

Trends in Overseas Subsidiaries

(Quarterly Survey of Overseas Subsidiaries)

Survey from April to June 2006

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Enterprise Statistics Office

Research and Statistics Department

Ministry of Economy, Trade and Industry

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

(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 on the last day of June 2006.
(The deadline for submitting survey responses for this quarter was August 15, 2006.)

(4) Survey targets

The survey covers companies that met all the following criteria as of the end of March 2006:

- ① All industries except finance, insurance, and real estate
- ② Companies with 100 million yen or more in capital
- ③ Companies with 50 or more employees
- ④ 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:

- ① Manufacturing companies
- ② Companies with 50 or more employees
- ③ 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 19 for details).

(7) Response rate

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

Number of companies covered by the survey (overseas subsidiaries)	Number of companies that responded	Response rate
3,864	2,964	76.7%

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 25.)

(2) Adjustments 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

① Quarterly numerical values

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

② 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 2004 (April 2004 – March 2005) will differ from cumulative totals seen in the January – March quarter of 2005.

(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 overseas subsidiaries involved. Data may also be undisclosed when there are three 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. However, this mark is not attached when a change occurs due to compensation between fiscal years.

(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 the “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

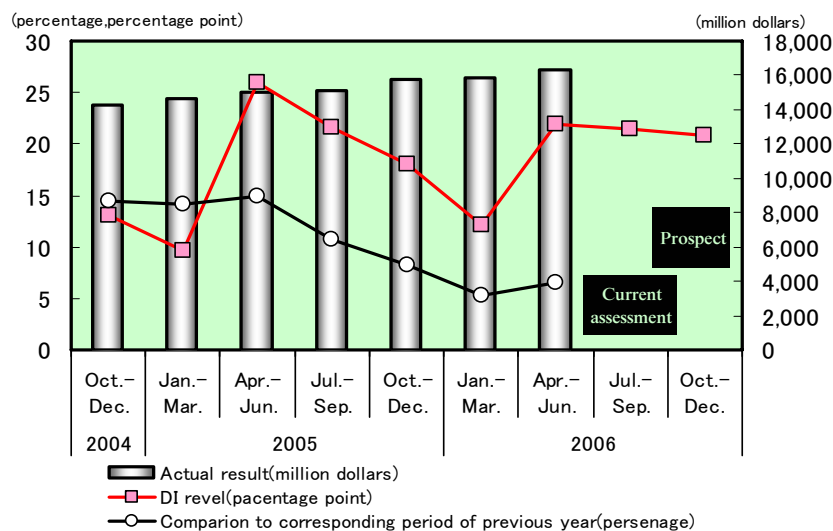
Total values for same quarter of the previous year for companies that submitted data both this quarter and
in the same quarter of the previous year

II. Survey Results

1. Trends in sales

- The Sales Current Assessment DI (for the July – September quarter of 2006) was positive in all regions except Europe though it slightly worsened. The Sales Prospects DI (for the October – December quarter of 2006) also maintained a robust business sentiment, keeping positive at the double-digit level in all regions although it deteriorated slightly.
 - The Current Assessment DI for Asian regions remained high, but it turned negative for Europe.
 - The Prospects DI marginally worsened. ASEAN4 and China declined. NIEs3, North America and Europe improved. Europe, in particular, showed a significant improvement.
- Actual sales slightly improved, up 6.6% compared to the same quarter of the previous year, after declines in the growth rate for three quarters in a row. In the Asian region, sales decreased less due to an increase in the electrical machinery sector, etc. in spite of a decrease in the transportation sector in NIEs3. Sales in China posted a substantial increase because the transportation equipment sector grew at a solid rate. ASEAN4 registered a single-digit growth because of a drop in sales in the electrical machinery sector and sluggish sales in transportation equipment sector. North America also showed a single-digit growth due to a slower growth in the transportation equipment sector despite an increase in the electrical machinery sector. Europe increased for the second consecutive quarter due to a leap in the electrical machinery sector. **(Chart 1)**

Chart 1 Sales DI and Actual result



(1) DI

The Sales Current Assessment DI (for the July – September quarter of 2006) stood at 21.4 percentage points, down marginally by 0.5 percentage points compared to the Sales Current Assessment DI of the previous quarter (for the April – June quarter of 2006). The Sales Prospects DI (for the April – September quarter of 2006) was 20.9 percentage points, slightly down by 0.5 percentage points from the Current Assessment DI for the current quarter (for the July – September quarter of 2006). **(Table 1)**

Table 1 Sales DI (according to area/industrial classifications)

According to area	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Apr.-Jun.)	② Current assessment (2006.Jul.-Sep.)	③ Prospect (2006.Oct.-Dec.)		
Total (All areas)	21.9	→ 21.4	→ 20.9	(-0.5)	-0.5
North america	11.2	→ 7.6	→ 12.9	(-3.6)	5.3
Asia	27.1	→ 29.0	→ 24.9	(1.9)	-4.1
ASEAN4	21.1	→ 25.3	→ 17.8	(4.2)	-7.5
NIEs3	19.4	→ 15.4	→ 19.8	(-4.0)	4.4
China(including Hong Kong)	34.6	→ 35.9	→ 31.6	(1.3)	-4.3
Europe	11.4	→ -5.3	→ 11.1	(-16.7)	16.4

Industrial classification	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Apr.-Jun.)	② Current assessment (2006.Jul.-Sep.)	③ Prospect (2006.Oct.-Dec.)		
Total (All manufacturing industry)	21.9	→ 21.4	→ 20.9	(-0.5)	-0.5
Transportation equipment	14.9	→ 15.3	→ 19.3	(0.4)	4.0
Electrical machinery	15.5	→ 19.1	→ 15.8	(3.6)	-3.3
Industrial machinery	27.9	→ 18.1	→ 23.2	(-9.8)	5.1
Chemicals	29.0	→ 25.1	→ 23.5	(-3.9)	-1.6
Iron and steel	24.6	→ 14.1	→ 17.7	(-10.5)	3.6

(Unit : percentage point)

Though the Sales Current Assessment DI ^{*1} stayed high in Asia, it turned negative in Europe. The Prospects DI significantly improved in Europe, showing a double-digit positive growth in all regions.

The Sales Prospects DI slightly deteriorated, down by 0.5 percentage points compared with the previous quarter. Among Asian countries, the Prospects DI in China ^{*2}, though still remaining high, worsened due to declines in the electrical machinery sector and the transportation equipment sector. The Prospects DI in ASEAN4 ^{*3} dropped because the electrical machinery sector fell significantly and the transportation equipment sector also deteriorated. In contrast, the DI in NIEs3 ^{*4} rebounded due to a substantial upbeat in the transportation equipment sector, though the electrical machinery sector sank. It picked up in North America because the transportation equipment sector improved substantially and the electrical machinery sector also improved. Europe saw the DI pick up strongly because the electrical machinery sector and the industrial machinery sector significantly improved and the transportation equipment sector also grew. (Table 2)

Table2 Sales DI for main industries classified by area

North america

Sales	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	11.2	7.6	-3.6	12.9	5.3
Transportation equipment	4.6	-5.6	-10.2	14.3	19.9
Electrical machinery	-10.9	-6.9	4.0	-1.4	5.5
Industrial machinery	20.0	17.4	-2.6	13.3	-4.1
Chemicals	21.0	23.7	2.7	16.9	-6.8
Iron and steel	25.0	22.2	-2.8	11.1	-11.1

Asia

(Unit : percentage point)

Sales	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	27.1	29.0	1.9	24.9	-4.1
Transportation equipment	21.8	35.1	13.3	30.6	-4.5
Electrical machinery	20.1	25.1	5.0	17.6	-7.5
Industrial machinery	38.1	20.0	-18.1	26.1	6.1
Chemicals	35.5	31.3	-4.2	31.1	-0.2
Iron and steel	23.8	12.5	-11.3	19.5	7.0

ASEAN4

Sales	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	21.1	25.3	4.2	17.8	-7.5
Transportation equipment	8.9	28.7	19.8	23.3	-5.4
Electrical machinery	16.6	24.2	7.6	6.9	-17.3
Industrial machinery	31.0	33.3	2.3	36.6	3.3
Chemicals	29.6	20.4	-9.2	10.9	-9.5
Iron and steel	9.5	0.0	-9.5	14.3	14.3

NIEs3

Sales	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	19.4	15.4	-4.0	19.8	4.4
Transportation equipment	3.4	0.0	-3.4	19.4	19.4
Electrical machinery	14.1	14.3	0.2	11.1	-3.2
Industrial machinery	32.0	4.7	-27.3	14.3	9.6
Chemicals	25.0	6.5	-18.5	28.3	21.8
Iron and steel	25.0	40.0	15.0	0.0	-40.0

China

Sales	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	34.6	35.9	1.3	31.6	-4.3
Transportation equipment	44.4	51.6	7.2	41.9	-9.7
Electrical machinery	25.6	29.0	3.4	27.3	-1.7
Industrial machinery	44.8	15.0	-29.8	22.0	7.0
Chemicals	50.8	58.4	7.6	52.8	-5.6
Iron and steel	43.8	29.4	-14.4	31.2	1.8

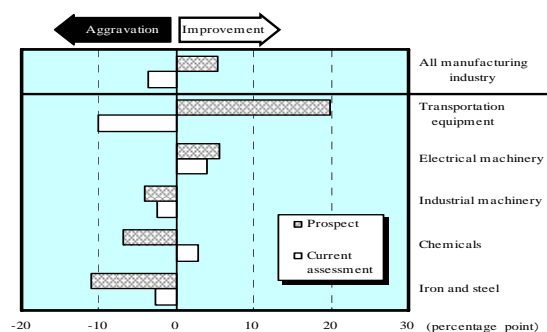
Europe

Sales	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	11.4	-5.3	-16.7	11.1	16.4
Transportation equipment	13.8	-27.6	-41.4	-13.2	14.4
Electrical machinery	4.8	-4.9	-9.7	23.3	28.2
Industrial machinery	10.4	9.6	-0.8	31.7	22.1
Chemicals	14.0	-2.3	-16.3	-6.7	-4.4
Iron and steel	0.0	-100.0	-100.0	-50.0	50.0

North America

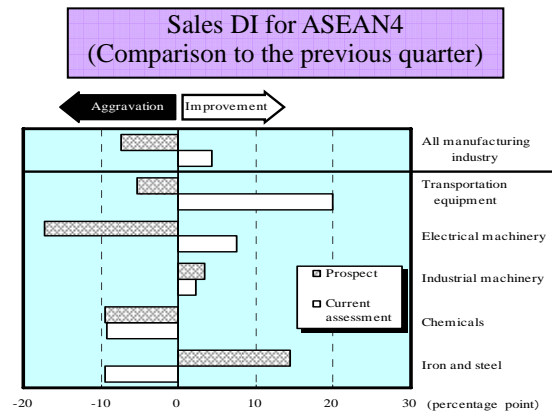
The overall Prospects DI (12.9 percentage points) ^{*5} was 5.3 points higher than the overall Current Assessment DI. The Prospects DI for the transportation equipment sector (14.3 percentage points) considerably improved by 19.9 points (id.) and that for the electrical machinery sector (minus 1.4 percentage points) also improved by 5.5 points (id.). The Prospects DIs for the industrial machinery (13.3 percentage points), the chemical sector (16.9 points) and the iron and steel sector (11.1 points) declined by 4.1 points (id.), 6.8 points (id.) and 11.1 points (id.), respectively.

**Sales DI for North America
(Comparison to the previous quarter)**



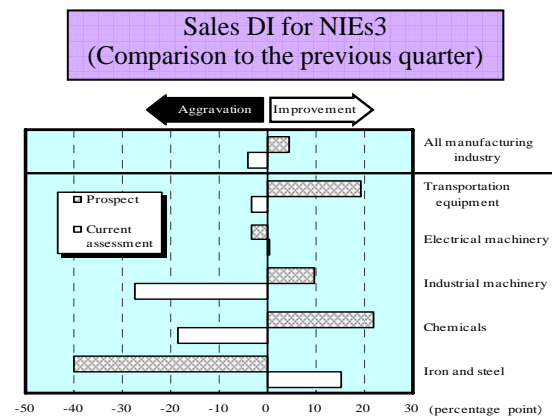
ASEAN4

The overall Prospects DI (17.8 percentage points) decreased by 7.5 points compared to the overall Current Assessment DI. The Prospects DI for the electrical machinery sector (6.9 points) showed a significant decrease of 17.3 points (id.) and that for the transportation equipment sector (23.3 percentage points) worsened by 5.4 points (id.). The Prospects DI for the chemical sector (10.9 percentage points) dropped by 9.5 points (id.). In contrast, the Prospects DI for the industrial machinery sector (36.6 percentage points) and the iron and steel sector (14.3 percentage points) improved by 3.3 points and 14.3 points respectively.



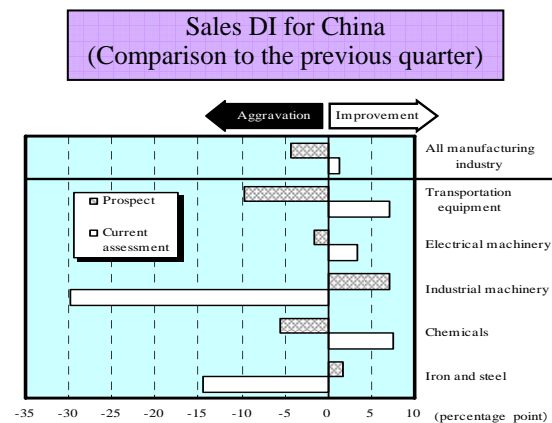
NIEs3

The overall Prospects DI (19.8 percentage points) improved by 4.4 points from the overall Current Assessment DI. The DI for the transportation equipment sector (19.4 percentage points) improved substantially, up by 19.4 points (id.). The DI for the industrial machinery sector (14.3 percentage points) also improved by 9.6 points (id.) and that for the chemical sector (28.3 percentage points) significantly improved by 21.8 points (id.). In contrast, the Prospects DI for the electrical machinery sector (11.1 percentage points) worsened by 3.2 points (id.) and that for the iron and steel sector (0.0 percentage points) were significantly down by 40.0 points.



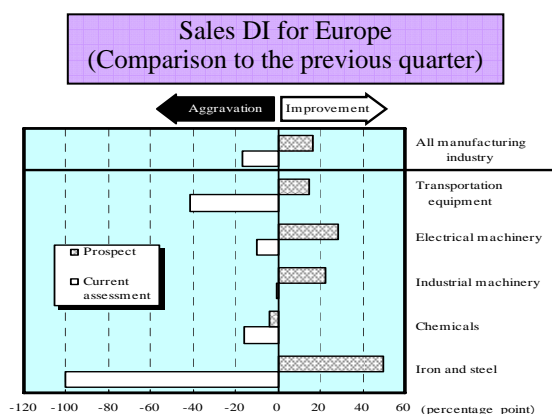
China

The overall Prospects DI (31.6 percentage points) deteriorated by 4.3 points compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (27.3 percentage points) dropped slightly, down by 1.7 points (id.). The DI for the transportation equipment sector (41.9 percentage points) remained strong though it declined by 9.7 points. The DI for the chemical sector (52.8 percentage point) also remained high in spite of a drop by 5.6 points (id.). The Prospects DI for the industrial machinery sector (22.0 percentage points) picked up by 7.0 points (id.) and that for the iron and steel sector (31.2 percentage points) showed a modest increase of 1.8 points (id.).



Europe

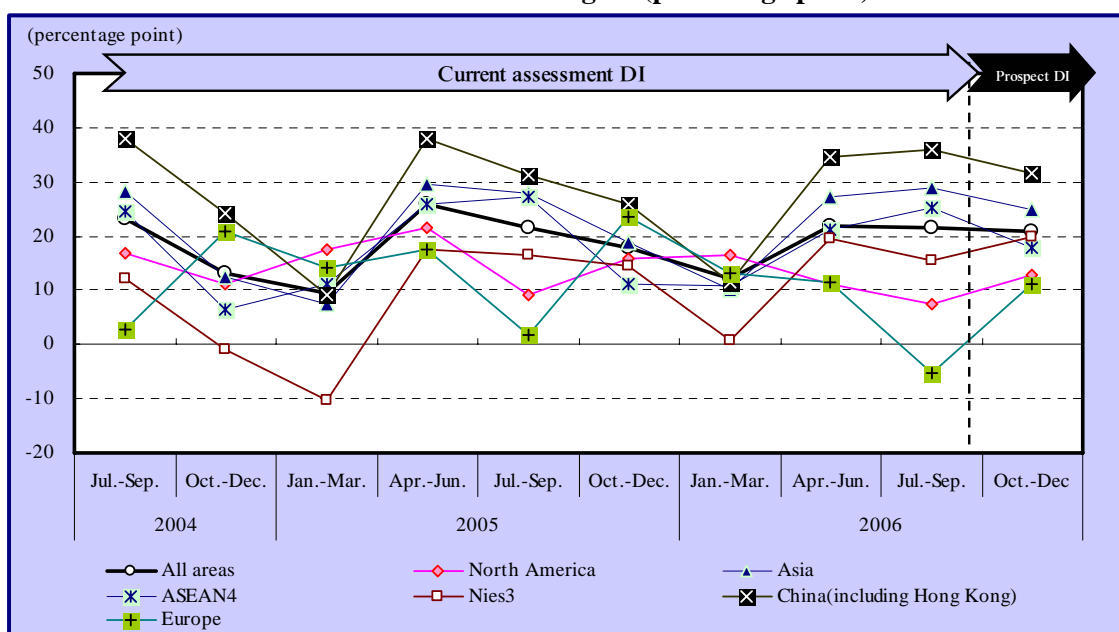
The overall Prospects DI (11.1 percentage points) shifted to the positive, showing a remarkable improvement of 16.4 points from the minus level in the Current Assessment DI. The Prospects DI for the electrical machinery sector (23.3 percentage points) significantly improved, up by 28.2 points from the Current Assessment DI for the current quarter. The DI for the transportation equipment sector (minus 13.2 percentage points) gained by 14.4 points (id.) and that for the industrial machinery sector (31.7 percentage points) substantially improved by 22.1 points (id.). The Prospects DI for the iron and steel sector (minus 50.0 percentage points) also jumped, up by 50.0 points (id.). The DI for the chemical sector (minus 6.7 percentage points) deteriorated by 4.4 points (id.).



Notes) *1: $DI = (\text{Percentage of companies that responded that they expected an increase}) - (\text{Percentage of companies that responded that they expected a decrease})$
 Quarterly Changes in Current Assessment DI = (Current Assessment DI for the current quarter) – (Current Assessment DI for the previous quarter)
 Quarterly Changes in Prospects DI = (Prospects DI for the current quarter) – (Current Assessment DI for the current quarter)
 The Current Assessment DI for the previous quarter is based on current assessment figures for the period from April to June 2006 collected in the survey from January to March 2006.
 The Current Assessment DI for the current quarter is based on current assessment figures for the period from July to September 2006 collected in the survey from April to June 2006.
 The Prospects DI for the current quarter is based on prospects figures for the period from October to December 2006 collected in the survey from April to June 2006.

- *2: China including Hong Kong
- *3: ASEAN4: Indonesia, Thailand, the Philippines, and Malaysia
- *4: NIEs3: Singapore, Taiwan, and the Republic of Korea
- *5: Percentage points in parentheses represent levels.

Chart 1-1 Sales DI for region (percentage point)



(2) Actual Results

Total sales amounted to US\$163,293,710,000, up by 6.6 % compared to the same quarter of the previous year, representing a slight recovery after the third consecutive decline of the growth rate. By sector, sales in the transportation equipment sector registered the second straight quarter of single-digit increase, up by 7.6% (id.). Sales in the electrical machinery sector continued a single-digit increase for seven quarters in a row, up by 4.7% (id.), and those in the industrial machinery sector increased by 13.4% (id.), recording a double-digit increase for two quarters in a row. While sales in the chemical sector made a single-digit increase for four quarters in a row by gaining by 2.5% (id.), on the other, sales in the iron and steel sector increased 2.8%, up for the first time in four quarters. **(Table 3)**

Table 3 Actual result of sales

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
Total (All areas)	15.0	10.7	8.3	5.3	6.6
North america	13.5	8.1	7.6	4.2	4.6
Asia	14.3	13.5	12.5	5.4	7.9
ASEAN4	16.9	14.7	10.3	2.6	2.3
NIEs3	8.2	4.5	6.4	-4.7	-0.7
China(including Hong Kong)	13.0	14.8	18.7	13.8	19.5
Europe	13.8	6.8	-0.1	3.4	5.9

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
Total (All manufacturing industry)	15.0	10.7	8.3	5.3	6.6
Transportation equipment	27.0	20.1	13.5	6.2	7.6
Electrical machinery	1.9	1.4	4.5	2.7	4.7
Industrial machinery	17.2	8.5	9.9	11.7	13.4
Chemicals	14.3	5.8	6.8	4.3	2.5
Iron and steel	6.6	-6.1	-9.4	-10.4	2.8

(Unit : percentage)

Sales in Asia registered a modest second straight quarter of single-digit growth, up 7.9% from the same quarter of the previous year. The transportation equipment sector improved substantially. In contrast, the electrical machinery sector declined for the first time in 19 quarters. Sales in China continued to record a double-digit increase fueled by brisk sales in the transportation equipment sector, which grew strikingly by 89.7% in spite of the sluggish electrical machinery sector, which showed a single-digit increase for two quarters in a row. Sales in NIEs3 suffered the second consecutive quarter of decline because the drop in the transportation equipment sector shown in the previous quarter continued in the current quarter despite the fact that sales the electrical machinery sector and the industrial machinery sector turned to an increase. Sales in ASEAN4 only achieved single-digit growth for two quarters in a row because the electrical machinery sector declined for the second consecutive quarter and the iron and steel sector dropped for three quarters in a row despite increases in the transportation equipment sector, the industrial machinery sector and the chemical sector. Sales in North America failed to exceed single-digit growth for four quarters in a row because the transportation equipment sector increased but failed to reach double-digit growth for two quarters in a row in spite of the first increase in five quarters in the iron and steel sector. Sales in the electrical machinery in Europe significantly increased, and the transportation equipment sector and the industrial machinery sector also gained, thus the overall sales in Europe recorded the second straight quarter of increase. (Table 4)

Table 4 Sales actual result for main industries

North america

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	13.5	8.1	7.6	4.2	4.6
Transportation equipment	20.9	12.9	10.4	2.8	2.8
Electrical machinery	-0.8	-2.1	3.4	2.6	6.9
Industrial machinery	14.7	2.3	7.7	8.5	12.8
Chemicals	7.5	6.2	12.3	12.5	7.0
Iron and steel	-21.9	-24.6	-16.4	-19.3	8.3

Asia

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	14.3	13.5	12.5	5.4	7.9
Transportation equipment	40.3	40.1	25.9	10.1	18.1
Electrical machinery	2.2	3.7	7.4	2.3	-1.4
Industrial machinery	14.2	12.9	16.0	14.8	17.9
Chemicals	17.8	9.0	9.6	3.9	10.4
Iron and steel	24.8	5.1	-9.1	-6.4	-1.3

ASEAN4

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	16.9	14.7	10.3	2.6	2.3
Transportation equipment	43.5	45.6	24.9	2.2	5.7
Electrical machinery	3.0	1.4	4.6	-0.3	-8.5
Industrial machinery	6.7	3.2	12.1	1.3	7.6
Chemicals	5.8	-5.1	5.0	4.1	11.0
Iron and steel	25.5	2.6	-19.3	-15.5	-10.0

NIEs3

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	8.2	4.5	6.4	-4.7	-0.7
Transportation equipment	59.7	29.1	11.2	-8.3	-13.0
Electrical machinery	-11.1	-7.1	1.3	-1.9	2.6
Industrial machinery	10.4	5.6	3.7	-1.5	5.6
Chemicals	27.4	24.2	9.6	1.5	5.1
Iron and steel	-	-	-	-	-

China(including Hong Kong)

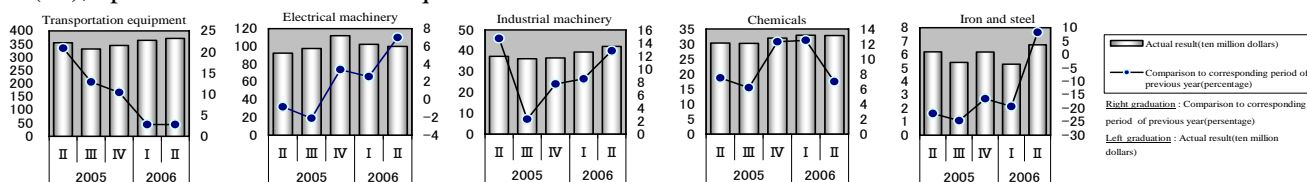
Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	13.0	14.8	18.7	13.8	19.5
Transportation equipment	42.3	36.3	44.9	39.0	89.7
Electrical machinery	8.3	11.8	13.6	7.2	4.2
Industrial machinery	13.8	15.3	16.0	19.9	18.8
Chemicals	27.4	18.2	23.9	18.4	28.2
Iron and steel	22.5	22.3	3.0	19.0	19.4

Europe

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	13.8	6.8	-0.1	3.4	5.9
Transportation equipment	22.9	15.9	0.2	3.2	3.6
Electrical machinery	4.0	-0.7	0.4	3.0	16.4
Industrial machinery	23.4	10.4	2.4	9.4	6.6
Chemicals	17.0	1.5	-1.5	-2.3	-10.3
Iron and steel	-	-	-	-	-

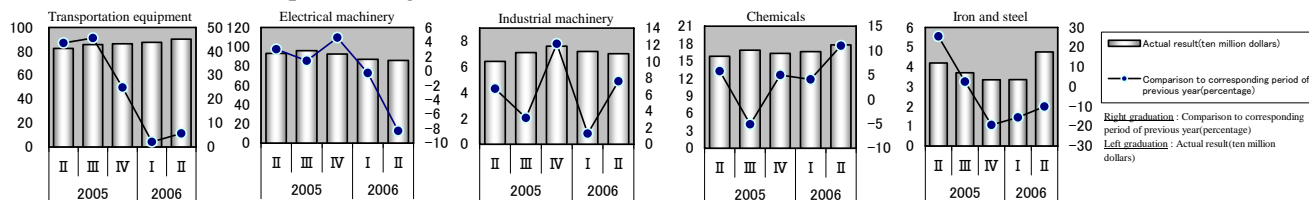
North America

Total sales amounted to US\$63,226,990,000 (occupying 38.7% of total sales in all regions), up by 4.6% compared to the same quarter of the previous year, marking single-digit growth for the fourth consecutive quarter. Sales in the transportation equipment sector recorded modest single-digit growth for two quarters in a row, up by 2.8% (id.). Sales in the electrical machinery sector increased by 6.9% (id.), up for the third straight quarter, and those for the chemical sector grew by 7.0% (id.), registering a single-digit increase for the first time in three quarters. Sales in the industrial machinery increased by 12.8% (id.), marking double-digit growth for the first time in five quarters, and sales in the iron and steel sector expanded 8.3% (id.), up for the first time in five quarters.



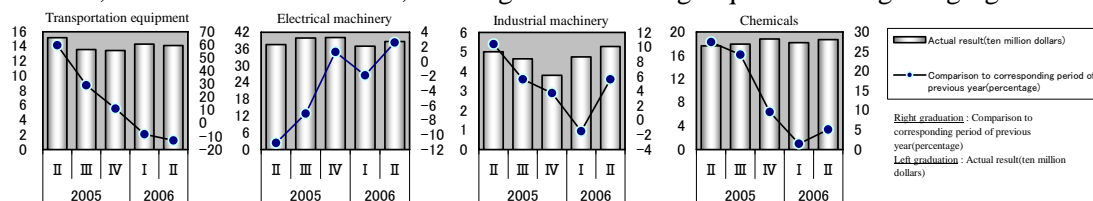
ASEAN4

Total sales amounted to US\$24,482,070,000 (15.0% of total sales in all regions), up 2.3% compared to the same quarter of the previous year, marking the second straight quarter of single-digit growth. Sales in the electrical machinery decreased 8.5%, marking the second consecutive decline. This was mainly due to the movement toward reorganization of manufacturing centers in the region. Sales in the iron and steel sector shrank 10.0% (id.), down for three quarters in a row. Sales in the transportation equipment sector increased 5.7% (id.), failing to achieve a double-digit growth for two quarters in a row. In Thailand, the transportation equipment sector continued its good performance; however, Indonesia showed a remarkable decrease. Sales in the industrial sector continued to increase, up 7.6%, and that for the chemical sector gained 11.0%, marking the third consecutive quarter of growth.



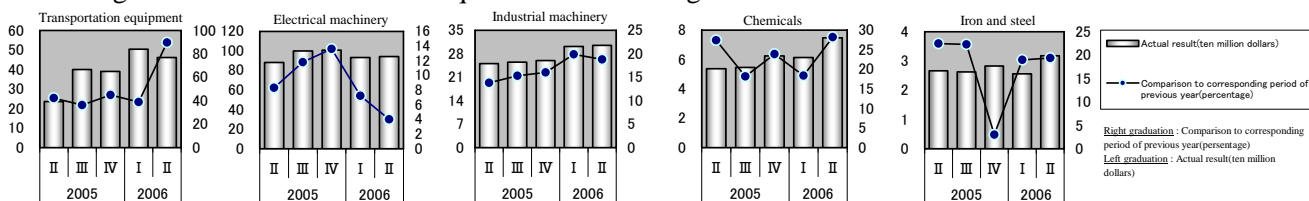
NIEs3

Total sales amounted to US\$9,542,240,000 (5.8% of total sales in all regions), down 0.7% compared to the same quarter of the previous year, marking the second straight quarter of decline. Sales in the transportation sector decreased 13.0% (id.), down for two quarters in a row. In particular, a substantial drop in Taiwan was noteworthy. Sales in the electrical machinery gained 2.6%, up for the first time in two quarters. Sales in the industrial machinery sector also increased 5.6%, up for the first time in two quarters. As for the chemical sector, the sales increased 5.1%, marking the third straight quarter of single-digit growth.



China

Total sales in China amounted to US\$21,150,590,000 (13.0% of total sales in all regions), up 19.5% from the same quarter of a year before.. Sales in the transportation equipment sector continued to increase significantly, marking a substantial leap of 89.7% (id.). Sales in the electrical machinery sector registered the second consecutive single-digit increase, up 4.2% (id.), still effected by, among other factors, the falling prices of liquid crystal display televisions, etc. Sales in the iron and steel sector increased 19.4% (id.), up for two quarters in a row. As for the chemical sector, it gained 28.2% (id.), recording the tenth straight quarter of double-digit growth. The industrial machinery sector also recorded an increase of 18.8% (id.) in sales, marking the fourteenth consecutive quarter of double-digit increases.



Europe

Total sales amounted to US\$30,977,110,000 (19.0% of total sales in all regions), up 5.9% compared to the same quarter of the year before, marking the second straight quarter of increase. The transportation equipment sector grew 3.6% (id.) in sales, registering the third straight quarter of low growth. Sales in the electrical machinery picked up 16.4% (id.), up for three quarters in a row, and those in the industrial sector continued to increase, up 6.6% (id.). In contrast, sales in the chemical sector suffered the second straight quarter of slump, down 10.3% (id.).

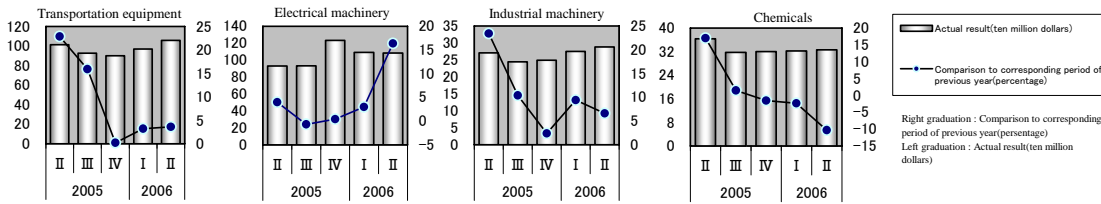


Chart 1-2 Transition of the actual sales track record according to main industries (Comparison of the same quarter of the previous year)

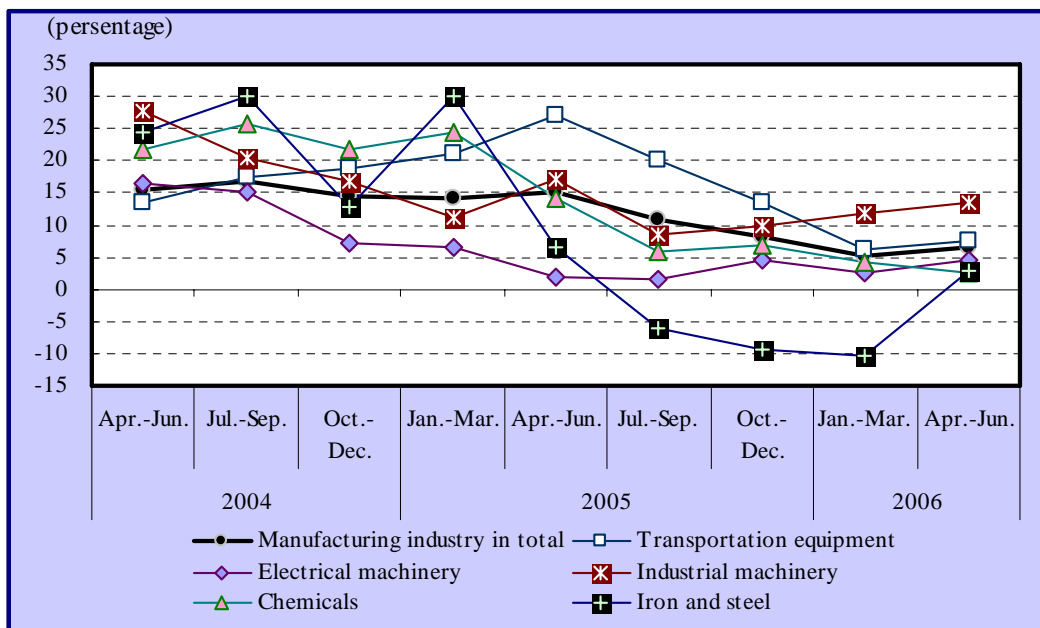
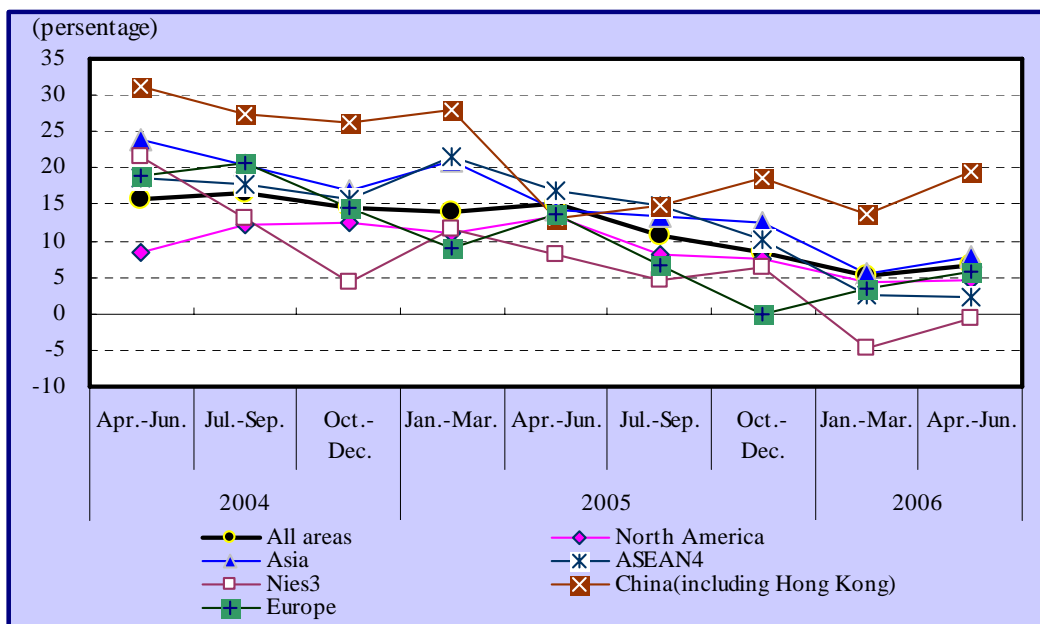
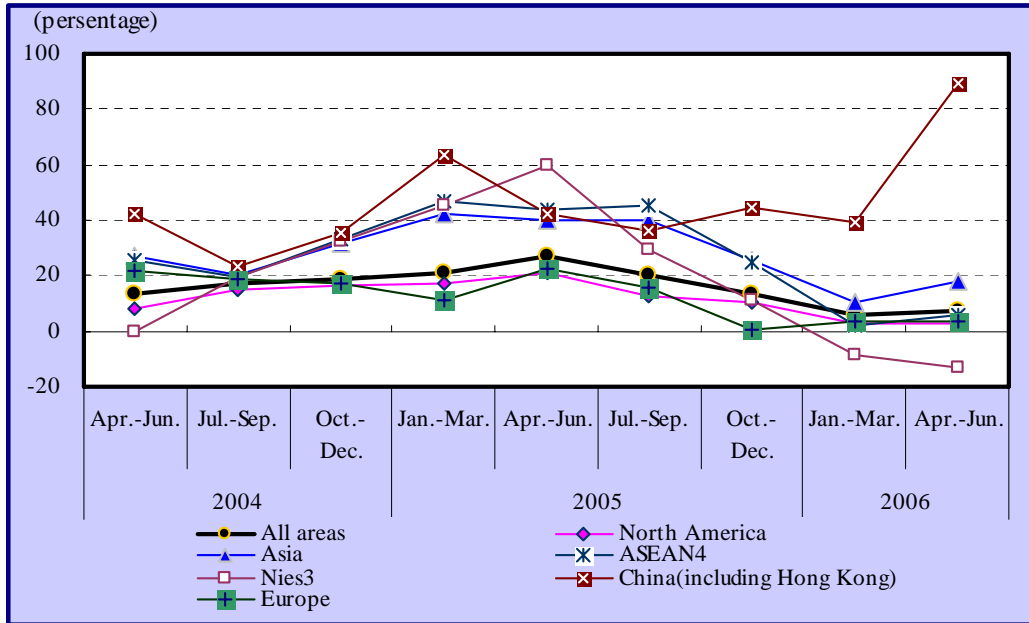


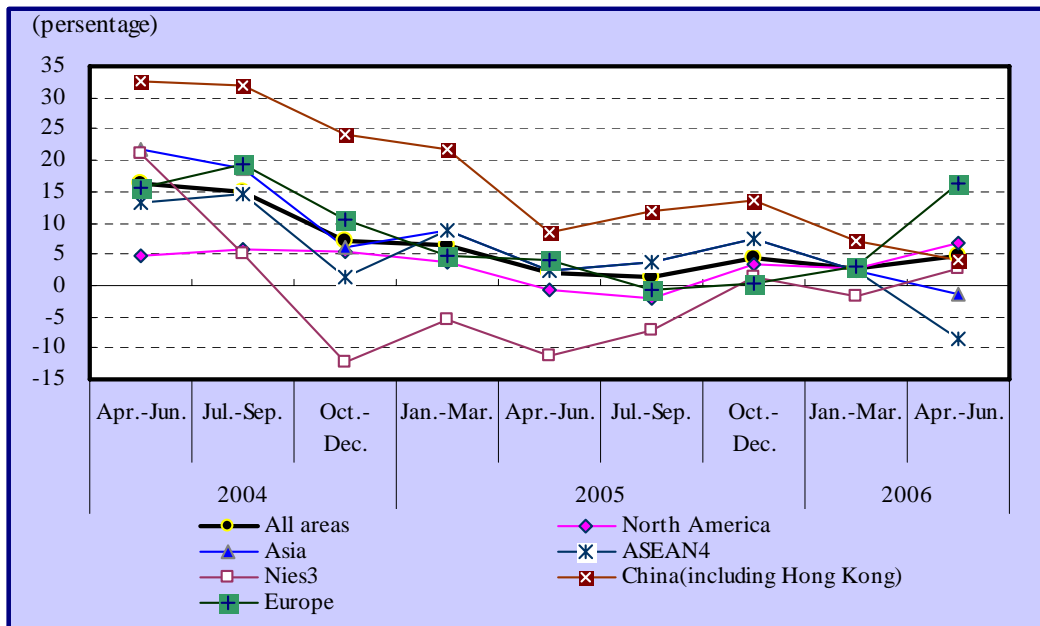
Chart 1-3 Transition of the actual sales track record according to area (Comparison of the same quarter of the previous year)



**Chart 1-4 Actual sales track record according to transportation Machinery
(Comparison of the same quarter of the previous year)**



**Chart 1-5 Actual sales track record according to electrical machinery
(Comparison of the same quarter of the previous year)**

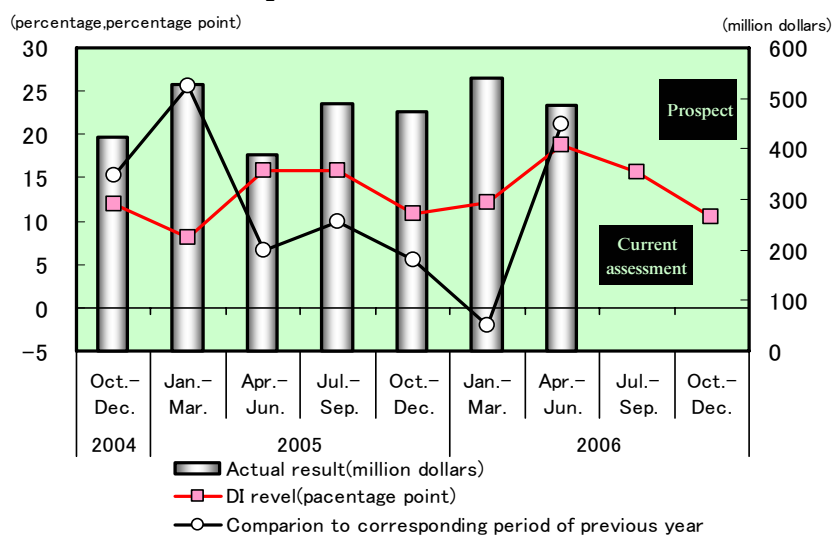


2. Trends in capital investment

- The Capital Investment Current Assessment DI (for the July – September quarter of 2006) was positive with double-digit figures although it deteriorated in all regions except NIEs3 and Europe. The Capital Investment Prospects DI (for the October – December quarter of 2006) worsened in all regions.
 - The Capital Investment Current Assessment DI worsened except NIEs3 and Europe.
 - The Capital Investment Prospects DI stayed positive in all regions despite decreases in all regions.
- Total capital investment increased substantially, up 18.3% from the same quarter of the previous year. In the Asian region, ASEAN4 recorded a substantial increase in capital investment in the transportation equipment sector and the electrical machinery sector. Capital investment in China decreased for the second consecutive quarter because the electrical machinery sector dropped for four quarters in a row in spite of the ninth straight substantial increase in the transportation equipment sector. Investment in NIEs3 slightly decreased mainly due to a decrease in the transportation equipment sector despite a marginal increase in the electrical machinery sector. The transportation equipment sector in North America shifted to an increase and the declining ratio in the electrical machinery sector narrowed, resulting in an increase of capital investment for the first time in five quarters. Capital investment in Europe fell for two quarters in a row mainly due to a decline in the transportation equipment sector.

(Chart 2)

Chart 2 Capital Investment DI and Actual Result



(1) DI

The Capital Investment Current Assessment DI (for the July – September quarter of 2006) stood at 15.6 percentage points, down by 3.1 points compared to the Capital Investment Current Assessment DI for the previous quarter (for the April – June quarter of 2006). Although it deteriorated in all regions except NIEs3 and Europe, double-digit growth was maintained in all regions. The Capital Investment Prospects DI (for the October – December quarter of 2006) stood at 10.4 percentage points, further down by 5.2 points from the Current Assessment DI for the current quarter. Though double-digit growth was maintained in all regions except ASEAN4 and Europe, the Prospects DI deteriorated in all regions. (Table 5)

Table 5 Capital Investment DI (according to area/industrial classification)

According to area	DI				
	Survey of present term			Comparison to the previous quarter	
	①Current assessment (2006.Apr.-Jun.)	②Current assessment (2006.Jul.-Sep.)	③Prospect (2006.Oct.-Dec.)	Current assessment [②-①]	Prospect [③-②]
Total (All areas)	18.7	15.6	10.4	(-3.1)	-5.2
North America	16.1	15.3	10.4	(-0.8)	-4.9
Asia	20.7	17.2	11.3	(-3.5)	-5.9
ASEAN4	18.9	15.1	7.5	(-3.8)	-7.6
NIEs3	14.5	14.5	10.0	(0.0)	-4.5
China (including Hong Kong)	23.2	20.5	15.1	(-2.7)	-5.4
Europe	9.0	12.9	7.4	(3.9)	-5.5

Industrial classification	DI				
	Survey of present term			Comparison to the previous quarter	
	①Current assessment (2006.Apr.-Jun.)	②Current assessment (2006.Jul.-Sep.)	③Prospect (2006.Oct.-Dec.)	Current assessment [②-①]	Prospect [③-②]
Total (All manufacturing industry)	18.7	15.6	10.4	(-3.1)	-5.2
Transportation equipment	22.3	16.3	10.4	(-6.0)	-5.9
Electrical machinery	16.1	15.7	5.5	(-0.4)	-10.2
Industrial machinery	14.3	15.4	8.2	(1.1)	-7.2
Chemicals	14.0	17.3	13.4	(3.3)	-3.9
Iron and steel	18.8	16.4	16.9	(-2.4)	0.5

(Unit : percentage point)

The Capital Investment Prospects DI declined by 5.2 percentage points compared with the previous quarter, and was down in all regions. The Prospects DI declined by 5.9 points (id.) in Asia as a whole. The DI for China decreased by 5.4 points (id.) because all the main sectors except the iron and steel sector worsened. The Prospects DI for ASEAN4 declined by 7.6 points (id.), mainly due to substantial drops in the transportation equipment sector and the electrical machinery sector. NIEs3 suffered a decline of the DI of 4.5 points (id.) due to decreases in the electrical machinery, the industrial machinery and the chemical sectors in spite of a slight improvement in the transportation equipment sector. The Prospects DI for North America worsened by 4.9 points (id.) because the electrical machinery sector was down significantly and the transportation equipment sector deteriorated. The DI for Europe slipped by 5.5 points, mainly due to declines in the transportation sector and the electrical machinery sector.

(Table 6)

Table 6 Capital investment DI for main industries by area

North America

Capital Investment	Survey of previous term (Jan.-Mar.2006)	Survey of the present term (Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	16.1	15.3	-0.8	10.4	-4.9
Transportation equipment	15.4	15.9	0.5	7.9	-8.0
Electrical machinery	11.7	27.1	15.4	6.4	-20.7
Industrial machinery	7.9	0.0	-7.9	0.0	0.0
Chemicals	15.5	17.8	2.3	25.5	7.7
Iron and steel	57.1	7.7	-49.4	16.7	9.0

Asia

(Unit : percentage point)

Capital Investment	Survey of previous term (Jan.-Mar.2006)	Survey of the present term (Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	20.7	17.2	-3.5	11.3	-5.9
Transportation equipment	28.5	21.4	-7.1	15.8	-5.6
Electrical machinery	18.3	15.5	-2.8	6.3	-9.2
Industrial machinery	19.8	19.8	0.0	9.1	-10.7
Chemicals	17.0	18.2	1.2	12.1	-6.1
Iron and steel	10.5	13.9	3.4	14.0	0.1

ASEAN4

Capital Investment	Survey of previous term (Jan.-Mar.2006)	Survey of the present term (Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	18.9	15.1	-3.8	7.5	-7.6
Transportation equipment	19.8	16.4	-3.4	4.2	-12.2
Electrical machinery	16.4	16.7	0.3	1.1	-15.6
Industrial machinery	24.3	23.6	-0.7	15.8	-7.8
Chemicals	17.3	20.6	3.3	12.4	-8.2
Iron and steel	4.7	10.0	5.3	5.3	-4.7

NIEs3

Capital Investment	Survey of previous term (Jan.-Mar.2006)	Survey of the present term (Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	14.5	14.5	0.0	10.0	-4.5
Transportation equipment	3.8	10.4	6.6	11.6	1.2
Electrical machinery	20.0	19.4	-0.6	7.1	-12.3
Industrial machinery	16.7	29.4	12.7	16.7	-12.7
Chemicals	10.8	14.3	3.5	13.8	-0.5
Iron and steel	0.0	25.0	25.0	25.0	0.0

China

Capital Investment	Survey of previous term (Jan.-Mar.2006)	Survey of the present term (Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	23.2	20.5	-2.7	15.1	-5.4
Transportation equipment	41.9	29.4	-12.5	28.3	-1.1
Electrical machinery	19.3	15.2	-4.1	12.3	-2.9
Industrial machinery	16.0	14.8	-1.2	0.0	-14.8
Chemicals	19.7	15.4	-4.3	7.5	-7.9
Iron and steel	20.0	13.3	-6.7	31.3	18.0

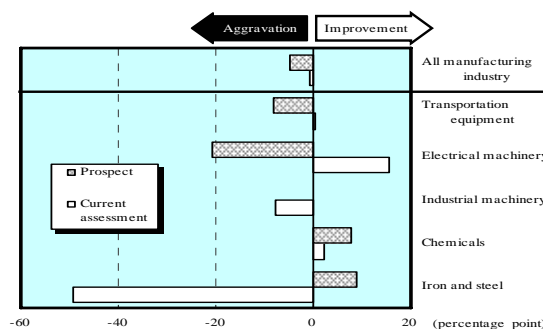
Europe

Capital Investment	Survey of previous term (Jan.-Mar.2006)	Survey of the present term (Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	9.0	12.9	3.9	7.4	-5.5
Transportation equipment	13.3	7.7	-5.6	4.9	-2.8
Electrical machinery	5.9	12.2	6.3	-2.1	-14.3
Industrial machinery	2.3	13.2	10.9	12.8	-0.4
Chemicals	2.7	18.5	15.8	7.9	-10.6
Iron and steel	0.0	50.0	50.0	50.0	0.0

North America

The overall Prospects DI (10.4 percentage points) was 4.9 points lower than the overall Current Assessment DI for the current quarter. The Prospects DI for the transportation equipment sector (7.9 percentage points) decreased, down by 8.0 points (id.). The Prospects DI for the electrical machinery (6.4 percentage points) significantly decreased, down by 20.7 points (id.). In contrast, the Prospects DI for the chemical sector (25.5 percentage points) increased, up by 7.7 points (id.) and that for the iron and steel sector (16.7 percentage points) also grew, up by 9.0 points (id.). In contrast, the DI for the industrial sector (0.0 percentage points) remained flat (id.).

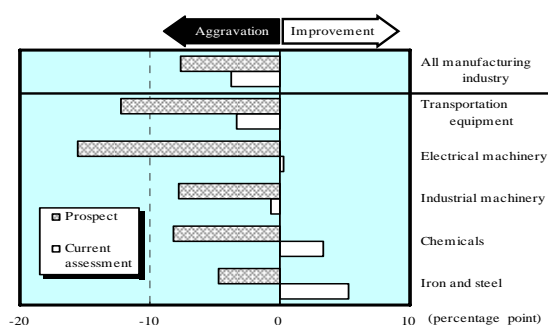
Capita Investment DI for North America (Comparison to the previous quarter)



ASEAN4

The overall Prospects DI (7.5 percentage points) compared with the overall Current Assessment DI for the current quarter worsened, down by 7.6 points. The Prospects DI for the electrical machinery sector (1.1 percentage points) worsened substantially, down by 15.6 points (id.). The DI for the transportation equipment sector (4.2 percentage points) also decreased, down by 12.2 points and that for the industrial machinery sector (15.8 percentage points) decreased, down by 7.8 points (id.). The Prospects DI for the chemical sector (12.4 percentage points) also shrank, down by 8.2 points (id.) and that for the iron and steel sector (5.3 percentage points) declined by 4.7 points (id.).

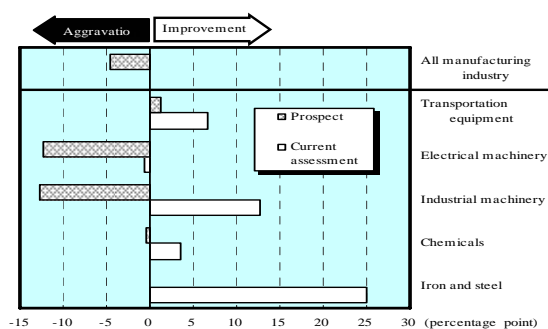
Capita Investment DI for ASEAN4
(Comparison to the previous quarter)



NIEs3

The overall Prospects DI (10.0 percentage points) compared with the overall Current Assessment DI for the current quarter decreased by 4.5 points. The Prospects DI for the electrical machinery sector (7.1 percentage points) worsened by 12.3 points (id.) and that for the industrial machinery (16.7 percentage points) also decreased by 12.7 points (id.). While the DI for the chemical sector (13.8 percentage points) dropped slightly, down by 0.5 points (id.), that for the transportation equipment sector (11.6 percentage points) marginally improved, up by 1.2 points (id.). The Prospects DI for the iron and steel sector (25.0 percentage points) remained flat at 0.0 points (id.).

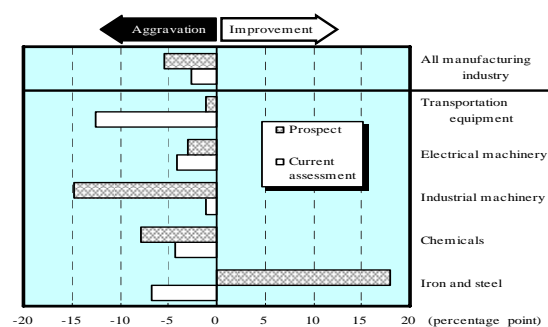
Capita Investment DI for NIEs3
(Comparison to the previous quarter)



China

The overall Prospects DI (15.1 percentage points) worsened by 5.4 points compared with the overall Current Assessment DI for the current quarter. The Prospects DI for the transportation equipment sector (28.3 percentage points) decreased slightly, down by 1.1 points (id.), and that for the electrical machinery sector (12.3 percentage points) also declined by 2.9 points (id.). The DI for the industrial machinery sector (0.0 percentage points) deteriorated by 14.8 points (id.). The chemical sector (7.5 percentage points) suffered a drop of 7.9 points (id.). In contrast, the DI for the iron and steel sector (31.3 percentage points) substantially increased, up by 18.0 points (id.).

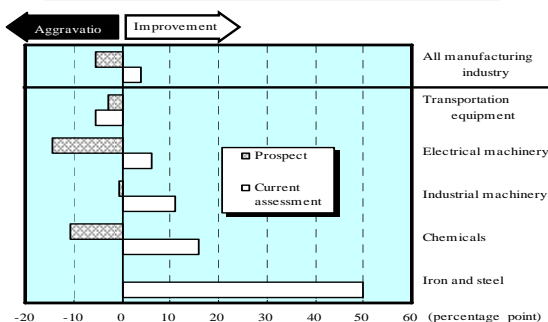
Capita Investment DI for China
(Comparison to the previous quarter)



Europe

The overall Prospects DI (7.4 percentage points) worsened by 5.5 points compared with the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (2.1 percentage points) decreased by 14.3 points (id.) and that for the transportation equipment sector (4.9 percentage points) also posted a decline of 2.8 points (id.). The DI for the industrial machinery sector (12.8 percentage points) slightly declined, down by 0.4 points (id.). The DI for the chemical sector (7.9 percentage points) sank by 10.6 points (id.). In contrast, the DI for the iron and steel sector (50.0 percentage points) remained unchanged at 0.0 points (id.).

Capita Investment DI for Europe
(Comparison to the previous quarter)



(2) Actual Results

Total Capital investment (acquisition costs of fixed asset except land) amounted to US\$4,866,850,000, turning to a substantial increase of 18.3% compared with the same quarter of the previous year. By sector, capital investment in the transportation equipment sector increased 33.5% (id.), up for the fourth consecutive quarter. Capital investment in the electrical machinery sector grew 9.5% (id.), up for the first time in five quarters and that in the chemical machinery sector shifted to an increase of 8.5% (id.). The iron and steel sector also registered an increase of 5.4% in capital investment, up for two quarters in a row. Capital investment in industrial machinery dropped by 23.0% (id.), marking a substantial decline for two quarters in a row. (Table 7)

Table 7 Actual result of Capital investment

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
Total (All areas)	6.6	9.9	5.5	-2.1	18.3
North america	-34.6	-16.9	-5.2	-22.4	11.5
Asia	22.3	25.9	12.4	9.6	28.8
ASEAN4	14.2	43.9	6.7	15.9	57.2
NIEs3	30.5	15.0	54.9	49.2	-1.6
China(including Hong Kong)	36.5	10.5	7.6	-14.1	-5.6
Europe	73.3	28.9	4.9	-14.6	-2.0

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
Total (All manufacturing industry)	6.6	9.9	5.5	-2.1	18.3
Transportation equipment	-0.6	17.7	22.1	9.0	33.5
Electrical machinery	-8.3	-24.1	-29.1	-18.9	9.5
Industrial machinery	59.1	16.7	2.5	-13.0	-23.0
Chemicals	35.6	-4.6	3.1	-16.2	8.5
Iron and steel	66.5	63.4	-12.3	28.0	5.4

(Unit : percentage)

Looking at Asia (an increase of 28.8% compared with the same quarter of the previous year), ASEAN4 (an increase of 57.2% (id.)) marked continuous significant growth in the transportation equipment sector backed mainly by a substantial increase in Thai auto manufacturers. The electrical machinery sector also jumped due to a leap for the second straight quarter. Capital investment in China (a decrease of 5.6% (id.)) decreased for two quarters in a row mainly because the electrical machinery sector dropped substantially in spite of the ninth consecutive quarter of significant increase in the transportation equipment sector. Capital investment in NIEs3 (a decrease of 1.6% (id.)) decreased for the first time in five quarters because the transportation equipment sector decreased, mainly due to a backlash of manufacturing equipment for autos recorded during the previous year, and the electrical machinery sector also remained at a low single-digit growth. North America (an increase of 11.5% (id.)) grew for the first time in five quarters, because the transportation sector increased for the first time in two quarters and the industrial machinery sector, the chemical sector and the iron and steel sector substantially increased in spite of the fifth straight quarter of decline in electrical machinery. In contrast, Europe (a decrease of 2.0% (id.)) decreased for two quarters in a row due to significant decreases in the transportation equipment and the industrial machinery sectors despite a substantial leap in the electrical machinery and the chemical sector. (Table 8)

Table 8 Actual result of capital investment for main industries by area

North america

Capital investment	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	-34.6	-16.9	-5.2	-22.4	11.5
Transportation equipment	-31.8	-9.0	32.4	-4.0	15.4
Electrical machinery	-70.5	-70.8	-77.1	-72.0	-15.5
Industrial machinery	-2.9	16.9	1.1	-13.2	83.2
Chemicals	-7.7	7.4	-6.5	2.1	45.5
Iron and steel	-38.0	5.0	27.0	33.9	175.6

Asia

Capital investment	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	22.3	25.9	12.4	9.6	28.8
Transportation equipment	30.9	66.3	26.1	33.5	92.3
Electrical machinery	9.7	-4.1	5.0	7.5	8.1
Industrial machinery	2.6	32.2	7.3	-4.6	-3.9
Chemicals	46.1	-15.4	1.6	-42.8	-33.5
Iron and steel	140.5	108.1	-23.7	17.9	-32.5

ASEAN4

Capital investment	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	14.2	43.9	6.7	15.9	57.2
Transportation equipment	17.2	73.9	13.7	22.0	97.3
Electrical machinery	2.6	0.8	7.8	40.0	59.2
Industrial machinery	39.1	35.9	-6.9	-34.7	22.3
Chemicals	30.2	-20.4	-43.7	-63.1	-47.4
Iron and steel	16.6	97.7	-33.1	38.3	26.6

NIEs3

Capital investment	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	30.5	15.0	54.9	49.2	-1.6
Transportation equipment	213.9	144.8	196.0	159.9	-10.8
Electrical machinery	-4.2	-25.3	16.9	28.1	0.6
Industrial machinery	-12.6	16.1	61.3	124.9	10.2
Chemicals	10.4	-10.5	66.1	56.8	-4.3
Iron and steel	0.0	0.0	0.0	0.0	0.0

China(including Hong Kong)

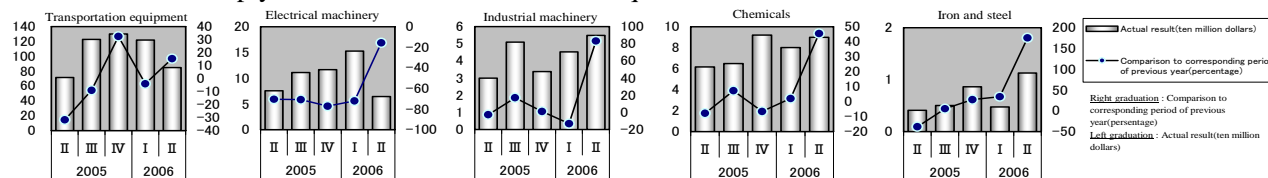
Capital investment	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	36.5	10.5	7.6	-14.1	-5.6
Transportation equipment	56.1	130.5	54.7	79.7	127.8
Electrical machinery	23.4	-2.1	-3.1	-26.9	-36.9
Industrial machinery	7.8	45.2	2.1	3.3	-22.3
Chemicals	221.3	-10.6	179.2	-34.2	-28.4
Iron and steel	169.0	31.6	1.9	-78.3	-79.9

Europe

Capital investment	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	73.3	28.9	4.9	-14.6	-2.0
Transportation equipment	64.0	42.3	-6.3	-30.8	-18.7
Electrical machinery	65.5	3.4	9.4	25.5	60.0
Industrial machinery	205.5	-14.1	-7.1	-20.6	-72.5
Chemicals	65.9	-1.6	13.7	10.6	61.9
Iron and steel	0.0	0.0	0.0	0.0	0.0

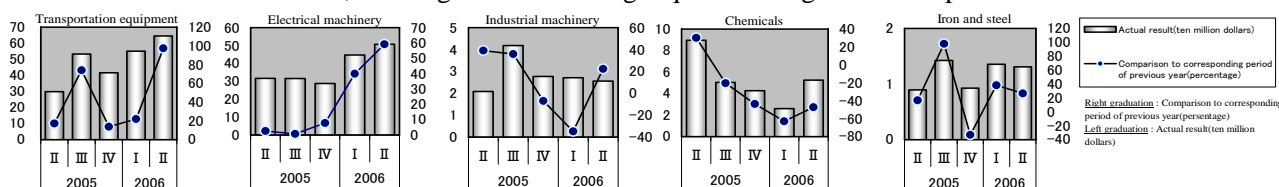
North America

Total capital investment amounted to US\$1,136,220,000 (23.3% of total capital investment in all regions) increasing by 11.5% compared with the same quarter of the previous year, up for the first time in five quarters. Capital investment in the transportation equipment sector increased 15.4%, registering a double-digit gain for the first time in two quarters. The industrial machinery sector saw a substantial increase in its capital investment of 83.2% (id.). Capital investment in the chemical sector also grew 45.5% (id.), marking a substantial gain for the first time in two quarters. Capital investment in the iron and steel sector increased 175.6% (id.), showing significant growth for two quarters in a row. In contrast, capital investment in the electrical machinery sector declined 15.5%, sharply down for the fifth consecutive quarter.



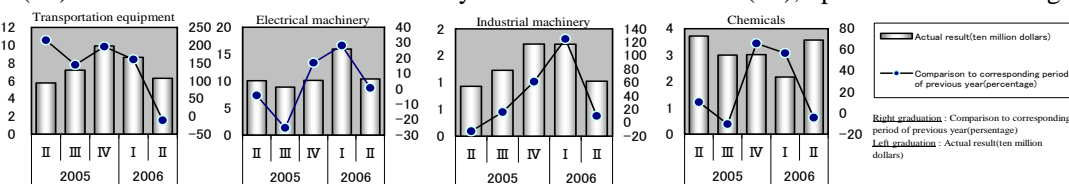
ASEAN4

Total capital investment amounted to US\$1,440,870,000 (29.6% of total capital investment in all regions), greatly expanding by 57.2% (id.). Capital investment in the electrical machinery increased 59.2%, marking the second consecutive significant gain. The transportation equipment sector, showing a remarkable increase of 97.3% (id.) in capital investment, continued to substantially expand. There was a significant increase by auto manufacturers in Thailand. Capital investment in industrial machinery improved 22.3%, marking a great leap for the first time in three quarters, and that in the iron and steel sector also gained 26.6% (id.), recording a substantial increase for two quarters in a row. On the contrary, capital investment in the chemical sector recorded a decline of 47.4%, marking the fourth straight quarter of significant drop.



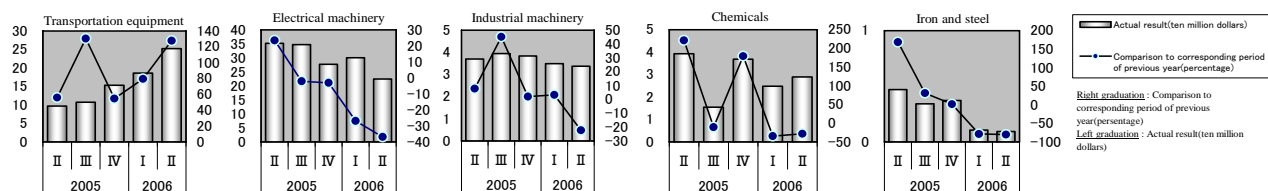
NIEs3

Total capital investment amounted to US\$260,120,000 (5.3% of total capital investment in all regions), down 1.6% for the first time in five quarters. Capital investment in the transportation equipment sector decreased 10.8%, registering the first drop in five quarters, mainly due to the effect of a backlash of auto-related equipment of the previous year. The chemical sector suffered a drop of 4.3% in capital investment, marking the first decrease in three quarters. In contrast, capital investment in electrical machinery slightly increased, up 0.6% (id.) and that in the industrial machinery sector increased 10.2% (id.), up for the fourth straight quarter.



China

Total capital investment amounted to US\$687,530,000 (14.1% of total capital investment in all regions), down 5.6% (id.), marking the second consecutive quarter of decline. Capital investment in electrical machinery decreased 36.9%, marking the fourth straight quarter of expanding negative growth. Capital investment in industrial machinery declined 22.3% (id.), down for the first time in nine quarters. Capital investment in the chemical sector decreased 28.4%, marking the second straight quarter of substantial decline. Capital investment in the iron and steel sector also plunged by 79.9% (id.), significantly down for two quarters in a row. Capital investment in transportation equipment remarkably increased by 127.8%, marking the ninth consecutive quarter of substantial increase.



Europe

Total capital investment amounted to US\$828,320,000 (17.0% of total capital investment in all regions), down 2.0% (id.), marking the second straight quarter of decline. Capital investment in the transportation equipment sector dropped 18.7%, down for three quarters in a row. Capital investment, in the industrial machinery sector plunged by 72.5%, marking the fourth straight quarter of slump. In contrast, capital investment in the electrical machinery sector increased 60.0%, registering the second straight quarter of double-digit increases, and that in the chemical sector increased 61.9%, up for three quarters in a row.

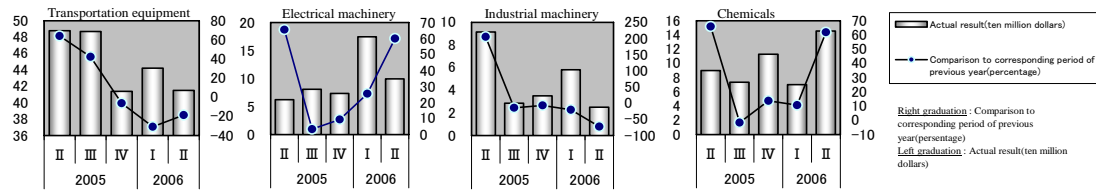


Chart 2-1 Capital investment DI according to area (percentage points)

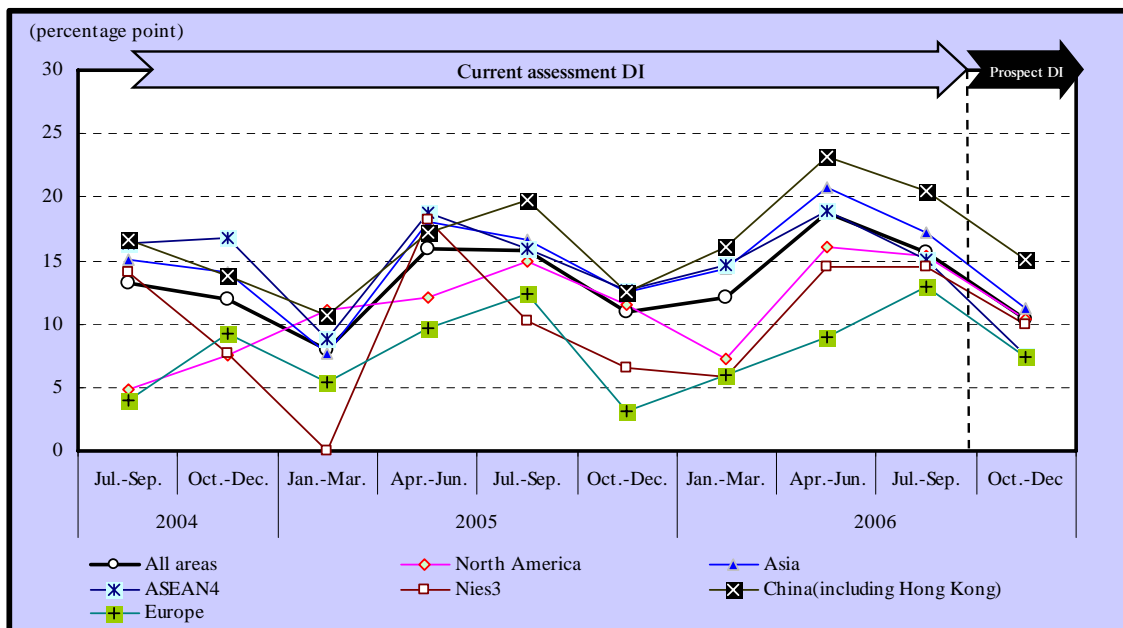
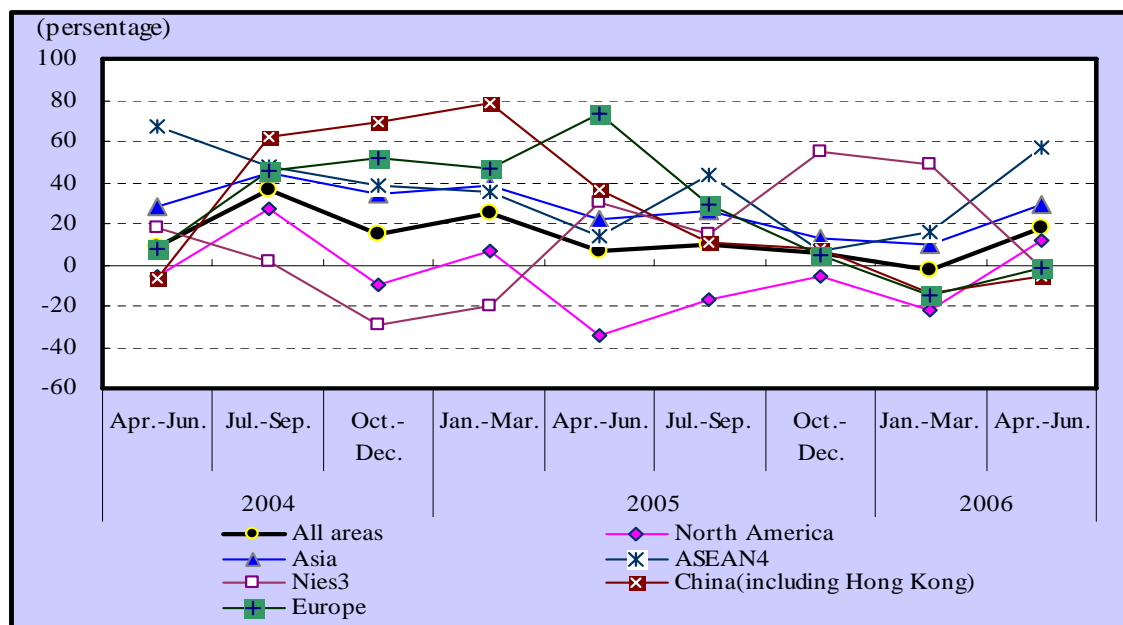


Chart 2-2 Actual result of capital investment according to area (Comparison of the same quarter of the previous year)

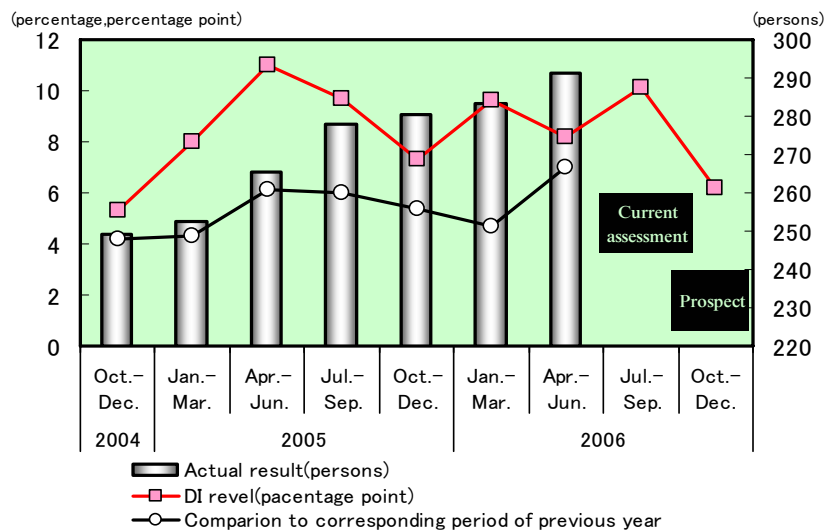


3. Trends in employment (the number of employees)

- The Employment Current Assessment DI (for the July - September quarter of 2006) improved in all regions except Europe. The Employment Prospects DI (for the October - December quarter of 2006) worsened in all regions except Europe.
 - For the Employment Current Assessment DI, among Asian regions, China maintained a double-digit level.
 - Europe slightly improved though it still was in negative territory in the Employment Prospects DI.
- The number of employees as of the end of March 2006, continued to increase, up 7.0% compared with the same quarter of the previous year. It continued to decline in North America. In Asia, it substantially increased in China. The number of employees in Europe turned to an increase.

(Chart 3)

Chart 3 Number of employee DI and actual result



(1) DI

The Employment Current Assessment DI (for the July - September quarter of 2006) was positive at 10.1 points. It was slightly higher by 1.9 points compared with the Employment Current Assessment DI (for the April - June quarter of 2006). The Employment Prospects DI (for the October - December quarter of 2006) stood at 6.2 points, down by 3.9 points compared with the Employment Current Assessment DI for the current quarter. (Table 9)

Table 9 Number of employee DI (according to area /industrial classification)

According to area	DI				
	Survey of present term			Comparison to the previous quarter	
	① Current assessment (2006.Apr.-Jun.)	② Current assessment (2006.Jul.-Sep.)	③ Prospect (2006.Oct.-Dec.)	Current assessment [②-①]	Prospect [③-②]
Total (All areas)	8.2	→ 10.1	→ 6.2	(1.9)	-3.9
North america	7.9	→ 8.3	→ 2.5	(0.4)	-5.8
Asia	10.3	→ 13.4	→ 9.1	(3.1)	-4.3
ASEAN4	7.6	→ 9.9	→ 4.1	(2.3)	-5.8
NIEs3	4.7	→ 5.9	→ 2.4	(1.2)	-3.5
China(including Hong Kong)	14.4	→ 19.0	→ 15.5	(4.6)	-3.5
Europe	-2.2	→ -3.9	→ -2.9	(-1.7)	1.0

Industrial classification	DI				
	Survey of present term			Comparison to the previous quarter	
	① Current assessment (2006.Apr.-Jun.)	② Current assessment (2006.Jul.-Sep.)	③ Prospect (2006.Oct.-Dec.)	Current assessment [②-①]	Prospect [③-②]
Total (All manufacturing industry)	8.2	→ 10.1	→ 6.2	(1.9)	-3.9
Transportation equipment	8.9	→ 12.3	→ 10.6	(3.4)	-1.7
Electrical machinery	7.6	→ 8.1	→ 2.5	(0.5)	-5.6
Industrial machinery	13.8	→ 12.1	→ 8.1	(-1.7)	-4.0
Chemicals	8.0	→ 11.8	→ 7.4	(3.8)	-4.4
Iron and steel	5.3	→ 0.0	→ -1.5	(-5.3)	-1.5

(Unit : percentage point)

The overall Prospects DI maintained positive in all regions except Europe. The Employment Prospects DI compared to the previous quarter deteriorated in all regions except Europe. In Asia, which decreased by 4.3 points (id.), the DI in China (a decrease of 3.5 points (id.)) worsened due to decreases in the electrical machinery, the transportation equipment and the industrial machinery sectors. The DI in ASEAN4 (a decrease of 5.8 points (id.)) declined due to decreases in the electrical machinery, the chemical and the iron and steel sectors in spite of a minor improvement in the transportation equipment sector. The Employment Prospects DI in NIEs3 (a decrease of 3.5 points (id.)) worsened because the electrical machinery, the industrial machinery and the chemical sectors declined despite a slight pickup of the transportation equipment sector. The DI in North America (a decrease of 5.8 points (id.)) deteriorated due to declines in such sectors as the transportation equipment and the electrical machinery sectors in spite of a substantial improvement in the chemical sector. Finally, the Prospects DI in Europe (an increase of 1.0 points (id.)) rebounded because the electrical machinery and the transportation equipment sectors improved despite declines in the industrial machinery and the chemical sector. (Table 10)

Table 10 Number of employee DI for main industries by area

North america

Number of employee	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	7.9	8.3	0.4	2.5	-5.8
Transportation equipment	8.1	8.0	-0.1	2.0	-6.0
Electrical machinery	9.6	7.3	-2.3	4.4	-2.9
Industrial machinery	16.7	-2.4	-19.1	-9.5	-7.1
Chemicals	1.7	14.5	12.8	0.0	-14.5
Iron and steel	0.0	-5.6	-5.6	-5.9	-0.3

Asia

(Unit : percentage point)

Number of employee	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	10.3	13.4	3.1	9.1	-4.3
Transportation equipment	14.7	21.5	6.8	22.0	0.5
Electrical machinery	8.4	9.9	1.5	2.4	-7.5
Industrial machinery	17.3	21.0	3.7	17.2	-3.8
Chemicals	11.8	13.3	1.5	10.9	-2.4
Iron and steel	2.5	0.0	-2.5	-2.1	-2.1

ASEAN4

Number of employee	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	7.6	9.9	2.3	4.1	-5.8
Transportation equipment	8.9	16.8	7.9	17.2	0.4
Electrical machinery	4.6	8.5	3.9	-3.3	-11.8
Industrial machinery	25.5	22.0	-3.5	27.5	5.5
Chemicals	4.8	2.4	-2.4	-2.4	-4.8
Iron and steel	-9.5	0.0	9.5	-13.7	-13.7

NIEs3

Number of employee	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	4.7	5.9	1.2	2.4	-3.5
Transportation equipment	-3.2	3.1	6.3	3.3	0.2
Electrical machinery	2.4	2.5	0.1	-6.2	-8.7
Industrial machinery	23.1	9.5	-13.6	0.0	-9.5
Chemicals	10.2	10.9	0.7	8.5	-2.4
Iron and steel	0.0	-25.0	-25.0	-25.0	0.0

China

Number of employee	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	14.4	19.0	4.6	15.5	-3.5
Transportation equipment	28.7	33.7	5.0	32.9	-0.8
Electrical machinery	13.5	14.6	1.1	11.0	-3.6
Industrial machinery	8.7	25.0	16.3	15.2	-9.8
Chemicals	24.6	25.0	0.4	25.4	0.4
Iron and steel	20.0	5.8	-14.2	17.6	11.8

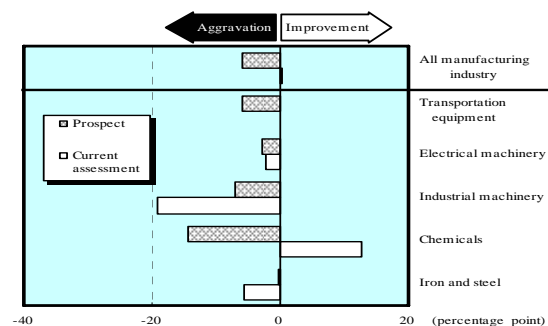
Europe

Number of employee	Survey of previos term (Jan.-Mar.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Apr.-Jun.2006)	Current assessment (Jul.-Sep.2006)	comparison to the previous quarter	Prospect (Oct.-Dec.2006)	comparison to the previous quarter
All manufacturing industry	-2.2	-3.9	-1.7	-2.9	1.0
Transportation equipment	-6.9	-12.9	-6.0	-12.0	0.9
Electrical machinery	-3.2	-1.8	1.4	5.7	7.5
Industrial machinery	4.3	2.5	-1.8	-2.5	-5.0
Chemicals	0.0	6.7	6.7	2.3	-4.4
Iron and steel	0.0	-50.0	-50.0	0.0	50.0

North America

The overall Employment Prospects DI (2.5 percentage points) was 5.8 points lower than the overall Current Assessment DI for the current quarter. The Prospects DI for the transportation equipment sector (2.0 percentage points) decreased by 6.0 points (id.). A decrease was observed in the DI for the electrical machinery sector (4.4 percentage points), down by 2.9 points (id.). The industrial machinery sector (minus 9.5 percentage points) suffered a decrease of 7.1 points (id.) in the Prospects DI. The DI for the chemical sector (0.0 percentage points) also decreased by 14.5 points (id.) and that for the iron and steel sector (minus 5.9 percentage points) slightly slipped by 0.3 points (id.).

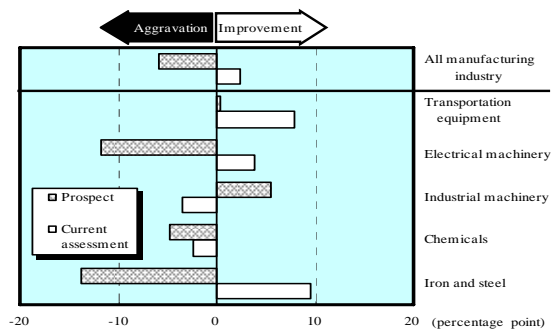
Number of employee DI for North America (Comparison to the previous quarter)



ASEAN4

The overall Prospects DI (4.1 percentage points) was lower, down by 5.8 points to the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (minus 3.3 percentage points) declined by 11.8 points (id.). Decreases were observed in the Prospects DI for the chemical sector (minus 2.4 percentage points) by 4.8 points (id.) and for the iron and steel sector (minus 13.7 percentage points) by 13.7 points (id.). In contrast, the Prospects DI for the transportation sector (17.2 percentage points) slightly improved, up by 0.4 points (id.). The DI for the industrial machinery sector (27.5 percentage points) increased by 5.5 points (id.).

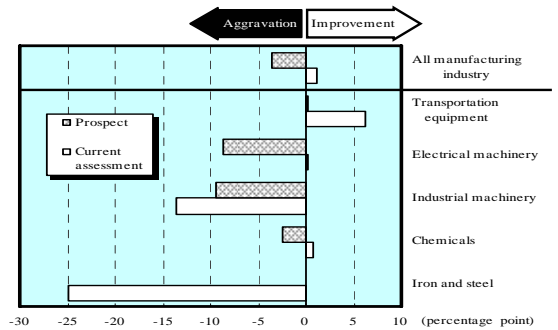
Number of employee DI for ASEAN4
(Comparison to the previous quarter)



NIEs3

The overall Prospects DI (2.4 percentage points) worsened by 3.5 points compared with the overall Current Assessment DI for the current quarter. Decreases were seen in the Prospects DI for the electrical machinery sector (minus 6.2 percentage points) by 8.7 points (id.), for the industrial machinery sector (0.0 percentage points) by 9.5 points (id.) and for the chemical sector (8.5 percentage points) by 2.4 points (id.). In contrast, the DI for the transportation equipment sector (3.3 percentage points) marginally grew by 0.2 points (id.). The iron and steel sector (minus 25.0 percentage points) kept their previous level in the DI at 0.0 points (id.).

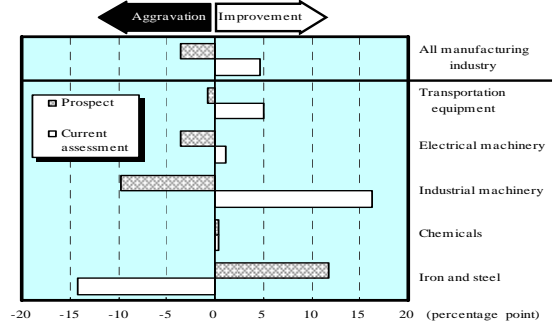
Number of employee DI for NIEs3
(Comparison to the previous quarter)



China

The overall Prospects DI (15.5 percentage points) decreased by 3.5 points compared to the overall Current Assessment DI for the current quarter. Decreases were observed in the Prospects DI for the transportation equipment sector (32.9 percentage points) by mere 0.8 points (id.), for the electrical machinery sector (11.0 percentage points) by 3.6 points (id.) and for the industrial machinery sector (15.2 percentage points) by 9.8 points (id.). In contrast, the DI for the chemical sector (25.4 percentage points) slightly improved, up by 0.4 points (id.) and that for the iron and steel sector (17.6 percentage points) showed an increase, up by 11.8 points (id.).

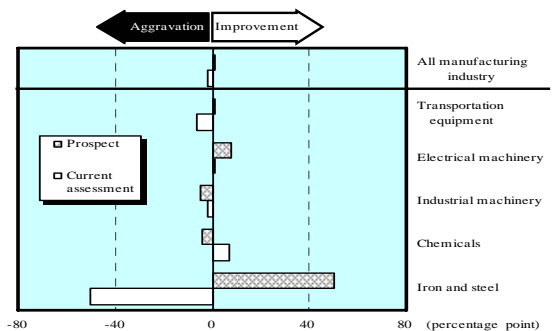
Number of employee DI for China
(Comparison to the previous quarter)



Europe

The overall Prospects DI (minus 2.9 percentage points) slightly increased, up by 1.0 points from the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery (5.7 percentage points) improved by 7.5 points (id.) and that for the transportation equipment sector (minus 12.0 points) slightly improved, up by 0.9 points (id.). A substantial increase by 50.0 points (id.) was observed in the Prospects DI for the iron and steel sector (0.0 percentage points). The DI for the industrial machinery sector (minus 2.5 points) deteriorated by 5.0 points (id.) and that for the chemical sector (2.3 percentage points) declined by 4.4 points (id.).

Number of employee DI for Europe
(Comparison to the previous quarter)



(2) Actual Results

The overall number of employees stood at 2.91 million, registering a continuous increase, up 7.0% compared with the same quarter of the previous year. By industry, the number of employees of each sector increased in ten sectors out of 13 sectors. The number of employees in the transportation equipment sector stood at 770,000; up by 14.3% (id.), registering a double-digit growth for the first time in two quarters, and employment in the electrical machinery sector (1.21 million) continued to increase, up by 5.8% (id.). Increases were observed in the number of employees in the industrial machinery sector (0.18 million), up 12.4 % (id.), marking the third straight double-digit gain, and the iron and steel sector (0.02 million), up 4.6% (id.), recording the first growth in three quarters. In contrast, the number in the chemical sector (0.12 million) decreased 0.8% (id.), down for the second consecutive quarter.

(Table 11)

Table 11 Actual result of Number of employee (according to area /industrial classification)

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
Total (All areas)	6.1	6.0	5.4	4.7	7.0
North america	-1.2	-0.9	-0.8	-1.2	-0.1
Asia	7.6	8.6	7.7	6.5	9.0
ASEAN4	5.0	6.0	5.2	2.8	3.1
NIEs3	-0.3	1.1	1.9	1.2	0.6
China(including Hong Kong)	11.0	11.5	10.3	9.6	15.0
Europe	4.0	2.7	2.2	-0.1	2.4

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
Total (All manufacturing industry)	6.1	6.0	5.4	4.7	7.0
Transportation equipment	14.2	12.2	11.1	7.3	14.3
Electrical machinery	2.7	5.1	3.3	4.2	5.8
Industrial machinery	9.1	6.3	10.1	11.6	12.4
Chemicals	3.7	-0.7	1.5	-1.0	-0.8
Iron and steel	1.3	0.8	-1.3	-1.9	4.6

(Unit : percentage)

The overall number of employees in Asia increased 9.0% compared to the same quarter of the previous year. Looking at Asian countries and regions, the number of employees in China (an increase of 15.0% (id.)) continued to increase because the transportation equipment sector substantially continued to gain, up 75.8% (id.) and the electrical machinery and the industrial machinery sectors also increased. The number in ASEAN4 (an increase of 3.1% (id.)) continued to grow due to increases in the transportation equipment and the industrial machinery sectors. The number of employees in NIEs3 (an increase of 0.6% (id.)) marginally increased due to decreases in the transportation equipment and other sectors in spite of increases in the chemical and the electrical machinery sectors, etc. The number of employees in Europe (an increase of 2.4% (id.)) shifted to an increase in the quarter because the transportation equipment sector increased and the electrical machinery sector began to grow. North America (a decrease of 0.1% (id.)) saw the number of employees slightly shrank due to a continuous decline in the electrical machinery sector despite increases in the transportation equipment, the industrial machinery and the iron and steel sectors.

(Table 12)

Table 12 Actual result of number of employee for main industries by area

North america

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	-1.2	-0.9	-0.8	-1.2	-0.1
Transportation equipment	3.7	3.6	2.3	2.5	2.4
Electrical machinery	-13.5	-6.7	-9.2	-8.0	-1.7
Industrial machinery	1.8	-6.7	1.9	3.3	3.8
Chemicals	1.2	-3.4	-1.7	-1.7	-1.0
Iron and steel	-9.4	-10.4	-10.8	-13.4	1.2

Asia

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	7.6	8.6	7.7	6.5	9.0
Transportation equipment	18.5	18.8	16.4	10.3	25.2
Electrical machinery	4.9	7.4	5.7	5.5	6.1
Industrial machinery	14.9	12.1	14.0	16.7	17.0
Chemicals	4.4	1.8	5.9	1.5	2.0
Iron and steel	3.8	3.5	1.7	1.8	5.4

ASEAN4

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	5.0	6.0	5.2	2.8	3.1
Transportation equipment	20.6	17.4	14.9	3.4	6.9
Electrical machinery	0.0	2.2	1.4	1.3	0.8
Industrial machinery	15.8	10.6	13.9	8.5	4.2
Chemicals	-3.7	-2.2	-0.3	-0.7	0.0
Iron and steel	4.5	3.1	4.6	1.3	0.4

NIEs3

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	-0.3	1.1	1.9	1.2	0.6
Transportation equipment	21.0	20.0	17.1	7.4	-0.1
Electrical machinery	-7.3	-3.1	-2.9	0.6	1.1
Industrial machinery	2.0	-0.7	-0.5	0.3	0.5
Chemicals	1.9	1.7	13.7	10.1	14.3
Iron and steel	-	-	-	-	-

China(including Hong Kong)

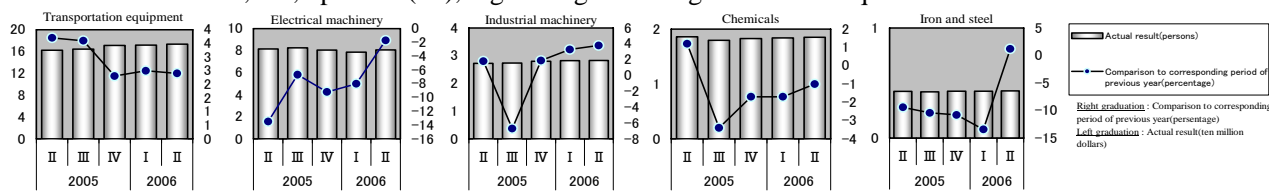
Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	11.0	11.5	10.3	9.6	15.0
Transportation equipment	16.0	19.7	18.9	18.8	75.8
Electrical machinery	10.9	13.3	10.6	9.1	10.6
Industrial machinery	17.2	15.6	17.4	25.1	26.7
Chemicals	17.6	6.9	10.1	1.5	0.4
Iron and steel	6.3	7.5	0.5	5.6	0.9

Europe

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005			2006	
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.
All manufacturing industry	4.0	2.7	2.2	-0.1	2.4
Transportation equipment	14.7	13.2	13.1	5.4	4.7
Electrical machinery	-8.6	-9.0	-10.5	-7.6	3.3
Industrial machinery	0.1	1.9	6.4	3.7	5.4
Chemicals	3.7	-4.7	-6.6	-6.7	-7.2
Iron and steel	-	-	-	-	-

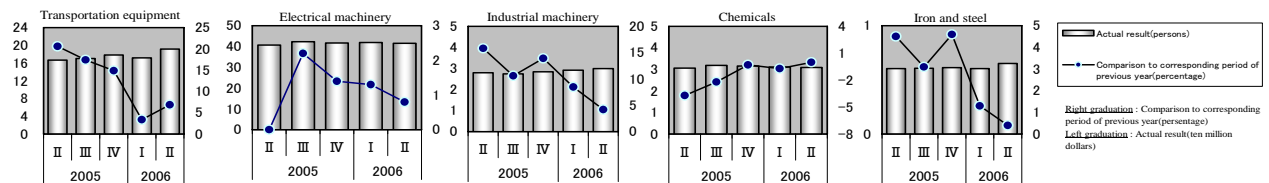
North America

The overall number of employees was 420,000 (its share against all regions was 14.5%), showing a continuous decline by 0.1% compared with the same quarter of the previous year. The number of employees in the electrical machinery sector stood at 80,000, continuing to decline, down 1.7% (id.) and that in the chemical sector was 20,000, down 1.0% (id.), marking the fourth consecutive quarter of decline. The transportation equipment sector employed 170,000 people, showing a continuous gain of 2.4% (id.). The number of employees in the industrial sector stood at 30,000, up 3.8% (id.), marking the third straight quarter of increase, and that in the iron and steel sector was 4,000, up 1.2% (id.), registering the first growth in five quarters.



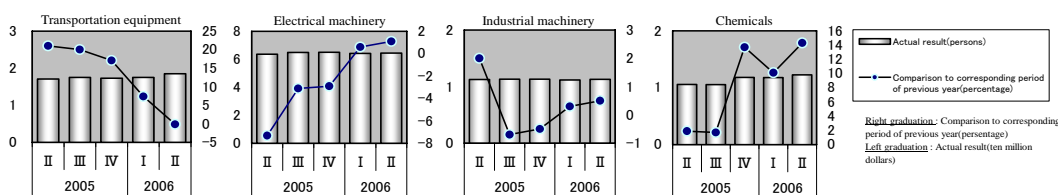
ASEAN4

The overall number of employees was 850,000 (its share against all regions was 29.3%), up 3.1% (id.), and continuously increasing. The electrical machinery sector slightly grew, with the number standing at 420,000, up by 0.8% (id.). The transportation equipment sector continued to increase, up 6.9% (id.), to reach 190,000. An increase was observed in the industrial machinery sector in the number of employees, up 4.2% (id.), marking the sixth straight quarter of gain to stand at 30,000. Employees in the iron and steel sector stood at 6,000, an increase of 0.4% (id.), registering the sixth consecutive quarter of gain, and those in the chemical sector remained flat at 0.0% (id.), at 30,000.



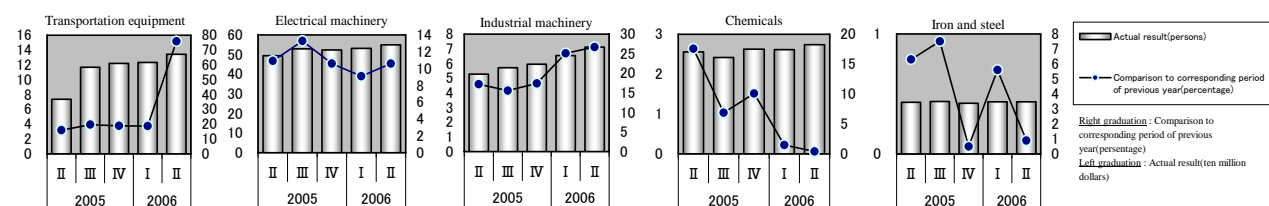
NIEs3

The overall number of employees increased slightly, up 0.6% (id.) to 130,000 (4.6% of the total number of employees in all regions). The number of employees in the electrical machinery sector gained marginally, up 1.1%, to stand at 60,000, and that in the industrial machinery sector slightly increased, up 0.5% (id.), reaching 10,000. While the chemical sector employed 10,000 people, up 14.3% (id.), marking the third consecutive quarter of gain, the number of employees in the transportation equipment sector slightly slipped, down 0.1% (id.) to stand at 20,000. The iron and steel sector employed 1,000 people, marginally down by 1.1% (id.).



China

The overall number of employees reached 960,000 (32.9% against the total number in all regions), up 15.0% (id.), marking a continuous increase. The number of employees in the electrical machinery sector continued to increase, up 10.6% (id.), to reach 550,000. The transportation equipment sector continued to employ more people, up 75.8% (id.), standing at 130,000. The number of employees in the industrial machinery sector was 70,000, up 26.7% (id.), marking a continuous gain. The chemical sector employed 30,000 people, slightly up by 0.4% (id.). A marginal increase of 0.9% (id.) was observed in the number of employees in the iron and steel sector, amounting to 4,000.



Europe

The overall number of employees was 260,000 (8.8% of the total number of employees in all regions), up by 2.4% (id.), recording the first increase in two quarters. The number of employees in electrical machinery, stood at 50,000, increasing 3.3% (id.), marking the first increase in four and a half years or 18 quarters. The transportation equipment sector employed 100,000 people, which was equal to an increase of 4.7% (id.), marking the tenth consecutive quarter of gain. The number of employees in industrial machinery increased 5.4%, up for ten quarters in a row, amounting to 30,000. In contrast, the number in the chemical sector dropped 7.2%, down for four quarters in a row to stand at 30,000.

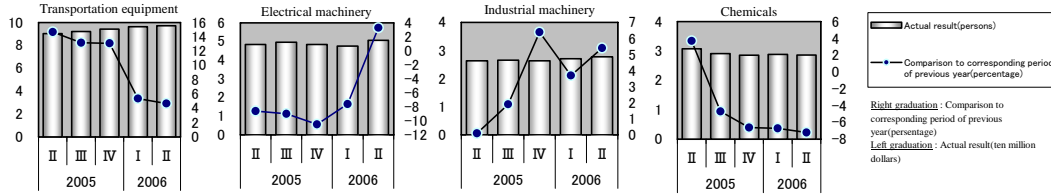


Chart 3-1 Number of employee DI according to area (percentage points)

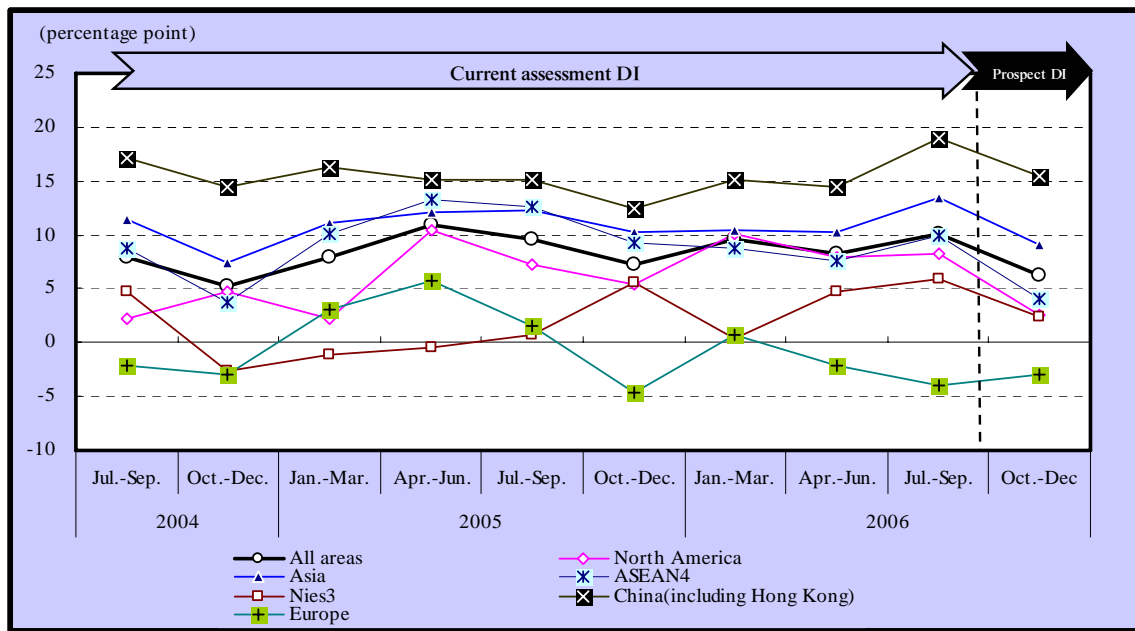
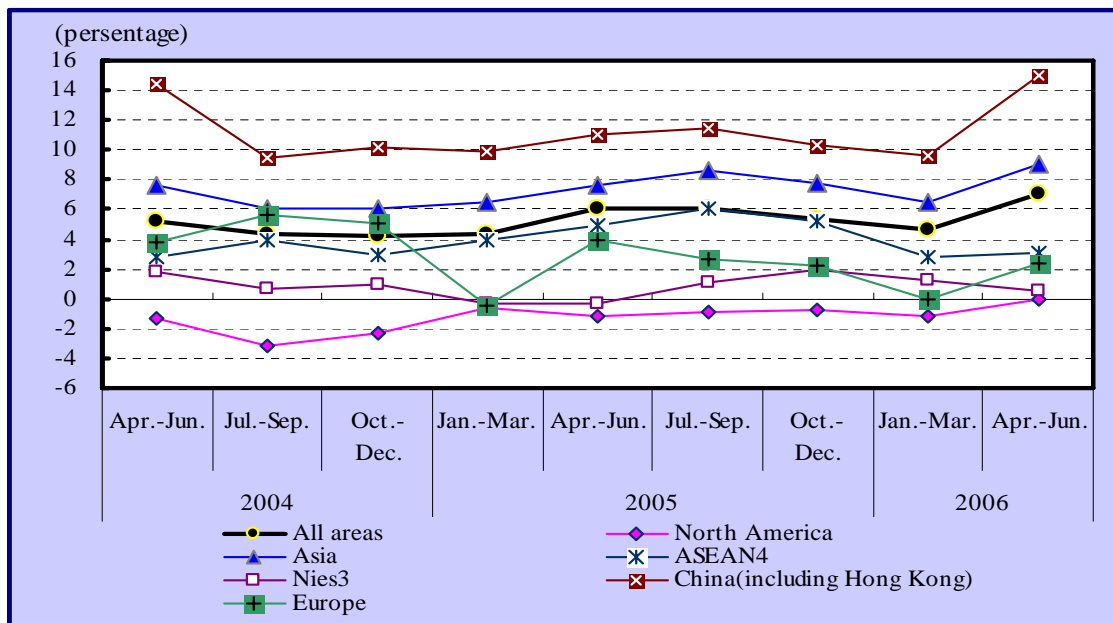
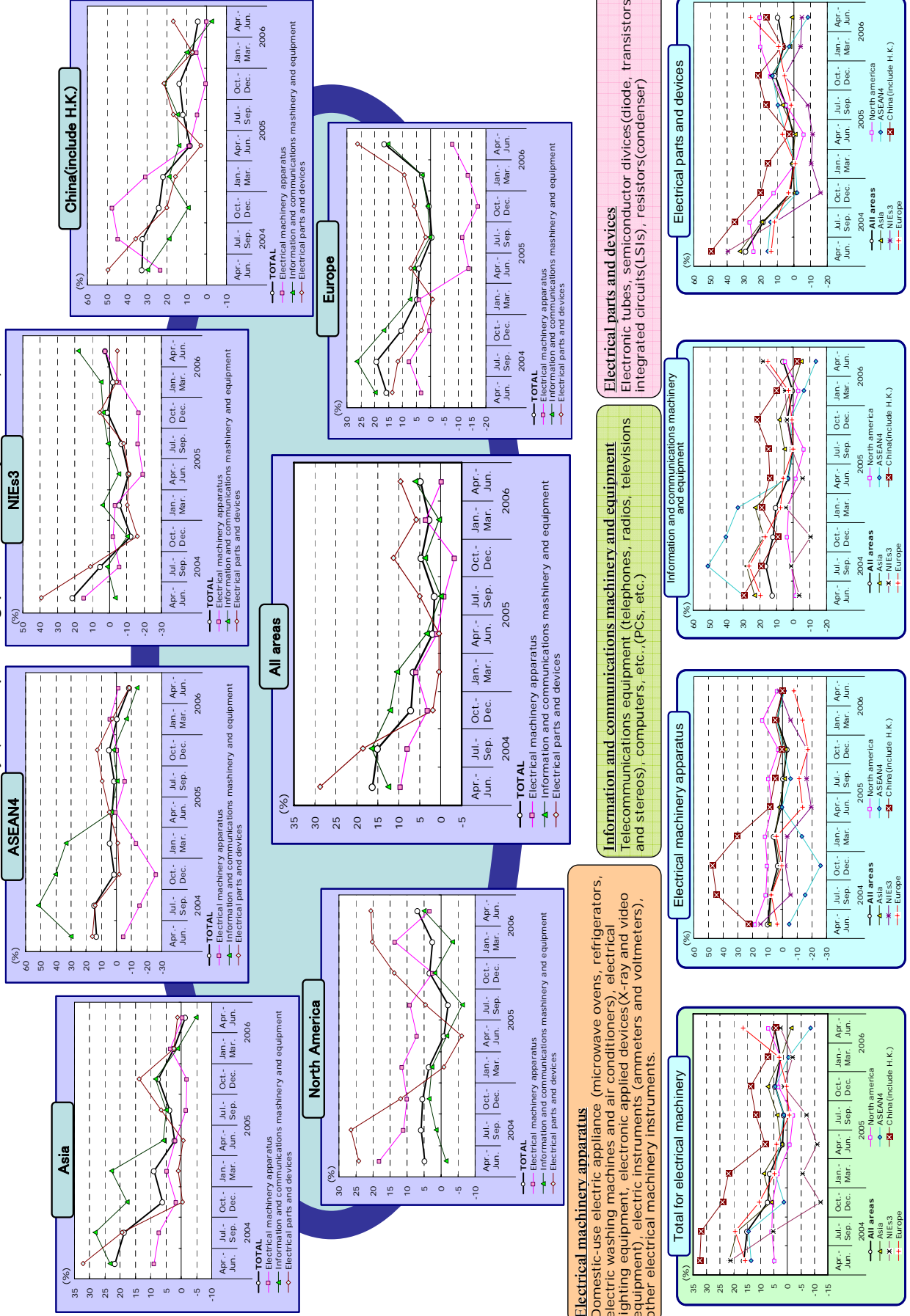


Chart 3-2 Actual result of the number of employee according to area (Comparison of the same quarter of the previous year)

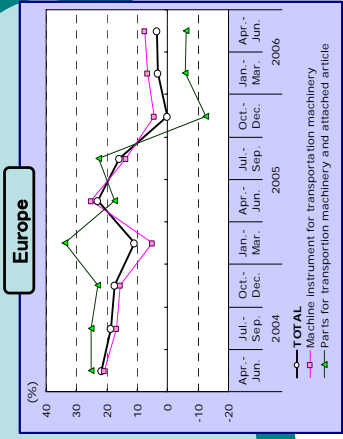
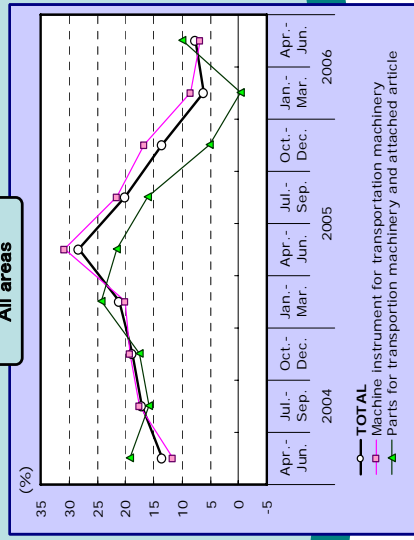
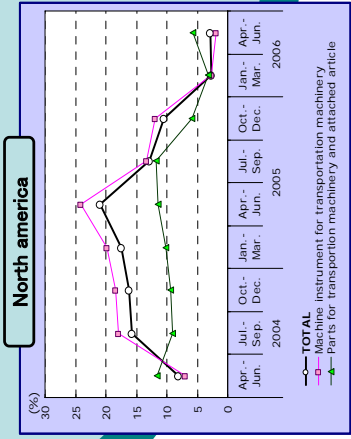
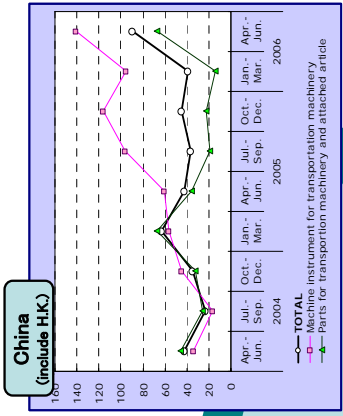
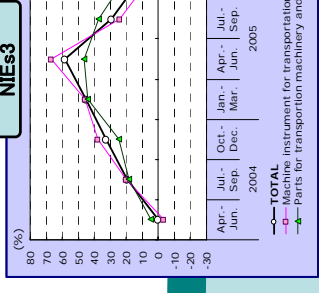
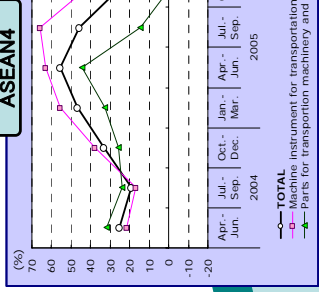
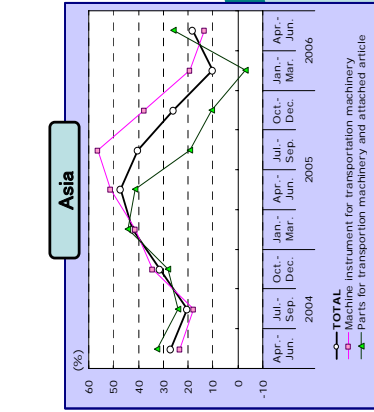


【Topics】

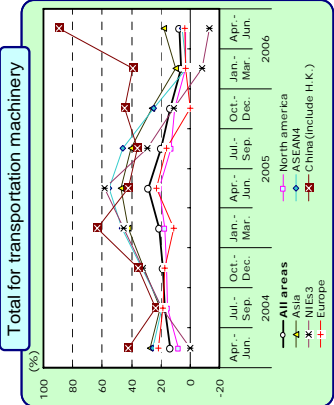
Transition of the actual sales track record according to area and fine classification of electrical machinery (corresponding-period-of-last-year ratio)



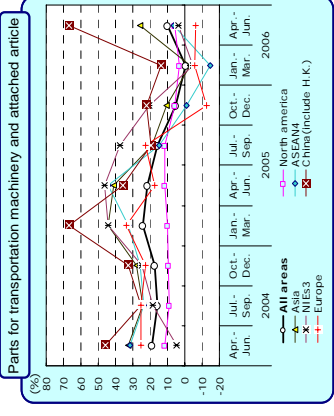
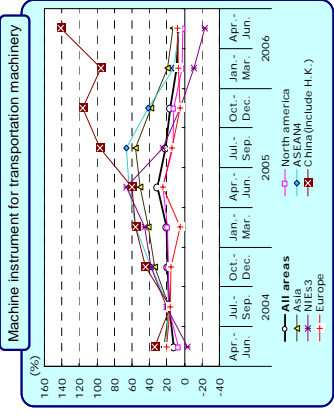
Transition of actual sales of various classifications of transportation machinery and products by area (corresponding-period-of-last-year ratio)



Machine instrument for transportation machinery
 Automobiles, railroad vehicles, vessels, airplanes, industrial conveyance vehicles, other transportation machines(bicycles)



Parts for transportation machinery and attached article
 Parts for automobile and attached articles(automobile engines and components, brakes and their components, clutch axles, radiators, differential gears, transmission systems, wheels, oil filters, oil strainers, and blinkers, etc.), parts both for railroad vehicles (brakes for railroad vehicles, jumper couplers, door operating equipments, etc.), parts for airplanes (propellers, bodies, main wings, flaps, air brakes), industrial trucks the components



(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)

	Jan.-Mar. 2005	Apr.-Jun. 2005	Jul.-Sep. 2005	Oct.-Dec. 2005	Jan.-Mar. 2006	Apr.-Jun. 2006
Yen	104.71	107.63	111.24	117.29	116.88	114.42
ASEAN4						
Rupiah (Indonesia)	9274.3	9550.5	9994.5	9999.6	9274.9	9115.0
Ringgit (Malaysia)	3.8	3.8	3.7735	3.7768	3.7275	3.6627
Peso (Philippines)	55.006	54.671	56.038	54.627	51.884	52.215
Baht (Thailand)	38.566	40.040	41.287	40.987	39.288	38.071
NIEs3						
Won (Republic of Korea)	1022.22	1008.11	1029.51	1036.63	976.35	949.77
Dollar (Singapore)	1.6356	1.6587	1.6751	1.881	1.6280	1.5897
Dollar (Taiwan)	31.5400	31.3990	32.319	33.457	32.3223	32.1843
People's Republic of China (Hong Kong is including)						
Yuan (People's Republic of China)	8.2765	8.2765	8.1412	8.0831	8.0503	8.0123
Dollar (Hong Kong)	7.798	7.788	7.769	7.754	7.757	7.758
Europe						
Pound (United Kingdom)	1.8924	1.8570	1.7841	1.7481	1.7526	1.8266
Euro (Euro Area)	0.7606	0.7943	0.8201	0.8415	0.8320	0.7963

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)③, 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 for the April – June quarter of 2004, the period of the DI survey was changed. The former six-month survey period was divided into: “estimation of the present assessment of the current situation” and “future prospects,” and both were surveyed for three months respectively.
- 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 by the survey since the corresponding quarter of the previous year.
- The coefficient of connection was calculated and used for data before FY2002 (the January – March quarter of 2003) to maintain consistency with past data, because companies included in the survey were reviewed and the scope of the survey was expanded.
- 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.

○ **The April – June quarter of FY2005**

- The coefficient of connection was calculated and used for data before FY2003 (the January – March quarter of 2004) to maintain consistency with past data, because companies included in the survey were reviewed.

4. Calculation of the coefficient of connection

There is a gap between the results of the April - June quarter of 2005 and the totals before the January - March quarter of 2005, due to the expansion of the scope of the survey since the April - June quarter of 2005.

Therefore, comparisons between the current quarter and the corresponding quarter of the previous year since the April - June quarter of 2005 are calculated by totaling the figures only for overseas subsidiaries continuously covered by the survey from FY2004 to the April - June quarter of 2005.

On publication of the survey results of FY2006, to retain continuity with the past results, the coefficient of connection was calculated based on the scope of the FY2005 survey.

(1) Period of connection

Pre-FY2004 figures (October - December quarter of 1996 to January - March quarter of 2005) are connected to FY2005 figures (April - June quarter of 2005 to January - March quarter of 2006).

(2) Coefficient of connection

When comparing the period up to FY2004 with FY2005, 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 FY2005 and should be considered to be an increase ----- (A)
- Factors that were outside the scope of the survey in FY2005 and should be considered to be a decrease ----- (B)

Coefficient of connection

(A)

$$= \left[\frac{\text{Results of FY2005 (companies covered continuously + Newly covered companies)}}{\text{Results of FY2005 companies covered continuously}} \right] \times \left[\frac{\text{Results of FY2004 companies covered continuously}}{\text{Results of FY2004}} \right]$$

*Companies covered continuously are those covered by the survey continuously through FY2004 and FY2005

(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 FY2004 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 FY2004 to the April - June quarter of FY2005.

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

	Statistics (US\$10. Statistics (US\$10,000)																	
	FY 2004						FY 2005						FY 2006					
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.
China(including Hong Kong)	comparison to the same quarter of the previous year																	
Total value of electrical machinery	3,347,678	3,818,912	880,736	998,696	1,007,521	931,960	P	941,477	27.5	10.2	8.3	11.8	13.6	7.2	P	4.2	4.2	
Electrical machines and apparatuses	1,152,182	1,253,702	310,478	324,141	305,053	314,029	P	312,145	36.0	4.6	8.5	4.8	0.3	4.8	P	-0.1	-0.1	
Information and communications machines and equipment	1,169,057	1,282,703	304,731	344,992	330,282	302,698	P	298,060	18.8	14.9	13.8	14.7	21.5	10.0	P	-2.4	-2.4	
Electronic parts and devices	1,026,440	1,282,507	285,526	329,562	372,185	315,234	P	331,273	28.7	12.3	2.8	16.8	21.6	7.0	P	16.8	16.8	
Total value of transportation equipment	946,137	1,529,841	235,480	399,919	390,179	504,262	P	461,290	40.7	40.6	42.3	36.3	44.9	39.0	P	89.7	89.7	
Transportation machines and equipment	248,143	661,318	72,158	189,915	138,545	260,700	P	174,057	39.8	94.7	60.2	96.1	116.3	95.4	P	141.2	141.2	
Parts and accessories for transportation machinery	697,994	868,522	163,322	210,004	251,634	243,563	P	287,233	41.1	21.3	35.7	19.4	22.1	13.9	P	67.0	67.0	

	Statistics (US\$10. Statistics (US\$10,000)																	
	FY 2004						FY 2005						FY 2006					
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Other Asia	comparison to the same quarter of the previous year																	
Total value of electrical machinery	89,148	101,696	25,191	26,193	24,107	26,206	P	26,055	30.2	14.1	30.2	20.2	6.1	3.7	P	3.4	3.4	
Electrical machines and apparatuses	16,682	21,580	5,601	5,319	4,857	5,803	P	5,730	9.9	29.4	43.3	33.7	8.3	34.7	P	2.3	2.3	
Information and communications machines and equipment	60,294	65,712	16,487	17,491	15,601	16,134	P	15,863	32.2	9.0	27.2	16.9	3.8	-7.0	P	-3.8	-3.8	
Electronic parts and devices	12,172	14,404	3,103	3,383	3,649	4,269	P	4,463	64.9	18.3	24.9	18.6	13.8	17.6	P	43.8	43.8	
Total value of transportation equipment	666,356	788,244	193,932	201,384	184,280	208,667	P	210,394	20.0	18.3	16.5	31.9	10.7	15.4	P	8.2	8.2	
Transportation machines and equipment	577,891	678,192	168,058	174,362	156,911	178,861	P	180,364	18.4	17.4	14.4	31.6	8.8	16.0	P	6.9	6.9	
Parts and accessories for transportation machinery	88,465	110,052	25,874	27,023	27,349	29,806	P	30,031	32.7	24.4	31.9	34.2	23.6	12.1	P	16.1	16.1	

	Statistics (US\$10. Statistics (US\$10,000)																	
	FY 2004						FY 2005						FY 2006					
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Europe	comparison to the same quarter of the previous year																	
Total value of electrical machinery	4,089,553	4,191,135	929,688	934,428	1,234,595	1,092,425	P	1,087,909	11.8	1.6	4.0	-0.7	0.4	3.0	P	16.4	16.4	
Electrical machines and apparatuses	454,141	404,828	95,061	95,651	113,150	100,966	P	88,564	3.5	-14.3	-13.8	-11.6	-17.3	-13.7	P	-8.0	-8.0	
Information and communications machines and equipment	2,343,846	2,400,013	525,032	523,417	699,863	651,702	P	605,662	16.6	2.3	6.1	0.2	0.9	2.9	P	15.1	15.1	
Electronic parts and devices	1,291,566	1,386,294	309,595	315,360	421,562	339,757	P	393,663	6.2	5.8	6.9	1.6	5.7	9.3	P	26.1	26.1	
Total value of transportation equipment	3,417,843	3,811,171	1,012,720	927,511	901,726	969,213	P	1,059,703	17.0	10.0	22.9	15.9	0.2	3.2	P	3.6	3.6	
Transportation machines and equipment	2,521,248	2,823,454	724,920	683,126	692,395	723,014	P	778,805	14.0	12.0	25.0	13.8	4.5	6.6	P	7.4	7.4	
Parts and accessories for transportation machinery	896,595	987,716	287,801	244,385	209,332	246,199	P	280,898	26.8	4.6	17.4	22.7	-12.7	-5.8	P	-6.2	-6.2	

	Statistics (US\$10. Statistics (US\$10,000)																	
	FY 2004						FY 2005						FY 2006					
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Other	comparison to the same quarter of the previous year																	
Total value of electrical machinery	269,074	287,129	58,783	64,612	96,267	67,467	P	66,280	11.5	5.9	-1.7	4.6	8.8	10.4	P	12.8	12.8	
Electrical machines and apparatuses	32,075	36,066	6,874	7,495	12,294	9,463	P	8,225	15.2	5.5	-2.4	1.9	1.6	22.3	P	19.6	19.6	
Information and communications machines and equipment	128,726	141,620	31,377	30,048	42,079	38,116	P	33,711	-4.3	10.0	3.5	11.8	8.9	15.9	P	7.4	7.4	
Electronic parts and devices	108,273	109,444	20,531	27,069	41,954	19,889	P	24,345	36.8	1.1	-8.4	-1.9	10.9	-2.7	P	18.6	18.6	
Total value of transportation equipment	2,350,627	2,999,208	695,744	739,700	763,767	799,977	P	827,798	13.1	26.6	43.2	24.9	23.1	19.2	P	17.0	17.0	
Transportation machines and equipment	2,119,564	2,710,496	624,861	675,673	686,745	723,217	P	741,069	11.8	27.9	45.0	25.3	24.3	21.2	P	17.7	17.7	
Parts and accessories for transportation machinery	231,063	288,711	70,883	64,026	77,042	76,760	P	86,729	24.0	14.7	28.7	21.1	12.0	1.5	P	10.8	10.8	

<Appendix table 2> Prospect for sale(DI)

(Unit:Percentage point)

All area	D I											
	Apr.-Jun. 2005 period investigation		Apr.-Jun. 2006 period investigation									
	Current assessment Jul-Sep 2005	Prospect assessment Oct-Dec 2005	Current assessment Jul-Sep 2006	Prospect assessment Oct-Dec 2006								
Total value of electrical machinery	19.6	23.3	15.6	9.4	2.9	16.9	15.5	19.5	19.1	3.6	15.8	-3.3
Electrical machines and apparatuses	11.7	28.5	14.0	14.5	3.9	20.2	18.6	12.1	11.8	-6.8	16.5	4.7
Information and communications machines and equipment	28.6	24.9	17.0	6.2	-3.1	8.8	13.2	18.3	26.8	13.6	18.2	-8.6
Electronic parts and devices	19.7	18.1	15.7	7.7	6.3	20.0	14.6	26.4	19.1	5.1	13.4	-6.3
Total value of transportation equipment	21.1	24.5	24.8	33.4	26.6	26.4	14.9	10.4	15.3	0.4	19.3	4.0
Transportation machines and equipment	25.6	18.1	16.7	25.7	17.1	13.0	27.7	10.1	27.9	0.2	5.6	-22.3
Parts and accessories for transportation machinery	20.0	25.6	26.1	34.4	28.6	28.3	12.5	10.6	13.0	0.5	21.2	8.2

Asia	D I											
	Apr.-Jun. 2005 period investigation		Apr.-Jun. 2006 period investigation									
	Current assessment Jul-Sep 2005	Prospect assessment Oct-Dec 2005	Current assessment Jul-Sep 2006	Prospect assessment Oct-Dec 2006								
Total value of electrical machinery	22.4	23.4	15.3	11.2	3.4	19.9	20.1	23.8	25.1	5.0	17.6	-7.5
Electrical machines and apparatuses	10.3	22.8	8.7	11.6	3.9	20.9	24.4	16.7	18.3	-6.2	17.7	-0.5
Information and communications machines and equipment	33.1	25.7	17.2	13.4	-0.7	12.1	15.5	22.3	34.0	18.5	19.2	-14.8
Electronic parts and devices	25.0	22.3	18.5	9.5	5.3	23.8	19.8	29.7	24.9	5.1	16.5	-8.4
Total value of transportation equipment	43.9	39.4	29.9	39.0	30.8	33.6	21.8	24.5	35.1	13.3	30.6	-4.5
Transportation machines and equipment	35.4	16.3	14.6	27.9	12.8	7.1	25.5	14.3	40.4	14.9	12.2	-28.2
Parts and accessories for transportation machinery	45.9	44.3	32.8	40.8	35.0	38.6	21.2	26.9	34.0	12.8	33.6	-0.4

NIES3	D I											
	Apr.-Jun. 2005 period investigation		Apr.-Jun. 2006 period investigation									
	Current assessment Jul-Sep 2005	Prospect assessment Oct-Dec 2005	Current assessment Jul-Sep 2006	Prospect assessment Oct-Dec 2006								
Total value of electrical machinery	22.6	10.9	8.5	-1.3	-8.5	1.2	14.1	15.5	14.3	0.2	11.1	-3.2
Electrical machines and apparatuses	18.2	27.3	0.0	9.1	4.5	13.6	8.7	13.0	16.7	8.0	16.7	0.0
Information and communications machines and equipment	31.3	0.0	-5.6	-5.6	-31.3	-18.8	-16.7	-5.6	6.3	23.0	-6.3	-12.6
Electronic parts and devices	21.7	6.7	19.0	-4.8	-6.8	2.3	29.5	25.6	15.9	-13.6	14.6	-1.3
Total value of transportation equipment	9.7	10.4	18.1	23.3	18.7	13.3	3.4	-28.5	0.0	-3.4	19.4	19.4
Transportation machines and equipment	0.0	0.0	-33.3	0.0	66.7	-50.0	-33.3	-100.0	0.0	33.3	-50.0	-50.0
Parts and accessories for transportation machinery	10.3	10.7	23.3	25.0	13.8	17.9	7.4	-23.1	0.0	-7.4	24.1	24.1

North America	D I											
	Apr.-Jun. 2005 period investigation		Apr.-Jun. 2006 period investigation									
	Current assessment Jul-Sep 2005	Prospect assessment Oct-Dec 2005	Current assessment Jul-Sep 2006	Prospect assessment Oct-Dec 2006								
Total value of electrical machinery	4.1	11.0	10.6	6.6	-1.5	13.7	-10.9	8.0	-6.9	4.0	-1.4	5.5
Electrical machines and apparatuses	16.7	29.2	15.4	34.6	8.7	39.1	-18.2	-13.6	-22.2	-4.0	3.7	25.9
Information and communications machines and equipment	12.5	8.3	11.5	-15.4	-4.5	-4.5	-8.7	17.4	8.7	17.4	4.3	-4.4
Electronic parts and devices	-16.0	-4.0	4.3	0.0	-9.1	4.8	-5.3	22.2	-4.5	0.8	-14.3	-9.8
Total value of transportation equipment	-4.2	8.1	17.3	29.5	20.8	17.5	4.6	1.4	-5.6	-10.2	14.3	19.9
Transportation machines and equipment	-5.6	15.4	17.6	41.7	11.8	30.8	23.5	16.7	0.0	-23.5	0.0	0.0
Parts and accessories for transportation machinery	-4.0	7.4	17.3	28.3	21.9	16.2	2.2	0.0	-6.3	-8.5	15.6	21.9

ASEAN4	D I											
	Apr.-Jun. 2005 period investigation		Apr.-Jun. 2006 period investigation									
	Current assessment Jul-Sep 2005	Prospect assessment Oct-Dec 2005	Current assessment Jul-Sep 2006	Prospect assessment Oct-Dec 2006								
Total value of electrical machinery	14.8	18.8	4.1	8.7	0.9	21.1	16.6	22.3	24.2	7.6	6.9	-17.3
Electrical machines and apparatuses	-6.1	16.7	-3.3	18.3	6.2	22.6	17.5	11.1	13.3	-4.2	3.3	-10.0
Information and communications machines and equipment	27.4	29.0	16.4	11.5	1.7	16.7	25.0	28.3	38.6	13.6	15.8	-22.8
Electronic parts and devices	21.1	13.7	1.0	1.0	-3.2	23.1	11.1	25.8	22.5	11.4	4.0	-18.5
Total value of transportation equipment	50.0	39.0	26.4	40.0	23.0	33.4	8.9	20.8	28.7	19.8	23.3	-5.4
Transportation machines and equipment	46.2	4.2	11.5	20.8	-12.0	13.0	8.0	17.4	32.0	24.0	8.7	-23.3
Parts and accessories for transportation machinery	51.5	48.0	29.6	44.2	33.0	38.4	9.3	21.9	28.2	18.9	26.6	-1.6

China (including Hong Kong)	D I											
	Apr.-Jun. 2005 period investigation		Apr.-Jun. 2006 period investigation									
	Current assessment Jul-Sep 2005	Prospect assessment Oct-Dec 2005	Current assessment Jul-Sep 2006	Prospect assessment Oct-Dec 2006								
Total value of electrical machinery	27.2	30.7	25.7	16.5	9.1	26.3	25.6	28.1	29.0	3.4	27.3	-1.7
Electrical machines and apparatuses	18.0	27.0	19.0	8.4	8.2	28.0	35.6	23.0	22.0	-13.6	28.6	6.6
Information and communications machines and equipment	38.1	28.6	23.1	20.6	1.8	14.0	16.1	22.6	34.8	18.7	26.2	-8.6
Electronic parts and devices	28.4	35.3	32.7	20.4	14.1	32.0	22.8	36.0	31.4	8.6	27.0	-4.4
Total value of transportation equipment	45.6	53.7	42.1	42.6	42.3	44.2	44.4	47.9	51.6	7.2	41.9	-9.7
Transportation machines and equipment	30.0	55.6	44.4	50.0	33.3	-12.5	55.6	25.0	62.5	6.9	16.7	-45.8
Parts and accessories for transportation machinery	47.4	52.6	40.7	40.7	42.6	50.0	43.5	51.6	50.0	6.5	43.0	-7.0

	D I															
	Apr.-Jun. 2005 period investigation		Jul.-Sep. 2005 period investigation		Oct.-Dec. 2005 period investigation		Jan.-Mar. 2006 period investigation		Apr.-Jun. 2006 period investigation		Comparison to previous quarter					
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect				
	Jul.-Sep. 2005	Oct.-Dec. 2005	Oct.-Dec. 2005	Jan.-Mar. 2006	Jan.-Mar. 2006	Apr.-Jun. 2006	Apr.-Jun. 2006	Jul.-Sep. 2006	Jul.-Sep. 2006	Jul.-Sep. 2006	Oct.-Dec. 2006	Oct.-Dec. 2006				
Europe																
Total value of electrical machinery	3.1	35.0	27.3	-1.5	3.4	-5.3	4.8	-1.6	P	-4.9	P	-9.7	P	23.3	P	28.2
Electrical machines and apparatuses	8.7	69.6	56.5	13.0	-5.0	-5.0	19.0	9.5	P	-9.5	P	-28.5	P	23.8	P	33.3
Information and communications machines and equipment	4.3	31.8	25.0	-8.7	-13.6	0.0	17.4	0.0	P	8.3	P	-9.1	P	39.1	P	30.8
Electronic parts and devices	-5.6	-5.6	-5.3	-10.5	35.3	-13.3	-26.3	-16.7	P	-18.8	P	7.5	P	0.0	P	18.8
Total value of transportation equipment	-17.4	11.5	19.0	30.4	16.7	15.6	13.8	-25.0	P	-27.6	P	-41.4	P	-13.2	P	14.4
Transportation machines and equipment	0.0	28.6	22.2	28.6	12.5	0.0	44.4	-28.6	P	-11.1	P	-55.5	P	-28.6	P	-17.5
Parts and accessories for transportation machinery	-20.4	9.3	18.4	30.6	17.3	8.2	-24.5	P	-30.0	P	-38.2	P	-11.5	P	18.5	

	D I															
	Apr.-Jun. 2005 period investigation		Jul.-Sep. 2005 period investigation		Oct.-Dec. 2005 period investigation		Jan.-Mar. 2006 period investigation		Apr.-Jun. 2006 period investigation		Comparison to previous quarter					
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect				
	Jul.-Sep. 2005	Oct.-Dec. 2005	Oct.-Dec. 2005	Jan.-Mar. 2006	Jan.-Mar. 2006	Apr.-Jun. 2006	Apr.-Jun. 2006	Jul.-Sep. 2006	Jul.-Sep. 2006	Jul.-Sep. 2006	Oct.-Dec. 2006	Oct.-Dec. 2006				
Other Asia																
Total value of electrical machinery	43.5	30.4	30.5	21.7	8.3	8.7	16.7	20.9	P	30.4	P	13.7	P	30.5	P	0.1
Electrical machines and apparatuses	42.9	14.3	14.3	0.0	-71.4	-66.7	0.0	0.0	P	16.7	P	16.7	P	0.0	P	-16.7
Information and communications machines and equipment	42.9	28.6	28.6	14.3	25.0	25.0	12.5	37.5	P	50.0	P	37.5	P	37.5	P	-12.5
Electronic parts and devices	44.4	44.4	44.4	44.4	55.6	44.4	33.3	22.2	P	22.2	P	-11.1	P	44.4	P	22.2
Total value of transportation equipment	50.0	37.0	29.2	43.5	46.7	27.6	40.7	34.7	P	51.6	P	10.9	P	40.0	P	-11.6
Transportation machines and equipment	20.0	11.1	10.0	33.3	40.0	22.2	60.0	22.2	P	54.5	P	-5.5	P	30.0	P	-24.5
Parts and accessories for transportation machinery	66.7	50.0	42.9	50.0	50.0	30.0	29.4	41.2	P	50.0	P	20.6	P	45.0	P	-5.0

	D I															
	Apr.-Jun. 2005 period investigation		Jul.-Sep. 2005 period investigation		Oct.-Dec. 2005 period investigation		Jan.-Mar. 2006 period investigation		Apr.-Jun. 2006 period investigation		Comparison to previous quarter					
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect				
	Jul.-Sep. 2005	Oct.-Dec. 2005	Oct.-Dec. 2005	Jan.-Mar. 2006	Jan.-Mar. 2006	Apr.-Jun. 2006	Apr.-Jun. 2006	Jul.-Sep. 2006	Jul.-Sep. 2006	Jul.-Sep. 2006	Oct.-Dec. 2006	Oct.-Dec. 2006				
Other's																
Total value of electrical machinery	43.5	30.5	4.6	4.6	4.6	9.1	0.0	0.0	P	13.0	P	13.0	P	4.3	P	-8.7
Electrical machines and apparatuses	37.5	37.5	0.0	14.3	12.5	12.5	-12.5	-12.5	P	37.5	P	50.0	P	12.5	P	-25.0
Information and communications machines and equipment	54.5	36.4	9.1	-9.1	-10.0	10.0	20.0	0.0	P	9.1	P	-10.9	P	-9.1	P	-18.2
Electronic parts and devices	25.0	0.0	0.0	25.0	25.0	0.0	-33.3	33.3	P	-25.0	P	8.3	P	25.0	P	50.0
Total value of transportation equipment	27.0	5.9	28.6	8.0	36.6	28.2	12.1	6.4	P	25.5	P	13.4	P	13.4	P	-12.1
Transportation machines and equipment	54.5	22.2	20.0	-12.5	50.0	25.0	30.0	12.5	P	50.0	P	20.0	P	10.0	P	-40.0
Parts and accessories for transportation machinery	15.4	0.0	33.3	17.6	32.3	29.0	4.3	4.3	P	17.1	P	12.8	P	14.3	P	-2.8

Result and DI in the main countries (Units : results-US\$10,000., number of employees=persons., comparison to the same quarter of the previous year=percentage., DI=percentage point)

	Result															
	2005				2006				2005				2006			
	Apr.-Jun. period comparison to the same quarter of the previous year	Jul.-Sep. period comparison to the same quarter of the previous year	Oct.-Dec. period comparison to the same quarter of the previous year	Jan.-Mar. period comparison to the same quarter of the previous year	Apr.-Jun. period comparison to the same quarter of the previous year	Jul.-Sep. period comparison to the same quarter of the previous year	Oct.-Dec. period comparison to the same quarter of the previous year	Jan.-Mar. period comparison to the same quarter of the previous year	Apr.-Jun. period comparison to the same quarter of the previous year	Jul.-Sep. period comparison to the same quarter of the previous year	Oct.-Dec. period comparison to the same quarter of the previous year	Jan.-Mar. period comparison to the same quarter of the previous year	Apr.-Jun. period comparison to the same quarter of the previous year	Jul.-Sep. period comparison to the same quarter of the previous year	Oct.-Dec. period comparison to the same quarter of the previous year	
U. S. A	Sales	5,326,432	5,192,343	5,459,119	5,541,655	5,663,281	5,655,219	5,451,655	5,663,281	5,655,219	5,451,655	5,663,281	5,655,219	5,451,655	5,663,281	5,655,219
	Acquisition of tangible fixed assets (excluding land)	86,916	147,748	-203	152,738	-86	107,653	209	140	140	80	100	100	153	202	175
Indonesia	Sales	386,513	389,770	-1.4	399,412	-1.1	396,964	-1.6	400,208	-1.2	404,372	-1.4	400,549	-1.6	404,372	-1.4
	Acquisition of tangible fixed assets (excluding land)	23,871	18,611	70.1	16,766	24.5	17,080	47.4	30,557	14.4	16.2	9.0	14.8	5.4	4.7	12.6
Malaysia	Sales	217,100	216,520	0.6	212,653	-2.2	206,271	-4.1	217,022	-5.0	6.8	0.5	-1.6	-6.1	-2.2	2.8
	Acquisition of tangible fixed assets (excluding land)	4,929,209	5,232,223	-1.9	4,975,239	-2.9	4,603,311	0.4	4,681,866	-2.8	15.8	11.6	4.5	3.8	0.7	17.3
Philippines	Sales	13,380	15,186	-6.2	15,924	-1.0	20,625	8.2	16,149	18.9	15.5	5.0	6.7	5.9	12.2	10.8
	Acquisition of tangible fixed assets (excluding land)	149,811	154,831	-4.4	154,688	-3.0	155,044	-1.7	151,948	-0.1	5.1	2.6	3.3	2.0	5.2	3.9
Thailand	Sales	2,987,719	2,911,304	18.7	2,994,433	23.1	2,613,221	1.5	2,707,223	-10.3	20.7	17.4	14.0	20.4	8.3	18.9
	Acquisition of tangible fixed assets (excluding land)	7,933	11,913,941	54.0	11,315	50.7	16,091	88.3	13,845	74.3	16.3	16.0	7.8	24.0	27.2	21.8
Singapore	Sales	1,117,608	1,161,299	26.1	1,175,632	16.3	1,264,404	6.8	1,265,126	10.4	34.8	32.3	28.3	27.0	20.4	37.3
	Acquisition of tangible fixed assets (excluding land)	41,309	71,320	53.5	49,706	-2.3	63,874	2.3	83,536	91.1	15.9	21.6	16.3	17.1	18.3	20.9
Republic of Korea	Sales	304,079	324,600	16.7	330,143	13.4	342,074	14.1	352,116	11.8	23.7	14.1	20.6	20.5	19.2	22.5
	Acquisition of tangible fixed assets (excluding land)	232,672	218,357	20.7	227,033	16.9	201,685	-5.7	244,272	-4.4	20.3	18.0	22.8	8.9	17.2	17.2
Taiwan	Sales	7,507	8,643	9.8	10,536	10.1	9,995	4.2	9,048	7.8	15.7	0.0	11.5	3.8	10.0	17.0
	Acquisition of tangible fixed assets (excluding land)	26,854	26,941	5.0	28,187	11.0	26,285	-4.2	27,448	-3.5	4.5	1.5	11.7	1.7	13.6	6.8
China	Sales	335,367	352,706	0.2	361,507	3.4	336,543	-2.5	359,442	6.4	14.8	20.0	13.9	3.8	-6.7	6.8
	Acquisition of tangible fixed assets (excluding land)	6,482	6,223	4.0	6,950	6.0	9,196	26.0	9,260	38.4	1.6	6.3	6.3	7.9	10.2	8.8
India	Sales	51,057	52,751	0.1	53,300	0.8	52,518	1.8	53,187	3.6	2.6	1.3	9.3	1.4	-2.6	5.3
	Acquisition of tangible fixed assets (excluding land)	360,752	347,389	0.4	345,901	3.4	346,326	-6.2	350,510	-4.8	15.7	11.0	10.3	6.2	-2.5	12.6
Vietnam	Sales	10,573	9,429	29.3	13,157	129.0	10,981	221.9	7,704	-32.8	12.9	-6.2	4.0	-6.1	1.0	4.2
	Acquisition of tangible fixed assets (excluding land)	52,623	52,399	0.1	52,155	-1.3	52,419	3.6	53,514	-0.2	-2.4	-6.6	0.0	-0.8	-4.3	-5.3
Japan	Sales	1,721,792	2,041,142	14.8	2,065,440	18.7	2,085,986	13.8	2,115,059	19.5	33.4	33.4	25.9	18.3	11.6	33.1
	Acquisition of tangible fixed assets (excluding land)	63,050	62,096	10.5	60,767	7.6	67,580	-14.1	68,753	-5.6	19.7	14.8	12.4	11.8	16.1	18.4
France	Sales	815,787	901,000	11.5	909,035	10.3	924,863	9.6	958,079	15.0	15.3	12.9	12.5	12.8	15.2	15.9
	Acquisition of tangible fixed assets (excluding land)	163,654	165,139	23.6	138,405	6.2	165,074	8.5	175,274	6.7	58.1	43.3	23.1	32.0	16.1	3.4
UK	Sales	3,133	6,891	-18.9	5,035	-31.1	11,851	4.3	5,487	74.4	18.5	18.5	25.0	0.0	20.7	19.2
	Acquisition of tangible fixed assets (excluding land)	30,759	32,280	15.9	30,673	4.9	31,783	8.0	34,194	8.8	13.3	13.8	3.8	-4.0	0.0	-3.4
Germany	Sales	85,777	89,614	26.0	95,088	28.0	96,802	20.9	105,426	21.8	30.8	38.5	43.8	37.5	23.6	45.5
	Acquisition of tangible fixed assets (excluding land)	2,372	2,122	-18.4	5,039	98.4	3,995	67.0	5,903	147.7	14.6	10.4	26.2	21.4	23.1	32.7
Netherlands	Sales	62,760	68,681	23.5	72,133	22.9	76,609	28.5	80,782	25.8	15.4	18.8	20.8	20.8	23.6	20.8
	Acquisition of tangible fixed assets (excluding land)	828,321	778,479	5.3	867,101	-0.7	833,474	4.9	892,131	7.3	0.0	9.5	15.3	3.5	8.9	11.3
Canada	Sales	14,049	20,799	52.1	22,678	10.4	29,495	-19.6	18,907	34.3	14.5	4.5	-1.4	-4.2	13.0	7.1
	Acquisition of tangible fixed assets (excluding land)	61,717	61,512	-0.1	60,079	-2.2	60,196	-4.6	61,129	-2.5	-2.4	-6.0	-4.9	-2.4	-4.8	-7.4
Australia	Sales	280,037	246,470	-2.7	257,010	-19.8	294,375	0.0	312,428	11.6	-9.1	7.0	7.0	4.8	18.4	10.3
	Acquisition of tangible fixed assets (excluding land)	11,112	12,471	78.8	7,225	43.7	10,174	66.8	5,728	-48.5	22.2	27.6	6.3	-2.9	10.0	3.2
Brazil	Sales	21,059	21,226	4.7	20,926	5.2	20,968	-1.6	21,253	0.9	9.5	7.3	-9.8	-15.4	-5.3	0.0
	Acquisition of tangible fixed assets (excluding land)	352,759	317,038	-3.8	347,571	-8.2	357,328	-5.9	366,879	3.1	12.8	27.7	21.4	9.5	7.5	2.6
South Korea	Sales	4,899	7,102	62.2	6,949	50.8	3,995	-35.9	5,035	1.8	9.5	0.0	2.4	7.3	-2.6	5.4
	Acquisition of tangible fixed assets (excluding land)	31,683	32,280	-6.3	32,962	-6.9	32,370	1.3	32,701	-1.3	-2.1	-12.8	-9.3	-12.5	-5.3	0.0
Spain	Sales	606,821	607,033	7.7	683,076	1.4	558,913	-13.5	524,194	-13.8	13.0	34.8	42.9	33.3	23.8	19.0
	Acquisition of tangible fixed assets (excluding land)	9,330	8,765	119.3	10,972	123.2	8,800	94.1	18,381	96.1	11.1	16.7	0.0	6.3	7.7	26.7
Italy	Sales	37,639	35,729	-4.4	34,997	-4.2	33,811	-6.2	37,794	0.2	-4.8	4.8	-16.7	-16.7	-4.5	9.1
	Acquisition of tangible fixed assets (excluding land)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

October 18th is “Day of Statistics”

Inquiries

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