.-Mar. 2005	Project Apr.-Jun. 2005	Current assessment Apr.-Jun. 2005	Project Jul.-Sep. 2005	Current assessment Jul.-Sep. 2005	Project Oct.-Dec. 2005	Current assessment Oct.-Dec. 2005	Project Jan.-Mar. 2006
Other Asia												
Total value of electrical machinery	45.0	20.0	25.0	4.8	-4.8	23.1	23.1	18.2	-4.9	27.3	9.1	
Electrical machines and apparatuses	50.0	0.0	0.0	-42.9	-57.1	0.0	100.0	0.0	0.0	28.6	28.6	
Information and communications machines and equipment	33.3	33.3	50.0	33.3	16.7	40.0	20.0	14.3	-25.7	14.3	0.0	
Electronic parts and devices	50.0	28.6	28.6	25.0	25.0	14.3	14.3	37.5	23.2	37.5	0.0	
Total value of transportation equipment	13.8	20.0	20.0	14.8	25.9	25.8	19.4	32.0	6.2	40.0	8.0	
Transportation machines and equipment	-11.1	0.0	-11.1	-11.1	11.1	0.0	-22.2	22.2	22.2	11.1	-11.1	
Parts and accessories for transportation machinery	25.0	28.6	33.3	27.8	33.3	36.4	36.4	37.5	1.1	56.8	18.8	

	D.I											
	Jan.-Mar. 2004 investigation		Apr.-Jun. 2004 period investigation		Jul.-Sep. 2004 period investigation		Oct.-Dec. 2004 period investigation		Jan.-Mar. 2005 period investigation			
	Current assessment Jul.-Sep. 2004	Project Oct.-Dec. 2004	Current assessment Oct.-Dec. 2004	Project Jan.-Mar. 2005	Current assessment Jan.-Mar. 2005	Project Apr.-Jun. 2005	Current assessment Apr.-Jun. 2005	Project Jul.-Sep. 2005	Current assessment Jul.-Sep. 2005	Project Oct.-Dec. 2005	Current assessment Oct.-Dec. 2005	Project Jan.-Mar. 2006
Other S												
Total value of electrical machinery	0.0	21.0	36.8	14.3	4.7	10.0	30.0	0.0	-10.0	4.6	4.6	
Electrical machines and apparatuses	20.0	20.0	20.0	0.0	16.7	16.7	33.3	0.0	-16.7	-14.3	-14.3	
Information and communications machines and equipment	-20.0	20.0	50.0	36.4	9.1	0.0	36.4	0.0	-9.1	9.1	18.2	
Electronic parts and devices	25.0	25.0	25.0	-25.0	-25.0	33.3	0.0	25.0	-8.3	25.0	0.0	
Total value of transportation equipment	25.0	16.2	-2.7	6.5	12.9	2.6	5.3	26.7	24.1	13.3	-13.4	
Transportation machines and equipment	55.6	22.2	0.0	25.0	12.5	22.2	33.3	33.3	11.1	22.3	-11.1	
Parts and accessories for transportation machinery	14.8	14.3	-3.6	0.0	13.0	-3.4	-3.4	23.8	27.2	9.5	-14.3	

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URL

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

* Time series tables for past data are available on the website at the above address.