



Shared Research Monthly Wrap - June 2014

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Our views are ours where stated.

We appreciate your suggestions and feedback. Write to us at sr_inquiries@sharedresearch.jp or find us on Bloomberg

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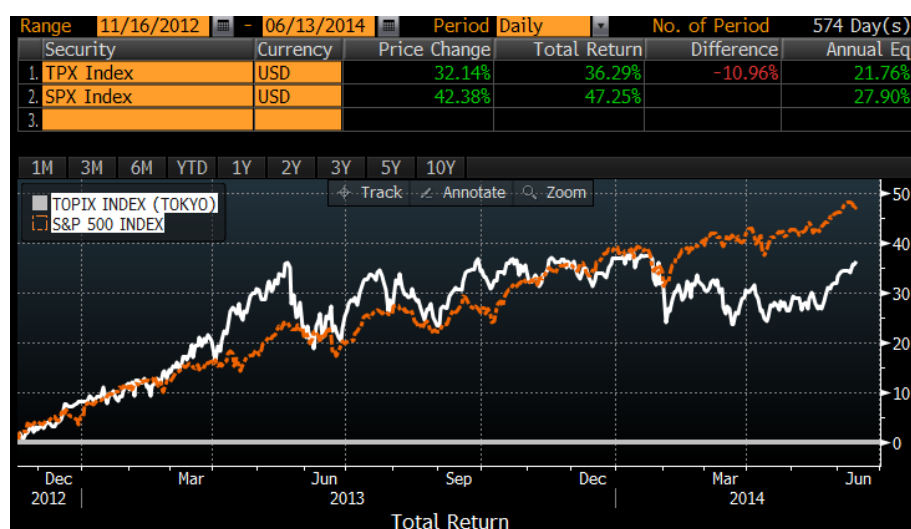
Monthly musings

Market view from Sendagi

Greetings from Tokyo,

The nice weather is over. The **rainy season has officially started**. June generally starts cool and wet, and ends up very hot and very wet. Being from the fairly cold Estonia, I don't like the heat. After 15 years in Japan, I have found only one way of coping—**increase my carbon footprint and drive**. Men and women of leisure have better and more ecological ways of escaping the summer heat—the Japanese elite traditionally escape to Karuizawa or other high-elevation resort areas. Meanwhile, general working folks stay in the steaming metropolis and sweat into their “cool biz” shirts.

The Japanese equity **market may be getting hotter** too. In May, it began a somewhat tentative climb. Rather than chasing its runaway US counterpart, the Japanese market seems to be saying, “hey, don't leave me behind—I may be worth looking at too.” While anecdotally it seems that international investors are still timid, I note that this month **my favorite chart** looks very different.



(Source: Bloomberg)

It looks **bullish**. I also note that many of the large cap names popular with the investing crowd are setting new highs and fetching peak-of-the-market multiples versus strongly improving earnings. Look at Kao, Astellas Pharma, Hoya, Ajinomoto... What correction? Of course, I pick the names with particularly strong performance. But personally, the fact that a number of expensive stocks continue their unabated rise amid the correction reminds me that we are in a bull market. The bull market is setting the stage for its second advance.

After all, the correction we have been experiencing (it may or may not be over yet) was primarily driven by speculators digesting the **blow-out earnings results** of corporate Japan—alongside **conservative forecasts**. Top this off with standard **concerns about the seriousness of the government's commitment** to reforms—historically, very much justified concerns—and the correction seems well deserved. The question is, what's next?

I won't discuss the economy—you get that a lot. But let me mention one thing that closely relates to the discussion of productivity gains in previous issues of the Market View. The June 7th issue of the Nikkei mentions the government's new white paper on Japanese manufacturing, in which the government says it believes that **robots** can help Japan **sustain its manufacturing might** in spite of the shrinking population.



The skeptics among you can dismiss this as a negative sign that Japan is still in denial and mentioning robots is a smokescreen to avoid discussing the only real solution—immigration. Maybe so. However, I believe that the robotic revolution is coming, and it will redefine how we think about economic reality.

I want to stay on this topic for a minute longer and highlight what I think is one of the major hidden long-term dangers for the Japanese manufacturing economy—**the end of the automobile** as we know it. The Google **self-driving vehicle** is a clear and convincing step toward making obsolete the concept of a massively expensive multi-ton piece of steel and sophisticated mechanical machinery being driven by less-than-perfect operators at risk to themselves and the general public.

Think about it. The modern automobile is the embodiment of the arrogant, self-obsessed, egotistic humans of the 20th century who were ignorant of and indifferent to the impact they're having on the environment and the lives of future generations. (Disclosure: I love cars and driving.) But if we could take the perfectly fine concept of **personal mobility** and dramatically **lower the cost** both to individuals and society (that obviously includes road safety), then everybody would be better off. Except car manufacturers and parts suppliers. For those, the **automobile becoming an electric appliance** is the ultimate innovator's dilemma. In that light, it would be fascinating—and worrying—to see how the Japanese government deals with the issue. Try to ignore the new reality and protect the cash cows of the economy to the bitter end? Or rise to the occasion and lead the revolution? In any case, there is a risk that Nagoya will resemble the coal-mining cities of yesteryear in 20-30 years.

In order to prevent that—and the sinking of its economy—Japan must embrace change. I asked this question before: can it *let change happen*? In my view, one of the major drivers of change will be dramatic shifts in attitudes to **corporate governance**. Incidentally, the progress toward better corporate governance may also become a driver of the next leg of the Japanese bull market circa 2012-20XX.

First, I want to enthusiastically **applaud** what could be one of the most **important small steps toward better shareholder returns** in Japan. I'm talking about the decision by **Amada Co. Ltd.** (TSE: 6113) to **return 100%** of its annual earnings to shareholders—50% to dividends and 50% to share buybacks. The market supported the announcement, taking Amada shares up over 30% after the announcement. Note that even after that move, the stock is still trading at a small discount to the book value. As for returning the cash, Amada still has over a quarter of its market cap in net cash (the CEO later said in the interview that he will be looking to buy growth through M&A).

However, this is still a momentous shift. Indeed, one Shared Research client spoke to me of "Amada shock". In Japan, common practice is to split earnings three ways: 1/3 for dividends, 1/3 for reinvestment, and 1/3 for retained earnings. In practice, this fairly meaningless but well-entrenched concept led to lower shareholder returns. There are few things more frustrating than talking to Japanese management about their capital structure, financial strategy, and investor relations practices.

This is why one of the more conservative companies in Japan suddenly breaking with those mores is so important it is almost revolutionary. Amada did something that most Japanese public companies with strong balance sheets refuse to do, including those under pressure from activists.

Speaking of activists—there is no such thing in Japan. The interesting thing about the current governance renaissance—or at least the escape from the Dark Ages—is that it is occurring amid a notable absence of the activist shareholder class on the scene. Whoever calls themselves activists are quick to add that they're "friendly". And friendly they are.

I'm talking about one Taiyo Pacific Partners—a self-proclaimed "**friendly shareholder activist**"—and their tie-up with the management of **Roland**, a musical instruments manufacturer, to take the company private in what seems to be one of the most **ridiculously underpriced MBOs** in living memory. If the bid—currently opposed by the founding family—is successful, Roland will be taken over by a Taiyo-management coalition at



roughly the stated book value. It appears to me that the price of the bid is exceptionally friendly for both parties.

At the same time, the situation highlights how absent real activism is in this market—**no one has so far submitted a competing bid**. Being even vaguely perceived as hostile is a long-term liability for any investor in Japan. The ability to gain the support of minority shareholders and courts is limited. It makes me somewhat sad to see one of the evangelists of good corporate practices seemingly contradict their own motto of “do not harm” by trying to get away with underpaying at the expense of poorly protected and generally passive minority shareholders.

This is probably a one-off. Roland was a bad investment for Taiyo, despite all its potential. Possibly, Taiyo faced the dilemma of opposing poor management and publicly confronting it, or going along and making money for *its* investors.

Let's hope that Taiyo is going to [make money for its new investor](#), **Japan's Government Pension Investment Fund (GPIF)**. The GPIF has just made **changes to its roster of managers**. Many hope that this could signal the faster ascent of a *shareholder*-friendly culture in Japan. In the absence of true activists and long-established equity investment culture, GPIF may become an important instrument of change at the government's prodding.

The growing **excitement about the GPIF** doesn't end here. The biggest topic is about possible government/BOJ attempts to further weaken the yen. Of course, I'm talking about the rumored decision to switch a large chunk of GPIF assets **out of JGBs and into foreign bonds and domestic stocks**. I'm personally unsure whether the last part would be a well-timed investment—the Japanese market is deeply cyclical and mechanical long-only buying in the middle of an already advanced bull market may or may not improve the fortunes of domestic pensioners.

The wholesale allocation out of JGBs would be more **intriguing**. [As some argue](#), large selling of JGBs and purchases of foreign bonds could push the yen below 110 yen per USD. I'm not a currency specialist or bond strategist, but my sense is that such a move would be positive. Cheaper currency is a fundamental driver of the Japanese economy, which is dependent on exports. A **lower yen** would mean higher corporate profits and stock prices, and would make it substantially easier for the Abe cabinet to push through reforms, including straightforward but crucial lower corporate and higher consumption taxes. If core inflation rises toward the BOJ targets, the government would have an unprecedented chance of calling its entire strategy for economic revival a success.

A big **danger** lurks in pushing inflation too hard—**higher interest rates**. Given the current structure of **JGB holdings** (the GPIF is a prime example, postal savings is another), suddenly higher interest rates could **sink the ship**. That is why I think that if the GPIF does aggressively reallocate out of JGBs into foreign debt, it could increase its own tactical flexibility by selling foreign bonds and buying domestic debt should interest rates start rising. Given the size of this investor, it could probably move the market sufficiently to dampen future supply/demand imbalances. Not to mention that selling before your investments start falling is good investment practice.

In any case, the GPIF becoming a more active and smarter investor cannot be anything but a good thing. It could also impact the state of corporate governance in a more profound way if it made its voice on the issue heard publicly. I'm talking about demanding better governance from the companies it invests in. Selecting new fund managers with a well-defined stance on governance issues, even “friendly” ones, is a step in the right direction. A search on the GPIF's website produces a number of papers discussing the importance of strong corporate governance. The fund also states that it thinks it important that outside investment managers stick to [Japan's Stewardship Code](#), a set of guidelines published by **FSA in February 2014**. However, overall the fund still seems reluctant to raise its voice and comment on specific companies and problems. Instead, it relies on the institutional investors it appoints to carry out the governance job.

The GPIF's defense of its **historically meek position on corporate governance** and shareholder rights has



been that as a public organization, it cannot directly influence private businesses (thus interpreting the GPIF Act, a law governing the fund's operations). This position has drawn a lot of criticism over the years. It is in sharp contrast with the position of another government pension fund—the Norwegian Government Pension Fund Global (managed by Norges Bank Investment Management). Let me quote both entities (apologies for the extensive quotes).

The GPFG of Norway (from the fund website, under [Responsible Investment. We Are an Active Manager section](#)):

"...We have clear expectations of companies in areas such as corporate governance, shareholder rights, social issues and the environment. Our tools for active ownership are dialogues with companies, investors, regulators and other standard setters, voting at shareholder meetings and filing shareholder proposals. Our mission is to safeguard and build financial wealth for future generations. Active ownership protects shareholders' rights and provides a basis for profitable commercial activity. Responsible investment safeguards the value of investments. This will benefit the people of Norway."

The GPIF of Japan (from the recent and historically most pro-governance document called [Acceptance of the Japan's Stewardship Code](#)):

"To enhance the... investment return for the insured by improving and fostering the investee companies' corporate value and sustainable growth is appropriate for the nature of the Reserve Funds, and critical for the GPIF... From such perspective, the GPIF accepts the [Stewardship] Code, and will fulfill the stewardship responsibilities, by complying with the Code to the extent possible by the GPIF's own, or understanding the implementation of the Code by the External Asset Managers [employed by the GPIF]..."

...The GPIF should take appropriate measures such as exercising voting rights from the viewpoint of maximizing the long-term interest of shareholders, etc., while paying due consideration not to exert influence on corporate management in the private sector...

...The GPIF does not directly exercise voting rights and instead entrusts the External Asset Managers with the exercise of voting rights so as not to give rise to a concern that the GPIF could have a direct influence over private sector corporate management... However, in entrusting the External Asset Managers, the GPIF will suggest such managers that they should recognize the importance of corporate governance..."

The contrast is dramatic. While GPFG-Norway clearly states that it is actively engaging with investee companies, **GPIF-Japan** states that it is **legally constrained** and remains **equivocal** in its comments both on the involvement and guidelines.

Having said that, I **cannot overemphasize the importance of what's going on**. Change is slow in Japan, barring a clear emergency. Therefore, such seemingly **tentative steps** as conditionally accepting the Stewardship Code by the GPIF **signal important change** and—in my view—the acceleration of change vis-à-vis corporate governance and shareholder returns.

The Code, officially named the Principles for Responsible Institutional Investors "Japan's Stewardship Code", is a product of the elegantly-named Council of Experts Concerning the Japanese Version of the Stewardship Code. The Council consists of representatives of several large domestic institutional investors, scholars, government officials, and—notably—a director of ISS (Institutional Shareholder Services Inc.), a US-based proxy advisory firm. The concept of the Code is based on the British document of the same name. I will compare the two documents in the next issue of the Market View, alongside a further discussion of corporate governance issues in Japan, including the role of corporate boards and independent directors in making the Japanese businesses better.

Meanwhile, don't miss the summer rally (or is it a correction?).

Yours truly,

Oleg Zuravljov



MONTHLY WRAP – June 2014



TOPIX100 Portfolio

Return Comparison (%)	
TPX100	4.49
Portfolio	5.24
TPX100 Points	
2014/5/2	781.43
2014/6/13	823.09

Start Date	Current Date
2014/5/2	2014/6/13

Weight Rel. To TPX100	
BIG OW	1.9
OW	1.5
MW	1.0
UW	0.0

Ticker	Name	Weight Rel. To TPX100	Total Return (%)	Wgt (%)	Ticker	Name	Weight Rel. To TPX100	Total Return (%)	Wgt (%)
7203 JT Equity	Toyota Motor Corp	OW	3.96	11.0	6326 JT Equity	Kubota Corp	MW	5.91	0.7
8306 JT Equity	Mitsubishi UFJ Financial Group Inc	BOW	9.19	8.0	8750 JT Equity	Dai-ichi Life Insurance Co Ltd/The	MW	5.13	0.7
9984 JT Equity	SoftBank Corp	MW	-0.64	3.7	8725 JT Equity	MS&AD Insurance Group Holdings	OW	7.01	1.0
8316 JT Equity	Sumitomo Mitsui Financial Group Ir	BOW	3.04	5.9	7974 JT Equity	Nintendo Co Ltd	BOW	6.93	1.3
7267 JT Equity	Honda Motor Co Ltd	MW	2.42	3.0	2503 JT Equity	Kirin Holdings Co Ltd	UW	8.41	0.0
8411 JT Equity	Mizuho Financial Group Inc	BOW	2.94	4.9	6594 JT Equity	Nidec Corp	MW	2.70	0.6
9432 JT Equity	Nippon Telegraph & Telephone Co	OW	9.76	3.1	9735 JT Equity	Secom Co Ltd	MW	8.61	0.6
2914 JT Equity	Japan Tobacco Inc	UW	9.88	0.0	6702 JT Equity	Fujitsu Ltd	MW	9.71	0.6
6954 JT Equity	FANUC Corp	UW	-1.98	0.0	2502 JT Equity	Asahi Group Holdings Ltd	UW	9.87	0.0
7751 JT Equity	Canon Inc	MW	4.21	1.8	9983 JT Equity	Fast Retailing Co Ltd	UW	6.04	0.0
4502 JT Equity	Takeda Pharmaceutical Co Ltd	MW	2.00	1.8	9531 JT Equity	Tokyo Gas Co Ltd	MW	7.82	0.6
6501 JT Equity	Hitachi Ltd	UW	-4.52	0.0	4578 JT Equity	Otsuka Holdings Co Ltd	OW	-0.30	0.9
9433 JT Equity	KDOL Corp	UW	8.97	0.0	4901 JT Equity	FUJIFILM Holdings Corp	OW	5.79	0.9
8802 JT Equity	Mitsubishi Estate Co Ltd	MW	2.63	1.6	5020 JT Equity	JX Holdings Inc	MW	1.12	0.6
3382 JT Equity	Seven & I Holdings Co Ltd	MW	2.32	1.6	8002 JT Equity	Marubeni Corp	OW	5.66	0.8
8801 JT Equity	Mitsui Fudosan Co Ltd	MW	5.15	1.4	8630 JT Equity	NKSI Holdings Inc	OW	4.06	0.8
8058 JT Equity	Mitsubishi Corp	MW	12.04	1.4	5802 JT Equity	Sumitomo Electric Industries Ltd	MW	-1.54	0.5
4503 JT Equity	Astellas Pharma Inc	UW	12.11	0.0	4568 JT Equity	Daiichi Sankyo Co Ltd	UW	5.65	0.0
9020 JT Equity	East Japan Railway Co	MW	5.10	1.3	7269 JT Equity	Suzuki Motor Corp	UW	19.36	0.0
9437 JT Equity	NTT DOCOMO Inc	OW	6.44	1.9	1925 JT Equity	Daiwa House Industry Co Ltd	MW	14.76	0.5
8031 JT Equity	Mitsui & Co Ltd	OW	7.93	1.9	8035 JT Equity	Tokyo Electron Ltd	MW	17.58	0.5
6752 JT Equity	Panasonic Corp	MW	7.33	1.2	4523 JT Equity	Eisai Co Ltd	MW	4.91	0.5
8604 JT Equity	Nomura Holdings Inc	BOW	12.88	2.4	3402 JT Equity	Toray Industries Inc	MW	1.05	0.5
7201 JT Equity	Nissan Motor Co Ltd	MW	9.16	1.2	5411 JT Equity	JFE Holdings Inc	OW	7.81	0.7
5108 JT Equity	Bridgestone Corp	MW	0.16	1.2	8308 JT Equity	Resona Holdings Inc	OW	4.52	0.7
6503 JT Equity	Mitsubishi Electric Corp	UW	0.58	0.0	8267 JT Equity	Aeon Co Ltd	BOW	4.12	0.9
5401 JT Equity	Nippon Steel & Sumitomo Metal Co	MW	15.07	1.2	3407 JT Equity	Asahi Kasei Corp	OW	8.62	0.6
8766 JT Equity	Tokio Marine Holdings Inc	UW	11.81	0.0	1878 JT Equity	Daito Trust Construction Co Ltd	UW	7.82	0.0
6902 JT Equity	Denso Corp	UW	4.56	0.0	9202 JT Equity	ANA Holdings Inc	MW	2.21	0.4
9022 JT Equity	Central Japan Railway Co	UW	9.24	0.0	4661 JT Equity	Oriental Land Co Ltd/Japan	UW	11.40	0.0
4063 JT Equity	Shin-Etsu Chemical Co Ltd	MW	0.67	1.1	8795 JT Equity	T&D Holdings Inc	OW	9.41	0.6
6301 JT Equity	Komatsu Ltd	MW	2.28	1.1	9064 JT Equity	Yamato Holdings Co Ltd	MW	-3.06	0.4
4452 JT Equity	Kao Corp	UW	2.26	0.0	5713 JT Equity	Sumitomo Metal Mining Co Ltd	OW	0.79	0.6
6758 JT Equity	Sony Corp	MW	-8.61	1.0	6988 JT Equity	Nitto Denko Corp	MW	-3.69	0.4
7011 JT Equity	Mitsubishi Heavy Industries Ltd	MW	18.91	0.9	2802 JT Equity	Ajinomoto Co Inc	UW	8.69	0.0
8830 JT Equity	Sumitomo Realty & Development Co	UW	8.15	0.0	9532 JT Equity	Osaka Gas Co Ltd	UW	10.55	0.0
8591 JT Equity	ORIX Corp	BOW	6.74	1.8	9502 JT Equity	Chubu Electric Power Co Inc	MW	5.79	0.4
6981 JT Equity	Murata Manufacturing Co Ltd	MW	-0.23	0.9	1963 JT Equity	JGC Corp	MW	-7.61	0.4
7270 JT Equity	Fuji Heavy Industries Ltd	UW	3.17	0.0	8113 JT Equity	Unicharm Corp	MW	6.64	0.4
8001 JT Equity	ITOCHU Corp	UW	7.12	0.0	1928 JT Equity	Sekisui House Ltd	UW	7.27	0.0
6861 JT Equity	Keyence Corp	UW	5.13	0.0	9021 JT Equity	West Japan Railway Co	OW	5.93	0.5
8309 JT Equity	Sumitomo Mitsui Trust Holdings Inc	MW	5.76	0.8	9503 JT Equity	Kansai Electric Power Co Inc/The	OW	2.58	0.5
6971 JT Equity	Kyocera Corp	MW	0.65	0.8	7752 JT Equity	Ricoh Co Ltd	BOW	4.65	0.7
6367 JT Equity	Daikin Industries Ltd	MW	5.14	0.8	7202 JT Equity	Isuzu Motors Ltd	MW	8.43	0.3
1605 JT Equity	Inpex Corp	OW	8.93	1.2	4911 JT Equity	Shiseido Co Ltd	MW	1.71	0.3
6502 JT Equity	Toshiba Corp	MW	13.25	0.8	8332 JT Equity	Bank of Yokohama Ltd/The	BOW	11.15	0.6
8601 JT Equity	Daiwa Securities Group Inc	OW	8.77	1.1	7731 JT Equity	Nikon Corp	BOW	1.66	0.6
8053 JT Equity	Sumitomo Corp	BOW	2.61	1.4	5201 JT Equity	Asahi Glass Co Ltd	BOW	-0.34	0.6
7741 JT Equity	Hoya Corp	MW	6.08	0.7	7912 JT Equity	Dai Nippon Printing Co Ltd	OW	10.89	0.4
6273 JT Equity	SMC Corp/Japan	UW	12.16	0.0	4188 JT Equity	Mitsubishi Chemical Holdings Corp	BOW	2.92	0.5

(The views above are random musings and not a recommendation to buy, sell, or look for a finance job.)



New Coverage

Ryohin Keikaku Co., Ltd. (7453)

A global specialty retailer selling household goods, apparel and fashion items, and food under a single brand: MUJI (Mujirushi Ryohin). The bulk of sales come from Japan and increasingly, China.

Business of Ryohin Keikaku: design-driven retailing

Ryohin Keikaku is a specialty retailer selling household goods, apparel and fashion items, and food under the single brand for which the company interchangeably uses two names, Mujirushi Ryohin and MUJI. While the company operates globally, the bulk of its sales come from Japan and increasingly, China.

The company's segments comprise domestic, overseas, and other. In the domestic segment, the company directly manages stores as a manufacturer and retailer, and also supplies goods wholesale to licensed companies. The company is thus involved in MUJI product planning, manufacturing, distribution, and sales. In the overseas segment, the company operates directly managed stores and a wholesale business in Europe, Asia, and other regions.

At 73.0% of sales and 66.7% of operating profit in FY02/14, the domestic business is the core of the company's operations. Yet the overseas segment is the basis for much of the company's growth; sales grew 64.3% and operating profit grew 124.0% in this segment in FY02/14. In particular, sales in China increased 106.1%.

When analyzing Ryohin Keikaku, SR concludes that if investors want to truly understand the company and grasp both its competitiveness and its growth potential, they must understand the history of the company and its brand evolution. Once that becomes clear, it is easier to grasp elements of the unique business model— including pricing, merchandising, and pace of expansion both in Japan and overseas.

MUJI brand: concept and origins

Seiji Tsutsumi, head of the Saison Group, created the Mujirushi Ryohin brand (MUJI) in 1980, together with such prominent figures in Japanese art and design as Ikko Tanaka, Kazuko Koike, and Takashi Sugimoto.

Seiji Tsutsumi (1927-2013), a son of Yasujiro Tsutsumi, founder of the Seibu Railway Company, started his career at the Seibu Department Stores, a division of his father's business empire. After the father's death, he took over the department store business and proceeded to build it into a diversified group that included the Seiyu supermarkets (now a part of Walmart) and FamilyMart convenience stores (now a part of the Itochu Group). Famous for his "sensibility management" style, he launched the MUJI brand in 1980. Tsutsumi was active in arts and letters, both as a patron and author, writing under the pen names of Takashi Tsujii and Ikuo Yokose.

Ikko Tanaka (1930-2002) was a graphic designer who was renowned for creating simple designs. Tanaka said of the MUJI brand, "Simplicity is not inferior to opulence. Rather, there is a hidden side to simplicity that appeals both to our intellect and to our senses. If we build a world and system of values around such simplicity, we can enrich our lives even with only meager resources." The MUJI brand is built around a concept that may be expressed as "enough is as good as a feast"—people will never stop desiring things, but it is possible to be satisfied with what one has.



The MUJI brand is the antithesis of mass production consumer culture. It views products not from the producer (capital) viewpoint, but from the lifestyle viewpoint. Concentrating on techniques in materials inspection, process simplification, and packaging reassessment, the company exhaustively developed products that were true necessities and central to modern living.

In addition, by harnessing the power of the top Japanese creators at the time, Ryohin Keikaku developed a comprehensive business that spanned product specifications, store design, and communications design. Through this approach, the company was able to establish a unique position in an excessively competitive consumer marketplace to move its business forward.

Ryohin Keikaku became independent from Seiyu in 1990. Advanced SCM has allowed it to evolve into a global specialty store retailer of private label apparel (SPA) to create universal appeal while staying firmly rooted in its corporate roots. The company has attained global recognition not just by listening to customers, but showing concern for the planet's limited resources and placing emphasis on harmonious relationships with suppliers.

According to Masaaki Kanai, the president of Ryohin Keikaku, "Mujirushi Ryohin was built by designers, and then commercialized. We don't sell what consumers want, we remove all that is unnecessary and offer them what we believe will make their everyday life better. Although this may make it an odd brand since it leaves so much up to the consumer, we believe that it is this progressive and universal concept that makes the brand loved across the world."

Ryohin Keikaku: corporate milestones

Early days

Mujirushi Ryohin (MUJI) was created in 1980 as a private brand of The Seiyu, a major general merchandise retailer and a part of the Saison group. The brand initially had a total of 40 products, made up of nine household goods and 31 food products. It was launched in 14 Seiyu department stores and six FamilyMart convenience stores (FamilyMart Co., Ltd.; TSE1: 8028), in addition to the food and household goods sections of Seiyu supermarkets.

Consumer spending in Japan fell into a deep depression in the wake of the second oil crisis of 1979. An appetite for value for money products grew among consumers, and general merchandise retailers rushed to meet this demand with private brands. For example, The Daiei, Inc. (TSE1: 8263) launched its NO BRAND label in 1978. MUJI was created later than many of those generic private brands.

Establishing Ryohin Keikaku Co., Ltd.

Between 1980 and 1988 the brand grew as it sold in various Seiyu retail locations. In 1983, Mujirushi Ryohin Aoyama opened its doors in Aoyama, Tokyo, as the first directly managed store stocking only MUJI goods. In the same year, The Seiyu opened MUJI outlets in the Seibu Shibuya department store (Tokyo) and the Hanshin Umeda department store (Osaka). In 1985, The Seiyu established a Mujirushi Ryohin division within the firm. It reported sales of about JPY14bn in its first year (1985) as a business unit. Then, four years later in 1989, Ryohin Keikaku Co., Ltd. was established as a standalone company. It was thought the new company would sell not just MUJI products but also other brands. The management therefore chose the name Ryohin Keikaku ("planning of good products"), rather than Mujirushi Ryohin. Ryohin Keikaku's history as a retailer began in 1990, after officially acquiring the rights to the business from its parent, Seiyu.



The bubble bursts

The first half of the 1990s saw the bursting of Japan's bubble economy and a subsequent decline in consumer spending. However, MUJI brand sales continued to grow, arguably because the brand concept was well-suited to consumer attitudes at the time, with its philosophy of creating "simple products by making the best use of the materials". In 1993, MUJI Lalaport opened its doors in Funabashi, Chiba. The size of this large store was over 1000sqm, making it between two to three times the size of existing Mujirushi Ryohin stores. This was a turning point for Ryohin Keikaku, and it began opening large-scale stores in shopping centers and department stores, such as the Parco department store in Shibuya, Tokyo; the Birds department store in Konandai, Yokohama; and Canal City Hakata, in Fukuoka.

Stagnation

However, earnings took a downward turn after hitting a peak in FY02/00. One of the reasons was that the company relied on a so-called product-out approach: develop the product and it will sell. Perhaps some complacency had set in in the course of a long period of success, and the company came to believe that consumers would always buy quality products. The company's strategy of pushing for rapid growth through new store openings also hurt earnings, as the company opened large-scale stores in shopping centers and department stores. The company accelerated this strategy to meet the expectations of investors after listing on the First Section of the Tokyo Stock Exchange in 2000. However, product development was unable to keep up with rapid growth in sales area, with the result that the efficiency of the company's retail space dropped. Ryohin Keikaku also soon suffered from the inefficiencies common in large firms as it grew and felt its business was safe. Its organization became less flexible as it embarked on a number of short-term measures designed to improve sluggish earnings. Another factor outside the company's control was the appearance of strong competitors within different types of product—from Uniqlo (by Fast Retailing Co., Ltd; TSE1: 9983), to 100-yen shops, to Nitori Co., Ltd. (TSE1: 9843)—a low-price vertically integrated furniture and household goods retailer.

Although the company recorded a JPY13.4bn operating profit in FY02/00, this figure significantly decreased in FY02/02 to JPY5.5bn.

Reform

In 2001, Tadamitsu Matsui took up his post as president of the company. Under his leadership, Ryohin Keikaku set about restructuring overseas operations, closing and downsizing unprofitable domestic stores, dealing with bad inventories, and implementing a complete management overhaul, including cutting back on management costs. The company curbed large-scale store openings, and made the criteria for opening new stores stricter with the introduction of a points based system of evaluation. In 2003, the company began to emphasize personnel training. MUJIGRAM—a sales operation manual compiled with the aim of standardizing the business—and the Head Office Work Standards formed the foundation of its training initiatives.

In June 2002, fashion designer Yohji Yamamoto's company, Yohji Yamamoto Inc. agreed to oversee apparel design. The idea behind this agreement was that apparel is a type of luxury item and therefore must be constantly changing or it will lose consumers' interest. Thus apparel must move with the times, even if its basic function does not change. Ryohin Keikaku therefore entered into the agreement with Yohji Yamamoto because it was able to come up with simple yet fashionable designs. This particular agreement has since expired.

In 2003, the company also launched Found MUJI and World MUJI (see note below). The above initiatives bore fruit from FY02/04 onward, when comparable store sales began trending north once again.



In FY02/05, following sales growth, Ryohin Keikaku set up the 30% Committee—aimed at cutting SG&A expenses with the then president, Tadamitsu Matsui, as chair. This committee aimed to keep SG&A expenses down to 30% or less of sales, acting on the principle that the seeds of decline are sown in times of success. The result was that profits rose sharply between FY02/04 and FY02/08.

World MUJI



Wall-mounted CD player



Digital calendar



Stainless steel kettle

Found MUJI



Aluminium hanger



"Station clock", wall-mounted clock



Right-angled socks

Source: Company materials

Found MUJI: For this format the company sources household goods from across the globe that have continued to be used without becoming obsolete or falling out of favor. The company makes slight improvements to the products to adapt them to local culture and customs, before selling them at a fair price.

World MUJI: For this brand the company sells products that take advantage of global knowledge and expertise, while also sharing the core concepts of the Mujirushi Ryohin brand.

Overseas

In 1991, Ryohin Keikaku opened its first overseas store, MUJI West Soho in partnership with Liberty Plc. However, the company ended its partnership with Liberty in 1997, before transferring its overseas business to Ryohin Keikaku Europe Ltd. This was followed in 1998 by the establishment of Ryohin Keikaku France S.A.S. and the opening of the company's first store in France. In Asia, the company opened a store in Hong Kong in 1991, then one in Singapore in 1995. However, it closed these stores and pulled out of Asia following poor earnings results. The company reentered Asia in 2001 with the opening of a store in Hong Kong. This was followed by stores in Singapore in 2003, and Taiwan in 2004. In 2005 the company moved into the Chinese mainland, with the establishment of MUJI (Shanghai) Co., Ltd.

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May 2014 Client Updates

3-D Matrix, Ltd. (7777)

Medical technology company. Exclusively licensed from MIT, core technology is based on unique characteristics of self-assembling peptides.

On **May 30, 2014**, 3-D Matrix announced the approval for a patent regarding pancreatic regeneration properties of its self-assembled peptide technology.

According to the company, it was granted a US patent for the application of self-assembling peptide technology to pancreatic regeneration, which was submitted jointly with Okayama University.

The patent covers culturing islets of Langerhans (groups of cells that secrete chemicals such as insulin in the pancreas), and demonstrates the effectiveness of islets that have retained their organic functions in three-dimensional self-assembling peptide scaffolds. This patent is supplementary to the patent acquired in February 2014, which covered the method used to culture islets. With the issuance of this patent, the company now has full control over both the method to culture islets and the resulting cell cultures.

During organ transplantation, maintaining the physiological functions of cells and tissue are a dominant issue, and the development of a method to allow culturing islets of Langerhans would be beneficial in the field of islet transplants for diabetic patients. It is known that repeating two-dimensional cell culturing promotes dedifferentiation and results in the loss of cell functions. As a result, it is believed to be difficult to culture liver and pancreatic cells while maintaining cell functions in a two-dimensional setting, and much research is being conducted in this field. According to the company's announcement, the patent's three-dimensional cell culturing method could become one method to maintain the functions of islet cells, and the company hopes that this method can contribute to the establishment of islet transplantation technology and treatment of diabetes.

On **May 12, 2014**, the company announced a license agreement on self-assembled ultrashort peptide technology.

The company announced that it has concluded a global license agreement for self-assembled ultrashort peptide technology between subsidiary 3-D Matrix Asia Pte. Ltd. ("3DMA") and Exploit Technologies Pte Ltd ("ETPL"), the technology transfer arm of the Agency for Science, Technology and Research ("A*STAR") in Singapore.

The agreement grants license on self-assembled ultrashort peptide technology invented by Dr. Charlotte Hauser, team leader and principal research scientist of the Institute of Bioengineering and Nanotechnology (IBN), a national research institute under A*STAR. The technology will reinforce the group's intellectual property portfolio and allow for further commercial development opportunities as it will provide more options as to the types of candidate peptides. This technology will be used in the areas of regenerative medicine and drug delivery systems in orthopedic surgery.

IBN's technology is based on rationally designed ultrashort peptides that have an innate tendency to self-assemble to helical fibers within supramolecular structures. These peptides, which are composed of a hydrophobic tail and a hydrophilic head group, form hydrogels by changing their secondary structures from α -helical intermediates to β -turn end structures. They demonstrate high mechanical stiffness and thermal stability. These hydrogels can be used as carriers of cells and drugs. The hydrogels demonstrate high biocompatibility and injectability that are similar to β -sheet hydrogels (e.g. PuraMatrix). Therefore, these hydrogels are attractive for various biotechnological applications, for example for bone regeneration, and for sustained release of drugs, where they serve as scaffolds and carriers. Their short lengths also substantially lower the cost of synthesis.

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Accretive Co., Ltd. (8423)

Don-Quijote affiliated receivables factoring and accounts payable outsourcing company, which is looking to expand its client roster beyond its traditional retailer and wholesaler base.

On **May 14, 2014**, SR updated the report following interviews with management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Operating Revenue	665	678	748	716	712	720	759	742	102.3%	2,867
YoY	14.5%	-0.4%	10.4%	5.6%	7.1%	6.1%	1.4%	3.6%		2.1%
Funding Costs (Interest Expense)	76	77	75	61	53	52	51	45		
YoY	-3.9%	-3.5%	-5.4%	-23.9%	-29.6%	-32.3%	-32.9%	-26.4%		
GPM	11.4%	11.3%	10.1%	8.5%	7.5%	7.2%	6.7%	6.0%		
SG&A	354	344	524	369	387	361	367	507		
YoY	-1.0%	-0.9%	61.8%	-28.9%	9.5%	5.0%	-29.9%	37.4%		
SG&A / Sales	53.2%	50.6%	70.0%	51.5%	54.4%	50.1%	48.4%	68.3%		
OP	236	258	150	287	272	307	341	190	117.1%	948
YoY	62.7%	1.1%	-45.6%	261.1%	15.3%	18.9%	127.8%	-33.6%		2.0%
OPM	35.4%	38.0%	20.0%	40.0%	38.1%	42.6%	44.9%	25.7%		33.1%
RP	250	325	155	250	274	336	346	187	113.9%	1,003
YoY	67.3%	25.0%	-47.0%	199.5%	9.6%	3.4%	123.0%	-25.0%		2.4%
RPM	37.6%	47.9%	20.7%	34.9%	38.5%	46.7%	45.5%	25.3%		35.0%
NI	232	273	116	233	244	374	303	255	126.6%	930
YoY	51.7%	11.8%	-53.7%	276.2%	5.3%	37.2%	162.2%	9.4%		8.9%
NPM	34.9%	40.2%	15.4%	32.6%	34.3%	52.0%	39.9%	34.4%		32.4%

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

Transaction volume increased significantly in the medical and nursing care industry, partly due to the contribution of a new subsidiary, Accretive Medical Service Co., Ltd. Revenue from new and existing clients also increased.

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Ai Holdings Corp. (3076)

Holding company built via acquisitions with subsidiaries dominant in security cameras, card-issuance equipment, cutting plotters and other niche businesses.

On **May 19, 2014**, SR updated Ai Holdings Corp's report after interviewing management.

Quarterly Performance (JPYmn)	FY06/13				FY06/14				FY06/14 % of FY	Est. FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	8,481	7,598	9,546	6,764	8,564	9,249	10,870	-	77.5%	37,000
YoY	16.3%	13.8%	15.8%	13.7%	1.0%	21.7%	13.9%	-		14.2%
Gross Profit	3,031	3,090	3,714	3,208	3,673	3,879	4,795	-		
YoY	16.6%	19.9%	20.7%	28.4%	21.2%	25.5%	29.1%	-		
GPM	35.7%	40.7%	38.9%	47.4%	42.9%	41.9%	44.1%	-		
SG&A	1,865	1,930	2,010	2,264	2,188	2,356	2,397	-		
YoY	8.7%	9.7%	12.7%	15.9%	17.3%	22.1%	19.3%	-		
SG&A / Sales	22.0%	25.4%	21.1%	33.5%	25.5%	25.5%	22.1%	-		
Operating Profit	1,166	1,160	1,704	944	1,484	1,523	2,398	-	84.5%	6,400
YoY	32.0%	41.8%	31.5%	73.2%	27.3%	31.3%	40.7%	-		28.7%
OPM	13.7%	15.3%	17.9%	14.0%	17.3%	16.5%	22.1%	-		17.3%
Recurring Profit	1,203	1,239	1,679	959	1,513	1,577	2,423	-	84.8%	6,500
YoY	19.5%	28.3%	18.2%	66.2%	25.8%	27.3%	44.3%	-		28.0%
RPM	14.2%	16.3%	17.6%	14.2%	17.7%	17.1%	22.3%	-		17.6%
Net Income	765	562	1,052	595	929	994	1,510	-	85.8%	4,000
YoY	29.9%	3.1%	8.9%	94.4%	21.4%	76.9%	43.5%	-		34.5%
NPM	9.0%	7.4%	11.0%	8.8%	10.8%	10.7%	13.9%	-		10.8%

Figures may differ from company materials due to differences in rounding methods.

Company forecast figures are based on the most recently issued company forecast.

Source: Company data, SR Inc. Research

Robust performance in the Security Equipment, Card Equipment and Other Office Equipment, Peripheral Computer Equipment sales, and Design segments were behind the profit increase.

Sales declined in the low-margin Leasing and Installment segment. However, sales increased in segments that are more profitable, raising the company's Q3 gross profit margin by 4.7 percentage points from a year earlier to 43.0%. Operating profit margin rose 3.1 percentage points to 18.8% YoY.

On **May 15, 2014**, the company announced the launch of a new business at a subsidiary and the establishment of a subsidiary of a subsidiary.

Graphtec Corp., a wholly-owned subsidiary of the company, will enter the industrial label printing business. Demand for these products is especially high in the US, and Graphtec Corp. plans to establish subsidiary Graphtec Digital Solutions, Inc. (capital: USD500,000) in June 2014. Graphtec Digital Solutions will build a framework for mass production of new products by around fall 2014, and begin full-scale operations at that time.

According to the company, in addition to industrial label printers, it is also preparing to begin sales of specialized printers for industries where demand exists, such as the manufacturing, logistics, and printing industries. Using this product mix, Ai Holdings plans to enter the industrial printing business.

Summary of new label printing business

The new product to be sold is a fusion of two unique technologies: a full-color electrographic laser printer which quickly produces high resolution images, is compatible with a variety of paper types, and is weather-resistant, all with a low total cost of ownership; and cutting technology unique to the cutting plotters for which Graphtec has long been an industry leader. This will be an industry-first full-color printer specialized for label printing.

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Anritsu Corp (6754)

Recognized global leader in mobile communications testing equipment.

On **May 14, 2014**, SR Inc. updated comments on Anritsu Corp's full-year FY03/14 earnings results after interviewing management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	21,602	24,659	21,393	27,029	22,365	25,687	23,055	30,745	99.9%	102,000
YoY	10.1%	-1.6%	-0.6%	-1.4%	3.5%	4.2%	7.8%	13.7%		7.7%
GP	11,809	13,462	11,164	14,532	11,857	14,208	12,588	16,300		
YoY	12.8%	3.8%	-7.8%	6.3%	0.4%	5.5%	12.8%	12.2%		
GPM	54.7%	54.6%	52.2%	53.8%	53.0%	55.3%	54.6%	53.0%		
Other Income/Expenses	7,843	8,722	8,341	10,349	9,391	10,349	10,026	11,066		
YoY	2.2%	5.5%	7.6%	-10.4%	19.7%	18.7%	20.2%	6.9%		
SG&A / Sales	36.3%	35.4%	39.0%	38.2%	42.0%	40.3%	43.5%	36.0%		
OP	3,966	4,740	2,823	4,183	2,466	3,859	2,562	5,234	98.8%	14,300
YoY	41.8%	0.6%	-35.2%	96.9%	-37.8%	-18.6%	-9.2%	25.1%		8.2%
OPM	18.4%	19.2%	13.2%	15.6%	11.0%	15.0%	11.1%	17.0%		14.0%
Pre-tax profit	3,543	4,517	3,423	4,655	2,681	3,884	2,725	4,947	99.6%	14,300
YoY	43.2%	12.2%	-18.1%	93.8%	-24.3%	-14.0%	-20.4%	6.3%		2.2%
RPM	16.4%	18.3%	16.0%	17.3%	12.0%	15.1%	11.8%	16.1%		14.0%
NI	2,528	4,337	2,479	4,543	1,621	2,674	1,770	3,252	98.1%	9,500
YoY	46.2%	45.7%	41.2%	200.8%	-35.9%	-38.3%	-28.6%	-28.4%		-17.2%
NPM	11.7%	17.6%	11.6%	16.8%	7.2%	10.4%	7.7%	10.6%		9.3%

During FY03/14, overseas demand was strong for test and measurement equipment used in the network and infrastructure market and the mobile market, particularly in North America. However, test and measurement equipment demand was subdued domestically, especially in the Japanese mobile sector.

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Apamanshop Holdings Co., Ltd. (8889)

Japan's leading rental property broker, offering comprehensive services through its proprietary real estate information network.

On **May 14, 2014**, SR updated comments on Apamanshop Holding's Q2 FY09/14 earnings results after interviewing management.

Quarterly Performance (million yen)	FY09/13				FY09/14				FY09/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	9,000	9,734	9,105	8,803	8,872	9,962	-	-	50.9%	37,000
YoY	-7.2%	-5.3%	-3.9%	-4.0%	-1.4%	2.3%	-	-		1.0%
GP	2,192	2,583	2,573	2,566	2,199	2,856	-	-		
YoY	-10.3%	-3.5%	3.4%	5.8%	0.3%	10.6%	-	-		
GPM	24.4%	26.5%	28.3%	29.1%	24.8%	28.7%	-	-		
SG&A	1,915	1,807	1,963	1,918	1,911	1,967	-	-		
YoY	-3.2%	-4.1%	-3.8%	5.7%	-0.2%	8.9%	-	-		
SG&A / Sales	21.3%	18.6%	21.6%	21.8%	21.5%	19.7%	-	-		
OP	276	777	610	647	288	888	-	-	49.0%	2,400
YoY	-40.6%	-1.9%	36.2%	5.9%	4.3%	14.3%	-	-		3.9%
OPM	3.1%	8.0%	6.7%	7.3%	3.2%	8.9%	-	-		6.5%
RP	-32	677	458	305	126	762	-	-	52.2%	1,700
YoY	-	13.4%	133.7%	-4.4%	-	12.6%	-	-		20.7%
RPM	-	7.0%	5.0%	3.5%	1.4%	7.6%	-	-		4.6%
NI	-425	1,878	75	685	929	248	-	-	58.9%	2,000
YoY	-	1576.8%	-58.3%	-32.7%	-	-86.8%	-	-		-9.6%
NPM	-	19.3%	0.8%	7.8%	10.5%	2.5%	-	-		5.4%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data processed by SR Inc.

Operating profit was JPY1.2bn (+11.7% YoY) due to an increase in revenue and profits at the Brokerage and Property Management operations.

The following factors contributed to profitability:

- An increase in gross profit at the Brokerage segment: JPY269mn
- An increase in gross profit at the Property Management segment: JPY188mn

The following factors hurt profitability:

- A decline in gross profit of non-core operations: JPY177mn
- A rise in SG&A: JPY156mn

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ArtSpark Holdings Inc. (3663)

Joint holding company formed by the merger of Celsys Inc. and HI Corp. Known for ComicStudio, software to produce manga and an e-book distribution solution for mobile phones, and 3D rendering software for mobile phones. Mainstay products hold top market shares in Japan.

On **May 15, 2014**, SR updated comments on ArtSpark Holdings Inc.'s Q1 FY12/14 earnings results following interviews with management.

Quarterly Performance (JPYmn)		FY12/13				FY12/14				FY12/14	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY1	FY Est.
Sales		1,152	706	905	921	813				21.5%	3,775
YoY		-	-3.8%	-8.7%	1.6%	-0					2.4%
GP		562	81	223	281	220					
GPM		48.8%	11.5%	24.6%	30.5%	0					
SG&A		327	300	315	269	285					
YoY		-	-15.6%	-12.3%	-25.9%	-					
OP		236	-218	-98	12	-66				-	63
YoY		-	-	-	-	-				-	-
OPM		20.5%	-	-	1.3%	-0					1.7%
RP		232	-204	-102	5	-74				-	36
YoY		-	-	-	-	-				-	-
NI		203	-186	-107	133	-64				-	26
YoY		-	-	-	-	-				-	-39.3%
Cumulative Figures		Q1	1H	Q3	2H					% of FY1	FY Est.
Sales		1,152	1,859	2,764	3,685	813				21.5%	3,775
YoY		-	153.1%	60.1%	40.0%	-29.5%					2.4%
GP		562	643	866	1,147	220					
GPM		48.8%	34.6%	31.3%	31.1%	27.1%					
SG&A		327	627	942	1,212	285					
YoY		-	76.4%	31.8%	12.3%	-12.9%					
OP		236	17	-81	-69	-66				-	63
YoY		-	-	-	-	-128.0%				-	-
OPM		20.5%	0.9%	-	-	-					1.7%
RP		232	28	-74	-68	-74				-	36
YoY		-	-	-	-	-131.9%				-	-
NI		203	17	-90	43	-64				-	26
YoY		-	-	-	-	-131.6%				-	-39.3%

Source: Company data, SR

Figures may differ from company materials due to differences in rounding methods.

Amid a shift in the core cell phone market towards smartphones, ArtSpark has been restructuring. In FY12/13, the company strengthened its solution business, one of the fruits of its strategic investment, while trying to decrease costs and increase profitability. The company reinforced sales promotions in all segments. Structural reform cut COGS, plus selling and administrative expenses. Headcount was cut using a voluntary retirement plan, and depreciation was reduced.

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Axell Corporation (6730)

Fabless semiconductor maker specializing in image-processing large-scale integration devices (LSI) mainly used in pachinko and pachislot machines. The company is highly profitable.

On **May 12, 2014**, SR updated comments on Axell Corporation's FY03/14 full-year earnings based on interviews with management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	4,114	5,407	3,550	3,646	3,154	2,521	3,265	2,103	100.4%	11,000
YoY	111.7%	171.8%	29.2%	116.8%	-23.3%	-53.4%	-8.0%	-42.3%		-34.2%
GP	2,031	1,612	1,807	1,192	1,190	1,209	1,696	1,111		
YoY	86.3%	66.0%	30.9%	43.8%	-41.4%	-25.0%	-6.1%	-6.8%		
GPM	49.4%	29.8%	50.9%	32.7%	37.7%	48.0%	51.9%	52.8%		
SG&A	604	903	718	1,157	668	833	883	884		
YoY	-18.6%	27.2%	-4.4%	30.9%	10.6%	-7.8%	23.0%	-23.6%		
SG&A / Sales	14.7%	16.7%	20.2%	31.7%	21.2%	33.0%	27.0%	42.0%		
OP	1,427	708	1,089	36	521	377	813	227	104.8%	1,850
YoY	311.2%	171.3%	73.1%	-	-63.5%	-46.8%	-25.3%	530.6%		-43.3%
OPM	34.7%	13.1%	30.7%	1.0%	16.5%	15.0%	24.9%	10.8%		19.5%
RP	1,431	711	1,095	35	518	378	817	227	104.9%	1,850
YoY	305.4%	153.0%	72.7%	-	-63.8%	-46.8%	-25.4%	548.6%		-43.5%
RPM	34.8%	13.1%	30.8%	1.0%	16.4%	15.0%	25.0%	10.8%		19.6%
NI	936	482	728	-75	338	234	257	169	105.1%	950
YoY	411.5%	155.0%	68.9%	-	-63.9%	-51.5%	-64.7%	-		-54.1%
NPM	22.8%	8.9%	20.5%	-	10.7%	9.3%	7.9%	8.0%		12.4%

Source: Company data, SR.

Figures may differ from company materials due to differences in rounding methods.

Company forecasts are the most recent figures.

According to the company, various factors have made the amusement machines market—typified by pachinko and pachislot machines—less forgiving. Although sales of select machines that have proved popular in the past have been stable, the environment surrounding amusement halls has remained harsh. Sales of amusement machines probably declined by 200,000 units YoY to 3.6mn units, according to company estimates. Sales of pachislot machines remained unchanged at around 1.3mn. However, the company stated that sales of pachinko machines may have declined.

View the [full report](#).



Bell-Park Co., Ltd. (9441)

Independent mobile phone distributor focusing on SoftBank Mobile shops. Differentiation through efficient stores and personnel investments. Growth through acquisitions

Bell-Park announced monthly sales estimate for April on **May 8, 2014** and for May on **June 5, 2014**.

Monthly Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014													
New	37,521	37,268	84,090	30,311	31,094								220,284
YoY	-15.8%	-4.7%	4.8%	-28.2%	-29.6%								
ex-low ARPU handsets (YoY)	28,160	27,016	57,329	18,514	18,020								149,039
Replacement	24.8%	35.9%	41.8%	-20.2%	-25.1%								
YoY	34,016	31,893	48,944	22,325	23,466								160,644
YoY	-8.9%	23.3%	5.7%	-32.4%	-41.8%								
Total	71,537	69,161	133,034	52,636	54,560								380,928
YoY	-12.6%	6.4%	5.2%	-30.0%	-35.4%								
2013													
New	44,561	39,123	80,207	42,188	44,188	29,921	31,772	33,596	34,022	37,766	39,479	36,245	493,068
YoY	15.8%	2.9%	20.1%	0.3%	4.4%	-0.9%	-10.9%	7.4%	-11.4%	-18.9%	-19.9%	-12.3%	
ex-low ARPU handsets (YoY)	22,566	19,882	40,417	23,187	24,066	19,059	21,191	24,508	22,890	22,919	25,087	25,944	291,716
Replacement	-23.0%	-32.5%	-22.2%	-27.5%	-23.4%	-5.7%	-12.7%	18.4%	-4.4%	-7.4%	5.8%	18.1%	
YoY	37,325	25,865	46,305	33,039	40,335	26,499	29,059	30,075	36,832	46,110	49,021	40,700	441,165
YoY	9.0%	9.5%	64.8%	37.4%	63.5%	31.9%	8.4%	25.3%	11.6%	-12.5%	-16.1%	10.6%	
Total	81,886	64,988	126,512	75,227	84,523	56,420	60,831	63,671	70,854	83,876	88,500	76,945	934,233
YoY	12.6%	5.4%	33.4%	13.7%	26.2%	12.2%	-2.6%	15.2%	-0.8%	-15.5%	-17.8%	-1.5%	

Source: Company data, SR Inc. Research

Figures may differ from company materials due to differences in rounding methods.

Low ARPU handsets: Mimamori Mobile handsets, PhotoVision digital photo frames, and USIM

On **May 27, 2014**, Shared Research updated Q1 FY12/14 results of the company based on an interview with management.

Quarterly Performance (JPYmn)	FY12/13				FY12/13				FY12/13	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	22,553	18,992	18,854	23,828	26,116	-	-	-	57.7%	45,300
YoY	15.1%	22.8%	20.9%	0.1%	15.8%	-	-	-		29.2%
GP	4,520	3,840	3,847	4,287	5,957	-	-	-		
YoY	16.2%	16.7%	25.5%	17.6%	31.8%	-	-	-		
GPM	20.0%	20.2%	20.4%	18.0%	22.8%	-	-	-		
SG&A	3,311	3,040	3,305	3,598	4,475	-	-	-		
YoY	16.1%	15.7%	31.0%	30.0%	35.1%	-	-	-		
SG&A / Sales	14.7%	16.0%	17.5%	15.1%	17.1%	-	-	-		
OP	1,209	800	542	689	1,483	-	-	-	91.5%	1,620
YoY	16.5%	20.7%	-0.1%	-21.7%	22.6%	-	-	-		-4.8%
OPM	5.4%	4.2%	2.9%	2.9%	5.7%	-	-	-		3.6%
RP	1,285	846	531	764	1,465	-	-	-	91.0%	1,610
YoY	18.5%	33.8%	2.0%	-20.7%	14.0%	-	-	-		-6.2%
RPM	5.7%	4.5%	2.8%	3.2%	5.6%	-	-	-		3.6%
NP	709	476	283	411	795	-	-	-	90.4%	880
YoY	16.1%	32.8%	-1.9%	-21.8%	12.2%	-	-	-		-9.2%
NPM	3.1%	2.5%	1.5%	1.7%	3.0%	-	-	-		1.9%

Source: Company data

* Figures may differ from company materials due to differences in rounding methods.

** The company began reporting consolidated earnings from Q1 FY12/14. Figures shown for FY12/13 are reported on a non-consolidated basis and YoY comparison figures are shown for reference purposes only

According to the company, competition among carriers for MNP customers heated up prior to March 2014. The company judges that March saw an early surge of demand brought forward from April and later. The rush of customers signing up for cashback campaigns appears to have tailed off heading into April. Monthly sales of new handsets and replacement units together fell by about 30% YoY in April 2014. Per the company, the fall in demand is temporary, caused by demand from April onward being brought forward.

View the [full report](#).



Benefit One Inc. (2412)

Pasona Group Inc. affiliate growing into a new type of “service distribution” business through a variety of new ventures based on its Benefit Service business.

On **May 8, 2014**, Benefit One Inc. announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	3,886	4,290	4,526	4,908	4,552	4,884	5,283	5,637	92.5%	22,000
YoY	-	-	-	19.2%	17.1%	13.8%	16.7%	14.9%		24.9%
GP	1,544	1,345	1,855	1,944	1,768	1,526	2,102	2,142		
GPM	39.7%	31.4%	41.0%	39.6%	38.8%	31.2%	39.8%	38.0%		
SG&A	1,075	934	953	994	1,218	1,050	1,005	1,095		
YoY	-	-	-	21.1%	13.3%	12.4%	5.5%	10.2%		
OP	469	411	901	950	549	476	1,097	1,047	102.2%	3,100
YoY	-	-	-	11.6%	17.2%	15.8%	21.8%	10.2%		13.5%
OPM	12.1%	9.6%	19.9%	19.4%	12.1%	9.7%	20.8%	18.6%		14.1%
RP	470	406	888	950	530	456	1,102	1,057	102.4%	3,070
YoY	-	-	-	6.5%	12.6%	12.3%	24.1%	11.3%		13.1%
RPM	12.1%	9.5%	19.6%	19.4%	11.6%	9.3%	20.9%	18.8%		14.0%
NI	281	240	541	561	302	263	692	635	104.0%	1,820
YoY	-	-	-	7.9%	7.6%	9.6%	27.9%	13.2%		12.1%
NPM	7.2%	5.6%	12.0%	11.4%	6.6%	5.4%	13.1%	11.3%		8.3%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data, SR Inc. Research

In FY03/14, membership was up 210,000, due to ongoing sales activities targeting private and public sector clients, and an expanded range of services. Results underperformed targets, but this was because a large organization delayed the introduction of Benefit One services. According to the company, membership in the mainstay benefit business is once again trending upward.

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Canon Marketing Japan Inc. (8060)

Domestic sales arm of Canon group. Ambition to grow "Beyond CANON, Beyond JAPAN" centered on IT services.

On **May 2, 2014**, SR updated comments on Q1 FY12/14 earnings results by Canon Marketing Japan Inc. (CMJ) after interviewing management.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	150,210	159,222	159,190	188,593	182,697				+27.1%	673,200
YoY	-7.9%	-0.5%	+3.1%	+3.8%	+21.6%					
GP	49,276	53,927	55,215	61,791	61,046					
YoY	-8.7%	-1.4%	+5.8%	+3.0%	+23.9%					
GPM	32.8%	33.9%	34.7%	32.8%	33.4%					
SG&A	48,873	50,263	50,913	53,148	51,814					
YoY	-3.1%	-0.3%	+1.6%	+0.1%	+6.0%					
OP	403	3,663	4,302	8,644	9,231				+49.1%	18,800
YoY	-88.6%	-14.3%	+106.6%	+25.2%	-					
OPM	0.3%	2.3%	2.7%	4.6%	5.1%					
RP	536	4,331	4,473	8,870	9,369				+47.1%	19,900
NI	-35	2,008	2,711	5,483	5,707				+47.6%	12,000
YoY	-	-26.4%	+143.6%	+14.8%	-					
NPM	-	1.3%	1.7%	2.9%	3.1%					

Performance in Q1 was boosted by one-time factors, particularly replacement demand driven by the termination of support for Windows XP and extra demand ahead of the rise in the consumption tax rate, as well as a recovery in demand due to an improvement in personal consumption and corporate capital investments. While there is likely to be a pullback in the absence of these factors from Q2 onward, it is worth noting that some segments outperformed the company's forecast.

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Chiyoda Co., Ltd. (8185)

Retailer specializing in low-price shoes.

Chiyoda Co., Ltd. announced monthly sales data for April on **May 1, 2014** and for May on **June 2, 2014**.

Comparable Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/10	-8.6%	-3.0%	-1.4%	-6.8%	-5.7%	-7.9%	-2.8%	-1.3%	-13.2%	2.7%	-3.7%	0.7%
FY02/11	-6.6%	-6.1%	-7.5%	-4.4%	-4.6%	-8.5%	-7.4%	2.2%	-5.4%	-3.2%	-0.1%	3.0%
FY02/12	-17.3%	4.1%	2.4%	1.9%	5.4%	1.0%	1.5%	-0.5%	6.3%	3.0%	-0.4%	1.4%
FY02/13	15.7%	2.2%	-4.6%	-0.6%	-3.8%	-3.5%	-0.2%	-8.9%	1.5%	-2.8%	-1.7%	-6.9%
FY02/14	2.8%	-11.4%	-2.1%	1.3%	-8.4%	0.3%	-3.0%	-3.7%	-2.2%	-3.4%	-8.5%	17.3%
FY02/15	15.0%	-8.3%	-3.4%									

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/10	-6.4%	-0.1%	2.3%	-3.7%	-3.4%	-4.8%	1.2%	2.8%	-10.0%	5.6%	-0.2%	4.6%
FY02/11	-2.5%	-2.8%	-4.4%	-1.3%	-2.0%	-6.1%	-5.9%	3.1%	-5.0%	-3.0%	0.1%	3.7%
FY02/12	-18.6%	1.8%	0.9%	0.3%	3.7%	-0.3%	0.3%	-1.5%	4.8%	1.3%	-1.9%	-0.1%
FY02/13	14.3%	0.8%	-6.1%	-1.7%	-4.9%	-4.7%	-1.2%	-9.4%	2.0%	-2.5%	-1.5%	-6.6%
FY02/14	3.6%	-8.3%	-0.5%	3.3%	-6.6%	1.9%	-1.5%	-2.4%	-1.1%	-2.5%	-7.5%	17.9%
FY02/15	16.1%	-8.0%	-3.2%									

Source: Company data processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

On **May 7, 2014**, SR Inc. updated comments on the company's full-year FY02/14 earnings results after interviewing management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	40,237	35,806	37,252	37,028	39,297	35,423	35,856	36,847	100.9%	146,043
YoY	2.4%	-4.3%	-4.0%	-4.0%	-2.3%	-1.1%	-3.7%	-0.5%		
GP	19,847	17,159	18,707	17,728	19,821	17,160	17,773	17,287		
YoY	4.8%	-2.2%	-0.6%	-0.3%	-0.1%	0.0%	-5.0%	-2.5%		
GPM	49.3%	47.9%	50.2%	47.9%	50.4%	48.4%	49.6%	46.9%		
SG&A	15,608	14,989	15,587	14,940	15,679	15,265	15,624	14,942		
YoY	-1.5%	-2.2%	-1.1%	-2.9%	0.5%	1.8%	0.2%	0.0%		
SG&A / Sales	38.8%	41.9%	41.8%	40.3%	39.9%	43.1%	43.6%	40.6%		
OP	4,238	2,171	3,119	2,788	4,141	1,896	2,149	2,345	109.1%	9,653
YoY	36.8%	-1.4%	2.4%	16.8%	-2.3%	-12.7%	-31.1%	-15.9%		
OPM	10.5%	6.1%	8.4%	7.5%	10.5%	5.4%	6.0%	6.4%		
RP	4,437	2,388	3,308	2,975	4,255	1,978	2,247	2,547	109.4%	10,077
YoY	37.3%	0.0%	4.0%	17.1%	-4.1%	-17.2%	-32.1%	-14.4%		
RPM	11.0%	6.7%	8.9%	8.0%	10.8%	5.6%	6.3%	6.9%		
NI	2,404	1,391	1,420	1,936	2,221	1,084	1,187	1,355	104.7%	5,586
YoY	389.6%	13.0%	-21.3%	47.4%	-7.6%	-22.1%	-16.4%	-30.0%		
NPM	6.0%	3.9%	3.8%	5.2%	5.7%	3.1%	3.3%	3.7%		

Figures may differ from company materials due to differences in rounding methods.

Source: Company Data, SR Inc. Research

Gross profit margin improved 0.6 percentage point, driven by an increase of six percentage points in private brands' share of total sales. The company also increased profits by controlling expenses. The ratio of PB and NPB products rose 6 percentage points to 41.3% (PB: 33.3%; NPB: 8.0%). The company began to increase purchases of global brands (GB) other than PB products as a means of attracting more shoppers. The composition ratio of GB was 12% (unchanged from a year earlier).

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Comsys Holdings Corporation (1721)

Major telecommunications construction company, with over fifty years of history

On **May 9, 2014**, the company announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	57,032	75,171	74,703	109,186	60,293	80,284	77,787	112,977	102.0%	325,000
YoY	1.1%	-39.9%	7.4%	8.0%	5.7%	6.8%	4.1%	3.5%		2.8%
GP	6,393	9,715	9,759	15,359	8,032	11,273	11,442	15,023		
YoY	44.5%	-15.7%	39.9%	21.8%	25.6%	16.0%	17.2%	-2.2%		
GPM	11.2%	12.9%	13.1%	14.1%	13.3%	14.0%	14.7%	13.3%		
SG&A	4,759	4,573	4,079	5,268	4,401	4,278	4,312	5,209		
YoY	-2.4%	-51.7%	-9.8%	16.2%	-7.5%	-6.5%	5.7%	-1.1%		
SG&A / Sales	8.3%	6.1%	5.5%	4.8%	7.3%	5.3%	5.5%	4.6%		
OP	1,634	5,141	5,680	10,092	3,630	6,995	7,131	9,814	114.9%	24,000
YoY	-	149.7%	131.6%	24.9%	122.2%	36.1%	25.5%	-2.8%		6.4%
OPM	2.9%	6.8%	7.6%	9.2%	6.0%	8.7%	9.2%	8.7%		7.4%
RP	1,873	5,217	5,684	10,140	3,793	7,179	7,198	9,908	114.6%	24,500
YoY	-	122.8%	120.6%	26.0%	102.5%	37.6%	26.6%	-2.3%		6.9%
RPM	3.3%	6.9%	7.6%	9.3%	6.3%	8.9%	9.3%	8.8%		7.5%
NI	1,057	2,761	3,302	6,164	2,386	3,777	4,569	5,657	109.3%	15,000
YoY	-	244.3%	145.5%	22.6%	125.7%	36.8%	38.4%	-8.2%		12.9%
NPM	1.9%	3.7%	4.4%	5.6%	4.0%	4.7%	5.9%	5.0%		4.6%

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

Company forecasts are based on the most recent figures.

Comsys pressed ahead with its structural reform program—"COMSYS WAY a" ("a" for "advanced")—by growing its top line. This included orders linked to public investment and investment in IT, and participation in next-generation businesses such as solar parks and other renewable energy projects. The company also strived to make construction operations more efficient to keep up with a higher volume of orders. The company worked on a complete overhaul of behind-the-scenes operations and built a new IT platform to manage every aspect of construction orders—from when the orders come in to the construction itself.

View the [full report](#).



DIC Corporation (4631)

DIC has four business segments: printing inks, fine chemicals, polymers, and application materials.

On **May 15, 2014**, DIC Corporation announced Q1 FY12/14 earnings results.

Quarterly performance (JPYmn)	FY03/13				FY12/13			FY12/14	FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	% of 1H	1H CE
Sales	176,119	173,721	180,641	173,300	186,503	198,452	320,692	201,564	49.2%	410,000
YoY	-8.0%	-7.3%	-1.1%	0.3%	5.9%	14.2%	-	-		-
GP	36,204	34,950	37,306	34,817	39,535	41,735	66,344	42,041		
GPM	20.6%	20.1%	20.7%	20.1%	21.2%	21.0%	20.7%	20.9%		
SG&A	26,532	25,990	26,113	26,158	29,164	29,325	48,944	32,644		
YoY	-7.3%	-6.9%	-2.3%	3.2%	9.9%	12.8%	-	-		
OP	9,672	8,960	11,193	8,659	10,371	12,410	17,400	9,397	44.7%	21,000
YoY	-6.5%	18.1%	23.3%	8.9%	7.2%	38.5%	-	-		-
OPM	5.5%	5.2%	6.2%	5.0%	5.6%	6.3%	5.4%	4.7%		
RP	8,421	8,120	10,810	7,806	9,710	10,949	16,464	8,410	44.3%	19,000
YoY	-5.6%	22.6%	26.6%	16.3%	15.3%	34.8%	-	-		-
NI	6,176	5,259	6,602	1,027	4,665	6,017	16,089	5,140	51.4%	10,000
YoY	-27.3%	30.4%	96.4%	-54.7%	-24.5%	14.4%	-	-		-
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	% of FY	FY CE
Sales	176,119	349,840	530,481	703,781	186,503	384,955	705,647	201,564	23.7%	850,000
YoY	-77.4%	82.7%	40.0%	-4.2%	5.9%	10.0%	-	-		-
GP	36,204	71,154	108,460	143,277	39,535	81,270	147,614	42,041		
GPM	20.6%	20.3%	20.4%	20.4%	21.2%	21.1%	20.9%	20.9%		
SG&A	26,532	52,522	78,635	104,793	29,164	58,489	107,433	32,644		
YoY	-78.3%	83.6%	39.1%	-3.5%	9.9%	11.4%	-	-		
OP	9,672	18,632	29,825	38,484	10,371	22,781	40,181	9,397	18.8%	50,000
YoY	-74.0%	80.1%	66.3%	10.1%	7.2%	22.3%	-	-		-
OPM	5.5%	5.3%	5.6%	5.5%	5.6%	5.9%	5.7%	4.7%		5.9%
RP	8,421	16,541	27,351	35,157	9,710	20,659	37,123	8,410	18.3%	46,000
YoY	-73.4%	85.4%	75.9%	14.1%	15.3%	24.9%	-	-		-
NI	6,176	11,435	18,037	19,064	4,665	10,682	26,771	5,140	21.0%	24,500
YoY	-60.8%	34.6%	44.0%	5.0%	-24.5%	-6.6%	-	-		-

Source: Company data

Note: Figures may differ from company materials due to differences in rounding methods. Due to a change in accounting periods, FY12/13 is an irregular period of 9 months in Japan and 12 elsewhere.

The domestic market continued to recover, and the rush to beat the consumption tax hike provided a boost to conditions. The North American and European markets also showed gentle but steady signs of recovery. In emerging markets, there were signs of a rally in China and South-East Asia. However, conditions were less stable in India, where growth continued to slow.

View the [full report](#).



Digital Garage Inc. (4819)

An online payment and marketing-support firm with a business incubation unit focused on early stage e-commerce investments. Also has a stake in Twitter.

On **May 14, 2014**, Digital Garage Inc. announced Q3 FY06/14 results.

Quarterly (JPYmn)	FY06/13				FY06/14				FY06/13	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	5,307	8,539	6,482	7,636	7,273	8,350	8,271		74.7%	32,000
YoY	55.2%	196.6%	24.6%	124.4%	37.0%	-2.2%	27.6%			14.4%
GP	1,050	2,063	1,342	1,977	1,393	2,102	1,725			
YoY	-6.2%	257.1%	-44.4%	318.2%	32.6%	1.9%	28.6%			
GPM	19.8%	24.2%	20.7%	25.9%	19.1%	25.2%	20.9%			
SG&A	1,101	1,539	1,191	1,278	1,306	1,376	1,351			
YoY	61.6%	116.0%	68.6%	48.2%	18.6%	-10.6%	13.5%			
SG&A / Sales	20.7%	18.0%	18.4%	16.7%	18.0%	16.5%	16.3%			
OP	-51	524	151	698	87	726	374		65.9%	1,800
YoY	-	-	-91.1%	-	-	38.5%	147.4%			36.1%
OPM	-	6.1%	2.3%	9.1%	1.2%	8.7%	4.5%			5.6%
RP	167	1,000	719	1,192	474	1,214	811		71.4%	3,500
YoY	-71.9%	1311.1%	-67.2%	-	183.4%	21.3%	12.7%			13.7%
RPM	3.2%	11.7%	11.1%	15.6%	6.5%	14.5%	9.8%			10.9%
NI	214	700	1,295	507	389	1,037	447		89.2%	2,100
YoY	-59.9%	799.4%	-25.9%	-	82.3%	48.0%	-65.5%			-22.7%
NPM	4.0%	8.2%	20.0%	6.6%	5.4%	12.4%	5.4%			6.6%

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

The IPO market picked up. In the incubation segment, profits from investment and growth in both domestic and foreign venture firms outperformed targets. In the marketing segment, online advertising sales were robust.

View the [full report](#).



Don Quijote Co., Ltd. (7532)

Innovative and iconoclastic general discount retailer with a nationwide presence.

Don Quijote announced sales figures for April on **May 9, 2014** and for May on **June 10, 2014**.

(YoY)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total Stores												
Sales	5.2%	8.2%	4.3%	5.1%	4.9%	5.4%	5.2%	3.5%	23.5%	1.8%	8.2%	
# of Stores	200	201	200	203	208	211	212	212	212	215	216	
Comparable Stores												
Sales	-0.5%	1.8%	-0.6%	0.0%	0.0%	-0.9%	-1.3%	-2.3%	16.7%	-4.5%	0.7%	
# of Customers	0.0%	1.1%	-2.5%	-0.4%	-0.1%	-0.5%	-0.5%	-2.4%	5.7%	-2.7%	2.4%	
Avg. Spend per Customer	-0.5%	0.6%	2.0%	0.4%	0.1%	-0.5%	-0.8%	0.1%	10.4%	-1.8%	-1.6%	
# of Comparable Stores	184	185	185	186	187	189	192	191	193	195	195	
Electric Appliances	0.9%	3.7%	-2.4%	-0.6%	0.5%	-4.1%	-0.4%	-5.0%	14.9%	-11.5%	0.9%	
Household Goods	5.7%	10.0%	4.1%	8.2%	6.2%	8.0%	5.9%	5.4%	30.2%	1.5%	9.2%	
Foods	6.6%	9.6%	3.3%	5.1%	6.8%	9.4%	8.6%	9.9%	36.5%	7.2%	21.0%	
Watches & Fashion Merchandise	5.4%	9.1%	1.8%	4.4%	4.4%	4.2%	3.9%	0.0%	12.9%	-3.2%	0.3%	
Sporting & Leisure Goods	8.6%	6.8%	0.4%	4.9%	5.5%	6.9%	7.0%	2.7%	11.2%	1.8%	6.8%	
Other Products	-13.3%	-12.0%	103.4%	7.9%	-5.7%	8.3%	5.1%	-7.2%	2.9%	91.8%	-12.8%	
(YoY)												
(Fiscal Year Ending)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Stores												
Sales	22.2%	37.6%	20.3%	19.8%	11.8%	7.2%	6.5%	5.9%	6.1%	5.9%	6.2%	7.1%
# of Stores	53	70	93	107	122	135	148	150	162	169	185	200
Comparable Stores												
Sales	-1.4%	-1.8%	-2.4%	2.0%	2.9%	0.4%	-3.3%	0.5%	-1.5%	3.4%	0.5%	-0.1%
# of Customers	1.2%	0.5%	-2.8%	0.3%	-0.4%	-0.7%	-2.2%	4.5%	3.8%	3.1%	-0.8%	-0.5%
Avg. Spend per Customer	-2.5%	-2.3%	0.4%	1.7%	3.3%	1.1%	-1.2%	-3.8%	-5.1%	0.3%	1.3%	0.4%
# of Comparable Stores	31	48	70	89	104	117	123	144	149	158	164	179
Electric Appliances	18.5%	29.4%	17.1%	17.0%	12.2%	4.0%	-2.7%	-4.8%	-3.6%	5.1%	-2.2%	-0.5%
Household Goods	22.6%	37.4%	15.1%	15.5%	12.9%	10.4%	8.2%	9.8%	9.1%	7.9%	6.7%	7.9%
Foods	27.7%	42.0%	25.6%	23.1%	9.2%	5.1%	10.9%	20.8%	14.4%	4.5%	7.3%	8.9%
Watches & Fashion Merchandise	28.0%	48.1%	25.6%	23.4%	14.0%	7.0%	6.3%	0.0%	1.7%	4.3%	11.9%	11.2%
Sporting & Leisure Goods	10.6%	24.8%	18.6%	14.1%	7.2%	13.3%	5.5%	4.1%	5.5%	8.2%	2.0%	8.3%
Other Products	8.9%	28.1%	6.0%	19.4%	-7.8%	-1.3%	0.1%	10.4%	21.7%	29.7%	10.9%	-22.6%

Source: Company data, SR Inc. Research

Figures may differ from company materials due to differences in rounding methods.

On **May 20, 2014**, SR updated the company's report after interviewing management.

(JPYmn)	FY06/13				FY06/14				FY06/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	140,379	149,265	138,426	140,307	146,514	156,808	158,454		77.4%	605,000
YoY	4.1%	5.1%	5.4%	6.3%	4.4%	5.1%	14.5%			
GP	37,010	39,176	36,888	36,733	39,880	41,195	40,627			
YoY	6.2%	6.0%	10.2%	7.3%	7.8%	5.2%	10.1%			
GPM	26.4%	26.2%	26.6%	26.2%	27.2%	26.3%	25.6%			
SG&A	28,766	28,747	29,423	30,502	29,740	30,831	32,193			
YoY	6.3%	4.4%	7.2%	8.2%	3.4%	7.2%	9.4%			
SG&A / Sales	20.5%	19.3%	21.3%	21.7%	20.3%	19.7%	20.3%			
OP	8,244	10,429	7,465	6,231	10,140	10,364	8,434		84.6%	34,200
YoY	6.0%	10.5%	23.4%	2.9%	23.0%	-0.6%	13.0%			
OPM	5.9%	7.0%	5.4%	4.4%	6.9%	6.6%	5.3%			
RP	8,366	10,709	7,653	6,473	10,433	10,702	8,681		85.7%	35,000
YoY	13.0%	18.4%	20.0%	0.3%	24.7%	-0.1%	13.4%			
RPM	6.0%	7.2%	5.5%	4.6%	7.1%	6.8%	5.5%			
NI	5,069	6,708	4,556	4,808	6,416	6,608	5,740		86.1%	22,200
YoY	-24.0%	27.5%	14.7%	22.1%	26.6%	-1.5%	26.0%			
NPM	3.6%	4.5%	3.3%	3.4%	4.4%	4.2%	3.6%			

Source: Company data, SR Inc. Research

Figures may differ from company materials due to differences in rounding methods.



To combat a defensive consumer mindset, Don Quijote focused on sales of commodity products with rapid turnover and low margins such as foods and household goods during the January-March quarter. As a result, gross profit was JPY40.6bn (+10.1% YoY) and gross profit margin was 25.6% (26.6% in Q3 FY06/13). On a cumulative basis, gross profit was JPY121.7bn (+7.6%) and gross profit margin was 26.4% (26.4% in cumulative FY06/13). The composition of private brand products was 13.3% (11.3% at end FY06/13).

View the [full report](#).



Dream Incubator Inc. (4310)

Venture capital and business incubation, and strategy consulting company.

On **May 12, 2014**, Dream Incubator Inc. announced results for Full-year FY03/14.

Quarterly Performance (million yen)	FY03/13				FY03/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	1,687	2,126	1,774	2,106	1,889	2,496	2,120	2,587
YoY	29.1%	33.9%	-12.6%	31.4%	12.0%	17.4%	19.5%	22.8%
GP	890	1,032	831	958	912	1,209	1,102	1,588
YoY	59.8%	44.1%	-22.2%	66.0%	2.5%	17.2%	32.6%	65.8%
GPM	52.8%	48.5%	46.8%	45.5%	48.3%	48.4%	52.0%	61.4%
SG&A	725	708	719	790	780	821	888	1,180
YoY	66.3%	60.2%	70.8%	52.5%	7.6%	16.0%	23.5%	49.4%
SG&A / Sales	43.0%	33.3%	40.5%	37.5%	41.3%	32.9%	41.9%	45.6%
OP	164	325	112	167	132	387	214	408
YoY	36.9%	18.2%	-82.7%	187.9%	-19.7%	19.1%	91.1%	144.3%
OPM	9.7%	15.3%	6.3%	7.9%	7.0%	15.5%	10.1%	15.8%
RP	155	319	112	173	154	383	228	336
YoY	35.8%	16.8%	-82.6%	134.4%	-0.9%	20.1%	103.6%	94.2%
RPM	9.2%	15.0%	6.3%	8.2%	8.2%	15.3%	10.8%	13.0%
NI	80	240	48	303	86	355	160	253
YoY	5.8%	-12.7%	-91.1%	-	7.8%	47.9%	233.3%	-16.5%
NPM	4.7%	11.3%	2.7%	14.4%	4.6%	14.2%	7.5%	9.8%

Figures may differ from company materials due to difference in rounding methods.

Source: Company data, SR Inc. Research

Consulting

In addition to focusing on strategy consulting to existing major corporate clients, as well as “producing” industries,, the company continued to receive orders for management training, M&A advisory and closing of cross-border projects. Its overseas branches received orders from local governments and companies. However, sales were lower as a result of expending resources for venture capital incubation and allocating human resources overseas. New orders have been received for Q4 (January-March), and order receipts in the period apparently surpassed the year-before level.

View the [full report](#).

Elecom Co. (6750)

Designer and manufacturer of computer and smartphone peripheral devices/accessories; has a tie-up with French external hard drive maker La Cie to sell its products in Japan.

On **May 29, 2014**, Shared Research updated FY03/14 earnings results of Elecom Co. after interviewing management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14 % of FY	FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	15,289	14,901	17,615	14,836	14,936	15,099	19,391	19,680	101.6%	68,000
YoY	5.2%	3.9%	0.1%	-7.6%	-2.3%	1.3%	10.1%	32.6%		8.6%
GP	5,061	4,889	6,005	4,865	5,159	5,164	6,700	5,292	100.0%	22,308
YoY	-0.0%	-5.4%	-6.0%	-7.9%	1.9%	5.6%	11.6%	8.8%		7.2%
GPM	33.1%	32.8%	34.1%	32.8%	34.5%	34.2%	34.6%	26.9%		32.8%
SG&A	3,761	3,498	3,740	3,756	3,647	3,694	3,926	4,087	96.7%	15,884
YoY	6.0%	-5.5%	-3.5%	-5.5%	-3.0%	5.6%	5.0%	8.8%		7.6%
SG&A / Sales	24.6%	23.5%	21.2%	25.3%	24.4%	24.5%	20.2%	20.8%		23.4%
OP	1,300	1,391	2,264	1,109	1,503	1,408	2,846	1,205	108.4%	6,424
YoY	-14.1%	-5.2%	-9.9%	-15.5%	15.6%	1.2%	25.7%	8.7%		5.9%
OPM	8.5%	9.3%	12.9%	7.5%	10.1%	9.3%	14.7%	6.1%		9.4%
RP	1,289	1,298	1,916	1,004	1,312	1,795	1,975	1,539	105.0%	6,308
YoY	-7.7%	-4.4%	-18.2%	-2.6%	1.8%	38.3%	3.1%	53.3%		14.5%
RPM	8.4%	8.7%	10.9%	6.8%	8.8%	11.9%	10.2%	7.8%		9.3%
NI	510	864	1,112	613	622	1,205	1,188	1,029	110.4%	3,663
YoY	4.9%	75.6%	-3.2%	-48.3%	22.0%	39.4%	6.8%	67.8%		18.2%
NPM	3.3%	5.8%	6.3%	4.1%	4.2%	8.0%	6.1%	5.2%		5.4%

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14 % of FY	FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Supply	5,347	5,839	7,378	5,409	6,002	5,578	7,230	5,891	94.4%	26,162
Storage/Memory	2,737	2,364	2,811	2,368	2,498	2,987	3,923	5,114	128.5%	11,300
IO Device	1,308	1,210	1,352	1,313	1,217	1,277	1,506	1,769	120.8%	4,774
Digital Home	3,510	3,180	3,614	3,328	2,970	2,993	4,494	4,550	101.2%	14,828
Others	2,387	2,305	2,460	2,420	2,247	2,259	2,242	2,352	83.2%	10,933
YoY										
Supply	12.9%	15.5%	11.5%	1.4%	12.2%	-4.5%	-2.0%	8.9%		9.1%
Storage/Memory	19.1%	-6.0%	-12.2%	-27.5%	-8.7%	26.4%	39.6%	116.0%		9.9%
IO Device	-15.4%	-18.2%	-14.5%	-16.1%	-7.0%	5.5%	11.4%	34.7%		-7.9%
Digital Home	-13.1%	-5.7%	-14.0%	-8.5%	-15.4%	-5.9%	24.3%	36.7%		8.8%
Others	24.6%	19.8%	23.2%	6.9%	-5.9%	-2.0%	-8.9%	-2.8%		14.2%
PC accessories	5,661	5,323	6,986	5,685	5,322	5,042	6,763	6,356		
Smartphone-related applications	2,850	3,331	3,690	3,142	3,886	3,950	4,614	3,875		
Peripherals	3,575	3,206	3,609	3,059	3,232	3,794	4,999	6,427		
Others	3,203	3,040	3,329	2,951	2,496	2,312	3,015	3,022		
YoY										
PC accessories					-6.0%	-5.3%	-3.2%	11.8%		
Smartphone-related applications					36.4%	18.6%	25.0%	23.3%		
Peripherals					-9.6%	18.3%	38.5%	110.1%		
Others					-22.1%	-23.9%	-9.4%	2.4%		

Figures may differ from company materials due to differences in rounding methods

Source: Company data

Sales declined by 0.5% in the first half of FY03/14. However, sales began to recover in December and showed a 10.1% YoY increase in Q3 and a 32.7% YoY increase in Q4. The momentum continued in April. Sales may meet the target in May also, according to company executives.

View the [full report](#).



en-japan Inc. (4849)

Pioneer of online recruitment information websites, with a particular focus on mid-career and experienced worker hiring. Now looking to expand into Asia and bilingual staff recruiting.

On **May 12, 2014**, en-japan Inc. announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	3,297	3,138	3,801	3,327	3,652	3,835	4,595	4,674	102.8%	16,300
YoY	-	-	-	-	10.7%	22.2%	20.9%	40.5%		20.2%
GP	2,824	2,687	3,300	2,820	3,219	3,401	4,096	4,118	104.3%	14,221
YoY	-	-	-	-	14.0%	26.5%	24.1%	46.0%		22.3%
GPM	85.7%	85.6%	86.8%	84.8%	88.2%	88.7%	89.1%	88.1%		87.2%
SG&A	2,101	2,129	2,265	2,353	2,506	2,497	2,918	3,470	103.4%	11,021
YoY	-	-	-	-	19.3%	17.3%	28.8%	47.5%		24.6%
SG&A / Sales	63.7%	67.8%	59.6%	70.7%	68.6%	65.1%	63.5%	74.2%		67.6%
OP	724	558	1,034	467	713	903	1,177	648	107.5%	3,200
YoY	-	-	-	-	-1.4%	61.8%	13.8%	38.6%		15.0%
OPM	21.9%	17.8%	27.2%	14.0%	19.5%	23.6%	25.6%	13.9%		19.6%
RP	782	576	1,045	437	902	925	1,274	647	114.3%	3,280
YoY	-	-	-	-	15.3%	60.6%	21.9%	47.9%		15.5%
RPM	23.7%	18.4%	27.5%	13.1%	24.7%	24.1%	27.7%	13.8%		20.1%
NI	468	338	653	86	1,771	546	772	-300	103.7%	2,690
YoY	-	-	-	-	278.6%	61.4%	18.1%	-448.4%		74.0%
NPM	14.2%	10.8%	17.2%	2.6%	48.5%	14.2%	16.8%	-		16.5%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data

Hiring activity recovered throughout the year, with a jobs-to-applicants ratio reaching 1.07 in March 2014, the highest since June 2007. Overseas subsidiaries were added to consolidated earnings results in FY03/14.

View the [full report](#).



Emergency Assistance Japan Co., Ltd. (6063)

Japan's sole independent provider of global medical assistance services. Expanding businesses related to medical tourism.

On **May 13, 2014**, Emergency Assistance Japan Co., Ltd. (EAJ) announced results for Q1 FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14		FY12/14		FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales	548	447	473	515	627	-	54.5%~59.1%	1,060~1,150	25.5%~28.2%	2,220~2,460
YoY	-1.0%	2.7%	5.7%	12.9%	14.3%	-		6.5%~15.5%		11.9%~24.0%
GP	114	88	106	127	105	-				
YoY	-17.6%	-18.6%	-13.0%	-7.8%	-7.6%	-				
GPM	20.7%	19.8%	22.4%	24.6%	16.8%	-				
SG&A	93	96	106	104	109	-				
YoY	10.0%	-6.0%	13.3%	33.3%	17.6%	-				
SG&A / Sales	16.9%	21.5%	22.3%	20.3%	17.4%	-				
OP	21	-8	0	22	-4	-	-	-67~-5	-	15~110
YoY	-61.1%	-	-98.7%	-62.4%	-	-				
OPM	3.8%	-1.7%	0.1%	4.3%	-0.6%	-				
RP	18	-13	-1	21	-6	-	-	-72~-10	-	8~103
YoY	-65.8%	-	-	-65.3%	-	-				
RPM	3.3%	-2.9%	-0.3%	4.2%	-1.0%	-				
NI	12	-9	1	11	-5	-	-	-77~-12	-	0~50
YoY	-63.6%	-	-93.7%	-67.9%	-	-				
NPM	2.1%	-2.1%	0.2%	2.2%	-0.8%	-				

Figures may differ from company materials due to differences in rounding methods
Source: Company data, SR Inc.

As a goal for FY12/14, EAJ is aiming to complete its initiative for establishing a foundation for efficient long-term business expansion. To achieve this end, the company aggressively pursued measures such as hiring and training of employees with global abilities, constructing a network with medical institutions, and investing in new telephone systems at assistance centers.

View the [full report](#).



Ferrotec Corp. (6890)

Supplies cutting-edge materials to semiconductor and other electronics manufacturers. Searching for new growth businesses based on its long-nurtured core technologies.

On **May 20, 2014**, Ferrotec Corp. announced full-year FY03/14 results.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	9,503	10,545	9,102	9,274	9,538	10,691	11,356	13,160	106.5%	42,000
YoY	-49.5%	-37.7%	-35.2%	-10.1%	0.4%	1.4%	24.8%	41.9%		9.3%
GP	2,023	1,612	1,776	1,566	2,322	2,718	2,585	3,195		
YoY	-64.2%	-63.4%	-54.9%	-38.4%	14.8%	68.6%	45.6%	104.1%		
GPM	21.3%	15.3%	19.5%	16.9%	24.3%	25.4%	22.8%	24.3%		
SG&A	2,494	3,295	2,269	2,527	2,380	2,501	2,496	2,645		
YoY	-23.6%	2.3%	-23.2%	-14.7%	-4.5%	-24.1%	10.0%	4.7%		
SG&A / Sales	26.2%	31.2%	24.9%	27.2%	25.0%	23.4%	22.0%	20.1%		
OP	-471	-1,683	-493	-961	-58	217	89	550	79.8%	1,000
YoY	-	-	-	-	-	-	-	-		-
OPM	-	-	-	-	-	2.0%	0.8%	4.2%		-
RP	-554	-2,157	-448	-306	480	50	-83	815	148.5%	850
YoY	-	-	-	-	-	-	-	-		-
RPM	-	-	-	-	5.0%	0.5%	-	6.2%		-
NI	-664	-5,493	-1,513	1,137	418	276	-134	831	139.2%	1,000
YoY	-	-	-	-	-	-	-	-26.9%		-
NPM	-	-	-	12.3%	4.4%	2.6%	-	6.3%		-

Figures may differ from company materials due to differences in rounding methods.

Source: Company data

Equipment-related segment

There was demand for materials products—such as quartz and ceramics products—used in manufacturing processes to utilize capacity of smartphone semiconductors and memory. However, PC sales slumped, meaning overall sales stalled and this segment struggled in 1H. But demand rapidly recovered in 2H.

Photovoltaic segment

Difficult conditions continued through 1H in the global PV cell market, driving large companies in Europe and China to collapse or pull out of the industry. Global PV installations were up YoY, but PV panel prices fell. The freeze in capex continued and sales of silicon crystal manufacturing equipment were weak. The company developed abrasion equipment and numerical control (NC) routers for general industry.

Electronic device segment

Sales of high-end cars—equipped with the company's mainstay product, thermoelectric modules for temperature control in automobile seats—recovered in line with robust automobile sales across the global market.

View the [full report](#).



Fields Corp. (2767)

Pachinko and pachislot planning, development and sales specialist firm. Largest independent distributor in Japan.

On **May 21, 2014**, SR updated comments on Fields Corporation's FY03/14 earnings results following interviews with management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	21,145	7,973	18,627	60,396	5,748	30,637	17,819	60,700	100.8%	114,000
YoY	19.9%	-49.3%	91.9%	22.9%	-72.8%	284.3%	-4.3%	0.5%		5.4%
GP	5,566	3,258	6,239	18,216	2,027	11,621	5,709	14,455		
YoY	9.7%	-52.8%	43.7%	21.4%	-63.6%	256.7%	-8.5%	-20.6%		
GPM	26.3%	40.9%	33.5%	30.2%	35.3%	37.9%	32.0%	23.8%		
SG&A	5,282	5,402	5,535	6,745	5,856	5,615	5,849	6,700		
YoY	-0.4%	5.9%	-6.2%	3.8%	10.9%	3.9%	5.7%	-0.7%		
SG&A / Sales	25.0%	67.8%	29.7%	11.2%	101.9%	18.3%	32.8%	11.0%		
OP	283	-2,142	703	11,470	-3,829	6,005	-140	7,755	102.0%	9,600
YoY	-	-	-	34.9%	-	-	-	-32.4%		-6.9%
OPM	1.3%	-	3.8%	19.0%	-	19.6%	-	12.8%		8.4%
RP	574	-2,312	763	11,243	-3,759	5,903	-78	7,699	94.8%	10,300
YoY	-	-	-	31.4%	-	-	-	-31.5%		0.3%
RPM	2.7%	-	4.1%	18.6%	-	19.3%	-	12.7%		9.0%
NI	342	-1,322	303	5,397	-2,290	3,724	-207	4,143	103.3%	5,200
YoY	-	-	-	11.1%	-	-	-	-23.2%		10.2%
NPM	1.6%	-	1.6%	8.9%	-	12.2%	-	6.8%		4.6%

Source: Company data, SR Inc.; figures may differ from company materials due to differences in rounding methods

According to the company, utilization rates fell in the pachinko/pachislot market, but unit sales—which fluctuate with popular machine introductions—were mostly unchanged. Total market sales of pachinko/pachislot machines between April 2013 and March 2014 were 3.7mn units (-9.5% YoY), including 2.3mn pachinko machines (-15.2%) and 1.4mn pachislot machines (+1.3%) (source: company materials).

On **May 7, 2014**, the company announced earnings forecasts for FY03/15.

FY03/15 earnings forecast:

- Sales: JPY100bn
- Operating profit: JPY5bn
- Recurring profit: JPY5bn
- Net income: JPY2.5bn
- Net income per share: JPY75.34

As a primary reason for the forecast, the company has entered new business partnerships with D-light Co., Ltd. and NANASHOW Corporation in pachinko/pachislot machine sales. Meanwhile, the company is holding numerous conscientious discussions with Sammy Corporation and RODEO Co., Ltd. regarding the overall approach to their business affiliation. As a result, Fields is not including products produced by RODEO in its forecast with the exception of one title, production of which has been postponed from FY03/14 to FY03/15.

On the same day, the company announced a business alliance with D-light Co., Ltd., a member of the Daiichi Shokai Co., Ltd Group.

Daiichi Shokai and the company agreed on the use of Fields' intellectual property and nationwide logistics



network to support the creation and development of new pachinko/pachislot machines with a high degree of novelty, leading to the business alliance for conducting joint business with D-light.

On the same day, the company announced a business alliance with NANASHOW Corporation.

According to the company, NANASHOW is a pachinko/pachislot machine manufacturer that joined the Japan Amusement Machine Industry Association in 2013. Fields holds 210 shares of NANASHOW's common stock with a stake of 38.9%.

View the [full report](#).



Gamecard-Joyco Holdings, Inc. (6249)

Dominant pachinko machine prepaid-card system provider.

On **May 9, 2014**, Gamecard-Joyco Holdings, Inc. announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	10,101	10,002	11,034	8,408	8,684	8,645	9,861	7,002	104.9%	32,600
YoY	4.1%	-6.5%	-13.5%	-19.3%	-14.0%	-13.6%	-10.6%	-16.7%		-17.6%
GP	3,321	3,058	3,225	2,280	2,813	2,836	2,905	2,426		
YoY	6.0%	-6.0%	-6.1%	-30.4%	-15.3%	-7.3%	-9.9%	6.4%		
GPM	32.9%	30.6%	29.2%	27.1%	32.4%	32.8%	29.5%	34.6%		
SG&A	2,074	2,190	2,232	2,720	1,834	2,076	2,272	3,034		
YoY	11.3%	9.1%	8.8%	0.4%	-11.6%	-5.2%	1.8%	11.5%		
SG&A / Sales	20.5%	21.9%	20.2%	32.4%	21.1%	24.0%	23.0%	43.3%		
OP	1,247	868	993	-440	979	760	633	-608	410.2%	430
YoY	-1.7%	-30.2%	-28.2%	-	-21.5%	-12.4%	-36.3%	-		-83.9%
OPM	12.3%	8.7%	9.0%	-	11.3%	8.8%	6.4%	-		1.3%
RP	1,258	859	986	-411	1,006	777	662	-596	462.3%	400
YoY	-3.0%	-30.0%	-29.9%	-	-20.0%	-9.5%	-32.9%	-		-85.1%
RPM	12.5%	8.6%	8.9%	-	11.6%	9.0%	6.7%	-		1.2%
NI	708	603	611	-324	616	444	274	-434	529.4%	170
YoY	-72.9%	-8.8%	-42.8%	-	-13.0%	-26.4%	-55.2%	-		-89.4%
NPM	7.0%	6.0%	5.5%	-	7.1%	5.1%	2.8%	-		0.5%

Figures may differ from company materials due to differences in rounding methods

Source: Company data

According to the company, the business environment remains difficult for pachinko halls. With increasing sources of entertainment available, the population of young players is declining. Conventional four-yen pachinko is also stalling due to the entrenchment of low-price pachinko. Pachinko halls appear wary to invest, but there is some demand for investment that will increase profits and customer appeal. Sales of ball-counting systems—which are convenient and help lower costs—grew relatively favorably. Orders were down as new store openings fell and pachinko halls prepared for the consumption tax hike in April 2014. Competition heated up among rival companies.

View the [full report](#).



GCA Savvian Corp. (2174)

An independent M&A advisory firm, pushing “repeat-client model” and other unique initiatives toward winning more cross-border deals.

On **May 19, 2014**, SR updated GCA Savvian’s report after interviewing management.

Quarterly Performance (JPYmn)		FY12/13				FY12/14			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenues		10,719	4,739	3,091	3,832	2,190	-	-	-
YoY		346.4%	118.5%	-5.2%	28.5%	-	-	-	-
Gross Profit		3,026	820	1,336	1,056	639	-	-	-
YoY		162.7%	-7.6%	-11.6%	-38.8%	-	-	-	-
SG&A		443	475	499	633	460	-	-	-
YoY		6.2%	5.3%	-8.9%	-43.2%	-	-	-	-
OP		2,583	345	836	423	179	-	-	-
YoY		251.9%	-20.9%	-13.3%	-30.9%	-	-	-	-
RP		2,616	372	838	480	156	-	-	-
YoY		231.1%	-11.2%	-12.3%	-23.8%	-	-	-	-
NI		5	145	686	289	88	-	-	-
YoY		-98.3%	46.5%	173.3%	-52.4%	-	-	-	-
(Fund non-consolidated)									
Sales		1,485	2,096	3,373	2,618	2,190	-	-	-
YoY		-30.8%	7.0%	24.9%	-4.8%	47.5%	-	-	-
OP		-68	237	1,133	435	179	-	-	-
YoY		-	-1.3%	144.2%	9.8%	-	-	-	-
OPM		-	11.3%	33.6%	16.6%	8.2%	-	-	-
NI		-24	160	697	289	88	-	-	-
YoY		-	64.9%	184.5%	-52.3%	-	-	-	-
NPM		-	7.6%	20.7%	11.0%	4.0%	-	-	-

Figures may differ from company materials due to differences in rounding methods.

Source: Company data

According to the company, results were largely in line with SR’s projections. SR estimates full-year revenues of JPY11.0bn (+15% YoY); operating profit of JPY2.3bn (+30%); and gross profit of JPY1.4bn (+25%).

According to the company, orders were stagnant during Q1, but have rebounded going into Q2, and are largely in line with previous results over the cumulative period (January-April).

In India, the company has a strategic business alliance with ICICI Securities Limited. It appears orders are increasing for cross-border deals between Indian and Japanese corporations, including a significant deal for a major pharmaceutical company.

View the [full report](#).



Grandy House Corp. (8999)

Homebuilder in Tochigi, Gunma, Ibaraki prefectures. Commands dominant share in Tochigi.

On **May 7, 2014**, Grandy House announced results for Full-year FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	8,143	8,084	8,040	8,274	9,097	9,327	9,265	9,571	100.7%	37,000
YoY	8.1%	5.8%	21.7%	9.3%	11.7%	15.4%	15.2%	15.7%		13.7%
Gross Profit	1,554	1,486	1,506	1,509	1,733	1,781	1,799	1,739		
YoY	19.1%	14.4%	18.9%	9.9%	11.5%	19.9%	19.4%	15.2%		
Gross Profit Margin	19.1%	18.4%	18.7%	18.2%	19.1%	19.1%	19.4%	18.2%		
SG&A	889	980	933	937	973	1,088	1,023	1,036		
YoY	1.5%	8.1%	6.1%	3.5%	9.4%	11.0%	9.6%	10.6%		
SG&A / Sales ratio	10.9%	12.1%	11.6%	11.3%	10.7%	11.7%	11.0%	10.8%		
Operating Profit	664	506	574	573	759	694	776	703	101.1%	2,900
YoY	55.2%	29.1%	48.0%	22.3%	14.4%	37.1%	35.3%	22.7%		25.2%
Operating Profit Margin	8.2%	6.3%	7.1%	6.9%	8.3%	7.4%	8.4%	7.3%		7.8%
Recurring Profit	661	535	600	596	789	721	797	727	101.2%	3,000
YoY	51.7%	34.2%	52.1%	23.6%	19.3%	34.9%	32.8%	22.0%		25.4%
Recurring Profit Margin	8.1%	6.6%	7.5%	7.2%	8.7%	7.7%	8.6%	7.6%		8.1%
Net Income	384	288	360	329	477	447	475	364	104.9%	1,680
YoY	60.4%	29.7%	70.9%	22.2%	24.3%	54.9%	32.2%	10.5%		23.4%
Net Margin	4.7%	3.6%	4.5%	4.0%	5.2%	4.8%	5.1%	3.8%		4.5%

Source: Company data

Figures may differ from company materials due to differences in rounding methods. Company forecasts are the most recent figures.

Real Estate Sales

According to the company, in the new homes segment it built close relationships with landowners by focusing on its land procurement system and assigning dedicated staff to each area.

Pre-Cut Parts

Sales increased as Grandy House fortified its manufacturing system. Orders were robust, due to strong housing demand and growth in the company's housing division. However, segment profit fell as timber prices—a raw material cost—rose.

Real Estate Leasing

The company reassigned properties temporarily leased in FY03/13 (accountable for JPY64mn in revenue) to their original purpose—housing lots for sale (Moka Oyadai New Town). Therefore sales and segment profit fell.

View the [full report](#).



Gulliver International Co., Ltd. (7599)

Core business in buying and wholesaling used vehicles. Japan's largest buyer of used vehicles and the first to introduce nationwide unified purchase prices. Pioneer in use of computers to showcase and sell used vehicles.

On **May 15, 2014**, Gulliver International Co., Ltd. announced monthly sales data for April 2014.

Total car sales at directly operated stores

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/11	27.5%	31.4%	5.0%	6.0%	-5.8%	-12.4%	9.8%	-19.1%	-14.6%	-11.8%	-7.1%	-3.1%
FY02/12	-3.8%	-12.7%	-10.7%	9.5%	5.4%	2.3%	-4.1%	3.2%	-3.1%	17.1%	-11.5%	-6.5%
FY02/13	8.0%	15.1%	1.8%	-5.0%	-7.1%	16.5%	-1.0%	11.0%	29.6%	-7.8%	18.6%	21.5%
FY02/14	12.3%	3.2%	14.3%	10.4%	13.2%	6.6%	9.8%	24.6%	13.2%	29.3%	11.2%	10.3%
FY02/15	-7.1%	-26.9%										

Source: Company data, SR

Figures may differ from company materials due to differences in rounding methods

Note, Total car sales here refers to the total number of cars sold at directly operated stores. It is the sum of wholesale unit sales and retail unit sales, and includes various sales channels, such as auctions and the Dolphinnet system.

Retail car sales at directly operated stores

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/11	6.7%	2.3%	-14.2%	-11.0%	-23.1%	-10.7%	-6.9%	-24.4%	-9.6%	-15.7%	-17.0%	-15.1%
FY02/12	-19.2%	10.8%	-23.9%	-17.5%	-7.5%	-21.8%	-17.3%	-3.9%	-9.8%	5.6%	15.6%	12.2%
FY02/13	59.1%	14.1%	42.6%	62.5%	44.3%	52.1%	57.5%	40.7%	40.0%	11.2%	17.8%	11.9%
FY02/14	14.5%	18.8%	11.7%	1.1%	-0.3%	-7.4%	3.9%	12.2%	30.1%	32.1%	2.5%	16.7%
FY02/15	6.3%	-30.0%										

Source: Company data, SR

Figures may differ from company materials due to differences in rounding methods

View the [full report](#).



Happinet Corporation (7552)

Leading intermediary distributor for toys, DVDs, CDs and video games, with a 60% market share in capsule toys and card games. Manages inventories and handles orders/shipments.

On **May 13, 2014**, Happinet Corp. announced FY03/14 earnings results.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	36,895	39,316	61,472	39,074	36,172	51,199	78,090	41,406	99.9%	207,000
YoY	-13.1%	-14.7%	-11.1%	-3.3%	-2.0%	30.2%	27.0%	6.0%		17.1%
Gross Profit	5,202	4,990	7,250	5,059	5,020	5,763	8,023	5,233		
YoY	-7.1%	-20.5%	-7.7%	-4.2%	-3.5%	15.5%	10.7%	3.4%		
GPM	14.1%	12.7%	11.8%	12.9%	13.9%	11.3%	10.3%	12.6%		
SG&A	4,436	4,749	5,275	5,067	4,416	4,815	5,551	5,368		
YoY	-2.0%	-5.6%	-1.2%	-3.6%	-0.5%	1.4%	5.2%	5.9%		
SG&A / Sales	12.0%	12.1%	8.6%	13.0%	12.2%	9.4%	7.1%	13.0%		
Operating Profit	766	241	1,975	-9	604	947	2,472	-135	102.3%	3,800
YoY	-28.5%	-80.6%	-21.5%	-	-21.1%	292.9%	25.2%	-		27.8%
OPM	2.1%	0.6%	3.2%	-	1.7%	1.8%	3.2%	-		1.8%
Recurring Profit	804	268	2,004	5	614	965	2,483	-145	100.4%	3,900
YoY	-29.8%	-79.0%	-21.6%	-90.9%	-23.6%	260.1%	23.9%	-		26.6%
RPM	2.2%	0.7%	3.3%	0.0%	1.7%	1.9%	3.2%	-		1.9%
Net Income	519	190	1,286	16	260	1,115	1,248	-157	102.8%	2,400
YoY	-27.2%	-76.6%	54.6%	-84.0%	-49.9%	486.8%	-3.0%	-		19.3%
NPM	1.4%	0.5%	2.1%	0.0%	0.7%	2.2%	1.6%	-		1.2%

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

Toys

Sales and profits increased due to hit products such as Kamen Rider Gaim character products by Bandai, along with Zyuden Sentai Kyoryuger and Youkai Watch.

Visual and music

Profits and sales fell YoY. Some products were successful hits, such as part-funded Nobou no Shiro and 100% in-house animation Zoids. However, the packaged-product market was weak due to the spread of online distribution.

View the [full report](#).



Harmonic Drive Systems (6324)

World leading manufacturer of Harmonic Drive® compact speed reducers mainly used in industrial robots and precision equipment.

On **May 13, 2014**, Harmonic Drive Systems Inc. (HDSI) announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	4,957	4,890	4,158	4,126	4,969	5,443	5,475	5,197	98.5%	21,400
YoY	-11.8%	-10.9%	-8.0%	-9.0%	0.2%	11.3%	31.7%	26.0%		18.0%
GP	2,119	2,070	1,665	1,515	2,172	2,430	2,436	2,080		
YoY	-12.5%	-12.4%	-3.8%	-15.0%	2.5%	17.4%	46.3%	37.3%		
GPM	42.7%	42.3%	40.1%	36.7%	43.7%	44.6%	44.5%	40.0%		
SG&A	976	996	1,037	924	1,079	1,118	1,102	1,151		
YoY	-4.3%	0.2%	6.7%	-5.6%	10.6%	12.3%	6.3%	24.6%		
SG&A / Sales	19.7%	20.4%	24.9%	22.4%	21.7%	20.5%	20.1%	22.1%		
OP	1,143	1,074	628	591	1,093	1,312	1,334	929	94.7%	4,930
YoY	-18.4%	-21.6%	-17.2%	-26.5%	-4.3%	22.1%	112.2%	57.3%		43.5%
OPM	23.1%	22.0%	15.1%	14.3%	22.0%	24.1%	24.4%	17.9%		23.0%
RP	1,183	1,025	698	670	1,196	1,362	1,364	902	94.0%	5,130
YoY	-20.8%	-28.3%	-22.1%	15.9%	1.0%	32.8%	95.4%	34.7%		43.5%
RPM	23.9%	21.0%	16.8%	16.2%	24.1%	25.0%	24.9%	17.3%		24.0%
NI	722	481	380	378	759	870	843	522	93.6%	3,200
YoY	-4.6%	-34.9%	-23.6%	157.4%	5.2%	80.9%	121.8%	37.9%		63.2%
NPM	14.6%	9.8%	9.1%	9.2%	15.3%	16.0%	15.4%	10.0%		15.0%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data

The company stated that the results, which fell somewhat short of the company's target, were still within expectation. The results missed the target for the following reasons: 1)

While the company received more orders, the delivery of some products was delayed until FY03/15 because the size of the orders was large. 2) Production in the US, China, and South Korea declined in Q4, dragging down the earnings of the local subsidiaries.

The company has taken steps to deal with the delay, and the performance of the US unit has been recovering since January.

View the [full report](#).



Infomart Corp. (2492)

B2B e-commerce platform operator looking to become industry standard for the food sector. Branching out overseas and into other industry sectors with its online B2B platforms.

On **May 9, 2014**, SR Inc. updated comments on Infomart's Q1 FY12/14 earnings results after interviewing management.

Quarterly Performance (million yen)	FY12/13					FY12/14		FY12/14	
	Q1	Q2	Q3	Q4	Q1	% of 1H	1H Est.	% of FY	FY Est.
Sales	1,006	1,060	1,110	1,163	1,157	48.7%	2,378	22.2%	5,212
YoY	14.9%	15.5%	14.9%	13.6%	15.1%		15.1%		20.1%
GP	679	718	742	710	886	48.6%	1,824	21.9%	4,053
YoY	21.6%	21.0%	17.7%	2.1%	30.5%		30.6%		42.3%
GPM	67.5%	67.7%	66.9%	61.1%	76.6%		76.7%		77.8%
SG&A	432	434	442	447	463	46.7%	990	22.9%	2,017
YoY	7.6%	3.5%	3.1%	7.9%	7.2%		14.4%		15.0%
SG&A / Sales	42.9%	40.9%	39.8%	38.4%	40.0%		41.6%		38.7%
OP	247	284	300	263	424	50.9%	832	20.8%	2,035
YoY	57.3%	62.9%	48.5%	-6.5%	71.3%		56.7%		85.9%
OPM	24.6%	26.8%	27.1%	22.6%	36.6%		35.0%		39.0%
RP	253	286	297	270	419	50.6%	829	20.7%	2,026
YoY	58.8%	69.1%	50.0%	-6.4%	65.7%		53.6%		83.0%
RPM	25.2%	27.0%	26.8%	23.2%	36.2%		34.9%		38.9%
NI	155	167	177	133	244	49.2%	495	20.1%	1,214
YoY	69.0%	88.5%	278.2%	-50.8%	56.9%		53.8%		92.4%
NPM	15.4%	15.7%	15.9%	11.4%	21.0%		20.8%		23.3%

Source: Company data, SR Inc. Research. Figures may differ from company materials due to differences in rounding methods.

Sales in Q1 were JPY1.2bn (+15.1% YoY), driven by increased domestic use of the company's ASP Ordering System and other systems. The company's mainstay, ASP ordering system, expanded operations outside the restaurant industry, increased sales in western Japan, and received more orders from referred customers.

Operating profit was JPY423mn (+71.3% YoY). This rise reflected the increase in sales along with a decrease in software amortization (CoGS) due to the conclusion of a shortened amortization schedule in FY12/13 for existing platforms. The company also postponed the recognition of sales promotion expenses.

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Intelligent Wave Inc. (4847)

Software company strong in credit card processing software. Information security a next growth driver? Significant relationship with DNP

On **May 8, 2014**, Intelligent Wave Inc. (IWI) announced earnings results for Q3 FY06/14.

Quarterly performance (JPYmn)		FY06/13				FY06/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Sales	911	1,766	1,812	1,382	1,279	1,776	1,983	-	
YoY	-16.8%	23.1%	35.5%	0.4%	40.4%	0.6%	9.4%	-	
GP	-314	62	353	372	28	465	453	-	
YoY	-	-84.4%	-3.1%	10.7%	-	647.4%	28.4%	-	
GPM	-	3.5%	19.5%	26.9%	2.2%	26.2%	22.8%	-	
SG&A	300	283	268	301	298	297	297	-	
YoY	-10.2%	-9.1%	-9.0%	-0.9%	-0.5%	4.9%	10.9%	-	
SG&A / Sales	32.9%	16.0%	14.8%	21.8%	23.3%	16.7%	15.0%	-	
OP	-613	-221	85	72	-270	167	156	-	
YoY	-	-	21.7%	119.2%	-	-	83.5%	-	
OPM	-67.3%	-12.5%	4.7%	5.2%	-21.1%	9.4%	7.9%	-	
RP	-617	-215	89	155	-268	180	162	-	
YoY	-	-	28.9%	197.5%	-	-	82.8%	-	
RPM	-	-	4.9%	11.2%	-21.0%	10.1%	8.2%	-	
NI	-385	-450	94	392	-246	174	92	-	
YoY	-	-	75.9%	827.0%	-	-	-1.5%	-	
NPM	-	-	5.2%	28.4%	-	9.8%	4.6%	-	
Cumulative	Q1	1H	Q3	2H	Q1	1H	Q3	2H	
Sales	911	2,677	4,488	5,871	1,279	3,055	5,038	-	
YoY	-16.8%	5.8%	16.1%	12.0%	40.4%	14.1%	12.2%	-	
GP	-314	-252	101	473	28	492	945	-	
YoY	-	-	-90.3%	-65.6%	-	-	835.0%	-	
GPM	-34.4%	-9.4%	2.3%	8.1%	2.2%	16.1%	18.8%	-	
SG&A	300	583	851	1,151	298	595	892	-	
YoY	-10.2%	-9.6%	-9.4%	-7.4%	-0.5%	2.1%	4.9%	-	
SG&A / Sales	32.9%	21.8%	19.0%	19.6%	23.3%	19.5%	17.7%	-	
OP	-613	-834	-750	-678	-270	-103	53	-	
YoY	-	-	-	-	-	-	-	-	
OPM	-	-	-	-	-	-	1.1%	-	
RP	-617	-831	-742	-587	-268	-88	74	-	
YoY	-	-	-	-	-	-	-	-	
RPM	-	-	-	-	-	-	1.5%	-	
NI	-385	-835	-741	-349	-246	-72	20	-	
YoY	-	-	-	-	-	-	-	-	
NPM	-	-	-	-	-	-	0.4%	-	

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

Company estimates based on most recent figures.

Results were poor in the Security systems and Others segments, which continue to present an issue for the company. However, in the credit card industry (the company's main business area), there was an increase in capex projects, both for the likes of system renewals and hardware replacements, and also for new offerings, such as prepaid cards. Overall sales were up due to strong growth in card related sales.

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J Trust Co Ltd (8508)

Active in financial, real estate, amusement, and international segments. Financial is the overwhelming revenue and profits contributor, consisting mostly of credit card and other consumer finance. Provides savings bank services in Korea, a long-term growth driver.

On **May 14, 2014**, J Trust Co Ltd announced FY03/14 earnings results.

Quarterly performance (JPYmm)	FY03/13				FY03/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating Revenue	9,867	14,590	16,198	15,028	14,545	14,300	15,172	17,909
YoY	161.4%	130.4%	126.9%	106.9%	47.4%	-2.0%	-6.3%	19.2%
Gross Operating Profit	8,178	8,766	10,091	7,862	8,441	7,978	8,237	10,930
YoY	181.2%	66.7%	61.2%	41.9%	3.2%	-9.0%	-18.4%	39.0%
GPM	82.9%	60.1%	62.3%	52.3%	58.0%	55.8%	54.3%	61.0%
SG&A	4,138	5,315	6,001	7,438	6,216	7,971	4,389	3,265
YoY	77.7%	36.9%	51.3%	74.8%	50.2%	50.0%	-26.9%	-56.1%
SG&A / Operating Revenue	41.9%	36.4%	37.0%	49.5%	42.7%	55.7%	28.9%	18.2%
OP	4,039	3,451	4,090	425	2,225	7	3,847	7,666
YoY	597.6%	150.4%	78.3%	-67.0%	-44.9%	-99.8%	-5.9%	1703.8%
OPM	40.9%	23.7%	25.3%	2.8%	15.3%	0.0%	25.4%	42.8%
RP	3,870	3,613	5,593	628	2,262	-601	3,947	7,743
YoY	560.4%	414.7%	122.0%	-62.6%	-41.6%	-	-29.4%	1133.0%
RPM	39.2%	24.8%	34.5%	4.2%	15.6%	-	26.0%	43.2%
NI	3,991	3,454	5,442	422	2,005	-861	1,441	8,560
YoY	958.6%	-88.5%	102.8%	-72.1%	-49.8%	-	-73.5%	1928.4%
NPM	40.4%	23.7%	33.6%	2.8%	13.8%	-	9.5%	47.8%

Figures may differ from company materials due to differences in rounding methods

Source: Company data

Operating revenue increased 11.2% YoY, due to changes to consolidated accounting methods and the addition to consolidated earnings of amusement-related revenue from Adores, Inc. (JASDAQ: 4712), which was consolidated in FY03/13. Guarantee commissions were also up, in line with an increase in total credit guarantee balance.

On **May 12, 2014**, the company announced its full-year earnings forecasts for FY03/14.

According to the company, it had refrained from posting full-year earnings forecasts for FY03/14 for the following reasons: several M&A projects were in progress, and foundations were being established for uniform accounting standards across newly acquired subsidiaries for the purposes of corporate disclosure. Due to the above, J Trust had decided that it was not possible to assess its future earnings performance. However, the company has deemed such assessment now possible, and posted the following earnings forecasts:

FY03/14 full-year earnings forecasts

Operating revenue: JPY61.9bn

Operating profit: JPY13.7bn

Recurring profit: JPY13.4bn

Net income: JPY11.1bn

Net income per share: JPY109.66

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Japan Best Rescue System Co Ltd (2453)

The only listed provider of handyman services. Strong growth, healthy balance sheet. Operates nationwide.

On **May 2, 2014**, Japan Best Rescue (JBR) announced the formation of an independent investigative committee and a change to the announcement date of its Q2 FY09/14 earnings results.

The company has received notice from its accounting auditor, Deloitte Touche Tohmatsu LLC, that there are facts which may have caused irregularities to occur in recording of sales at Binos Corporation, a subsidiary that was consolidated in February 2013. JBR has formed an independent investigative committee to address the situation.

As a result of the above, the company will delay announcement of its Q2 FY09/14 earnings results, which were originally scheduled for May 14, 2014. The new date will be announced as soon as it is finalized.

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JIN Co., Ltd. (3046)

Mall-based eyewear retailer, aggressive growth strategy using private-label retailing model.

JIN released monthly sales data for April on **May 2, 2014**, and for May on **June 5, 2014**.

Comparable Stores Sales Growth (YoY)												
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2008	2.4%	-1.0%	-5.8%	4.0%	-6.6%	-8.8%	0.1%	-8.8%	-10.7%	-7.8%	-5.6%	-7.5%
2009	-20.6%	-11.1%	-1.5%	-13.2%	3.8%	-8.3%	-7.8%	-5.1%	6.0%	2.9%	9.9%	15.9%
2010	33.5%	51.1%	36.1%	40.7%	41.1%	42.5%	35.3%	50.4%	36.1%	29.6%	20.2%	21.2%
2011	9.4%	30.3%	8.4%	15.1%	3.1%	5.7%	1.2%	12.7%	3.3%	5.9%	12.9%	14.7%
2012	31.1%	7.9%	5.9%	3.0%	9.3%	28.1%	33.1%	14.9%	23.2%	70.4%	56.2%	41.7%
2013	54.8%	17.8%	68.3%	69.8%	50.3%	51.9%	41.3%	23.8%	33.7%	6.1%	-3.5%	13.3%
2014	-18.6%	-8.1%	-24.5%	-26.3%	-22.2%	-25.1%	-1.9%	-28.4%	-23.6%			

Source: Company data, SR Inc. Research

On **May 13, 2014**, the company announced a next-generation strategic product, "JINS MEME."

In line with the concept of "Viewing yourself," JIN announced that in spring 2015, it will begin sales of JINS MEME, the world's first eyewear with an integrated three-point ocular potential sensor.

JINS MEME will allow wearers to quantify and track important data such as fatigue and drowsiness, components of modern living that have a direct impact on quality of life. The company is moving past functional eyewear and seeking to pioneer a market in what it calls "sensing eyewear."

Utilizing "ocular potential sensor" technology, JINS MEME will be able to track data in real time for events such as blinking, eye direction, and other aspects of eye movement. When paired with the companion smartphone app, the data can be useful for tracking eye behavior in situations such as while on the job, driving, or working out.

JINS has not set a price for the product, but it appears that the cost will be within reach of the average consumer.

View the [full report](#).



Kenedix, Inc. (4321)

Japan's largest, independent real estate fund manager. After rightsizing its balance sheet, now aiming to grow assets under management.

On **May 30, 2014**, SR updated comments on Kenedix Inc.'s Q1 FY12/14 earnings based on interviews with management.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Revenue	4,645	3,444	3,992	10,375	5,141	-	-	-	24.5%	21,000
YoY	-1.6%	-33.3%	6.6%	41.6%	10.7%	-	-	-	-	-6.5%
GP	2,732	2,394	2,580	3,371	3,315	-	-	-	-	-
YoY	19.3%	-22.1%	8.8%	102.3%	21.3%	-	-	-	-	-
GPM	58.8%	69.5%	64.6%	32.5%	64.5%	-	-	-	-	-
SG&A	889	881	961	1,431	1,075	-	-	-	-	-
YoY	1.1%	6.4%	18.8%	36.7%	20.9%	-	-	-	-	-
SG&A / Sales	19.1%	25.6%	24.1%	13.8%	20.9%	-	-	-	-	-
OP	1,843	1,513	1,619	1,939	2,240	-	-	-	43.1%	5,200
YoY	30.6%	-32.6%	3.6%	213.8%	21.5%	-	-	-	-	-24.8%
OPM	39.7%	43.9%	40.6%	18.7%	43.6%	-	-	-	-	24.8%
RP	1,398	1,235	793	1,452	1,989	-	-	-	48.5%	4,100
YoY	137.4%	14.1%	56.7%	861.6%	42.3%	-	-	-	-	-15.9%
RPM	30.1%	35.9%	19.9%	14.0%	38.7%	-	-	-	-	19.5%
NI	1,148	945	180	-288	3,310	-	-	-	110.3%	3,000
YoY	-	-	-	-	188.3%	-	-	-	-	51.1%
NPM	24.7%	27.4%	4.5%	-	64.4%	-	-	-	-	14.3%

Figures may differ from company materials due to differences in rounding methods

Source: Company data

In accordance with its medium term management plan, Kenedix conducted joint investment in residential and office buildings, and won orders for asset-management services for these properties, aiming to increase AUM.

Additionally, Kenedix Private Investment Corporation (KPI), a private real estate investment trust (REIT), began operations in March 2014. Kenedix Property Management, Inc. (KPM), a specialized property management subsidiary, was also established and began operations. By expanding its fee-based businesses and adding breadth to its operations, Kenedix is establishing a firm business foundation.

View the [full report](#).

Kenko.com Inc. (3325)

Industry leader in sales of health-related products over the internet. Strength is long-tail strategy. Focus on product range, pricing, and customer service.

On **May 30, 2014**, Kenko.com Inc. announced the launch of “Yakuzaishi LIVE”—a system providing 24-hour support from pharmacists—in response to the amended Pharmaceutical Affairs Law.

The Ministerial Ordinance on the Partial Revision of Pharmaceutical Affairs Law Enforcement Regulations will come into effect in June 2014. In response, the company has developed and introduced “Yakuzaishi LIVE”, a system that allows customers to order over-the-counter (OTC) pharmaceuticals—including category I medications—24 hours a day. The system officially came into use on May 30, 2014. It provides customers and pharmacists with a means of exchanging information much faster than email correspondence. Pharmacists can decide whether to allow the sale in real-time, 24 hours a day, meaning the company can sell category I medication.

On **May 29, 2014**, Shared Research updated comments on the company’s Q1 FY12/14 earnings results following interviews with management.

Quarterly Performance (JPY mn)		FY03/13				FY12/13 (9 months)				FY12/14				FY12/14	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales		4,357	4,400	4,378	4,766	4,653	4,843	4,671	5,360	-	-	-	-	19.1%	28,000
YoY		9.7%	-2.4%	3.8%	6.7%	6.8%	10.1%	6.7%	12.5%	-	-	-	-	-	-
GP		1,463	1,476	1,449	1,577	1,537	1,619	1,536	1,774	-	-	-	-	-	-
GPM		33.6%	33.5%	33.1%	33.1%	33.0%	33.4%	32.9%	33.1%	-	-	-	-	-	-
SG&A		1,458	1,497	1,510	1,632	1,517	1,595	1,554	1,803	-	-	-	-	-	-
YoY		4.9%	-11.7%	4.8%	7.9%	4.1%	6.5%	2.9%	10.5%	-	-	-	-	-	-
OP		5	-22	-61	-55	19	24	-18	-29	-	-	-	-	-	10
YoY		-	-	-	-	328.4%	-	-	-	-	-	-	-	-	-
OPM		0.1%	-	-	-	0.4%	0.5%	-	-0.5%	-	-	-	-	-	0.0%
RP		-31	-21	-72	-60	15	28	-17	-28	-	-	-	-	-	-
YoY		-	-	-	-	-	-	-	-	-	-	-	-	-	-
NI		-47	-20	-79	-310	0	42	-22	-34	-	-	-	-	-	-
YoY		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales		4,357	8,758	13,136	17,902	4,653	9,497	14,168	5,360	-	-	-	-	19.1%	28,000
YoY		9.7%	3.2%	3.4%	4.3%	6.8%	8.4%	7.9%	12.5%	-	-	-	-	-	-
GP		1,463	2,938	4,387	5,964	1,537	3,156	4,692	1,774	-	-	-	-	-	-
GPM		33.6%	33.6%	33.4%	33.3%	33.0%	33.2%	33.1%	33.1%	-	-	-	-	-	-
SG&A		1,458	2,955	4,465	6,097	1,517	3,112	4,666	1,803	-	-	-	-	-	-
YoY		4.9%	-4.3%	-1.4%	1.0%	4.1%	5.3%	4.5%	10.5%	-	-	-	-	-	-
OP		5	-17	-78	-133	19	44	26	-29	-	-	-	-	-	10
YoY		-	-	-	-	328.4%	-	-	-	-	-	-	-	-	-
OPM		0.1%	-	-	-	0.4%	0.5%	0.2%	-0.5%	-	-	-	-	-	0.0%
RP		-31	-52	-125	-184	15	43	26	-28	-	-	-	-	-	-
YoY		-	-	-	-	-	-	-	-	-	-	-	-	-	-
NI		-47	-67	-146	-456	0	42	20	-34	-	-	-	-	-	-
YoY		-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

FY12/13 is an irregular period of nine months due to a change in the company's financial year.

Sales for Q1 FY12/14 were JPY5.4bn (+12.5% YoY, see note below), marking the highest quarterly sales in the company’s history. Primary factors were a rush in orders prior to the consumption tax hike and succession of the Rakuten 24 business.

The operating loss was caused by succession of the Rakuten 24 business, which is now under the scope of consolidation for the company. Excluding the effects of Rakuten 24, the company secured an operating profit of JPY46mn. Operating loss for Rakuten 24 alone was JPY76mn, but the company revised excessive discount campaigns and cut the operating loss by 67% QoQ (against October-December 2013).

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KLab Inc. (3656)

Developer and operator of social game apps. Taking advantage of industry trends by moving from browser games to native app games.

On **May 15, 2014**, KLab Inc announced earnings results for Q1 FY12/14.

Quarterly Performance (JPYmn)	FY12/13					FY12/14			
	Q1	Q2	Q3	Q4	Q5	Q1	Q2	Q3	Q4
Sales	3,546	3,573	3,772	4,598	5,504	4,426	-	-	-
YoY	-	-	-	-	-	-	-	-	-
GP	990	660	841	1,136	1,207	1,164	-	-	-
YoY	-	-	-	-	-	-	-	-	-
GPM	27.9%	18.5%	22.3%	24.7%	21.9%	26.3%	-	-	-
SG&A	1,203	1,329	1,039	985	1,503	1,068	-	-	-
YoY	-	-	-	-	-	-	-	-	-
SG&A / Sales	33.9%	37.2%	27.6%	21.4%	27.3%	24.1%	-	-	-
OP	-212	-669	-198	152	-296	96	-	-	-
YoY	-	-	-	-	-	-	-	-	-
OPM	-	-	-	3.3%	-	2.2%	-	-	-
RP	-154	-573	-124	126	-217	106	-	-	-
YoY	-	-	-	-	-	-	-	-	-
RPM	-	-	-	2.7%	-	2.4%	-	-	-
NI	-160	-438	-173	51	-1,844	51	-	-	-
YoY	-	-	-	-	-	-	-	-	-
NPM	-	-	-	1.1%	-	1.2%	-	-	-

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

FY12/13 is an irregular five-quarter year.

FY08/12 results for parent only.

Reasons for growth in sales and profits:

- January sales were robust, following in-game New Year's events.
- Love Live! School Idol Festival continued to perform well.
- Celestial Craft Fleet contributed to higher sales following its release in Q1 FY12/14.

However, sales fell as the company pulled out of unprofitable and low-margin projects. The company also reviewed all costs as follows:

- Total employees fell by 141 from end FY12/13, to 825. The company achieved its initial target of cutting staff to 830.
- The company streamlined subsidiaries and merged common departments such as accounting and HR, thus cutting indirect costs.
- KLab streamlined and scaled down overseas offices. The company expects that the effect will be seen in lower costs from Q2 FY12/14.

The company made efforts to cut subcontracting costs, driving them down 53.9% from a peak in Q2 FY12/13.

On **May 13, 2014**, the company announced revisions to its Q1 FY12/14 earnings forecasts.

Q1 FY12/14 earnings forecasts

Sales: JPY4.4bn (previous forecast: JPY4.1bn)

Operating profit: JPY96mn (operating loss of JPY90mn)

Recurring profit: JPY106mn (recurring loss of JPY86mn)

Net income: JPY51mn (net loss of JPY86mn)

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Lasertec Corp (6920)

Japan's leader in applied optics technology, with high market shares in semiconductor mask blank and photomask inspection systems. Accelerating semiconductor wafer-related new businesses.

On **May 12, 2014**, SR updated comments on the Lasertec Corp's Q3 FY06/14 earnings results after interviewing management.

Quarterly Performance (million yen)	FY06/13				FY06/14				FY06/14 % of FY	FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	3,678	2,889	2,381	2,449	971	4,505	1,426		51.5%	13,400
Semiconductor Related Systems	3,231	2,319	1,663	1,874	507	3,597	789		47.7%	10,250
Others	78	195	320	182	48	374	251		46.7%	1,440
Services	370	375	398	393	416	534	387		78.1%	1,710
YoY	144.0%	-14.8%	-19.0%	-45.6%	-73.6%	56.0%	-40.1%			17.6%
Semiconductor Related Systems	199.7%	-11.7%	5.9%	-46.9%	-84.3%	55.1%	-52.6%			12.8%
Others	-65.5%	-57.4%	-67.3%	-71.2%	-38.3%	91.8%	-21.7%			85.7%
Services	81.2%	22.2%	2.1%	15.9%	12.4%	42.4%	-2.9%			11.4%
Orders	2,214	2,015	1,178	3,358	1,393	6,586	2,937		72.8%	15,000
Semiconductor Related Systems	1,681	1,383	585	2,794	790	5,260	2,304		71.6%	11,670
Others	186	230	184	124	196	821	181		74.0%	1,620
Services	347	402	409	440	406	505	451		79.7%	1,710
YoY	58.0%	-76.1%	-45.3%	32.8%	-37.1%	226.8%	149.4%			71.1%
Semiconductor Related Systems	59.8%	-82.2%	-63.4%	42.5%	-53.0%	280.3%	293.6%			81.1%
Others	21.6%	-38.0%	8.0%	-28.5%	5.3%	256.4%	-1.3%			123.6%
Services	76.9%	25.0%	5.9%	11.7%	17.1%	25.7%	10.5%			7.1%
Order Backlog	5,562	4,688	3,485	4,394	4,815	6,896	8,407			5,994
Semiconductor Related Systems	5,136	4,201	3,123	4,043	4,326	5,989	7,505			5,463
Others	261	297	160	102	250	697	628			282
Services	164	191	201	248	239	210	274			248
YoY	17.6%	-52.1%	-61.3%	-37.5%	-13.4%	47.1%	141.3%			36.4%
Semiconductor Related Systems	65.7%	-48.9%	-62.2%	-39.5%	-15.8%	42.6%	140.3%			35.1%
Others	-82.6%	-79.1%	-73.8%	-33.2%	-4.3%	134.9%	291.4%			175.7%
Services	34.6%	40.0%	51.8%	32.9%	45.6%	9.9%	36.3%			0.0%
GP	1,889	1,520	1,419	526	269	2,182	722			
YoY	140.1%	-4.4%	-11.3%	-79.5%	-85.8%	43.6%	-49.1%			
GPM	51.4%	52.6%	59.6%	21.5%	27.7%	48.4%	50.6%			
SG&A	839	762	806	798	778	827	962			
YoY	-1.2%	-3.9%	-11.9%	-11.7%	-7.3%	8.5%	19.5%			
SG&A / Sales	22.8%	26.4%	33.8%	32.6%	80.1%	18.3%	67.5%			
OP	1,050	758	614	-272	-509	1,355	-240		26.9%	2,250
YoY	-	-4.9%	-10.5%	-	-	78.8%	-			4.7%
OPM	28.5%	26.2%	25.8%	-11.1%	-52.4%	30.1%	-16.9%			16.8%
RP	1,014	938	757	-172	-511	1,434	-284		28.4%	2,250
YoY	-	19.7%	11.4%	-	-	52.9%	-			-11.3%
RPM	27.6%	32.5%	31.8%	-7.0%	-52.7%	31.8%	-19.9%			16.8%
NI	646	595	451	-82	-326	935	-248		24.9%	1,450
YoY	-	17.8%	15.1%	-	-	57.2%	-			-9.9%
NPM	17.6%	20.6%	18.9%	-3.3%	-33.6%	20.8%	-17.4%			10.8%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data, SR research

Lasertec maintained its full-year earnings forecast, saying that the Q3 results were in accordance with the target. The company posted SG&A expenses of JPY962mn in Q3, compared with JPY778mn in Q1 and JPY827mn in Q2. The amount was higher in Q3 because some items that the company had planned to post in the preceding quarters were delayed until the latest quarter. Orders totaled JPY2.9bn, significantly lower than JPY6.6bn for 2Q, when the company won a large contract from a foundry.

View the [full report](#).



Mac-House Co., Ltd. (7603)

Low-cost specialty retailer of everyday casual wear with nationwide appeal.

Mac House Co., Ltd. announced monthly sales data for April on **May 1, 2014** and for May on **June 2, 2014**.

Comparable Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/09	3.3%	-13.7%	-7.0%	-11.9%	-6.1%	-6.7%	-1.0%	-8.8%	1.5%	-12.0%	-9.2%	-14.9%
FY02/10	-18.2%	-11.0%	-9.6%	-18.6%	-11.4%	-13.2%	-17.6%	-16.8%	-26.2%	-11.8%	-11.7%	-10.9%
FY02/11	-17.5%	-15.3%	-11.9%	-8.3%	-10.1%	-12.1%	-17.3%	-0.9%	-8.0%	-13.7%	-6.3%	1.5%
FY02/12	-18.1%	7.4%	-6.7%	1.9%	-1.4%	-1.6%	7.5%	-0.9%	1.2%	7.5%	-2.1%	-0.9%
FY02/13	23.2%	3.8%	-1.3%	-2.2%	-4.0%	1.8%	-7.3%	-9.3%	8.4%	-3.2%	-5.8%	-5.3%
FY02/14	5.8%	-11.4%	-2.8%	2.9%	-8.9%	-4.1%	-6.2%	-14.3%	-9.0%	-8.5%	1.8%	10.5%
FY02/15	-4.5%	-6.7%	-1.3%									

Source: Company data processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/09	10.9%	-8.4%	-2.0%	-5.4%	-0.1%	-0.1%	5.5%	-3.4%	7.9%	-6.4%	-2.6%	-8.4%
FY02/10	-15.4%	-7.6%	-5.0%	-16.4%	-9.7%	-11.6%	-16.2%	-15.2%	-25.9%	-12.6%	-11.9%	-11.9%
FY02/11	-18.8%	-17.3%	-14.6%	-10.7%	-12.2%	-14.2%	-19.2%	-5.1%	-12.0%	-17.5%	-10.9%	-3.1%
FY02/12	-21.4%	1.4%	-11.3%	-2.5%	-5.9%	-5.7%	3.1%	-4.8%	-3.1%	3.6%	-6.1%	-5.5%
FY02/13	17.0%	-1.4%	-6.2%	-7.0%	-8.8%	-3.2%	-11.7%	-12.6%	4.9%	-5.3%	-7.9%	-6.9%
FY02/14	4.9%	-11.8%	-2.5%	2.9%	-8.8%	-3.9%	-6.0%	-14.2%	-9.1%	-8.2%	0.9%	9.2%
FY02/15	-3.3%	-5.8%	-1.4%									

Source: Company data processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

View the [full report](#).



Medinet Co., Ltd. (2370)

Biotech company that enables medical institutions to provide immuno-cell therapy

On **May 28, 2014**, MEDINET Co., Ltd. announced the approval of a patent in Japan for a “method for the simultaneous induction of CTL and $\gamma\delta$ T-cells”.

This patent covers technology for the simultaneous in vitro cultivation of T-cells (cytotoxic T-cells [CTL], which target and attack cancer cells) and $\gamma\delta$ T-cells, which thus far has been difficult to achieve. According to the company, this technology allows it to simplify the process of cultivation—which had been increasingly complex—and efficiently grow more cells.

Invention name: Method for the simultaneous induction of CTL and $\gamma\delta$ T-cells

Registration number: Patent #5524056

Patent holder: MEDINET Co., Ltd.

This technology has potential applications in cell medicinal products and immuno-cell therapy. The company aims to further develop this technology—including collaborative research—with an eye toward practical application.

On **May 12, 2014**, the company announced a licensing agreement with Dनावेक Corporation for the implementation of “method for production of large quantities of dendritic cells”.

This licensing agreement grants MEDINET exclusive rights to the implementation of this patented technology in all countries except China. Dनावेक Corporation, which owns the technology, is a wholly-owned subsidiary of Irom Holdings Co., Ltd. According to MEDINET, the first step upon obtaining this agreement is to evaluate the technology for its use in developing dendritic cell vaccines for technology for immuno-cell therapy for cancer and immuno-cell medicinal products that use dendritic cells. If there are business opportunities for immuno-cell medicinal products, the company will accelerate R&D with the aim of implementing this technology.

On **May 8, 2014**, the company announced earnings results for Q2 FY09/14.

Quarterly Performance (JPYmn)	FY09/13				FY09/14				FY09/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	517	508	536	549	527	472			44.0%	2,270
YoY	-4.8%	-11.1%	-1.1%	2.8%	1.9%	-7.2%				7.6%
GP	241	240	273	272	265	234				
YoY	-17.8%	-25.3%	1.3%	1.3%	9.8%	-2.2%				
GPM	46.6%	47.1%	51.0%	49.5%	50.2%	49.7%				
SG&A	418	484	511	490	552	557				
YoY	-10.6%	3.7%	3.5%	12.5%	32.1%	15.1%				
SG&A / Sales	80.8%	95.2%	95.3%	89.4%	104.8%	118.1%				
OP	-177	-245	-238	-219	-287	-323			-	-965
YoY	-	-	-	-	-	-				-
OPM	-	-	-	-	-	-				-
RP	-139	-347	-246	-220	-273	-365			-	-965
YoY	-	-	-	-	-	-				-
RPM	-	-	-	-	-	-				-
NI	-141	254	-235	-227	-283	54			-	-975
YoY	-	-	-	-	-	-				-
NPM	-	-	-	-	-	-				-

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

Consolidated sales for 1H FY09/13 were JPY1.0bn (-2.6% YoY). Although sales in the Immuno-Cell Therapy Total Support Service were higher YoY, sales in contracted research declined.

View the [full report](#).



MIRAIT Holdings Corp. (1417)

A major telecom construction company, benefiting from telecom sophistication and expanding its earnings base.

On **May 9, 2014**, MIRAIT Holdings Corp. announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales (Completed Construction Contracts)	52,263	64,239	62,107	92,409	56,780	62,966	66,072	91,902	97.4%	285,000
YoY	8.8%	21.2%	18.6%	11.8%	8.6%	-2.0%	6.4%	-0.5%		5.2%
GP (Completed Construction Contracts)	5,856	7,024	6,613	9,847	5,574	6,493	7,361	10,548		
YoY	34.3%	30.1%	38.6%	3.5%	-4.8%	-7.6%	11.3%	7.1%		
GPM	11.2%	10.9%	10.6%	10.7%	9.8%	10.3%	11.1%	11.5%		
SG&A	4,677	4,471	4,622	4,727	4,783	4,509	4,603	4,626		
YoY	-4.6%	-3.9%	1.9%	0.9%	2.3%	0.8%	-0.4%	-2.1%		
SG&A / Sales	8.9%	7.0%	7.4%	5.1%	8.4%	7.2%	7.0%	5.0%		
OP	1,179	2,552	1,992	5,119	791	1,983	2,758	5,922	95.5%	12,000
YoY	-	243.5%	751.3%	6.0%	-32.9%	-22.3%	38.5%	15.7%		10.7%
OPM	2.3%	4.0%	3.2%	5.5%	1.4%	3.1%	4.2%	6.4%		4.2%
RP	1,390	2,836	2,209	5,330	1,010	2,107	3,094	6,056	98.1%	12,500
YoY	-	214.4%	445.4%	5.1%	-27.3%	-25.7%	40.1%	13.6%		6.2%
RPM	2.7%	4.4%	3.6%	5.8%	1.8%	3.3%	4.7%	6.6%		4.4%
NI	-1,164	1,222	990	3,152	609	1,137	1,647	3,793	95.8%	7,500
YoY	-	127.1%	-	8.5%	-	-7.0%	66.4%	20.3%		78.6%
NPM	-	1.9%	1.6%	3.4%	1.1%	1.8%	2.5%	4.1%		2.6%

Source: Company data
Figures may differ from company materials due to differences in rounding methods

Operating profit fell 25.6% YoY in 1H and grew 22.1% in 2H. Similarly, GPM grew from 10.1% in 1H to 11.3% in 2H. Profitability fell in 1H as growth in the mobile segment caused delays in updates to construction frameworks. However, the company moved to solve the issue in 2H, and profitability improved.

On **the same day**, the company announced a new medium term business plan (FY03/15-FY03/17).

The new mid-term plan's targets for FY03/17 are as follows (FY03/14 data in parentheses):

- Sales: JPY310.0bn (JPY277.7bn)
- Operating profit: JPY17.0bn (JPY11.5bn)
- OPM: 5.5% (4.1%)
- ROE: 8% or more (6.7%).

MIRAIT aims for sustainable growth, improving its value as an integrated engineering and services company. The company is seeking to develop existing businesses in a continual, efficient manner, and will focus on expanding new businesses—a pillar of future growth.

View the [full report](#).

mobcast inc. (3664)

Sports game developer and provider for mobile social platforms.

On **May 29, 2014**, mobcast inc. announced the launch on the same date of browser and App Store versions of "moba-nobu," a mobile historical simulation game co-developed with Koei Tecmo Games, Inc (subsidiary of Tecmo Koei Holdings Co., Ltd; TSE1: 3635).

Moba-nobu (<http://www.moba-nobu.jp>) presents a synergy between the deep, realistic storyline of the "Nobunaga's Ambition" historical simulation series and the Social Victory Space (SVS) battle system developed by the company. Ahead of the launch, the company began a closed beta test on May 15, 2014. The test results were positive, with players continuing to play the game longer than mobcast's expectations, and over 20% of users made in-game purchases. The company believes that the above data demonstrate high user interest for the game.

On **May 8, 2014**, SR updated the company's earnings results for Q1 FY12/14 based on interviews with management.

Quarterly Performance (JPYmn)	FY12/13 (Cons.)				FY12/14 (Cons.)				FY12/14 (Cons.)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	1,303	1,297	1,308	1,271	1,107	-	-	-	20.9%	5,300
YoY	-	-	-	-	-15.0%	-	-	-	-	2.3%
GP	817	771	702	503	518	-	-	-	-	-
YoY	-	-	-	-	-36.6%	-	-	-	-	-
GPM	62.7%	59.5%	53.7%	39.5%	46.7%	-	-	-	-	-
SG&A	707	821	908	803	353	-	-	-	-	-
YoY	-	-	-	-	-50.1%	-	-	-	-	-
SG&A / Sales	54.3%	63.3%	69.4%	63.2%	31.8%	-	-	-	-	-
OP	110	-49	-206	-301	165	-	-	-	165.1%	100
YoY	-	-	-	-	49.8%	-	-	-	-	-
OPM	8.5%	-3.8%	-15.7%	-23.7%	14.9%	-	-	-	-	1.9%
RP	110	-57	-164	-293	150	-	-	-	149.8%	100
YoY	-	-	-	-	35.6%	-	-	-	-	-
RPM	8.5%	-4.4%	-12.6%	-23.1%	13.5%	-	-	-	-	1.9%
NI	46	-44	-138	-521	14	-	-	-	13.5%	100
YoY	-	-	-	-	-70.5%	-	-	-	-	-
NPM	3.5%	-	-	-41.0%	1.2%	-	-	-	-	1.9%
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	1,303	2,600	3,908	5,179	1,107	-	-	-	20.9%	5,300
YoY	-	-	-	-	-15.0%	-	-	-	-	2.3%
GP	817	1,588	2,290	2,793	518	-	-	-	-	-
YoY	-	-	-	-	-36.6%	-	-	-	-	-
GPM	62.7%	61.1%	58.6%	53.9%	46.7%	-	-	-	-	-
SG&A	707	1,528	2,435	3,239	353	-	-	-	-	-
YoY	-	-	-	-	-50.1%	-	-	-	-	-
SG&A / Sales	54.3%	58.8%	62.3%	62.5%	31.8%	-	-	-	-	-
OP	110	61	-145	-445	165	-	-	-	165.1%	100
YoY	-	-	-	-	49.8%	-	-	-	-	-
OPM	8.5%	2.3%	-	-	14.9%	-	-	-	-	1.9%
RP	110	53	-111	-404	150	-	-	-	149.8%	100
YoY	-	-	-	-	35.6%	-	-	-	-	-
RPM	8.5%	2.1%	-	-	13.5%	-	-	-	-	1.9%
NI	46	2	-136	-657	14	-	-	-	13.5%	100
YoY	-	-	-	-	-70.5%	-	-	-	-	-
NPM	3.5%	0.1%	-	-	1.2%	-	-	-	-	1.9%

Note: Consolidated data from FY012/13

Figures may differ from company materials due to differences in rounding methods

Source: Company data, SR Inc.

Sales in Q1 were lower YoY due to restructuring and curtailment of unprofitable businesses, alongside the period marking a sales transition from existing to new titles. However, cost reductions in excess of the sales decrease resulted in an operating profit, the company's first in three quarters. Operating profit also surpassed the full-year target of JPY100mn in the first quarter alone. Net income was lower YoY due to a loss on retirement of fixed assets in connection with discontinuation of unprofitable games.

View the [full report](#).



NAIGAI TRANS LINE LTD. (9384)

Non-vessel operating common carrier (NVOCC) providing international ocean freight transport services.

On **May 13, 2014**, SR updated Q1 FY12/14 earnings results released by Naigai Trans Line Ltd. (NTL) based on an interview with management.

Quarterly Performance (million yen)	FY12/13				FY12/13				FY12/13	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	3,465	4,034	4,494	4,803	4,604				51.2%	9,000
YoY	16.2%	15.1%	33.1%	35.5%	32.8%					20.0%
GP	1,014	1,215	1,270	1,344	1,242					
YoY	6.4%	11.5%	26.2%	26.0%	22.5%					
GPM	29.3%	30.1%	28.3%	28.0%	27.0%					
SG&A	837	921	960	961	1,006					
YoY	14.2%	11.5%	17.9%	15.4%	20.2%					
SG&A / Sales	24.1%	22.8%	21.4%	20.0%	21.8%					
OP	176	293	311	361	235				39.3%	600
YoY	-19.5%	11.5%	62.4%	162.4%	33.4%					27.6%
OPM	5.1%	7.3%	6.9%	7.5%	5.1%					
RP	201	308	330	364	233				38.9%	600
YoY	-18.7%	13.0%	66.6%	42.3%	15.9%					17.6%
RPM	5.8%	7.6%	7.3%	7.6%	15.7%					
NI	117	191	202	220	125				31.3%	400
YoY	-20.8%	14.8%	86.1%	503.3%	6.9%					29.9%
NPM	3.4%	4.7%	4.5%	4.6%	2.7%					

Figures may differ from company materials due to differences in rounding methods.

Source: Company data, SR Inc. Research

Consolidated gross profit was JPY1.2bn (+22.5% YoY). Gross profit margin was 27.0% (verses 29.3% for a year earlier). The company is seeking to improve its load factor by introducing competitive prices, with the result that the gross margin ratio at the LCL operations has been improving 2-3 percentage points from a year earlier. NTL plans to further reduce COGS by engaging in price negotiations with shipping companies.

View the [full report](#).



NanoCarrier Co. (4571)

Biotech pharmaceutical company. Developer of new therapeutic drugs using micellar nanoparticle technology for drug targeting and delivery.

On **May 19, 2014**, NanoCarrier Co. announced that it had been granted a substance patent in Europe relating to protein drug delivery.

According to the company, the patent application relating to a carrier applicable to protein drug delivery received a notice of allowance from the European Patent Office. This gives the company substance patents in both Japan, the US and Europe applicable to next-generation platform technology relating to polymer micelle protein drug carriers.

On **May 13, 2014**, the company announced FY03/14 earnings results.

Quarterly Performance (million yen)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	10	90	102	173	150	176	119	28	100.3%	471
YoY	120.1%	-56.5%	6064.4%	28.3%	1430.2%	96.4%	16.7%	-83.9%		26.0%
GP	-30	40	62	28	98	125	53	14		
YoY	-	-79.1%	-	-65.6%	-	209.9%	-14.9%	-51.1%		
GPM	-	45.2%	61.4%	16.1%	65.2%	71.4%	44.8%	48.9%		
SG&A	149	128	157	194	375	349	336	352		
YoY	0.9%	-13.5%	21.7%	49.0%	151.8%	172.2%	114.6%	81.9%		
SG&A / Sales	1520.7%	143.3%	154.1%	112.1%	250.2%	198.7%	283.5%	1266.7%		
OP	-179	-88	-94	-166	-277	-224	-283	-339	-	-1,126
YoY	-	-	-	-	-	-	-	-		
OPM	-	-	-	-	-	-	-	-		
RP	-179	-87	-88	-77	-190	-246	-197	-462	-	-1,104
YoY	-	-	-	-	-	-	-	-		
RPM	-	-	-	-	-	-	-	-		
NI	-180	-88	-88	-128	-191	-246	-197	-479	-	-1,122
YoY	-	-	-	-	-	-	-	-		
NPM	-	-	-	-	-	-	-	-		

Figures may differ from company materials due to differences in rounding methods

Source: Company data

In FY03/14, sales were JPY472mn (+26.3% YoY), attributable to milestone payments from license and co-development agreements with Orient Europharma Co., Ltd. (OEP) and revenue from supplying clinical trial medication to OEP, milestone payments from license and co-development agreements with Kowa Co., Ltd. (Kowa), and cosmetic material supply revenue based on a collaborative development agreement with Albion Co., Ltd.

Mainly due to R&D expenses, operating loss was JPY1.1bn (JPY527mn loss in FY03/13). Recurring loss was JPY1.1bn (JPY432mn loss a year earlier), with the company booking an exchange rate gain of JPY225mn mainly on forex deposits, and a JPY211mn charge for stock delivery expense relating to a stock offering. Net loss was JPY1.1bn (JPY484mn loss a year earlier).

View the [full report](#).



Nippon Parking Development (2353)

Operator of legally mandated parking lots in office buildings. High ROE based on its unique business model.

On **May 30, 2014**, Nippon Parking Development Co., Ltd (NPD) announced earnings results for Q3 FY07/14.

Quarterly Performance (JPYmn)	FY07/13				FY07/14				FY07/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	2,296	3,929	4,217	2,995	3,064	4,401	4,448		79.4%	15,000
Growth YoY	8.2%	35.3%	29.5%	29.7%	33.4%	12.0%	5.5%			11.6%
Gross Profit	807	1,820	2,026	1,105	1,238	2,188	2,063			
Growth YoY	4.8%	36.8%	28.7%	28.7%	53.3%	20.2%	1.8%			
Gross Profit Margin	35.2%	46.3%	48.0%	36.9%	40.4%	49.7%	46.4%			
SG&A	610	1,099	1,093	935	926	1,295	1,063			
Growth YoY	9.4%	42.1%	46.5%	47.3%	51.8%	17.9%	-2.8%			
SG&A / Sales	26.6%	28.0%	25.9%	31.2%	30.2%	29.4%	23.9%			
Operating Profit	197	722	932	170	312	892	999		91.8%	2,400
Growth YoY	-7.1%	29.4%	12.6%	-24.0%	58.1%	23.6%	7.2%			18.7%
Operating Profit Margin	8.6%	18.4%	22.1%	5.7%	10.2%	20.3%	22.5%			16.0%
Recurring Profit	214	819	982	220	354	989	1,058		98.0%	2,450
Growth YoY	6.0%	44.1%	7.7%	-1.6%	65.2%	20.8%	7.7%			9.6%
Recurring Profit Margin	9.3%	20.8%	23.3%	7.4%	11.6%	22.5%	23.8%			16.3%
Net Income	115	539	646	79	199	670	656		101.7%	1,500
Growth YoY	21.6%	69.1%	-	-32.6%	73.5%	24.5%	1.6%			8.8%
Net Income Margin	5.0%	13.7%	15.3%	2.6%	6.5%	15.2%	14.8%			10.0%

Figures may differ from company materials due to differences in rounding methods.

Company forecasts are most recently announced figures

Source: Company data, SR Inc. Research

Operating income was higher as a result of an increase in both the number and size of parking lots in the domestic parking lot business. Improvements in profitability of the overseas parking lot business as well as a jump in visitors in the ski resort business were also contributing factors. Recurring profit was bolstered by sales of investment securities and receipt of dividends.

On **the same date**, the company announced the resignation of Managing Director Shuhei Suzuki, effective May 31, 2014. Suzuki also served as the president of subsidiary Nippon Ski Resort Development Co., Ltd., and is resigning in order to fully concentrate on his duties as president. This resignation will not result in the number of directors falling below the minimum number required by law or the company's articles of incorporation.

View the [full report](#).

NS TOOL Co., Ltd. (6157)

Leading Japanese maker of carbide miniature end mills with sound financials, aiming for growth by keeping with the miniaturization trend of end products.

On **May 13, 2014**, NS TOOL Co., Ltd. announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/12				FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	1,457	1,458	1,489	1,377	1,570	1,533	1,482	1,413	1,538	1,531	1,632	1,718	101.2%	6,340
End Mills (up to 6mm)	909	929	956	883	1,018	956	905	885	946	932	977	1,038		
End Mills (over 6mm)	201	184	196	167	190	185	185	177	194	195	219	217		
End Mills (Others)	228	238	226	217	251	278	289	253	291	302	319	352		
Other Products	117	105	108	108	108	112	101	96	105	101	114	115		
YoY	23.8%	18.3%	12.1%	11.1%	7.7%	5.1%	-0.4%	2.6%	-2.0%	-0.1%	10.1%	21.6%		
End Mills (up to 6mm)	-	-	-	-	12.0%	2.9%	-5.3%	0.2%	-7.1%	-2.5%	8.0%	17.3%		
End Mills (over 6mm)	-	-	-	-	-5.5%	0.5%	-5.6%	6.0%	2.1%	5.4%	18.4%	22.6%		
End Mills (Others)	-	-	-	-	10.1%	16.8%	27.9%	16.6%	15.9%	8.6%	10.4%	39.1%		
Other Products	-	-	-	-	-7.7%	6.7%	-6.5%	-11.1%	-2.8%	-9.8%	12.9%	19.8%		
Composition														
End Mills (up to 6mm)	62.4%	63.7%	64.2%	64.1%	64.9%	62.4%	61.1%	62.6%	61.5%	60.9%	59.9%	60.4%		
End Mills (over 6mm)	13.8%	12.6%	13.2%	12.1%	12.1%	12.1%	12.5%	12.5%	12.6%	12.7%	13.4%	12.6%		
End Mills (Others)	15.6%	16.3%	15.2%	15.8%	16.0%	18.1%	19.5%	17.9%	18.9%	19.7%	19.6%	20.5%		
Other Products	8.0%	7.2%	7.3%	7.8%	6.9%	7.3%	6.8%	6.8%	6.8%	6.6%	7.0%	6.7%		
GP	656	718	756	611	777	716	699	652	722	740	779	836		
YoY	26.8%	19.8%	18.6%	2.0%	18.5%	-0.3%	-7.5%	6.8%	-7.1%	3.3%	11.4%	28.2%		
GPM	45.0%	49.2%	50.8%	44.3%	49.5%	46.7%	47.1%	46.2%	46.9%	48.3%	47.7%	48.7%		
SG&A	425	418	421	515	470	472	529	451	493	488	498	528		
YoY	12.5%	15.5%	4.9%	23.2%	10.7%	13.0%	25.7%	-12.4%	4.8%	3.4%	-5.8%	17.1%		
SG&A / Sales	29.1%	28.6%	28.3%	37.4%	30.0%	30.8%	35.7%	31.9%	32.0%	31.9%	30.5%	30.7%		
OP	231	300	335	96	307	244	170	201	229	252	280	308	106.9%	1,000
YoY	65.3%	26.4%	41.7%	-46.9%	32.6%	-18.8%	-49.3%	109.4%	-25.4%	3.2%	65.2%	53.0%		8.5%
OPM	15.9%	20.6%	22.5%	7.0%	19.6%	15.9%	11.4%	14.3%	14.9%	16.4%	17.2%	17.9%		15.8%
RP	244	312	360	116	320	248	177	206	247	253	286	321	108.5%	1,020
YoY	62.9%	24.8%	45.2%	-37.9%	31.2%	-20.4%	-51.0%	78.2%	-22.9%	2.0%	62.0%	55.4%		7.2%
RPM	16.8%	21.4%	24.2%	8.4%	20.4%	16.2%	11.9%	14.6%	16.1%	16.5%	17.5%	18.7%		16.1%
NI	139	179	215	3	185	146	98	98	142	181	175	196	112.0%	620
YoY	64.3%	20.8%	45.8%	-94.4%	33.6%	-18.4%	-54.3%	3,648.0%	-23.4%	24.2%	78.5%	100.4%		17.5%
NPM	9.5%	12.3%	14.4%	0.2%	11.8%	9.5%	6.6%	6.9%	9.2%	11.8%	10.7%	11.4%		9.8%

Source: Company data, SR research.

Figures may differ from company materials due to differences in rounding methods.

Domestic sales: JPY5.2bn, +8.4% YoY

Aside from strong results for automotive parts due to the weaker yen and the introduction of new car models, electronic components also performed well from higher demand for smartphones and tablets. A rush in demand to beat the consumption tax hike was also seen toward the end of the term.

Overseas sales: JPY1.3bn, +1.7% YoY

Growth in overseas sales were held back by accounting changes associated with consolidation of NS Tool Hong Kong and difficult conditions for smartphone and tablet demand in China due to the effects of low-cost smartphones. The starting of operations at NS Tool Hong Kong has resulted in almost half of all Chinese transactions being conducted in foreign currencies.

View the [full report](#).



Onward Holdings Co Ltd (8016)

Apparel manufacturer. Strong presence in Japanese department stores. Ambition to grow worldwide via acquired JOSEPH and Jil Sander brands. Strong financials

On **May 7, 2014**, Onward Holdings Co Ltd. released April monthly sales data.

Onward Kashiwama Monthly Sales													
FY02/15 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
Men's	16%	-7%											4%
Women's	9%	-9%											1%
Children's	10%	1%											6%
Kimonos	-17%	-49%											-32%
Other	8%	-7%											1%
Total	10%	-8%											2%
FY02/14 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
Men's	2%	-8%	1%	1%	-11%	7%	4%	-3%	0%	8%	3%	3%	0%
Women's	10%	1%	6%	10%	0%	8%	2%	-5%	0%	5%	7%	0%	3%
Children's	9%	-7%	-3%	4%	2%	9%	2%	-2%	0%	4%	-1%	0%	1%
Kimonos	-11%	-11%	19%	-12%	-23%	-6%	-14%	-23%	-14%	-17%	-15%	-17%	-12%
Other	-1%	-8%	-9%	2%	0%	11%	-1%	-11%	0%	5%	-1%	-3%	-2%
Total	7%	-2%	4%	7%	3%	8%	2%	-5%	0%	5%	5%	1%	2%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data, SR Inc. Research

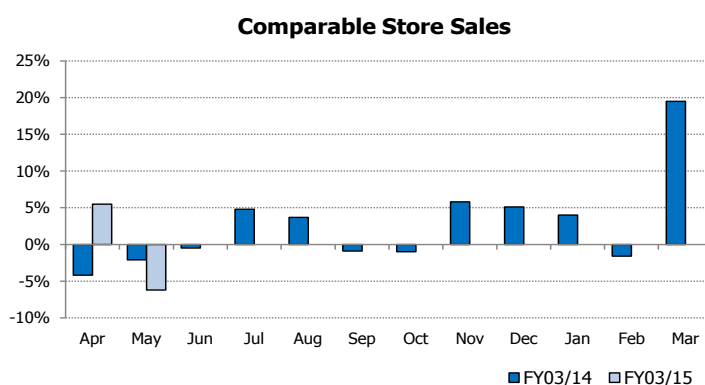
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Paris Miki Holdings Inc. (7455)

Eyeglass retailer focusing on depth of product offering and selling across the price spectrum. Largest store network in Japan. Strong financial position.

Paris Miki Holdings announced sales figures for April 2014 On **May 1** and for May on **June 2, 2014**.



Source: Company data, SR Inc. Research

On **May 26, 2014**, Shared Research updated comments on the company's FY03/14 earnings results after interviewing management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	14,452	14,687	13,594	12,686	14,121	15,253	13,910	13,619	97.4%	58,413
YoY	-5.2%	-10.1%	-7.2%	-4.7%	-2.3%	3.9%	2.3%	7.4%		5.4%
GP	9,759	10,011	8,888	9,053	9,529	10,250	9,324	9,385		
YoY	-5.0%	-9.7%	-7.1%	2.0%	-2.4%	2.4%	4.9%	3.7%		
GPM	67.5%	68.2%	65.4%	71.4%	67.5%	67.2%	67.0%	68.9%		
SG&A	9,319	9,484	9,400	9,080	9,325	9,332	9,314	9,709		
YoY	-9.2%	-8.4%	-6.9%	-1.3%	0.1%	-1.6%	-0.9%	6.9%		
SG&A / Sales	64.5%	64.6%	69.1%	71.6%	66.0%	61.2%	67.0%	71.3%		
OP	440	526	-511	-28	203	919	9	-323	62.5%	1,293
YoY	-	-28.3%	-	-	-53.9%	74.7%	-	-		202.8%
OPM	3.0%	3.6%	-	-	1.4%	6.0%	0.1%	-		2.2%
RP	447	616	-333	336	302	958	67	-292	71.1%	1,456
YoY	514.7%	-8.9%	-	-	-32.4%	55.5%	-	-		36.6%
RPM	3.1%	4.2%	-	2.6%	2.1%	6.3%	0.5%	-		2.5%
NI	96	200	-292	99	263	600	32	-476	63.7%	658
YoY	-	-51.1%	-	-	173.6%	200.0%	-	-		538.8%
NPM	0.7%	1.4%	-	0.8%	1.9%	3.9%	0.2%	-		1.1%

Figures may differ from company materials due to differences in rounding methods

Source: Company data

At main subsidiary Paris Miki Co., the company continued development of its mainstay eyewear products, and aggressively made product proposals geared toward senior citizens. Paris Miki sees this customer segment as one with great potential, particularly for products such as hearing aids. Steady improvement in earnings drove comparable store sales up 2.7% YoY. Notable events during the January-March quarter which had an impact on sales were snowfall in February, which pushed down sales 1.6% YoY, and rush demand prior to the consumption tax hike, which resulted in a 19.5% YoY increase in sales for the month of March. However, sales appear to be sluggish for April and May following the tax increase.

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Resorttrust, Inc. (4681)

The pioneer and leader in Japan's membership-based resort industry.

On **May 23, 2014**, SR updated comments on Resorttrust's FY03/14 full-year earnings based on interviews with management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	25,052	27,608	27,886	24,765	27,342	30,401	30,787	28,294	102.1%	114,400
YoY	10.4%	4.6%	10.2%	-2.8%	9.1%	10.1%	10.4%	14.2%		
GP	20,501	22,532	22,724	19,559	22,369	25,059	25,024	22,988		
YoY	11.5%	4.6%	9.9%	-2.5%	9.1%	11.2%	10.1%	17.5%		
GPM	81.8%	81.6%	81.5%	79.0%	81.8%	82.4%	81.3%	81.2%		
SG&A	17,949	18,089	18,372	18,851	19,330	19,729	19,066	22,196		
YoY	6.4%	1.3%	5.0%	1.5%	7.7%	9.1%	3.8%	17.7%		
SG&A / Sales	71.6%	65.5%	65.9%	76.1%	70.7%	64.9%	61.9%	78.4%		
OP	2,552	4,443	4,351	708	3,039	5,330	5,957	793	105.0%	14,400
YoY	66.7%	20.6%	36.6%	-52.5%	19.1%	20.0%	36.9%	12.0%		
OPM	10.2%	16.1%	15.6%	2.9%	11.1%	17.5%	19.3%	2.8%		
RP	2,589	4,641	4,575	1,171	4,188	5,366	6,159	1,018	105.9%	15,800
YoY	32.5%	20.6%	32.2%	543.4%	61.8%	15.6%	34.6%	-13.1%		
RPM	10.3%	16.8%	16.4%	4.7%	15.3%	17.7%	20.0%	3.6%		
NI	1,385	2,947	2,838	-43	1,623	3,289	3,754	-61	101.2%	8,500
YoY	7.9%	28.7%	37.5%	-	17.2%	11.6%	32.3%	-		
NPM	5.5%	10.7%	10.2%	-	5.9%	10.8%	12.2%	-		

Figures may differ from company materials due to differences in rounding methods

Source: Company Data, SR research

Sales were 2.1% higher and operating profit was 5.0% above the company's revised sales forecast due to strong performance of membership sales and the Medical Operations segment. Sales, operating profit, recurring profit, and net income were all at historical highs.

View the [full report](#).

Round One Corp. (4680)

Nationwide operator of amusement complex centers with bowling at their core.

Round One released monthly sales data for April on **May 9, 2014** and for May on **June 9, 2014**.

Monthly Sales Trends		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY03/15													
Total Sales (JPYmn)		6,408	7,024										
Bowling		2,001	2,064										
Game		2,686	3,070										
Karaoke		641	711										
SPO-CHA		878	956										
Other		199	221										
Total Sales YoY		-3.3%	0.1%										
Bowling		-13.2%	-14.7%										
Game		3.4%	11.1%										
Karaoke		1.6%	6.5%										
SPO-CHA		1.8%	4.2%										
Other		-12.2%	-9.6%										
Comparable Store Sales YoY		-3.3%	0.1%										
Bowling		-13.2%	14.7%										
Game		3.4%	11.1%										
Karaoke		1.6%	6.5%										
SPO-CHA		1.8%	4.2%										
Other		-12.2%	-9.6%										

Monthly Sales Trends		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY03/14													
Total Sales (JPYmn)		6,625	7,015	6,291	6,168	8,597	6,611	5,586	5,522	7,284	8,596	6,146	8,548
Bowling		2,306	2,420	2,122	1,922	2,713	2,110	1,795	1,727	2,237	2,708	1,965	2,908
Game		2,598	2,763	2,571	2,719	3,502	2,756	2,379	2,380	3,145	3,621	2,580	3,239
Karaoke		630	667	627	639	838	631	538	537	816	824	601	812
SPO-CHA		862	918	738	668	1,278	881	668	684	880	1,205	802	1,355
Other		227	245	231	219	264	231	203	192	204	235	197	231
Total Sales YoY		-2.2%	-7.1%	0.2%	-6.7%	-1.9%	-5.5%	-8.5%	-3.1%	2.9%	0.6%	-4.0%	2.1%
Bowling		-4.9%	-7.3%	-3.9%	-12.3%	-7.2%	-12.1%	-10.9%	-7.2%	-7.7%	-13.2%	-14.5%	-7.5%
Game		-4.7%	-11.4%	0.5%	-2.7%	1.7%	-2.0%	-8.6%	-2.9%	9.9%	9.2%	2.5%	11.1%
Karaoke		3.2%	2.5%	3.2%	-5.2%	1.8%	-8.0%	-9.0%	-2.3%	2.0%	3.2%	0.3%	5.3%
SPO-CHA		10.7%	0.4%	10.2%	-6.7%	-1.4%	3.7%	-0.3%	8.9%	16.9%	15.5%	5.9%	6.0%
Other		-3.5%	-4.7%	-2.4%	-7.5%	-4.2%	-7.5%	-8.2%	-8.2%	-13.2%	-11.9%	-15.3%	-11.9%
Comparable Store Sales YoY		-7.1%	-8.9%	-2.0%	-8.8%	-3.7%	-7.7%	-10.7%	-5.5%	1.8%	0.6%	-4.0%	2.1%
Bowling		-8.6%	-8.9%	-5.7%	-14.1%	-8.6%	-14.2%	-13.2%	-9.5%	-9.0%	-13.2%	-14.5%	-7.5%
Game		-10.0%	-13.9%	-2.5%	-5.4%	-0.9%	-4.8%	-11.3%	-5.9%	8.6%	9.2%	2.5%	11.1%
Karaoke		-1.7%	0.4%	1.0%	-7.2%	-0.1%	-10.3%	-11.3%	-4.9%	0.4%	3.2%	0.3%	5.3%
SPO-CHA		-3.9%	0.4%	10.2%	-6.7%	-1.4%	3.7%	-0.3%	8.9%	16.9%	15.5%	5.9%	6.0%
Other		-7.4%	-7.0%	-4.6%	-9.9%	-6.5%	-10.1%	-10.9%	-10.3%	-13.6%	-11.9%	-15.3%	-11.9%

Source: Company data, SR Inc. Research
Figures may differ from company materials due to differences in rounding methods.

On **May 23, 2014**, the company announced that it would sell real estate assets related to its Round One Stadium Kumamoto Store and simultaneously lease back the property.

On **May 19, 2014**, SR updated the company's report after interviewing management.

Quarterly Performance (JPYmn)		FY03/13				FY03/14				FY03/14	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		20,741	22,532	19,071	23,559	20,165	21,706	18,715	23,686	98.0%	86,000
YoY		-6.7%	-5.2%	-5.7%	0.9%	-2.8%	-3.7%	-1.9%	0.5%		0.1%
GP		2,628	4,168	1,066	5,466	2,665	3,051	632	5,375		
YoY		-44.0%	-24.6%	-57.3%	7.8%	1.4%	-26.8%	-40.7%	-1.7%		
GPM		12.7%	18.5%	5.6%	23.2%	13.2%	14.1%	3.4%	22.7%		
SG&A		423	408	457	474	409	398	465	362		
YoY		8.5%	-6.2%	-3.2%	3.9%	-3.3%	-2.5%	1.8%	-23.6%		
SG&A / Sales		2.0%	1.8%	2.4%	2.0%	2.0%	1.8%	2.5%	1.5%		
OP		2,204	3,760	610	4,991	2,256	2,652	168	5,012	87.0%	11,600
YoY		-48.8%	-26.1%	-69.9%	8.2%	2.4%	-29.5%	-72.5%	0.4%		0.3%
OPM		10.6%	16.7%	3.2%	21.2%	11.2%	12.2%	0.9%	21.2%		13.5%
RP		1,007	2,804	26	4,380	1,642	1,970	-278	4,484	93.1%	8,400
YoY		-68.3%	-25.7%	-97.4%	24.4%	63.1%	-29.7%	-	2.4%		2.2%
RPM		4.9%	12.4%	0.1%	18.6%	8.1%	9.1%	-	18.9%		9.8%
NI		439	1,580	-703	-715	631	-11,371	-3,681	-5,260	-	-16,000
YoY		-75.9%	159.4%	-	-	43.9%	-	-	-		-
NPM		2.1%	7.0%	-	-	3.1%	-	-	-		-18.6%

Source: Company data, SR Inc. Research; figures may differ from company materials due to differences in rounding methods.
Company estimates are the most recent figures.



Beginning in November 2013, Round One implemented a new pricing structure which gives customers additional value for money, and began promotional activities such as the “Round 1 X Evangelion” campaign as efforts to attract customers and improve business results. In addition, the company has been moving forward with strengthening its financial health to provide solid ground for opening new stores in the US. The company achieved progress via sales and simultaneous rental of store assets (sale-and-leaseback arrangements) to continue operations at 37 of its domestic stores, and significantly reduced its interest-bearing liabilities.

View the [full report](#).



Sanix Incorporated (4651)

Commercial solar power generation and environmental resources development (i.e., power generation and waste recycling)

On **May 28, 2014**, Sanix Incorporated announced a new medium term management plan, Sun Shine Plan 2016 (FY03/15-FY03/17).

In the new mid-term plan, Sanix is targeting sales of JPY330.0bn in FY03/17 (3.9x FY03/14 levels) and operating profit of JPY34.0bn (7.5x FY03/14 levels). The company aims to focus management resources on the commercial solar power business, as it projects strong long-term demand for solar power system installations.

The company lists the following business strategies in the new mid-term plan:

Expansion of the commercial solar power business

- Carefully attend to the West Japan region and grow market share;
- Focus on the direct installation system in the East Japan region and grow market share;
- Further in-house manufacturing of main components, such as solar modules and inverters;
- Cut costs, with an eye toward increased installation of high-voltage projects from FY03/15 onward.

Expansion of the resource recycling power generation business

- Improve the quality of plastic fuel, and the operational efficiency of power plants;
- Bolster plastic treatment facilities, thus expanding capacity;
- Launch biomass power generation using organic waste processing (HIBIKI Plant).

Full-fledged launch of the electricity retail and wholesale business

- Enter the retail business, in anticipation of the liberalization of the electricity retail market in 2016.

On **May 22, 2014**, Shared Research updated comments on the company's FY03/14 full-year earnings based on interviews with management.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	8,823	9,362	9,218	15,964	15,753	15,939	19,841	32,689	99.7%	84,500
YoY	17.6%	17.8%	16.0%	98.1%	78.6%	70.3%	115.2%	104.8%		94.9%
GP	2,554	3,292	2,902	4,622	4,631	4,372	5,065	7,353		
YoY	11.2%	6.3%	9.6%	92.4%	81.3%	32.8%	74.5%	59.1%		
GPM	28.9%	35.2%	31.5%	29.0%	29.4%	27.4%	25.5%	22.5%		
SG&A	2,670	2,652	3,260	2,918	3,666	3,842	4,140	5,266		
YoY	2.1%	5.6%	33.5%	18.4%	37.3%	44.8%	27.0%	80.5%		
SG&A / Sales	30.3%	28.3%	35.4%	18.3%	23.3%	24.1%	20.9%	16.1%		
OP	-116	640	-358	1,704	966	530	925	2,087	71.6%	6,300
YoY	-	-	-	-	-	-17.2%	-	22.5%		236.8%
OPM	-	6.8%	-	10.7%	6.1%	3.3%	4.7%	6.4%		7.5%
RP	-116	625	-424	1,705	925	518	743	2,124	71.8%	6,000
YoY	-	-	-	-	-	-17.0%	-	24.6%		235.4%
RPM	-	6.7%	-	10.7%	5.9%	3.3%	3.7%	6.5%		7.1%
NI	-171	550	-505	1,701	779	273	249	1,664	82.4%	3,600
YoY	-	-	-	-	-	-50.3%	-	-2.2%		128.6%
NPM	-	5.9%	-	10.7%	4.9%	1.7%	1.3%	5.1%		4.3%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data, SR Inc. Research

The Commercial Photovoltaic Solution (CPS) segment saw significant increases in sales in the solar power system wholesale business and in the commercial solar power systems business. However, sales decreased in the Home Sanitation (HS) segment as the company moved employees to the CPS segment. In the Establishment Sanitation (ES) segment, sales of solar power systems increased to the operators of multistory buildings and residential properties. In the Environmental Resource Development (ERS)



segment, sales increased in plastic fuel, electricity sales from the Tomakomai Power Plant, and organic waste liquid processing services.

Concerning profits, higher costs were recorded in the CPS segment due to increasing demand, particularly in the areas of sales, construction, and logistics. However, commercial solar power systems saw a significant sales increase, and profits were higher overall.

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Sanrio Co., Ltd. (8136)

Character management company. Owns Hello Kitty. Growing worldwide licensing business.

On **May 30, 2014**, Sanrio Co., Ltd. announced a share buyback.

Details of the buyback

- Type of shares to be acquired: common shares of Sanrio Co., Ltd.
- Number of shares to be acquired: 1mn shares (1.1% of outstanding shares, excluding treasury stock)
- Value of acquisition: JPY3.0bn
- Acquisition period: June 2-June 30, 2014.

On **May 26, 2014**, Shared Research updated comments on the company's full-year FY03/14 earnings based on the company's results briefing.

On **May 15, 2014**, the company announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	16,875	17,220	21,435	18,703	17,242	17,674	22,373	19,720	100.0%	77,000
YoY	3.2%	-4.1%	-3.6%	1.6%	2.2%	2.6%	4.4%	5.4%		
GP	11,205	11,723	13,670	12,856	11,957	12,930	15,021	13,451		
YoY	4.4%	-0.7%	-1.2%	9.5%	6.7%	10.3%	9.9%	4.6%		
GPM	66.4%	68.1%	63.8%	68.7%	69.3%	73.2%	67.1%	68.2%		
SG&A	7,097	7,335	7,286	7,537	7,278	7,851	8,058	9,153		
YoY	4.9%	-1.8%	-7.2%	5.9%	2.6%	7.0%	10.6%	21.4%		
SG&A / Sales	42.1%	42.6%	34.0%	40.3%	42.2%	44.4%	36.0%	46.4%		
OP	4,108	4,388	6,384	5,318	4,678	5,079	6,964	4,298	95.1%	22,100
YoY	3.5%	1.2%	6.8%	15.0%	13.9%	15.7%	9.1%	-19.2%		
OPM	24.3%	25.5%	29.8%	28.4%	27.1%	28.7%	31.1%	21.8%		
RP	4,296	4,643	5,749	4,958	4,133	4,915	6,593	4,539	95.6%	21,100
YoY	11.1%	14.1%	-6.1%	15.0%	-3.8%	5.9%	14.7%	-8.5%		
RPM	25.5%	27.0%	26.8%	26.5%	24.0%	27.8%	29.5%	23.0%		
NI	2,913	2,678	3,663	3,282	2,635	3,214	4,295	2,658	94.8%	13,500
YoY	1.7%	-0.7%	-36.6%	7.9%	-9.5%	20.0%	17.3%	-19.0%		
NPM	17.3%	15.6%	17.1%	17.5%	15.3%	18.2%	19.2%	13.5%		

*Reversal of allowance for sales returns is subtracted from gross profit; figures may differ from company materials due to differences in rounding methods
Source: Company data, SR Inc.

In the Domestic business, Domestic Licensing performance was weak, owing to inventory adjustments made by major apparel and gift item licensees. However, commercial licenses for restaurant and convenience store campaigns performed strongly.

For overseas figures, master license fees paid to the parent are returned to respective overseas subsidiaries. Although countries in southern Europe remained unstable due to debt crises in the region, there were signs that a turnaround was underway as some growth figures entered positive territory. Inventory adjustments continued for some major licensees, and there remained little activity for new licensed products. As a result, licensing sales on a local currency basis were down 20.2%, but the effects of the weaker yen ultimately yielded sales of JPY13.8bn (-1.5% YoY) and operating profit of JPY6.9bn (-5.3%).

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SBS Holdings, Inc. (2384)

General logistics specialist: logistics accounts for 93% of sales and 30% of operating profit. Over 60% of operating profit from property management.

On **May 23, 2014**, SR updated comments on the SBS Holdings, Inc.'s Q1 FY12/14 earnings results after interviewing management.

Quarterly Performance (JPYmn)	FY12/13				FY12/13				#REF	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	29,833	31,973	33,138	37,261	32,266	-	-	-	51.2%	63,000
YoY	-3.7%	0.3%	2.4%	13.9%	8.2%	-	-	-		
GP	2,312	3,111	3,132	4,904	2,935	-	-	-		
YoY	-20.8%	-3.3%	2.9%	44.8%	27.0%	-	-	-		
GPM	7.7%	9.7%	9.5%	13.2%	9.1%	-	-	-		
SG&A	2,375	2,344	2,294	2,306	2,260	-	-	-		
YoY	-0.5%	-3.0%	-2.7%	-8.0%	-4.8%	-	-	-		
SG&A / Sales	8.0%	7.3%	6.9%	6.2%	7.0%	-	-	-		
OP	-63	767	838	2,599	674	-	-	-	61.3%	1,100
YoY	-	-4.4%	21.9%	194.9%	-	-	-	-		
OPM	-	2.4%	2.5%	7.0%	2.1%	-	-	-		
RP	-195	730	743	2,524	570	-	-	-	63.3%	900
YoY	-	-0.1%	29.0%	227.9%	-	-	-	-		
RPM	-	2.3%	2.2%	6.8%	1.8%	-	-	-		
NI	-157	307	418	1,004	390	-	-	-	78.0%	500
YoY	-	15.6%	199.5%	47.9%	-	-	-	-		
NPM	-	1.0%	1.3%	2.7%	1.2%	-	-	-		

*Reversal of allowance for sales returns is subtracted from gross profit; figures may differ from company materials due to differences in rounding methods
Source: Company data, SR

SBS reported strong results across the board in Q1 FY12/14. The fallback from the rush to beat the consumption tax hike was within expected levels, and the company plans to report gains on the sale of fixed assets. Shared Research believes the company may make upward revisions to its earnings forecasts.

View the [full report](#).



Ship Healthcare Holdings Inc. (3360)

Hospital design and supply solution specialist firm benefiting from structural change in the medical industry.

On **May 8, 2014**, Ship Healthcare Holdings Inc. announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	51,185	56,624	52,906	63,648	55,330	54,256	58,337	91,266	106.9%	242,500
YoY	23.1%	43.2%	11.2%	5.8%	8.1%	-4.2%	10.3%	43.4%		8.1%
GP	7,484	8,030	6,716	8,731	7,255	6,966	7,549	11,787		
YoY	21.5%	40.4%	1.1%	2.0%	-3.1%	-13.3%	12.4%	35.0%		
GPM	14.6%	14.2%	12.7%	13.7%	13.1%	12.8%	12.9%	12.9%		
SG&A	4,361	4,401	4,635	5,020	4,744	4,632	4,924	5,399		
YoY	14.5%	17.3%	11.0%	-3.7%	8.8%	5.3%	6.2%	7.6%		
SG&A / Sales	8.5%	7.8%	8.8%	7.9%	8.6%	8.5%	8.4%	5.9%		
OP	3,122	3,629	2,081	3,711	2,511	2,333	2,625	6,388	102.6%	13,500
YoY	32.9%	84.5%	-15.7%	10.9%	-19.6%	-35.7%	26.1%	72.1%		7.6%
OPM	6.1%	6.4%	3.9%	5.8%	4.5%	4.3%	4.5%	7.0%		5.6%
RP	3,460	3,824	2,282	4,023	2,779	2,534	2,859	6,582	101.8%	14,500
YoY	30.9%	66.8%	-15.9%	11.7%	-19.7%	-33.7%	25.3%	63.6%		6.7%
RPM	6.8%	6.8%	4.3%	6.3%	5.0%	4.7%	4.9%	7.2%		6.0%
NI	2,149	2,257	1,390	2,793	1,597	1,377	1,615	3,934	99.1%	8,600
YoY	31.0%	65.1%	-6.4%	10.2%	-25.7%	-39.0%	16.2%	40.8%		0.1%
NPM	4.2%	4.0%	2.6%	4.4%	2.9%	2.5%	2.8%	4.3%		3.5%

Figures may differ from company materials due to differences in rounding methods

Source: Company data, SR Inc. Research

Results were above forecasts in the mainstay total pack system segment, owing to expanded activity from projects, manufacturers, and recurring orders. Sales were higher due to factors including contributions from a company acquired via M&A which specializes in sales of medical devices and consumables, and new clients in the dispensing pharmacy segment. Steady performance in operating profit was aided by gains in the total pack system segment and increased management efficiency in the medical supply and dispensing pharmacy segments.

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Star Mica (3230)

Purchaser and reseller of pre-owned condominiums. Buys pre-owned individual condominium units that are being rented, renovates these apartments when the tenants move out, and sells them for a profit.

On **May 26, 2014**, Star Mica announced a business collaboration with Intellex Co., Ltd. (TSE2: 8940).

According to the company, Star Mica and Intellex will combine their track records and expertise to offer premium renovated condominiums. The companies will cooperate to provide renovated properties, with Intellex working on designs and construction for properties that Star Mica owns and sells. The companies plan to provide several such collaborative properties within the year.

In the future, Star Mica and Intellex plan to increase the value of pre-owned condominium assets by further strengthening both tangible and intangible ties. This will encompass cutting renovation costs by working together to procure materials; setting up a collaborative website to sell renovated condominiums; and establishing a condominium evaluation system, including the joint management of condominiums' renovation history.

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Takashimaya Co., Ltd. (8233)

Major Japanese department store operator aiming for further growth driven by greater presence in the shopping center sector and in Asia

Takashimaya released monthly store sales data for April on **May 1, 2014**, and for May on **June 2, 2014**,

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/12												
Takashimaya (Parent)	-15.6%	-1.9%	-3.5%	0.8%	0.1%	-1.1%	-1.6%	-0.1%	-1.7%	0.9%	-1.8%	0.7%
Domestic Department Stores (18 Stores)	-16.8%	-0.9%	-2.8%	0.6%	0.8%	-1.2%	-1.9%	0.3%	-1.4%	0.3%	-1.8%	-1.0%
Corporate Business	14.7%	-22.0%	-22.3%	3.5%	-19.2%	3.1%	-4.9%	-11.8%	-11.5%	14.4%	-0.9%	16.8%
Cross-Media Business	2.7%	-0.3%	5.3%	6.7%	1.0%	-13.6%	1.8%	1.5%	-6.6%	6.7%	-5.3%	-0.3%
FY02/13												
Takashimaya (Parent)	16.5%	2.8%	-0.2%	-0.9%	-1.9%	0.6%	1.9%	-1.0%	2.4%	-2.7%	-2.2%	-0.3%
Domestic Department Stores (18 Stores)	16.9%	1.9%	-0.7%	-0.5%	-3.0%	-0.6%	1.1%	-1.6%	1.6%	-2.6%	-2.9%	0.3%
Corporate Business	0.1%	23.6%	9.0%	-2.5%	31.5%	20.0%	26.1%	10.3%	21.8%	-7.8%	5.2%	-5.6%
Cross-Media Business	13.4%	-10.3%	-3.8%	-11.7%	-1.4%	22.3%	0.9%	3.6%	7.1%	-0.8%	13.8%	-6.1%
FY02/14												
Takashimaya (Parent)	2.9%	-1.3%	2.5%	8.9%	-3.6%	0.4%	1.9%	-2.6%	2.2%	1.8%	4.1%	3.7%
Domestic Department Stores (18 Stores)	4.9%	-0.5%	1.0%	7.8%	-4.0%	0.3%	2.6%	-2.3%	3.0%	1.8%	4.1%	3.9%
Corporate Business	29.1%	-11.5%	20.7%	38.8%	6.0%	-3.0%	3.7%	-4.2%	-5.9%	11.7%	7.5%	3.0%
Cross-Media Business	-1.8%	4.5%	11.3%	0.6%	3.9%	13.2%	-18.3%	-5.3%	-11.2%	-7.0%	-0.7%	-5.8%
FY02/15												
Takashimaya (Parent)	32.3%	-13.2%	-7.0%									
Domestic Department Stores (18 Stores)	31.7%	-13.5%	-6.6%									
Corporate Business	55.4%	-21.1%										
Cross-Media Business	5.4%	-33.8%										

Source: Company data processed by SR Inc.

Figures may differ from company materials due to differences in rounding methods.

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Tamagawa Holdings Co., Ltd. (6838)

Tamagawa has two business segments: 1) the electronics and telecoms equipment business, which it has been involved in since the founding of consolidated subsidiary Tamagawa Electric Co Ltd in 1968; and 2) the solar business, launched in FY03/12.

On **May 29, 2014**, Tamagawa Holdings Co., Ltd. announced the partial completion of payment and partial forfeiture of exercising rights for a third-party share allocation.

On May 8, 2014, the company announced the signing of a business and capital partnership and issuance of shares through a third-party allocation. Of the two recipients of the allotment, Yukihiro Akimoto had completed payment as of the allocation date of May 29, 2014. However, Hikonobu Ise did not complete payment, and forfeited the right to allotment.

On **May 23, 2014**, the company announced a change to capital reserves and the appropriation of retained earnings.

The company decided to add a resolution regarding the change to capital reserves and the appropriation of retained earnings to the agenda at the shareholders' meeting. Effective June 27, 2014, capital reserves will be reduced by JPY573mn, and the equivalent amount will be transferred to retained earnings to be carried forward, in order to compensate for losses.

On **May 15, 2014**, the company announced the acquisition of fixed assets (a mega solar power plant) under a lease agreement.

The company announced that it had entered into a lease agreement with Ricoh Leasing Co., Ltd. (TSE1: 8566) to acquire and construct a 2mW solar power generation system (the total cost of the lease is JPY901mn). Construction plans for this system, located in Tateyama City, Chiba, had been moving forward via a company subsidiary.

On **May 13, 2014**, the company announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	738	852	950	1,131	914	906	918	1,433	92.6%	4,504
YoY	49.0%	40.7%	-4.4%	11.8%	23.9%	6.3%	-3.4%	26.7%		22.7%
GP	168	235	334	312	253	293	301	350		
YoY	68.7%	71.7%	92.2%	73.6%	51.0%	24.7%	-9.6%	12.2%		
GPM	22.7%	27.6%	35.1%	27.6%	27.7%	32.4%	32.8%	24.4%		
SG&A	149	160	175	191	164	167	200	190		
YoY	9.5%	13.1%	-2.5%	17.8%	10.2%	4.5%	14.1%	-0.7%		
SG&A / Sales	20.2%	18.8%	18.5%	16.9%	17.9%	18.5%	21.8%	13.2%		
OP	19	75	158	121	89	126	101	161	96.8%	493
YoY	-	-	-	581.8%	371.9%	68.0%	-35.9%	32.5%		32.0%
OPM	2.6%	8.8%	16.7%	10.7%	9.8%	13.9%	11.0%	11.2%		10.9%
RP	10	73	158	134	95	124	100	159	98.0%	488
YoY	-	-	-	563.1%	847.7%	69.1%	-36.6%	19.1%		30.2%
RPM	1.4%	8.6%	16.6%	11.8%	10.4%	13.7%	10.9%	11.1%		10.8%
NI	9	83	156	92	90	101	114	131	97.2%	449
YoY	-	-	-	415.9%	939.0%	22.0%	-26.8%	42.6%		32.1%
NPM	1.2%	9.7%	16.5%	8.1%	9.8%	11.1%	12.5%	9.2%		10.0%

Source: Company data

Figures may differ from company materials due to differences in rounding methods.

**Electronics and telecoms equipment**

This segment saw mobile telecoms companies increase their capex spending on base stations and public expenditure increase for defense facilities and public wireless facilities.

Solar system sales

Orders for solar power systems have been increasing since the Act on Special Measures Concerning Procurement of Renewable Electric Energy by Operators of Electric Utilities (FIT Act—for feed-in tariffs) came into effect (August 2011). The company also worked to make its sales operations more efficient.

Solar power plant operations

During cumulative Q3, sales of electricity began, following the completion of construction of the solar park in Shimonoseki, Yamaguchi Prefecture. The company booked sales revenue from the project from July 2013. However, other solar power projects required startup investment.

On **May 8, 2014**, the company announced the signing of a business and capital partnership and issuance of shares through a third-party allocation.

Tamagawa will form business and capital alliances with Hikonobu Ise, president and chairman of Ise Foods Inc., and with Yukihiro Akimoto, president of Retail Branding Co., Ltd. The alliance will involve the issuance of new shares through a third-party allocation.

According to Tamagawa, Ise Foods Group (Ise Foods and a company affiliated with Ise Foods and Hikonobu Ise) owns land on which solar-power generation facilities will be built.

ISE Power was established in April 2014 by Hikonobu Ise, Retail Branding, and Retail Branding's RB Foods unit to operate solar-power businesses. Tamagawa will purchase RB's stake in ISE Power, 210 shares or 35% of the company's voting rights, on May 29, 2014. ISE Power will become an equity-method affiliate of Tamagawa as a result. Tamagawa will operate solar-power business through ISE Power.

Hikonobu Ise will provide the land through Ise Foods to ISE Power. Retail Branding, which is authorized by the minister of economy, trade and industry to operate renewable energy equipment necessary for solar-power generation, will change the name of the operations to ISE Power. Tamagawa will provide its expertise to ISE Power. Tamagawa aims to complete the construction of facilities with a capacity to produce 8.5 megawatts of electricity by end March 2015 and those with a capacity to produce 68 megawatts by the end May 2016.

Tamagawa will allocate share warrants to Hikonobu Ise and Akimoto, who will exercise the warrants to acquire Tamagawa shares in accordance with the progress of the solar-power project. Tamagawa will use the money to finance its participation in the project.

Tamagawa will spend JPY4,622,174,002, which the company will have left after acquiring a stake in ISE Power, to invest in ISE Power projects or lend to the company. ISE Power will use the money to lease the land or acquire the rights to use the land owned by Ise Foods Group to build power-generation facilities. The money will also be used for equipment, construction, electrical facilities, buildings, and other expenses.

On the same day, Tamagawa announced acquisition of shares in Ise Power to make the company an equity-method affiliate.

Overview of the new equity-method affiliate

Name: ISE Power

Establishment: April 3, 2014

Business: Generation and sale of power by renewable energy

Capitalization: JPY30,000,000



Shares to be acquired, acquisition price

Shares to be acquired: 210 shares

Acquisition price: JPY10,500,000 (JPY50,000 per share)

Shares held after acquisition: 210 shares (voting rights: 35.0%)

Date of share transfer: May 29, 2014 (Planned)

View the [full report](#).



TOKAI Holdings Corporation (3167)

Natural gas supplier that has successfully diversified operations to include information and communications, CATV, building and real estate, and bottled water delivery.

On **May 29, 2014**, TOKAI Holdings Corporation announced a partial revision to its FY03/14 earnings results due to the recording of an additional allowance for doubtful accounts.

The reason for the revision is as follows. On May 15, 2014, Tokai Corporation, a subsidiary of the company, received notice from the Tokyo High Court regarding the filing of an appeal regarding litigation for alleged poor earthquake resistance of a condominium it had sold in the past. The company reassessed its potential losses stemming from this decision, and booked an additional allowance for doubtful accounts. As a result of these changes, the company's net income for FY03/14 was JPY2.6bn (previously JPY2.9bn).

On **May 8, 2014**, the company announced full-year earnings results for FY03/14.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	43,339	40,271	47,269	50,805	43,038	41,277	48,644	56,028	100.3%	188,400
YoY	3.9%	-1.4%	1.6%	-3.8%	-0.7%	2.5%	2.9%	10.3%		3.6%
GP	16,413	15,439	17,973	18,984	15,842	14,906	17,897	19,696		
YoY	0.7%	3.1%	-0.3%	-6.2%	-3.5%	-3.5%	-0.4%	3.8%		
GPM	37.9%	38.3%	38.0%	37.4%	36.8%	36.1%	36.8%	35.2%		
SG&A	14,695	14,584	14,855	15,740	15,194	15,143	15,112	15,500		
YoY	0.7%	0.7%	2.1%	4.9%	3.4%	3.8%	1.7%	-1.5%		
SG&A / Sales	33.9%	36.2%	31.4%	31.0%	35.3%	36.7%	31.1%	27.7%		
OP	1,718	855	3,117	3,244	648	-237	2,785	4,196	110.3%	6,700
YoY	0.6%	73.4%	-10.5%	-38.1%	-62.3%	-	-10.7%	29.3%		-38.7%
OPM	4.0%	2.1%	6.6%	6.4%	1.5%	-	5.7%	7.5%		3.6%
RP	1,494	661	2,793	3,117	549	-246	2,656	4,054	113.5%	6,180
YoY	-0.7%	365.5%	-14.6%	-36.4%	-63.2%	-	-4.9%	30.1%		-37.1%
RPM	3.4%	1.6%	5.9%	6.1%	1.3%	-	5.5%	7.2%		3.3%
NI	549	-218	1,436	1,318	149	-503	1,274	1,678	102.7%	2,530
YoY	62.4%	-	18.0%	-14.2%	-72.7%	-	-11.3%	27.3%		-6.8%
NPM	1.3%	-	3.0%	2.6%	0.3%	-	2.6%	3.0%		1.3%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data

Sales were up, but profits were down YoY, due to higher promotional expenses and delays in passing on increased procurement costs of LP gas. However, results outperformed forecasts announced in January 2014.

View the [full report](#).



Verite Co., Ltd. (9904)

Jewelry retailer acquired by Indian jewelry conglomerate specializing in diamond rings.

Verite Co. announced sales figures for April on **May 8, 2014**, for May on **June 5, 2014**.

Monthly Sales (YoY)		FY03/15	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
All Stores																
Sales			-27.6%	-15.0%												
Customer Count			-38.7%	-24.9%												
Sales Per Customer			18.0%	13.2%												
Stores			81	81												
Comparable Stores																
Sales			-21.8%	-8.6%												
Customer Count			-33.6%	-23.9%												
Sales Per Customer			17.7%	20.1%												
Stores			76	79												
		FY03/14	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
All Stores																
Sales			8.5%	-8.7%	-7.4%	-0.8%	-9.8%	-1.9%	-7.0%	4.2%	2.3%	8.4%	-10.8%	-0.3%	-3.8%	-2.0%
Customer Count			17.4%	2.5%	-9.5%	-7.2%	-14.2%	-11.6%	-9.4%	-8.9%	-12.6%	-14.6%	-30.0%	-19.4%	-4.3%	-10.3%
Sales Per Customer			-7.6%	-11.0%	2.4%	6.9%	5.1%	11.0%	2.6%	14.4%	17.0%	26.9%	27.4%	23.7%	0.5%	9.3%
Stores			87	84	83	83	83	82	82	84	84	82	81	80	82	80
Comparable Stores																
Sales			7.7%	-9.0%	6.7%	0.5%	-4.0%	2.4%	-0.2%	12.2%	11.8%	18.7%	-4.1%	0.7%	0.4%	3.6%
Customer Count			18.6%	1.8%	-1.6%	-0.6%	-8.0%	-4.6%	-0.1%	-3.5%	-3.6%	-7.6%	-23.9%	-12.8%	0.6%	-4.1%
Sales Per Customer			-9.2%	-10.7%	8.5%	1.2%	4.4%	7.3%	-0.1%	16.3%	16.0%	28.4%	26.0%	15.5%	-0.2%	8.0%
Stores			81	78	78	77	77	76	77	78	79	79	76	77	76	77
		FY03/13	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
All Stores																
Sales			7.4%	8.6%	-12.1%	-7.3%	4.0%	1.1%	-2.0%	-12.7%	-10.9%	-3.9%	0.7%	-7.1%	-0.5%	-3.7%
Customer Count			-4.1%	-6.9%	2.6%	-8.7%	-0.1%	-5.5%	-12.4%	-7.4%	-6.8%	3.4%	3.2%	5.5%	-3.9%	-3.1%
Sales Per Customer			12.0%	16.6%	-14.3%	1.5%	4.1%	7.0%	11.8%	-5.7%	-4.3%	-7.0%	-2.4%	-12.0%	3.5%	-0.6%
Stores			100	100	101	101	101	102	103	104	104	102	99	97	97	97
Comparable Stores																
Sales			6.4%	9.8%	-11.3%	-4.2%	1.3%	-1.5%	-2.2%	-6.1%	-9.1%	-4.2%	2.3%	-2.8%	-0.4%	-2.4%
Customer Count			-2.9%	-3.7%	1.0%	-8.6%	-2.4%	-8.2%	-14.8%	-5.3%	-5.2%	3.1%	6.1%	9.5%	-4.3%	-2.7%
Sales Per Customer			9.6%	14.0%	-12.2%	4.8%	3.8%	7.3%	14.8%	-0.8%	-4.1%	-7.1%	-3.6%	-11.3%	4.0%	0.3%
Stores			81	81	82	84	85	90	92	96	96	95	90	90	90	90

Source: Company data, SR Inc. Research

Figures may differ from company materials due to differences in rounding methods.

On **May 29, 2014**, Shared Research updated comments on the company's FY03/14 earnings results after interviewing management.

Quarterly Performance (JPYmn)		FY03/13				FY03/14				FY03/14	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		2,217	2,392	2,589	3,367	2,251	2,296	2,505	2,726	100.1%	9,770
YoY		-	-	-	-	1.5%	-4.0%	-3.2%	-19.0%		
GP		1,162	1,257	1,783	1,521	1,127	1,200	1,280	1,270		
YoY		-	-	-	-	-25.9%	-4.5%	-28.2%	-16.5%		
GPM		52.4%	52.6%	68.9%	45.2%	50.1%	52.3%	51.1%	46.6%		
SG&A		1,371	1,333	1,368	1,446	1,169	1,148	1,140	1,198		
YoY		-	-	-	-	-19.2%	-13.9%	-16.7%	-17.2%		
SG&A / Sales		61.8%	55.7%	52.8%	42.9%	51.9%	50.0%	45.5%	43.9%		
OP		-209	-75	414	79	-42	52	140	90	104.3%	230
YoY		-	-	-	-	-	-169.3%	-66.2%	13.9%		
OPM		-	-	16.0%	2.3%	-	2.3%	5.6%	3.3%		
RP		-238	-105	378	39	-66	-1	81	6	100.0%	20
YoY		-	-	-	-	-	-99.0%	-78.6%	-84.6%		
RPM		-	-	14.6%	1.2%	-	-	3.2%	0.2%		
NI		-254	-202	354	215	-58	-16	69	157	101.3%	150
YoY		-	-	-	-	-	-92.1%	-80.5%	-27.0%		
NPM		-	-	13.7%	6.4%	-	-	2.8%	5.8%		

Figures may differ from company materials due to differences in rounding methods

Source: Company data

"Qireini"—a new brand that is part of the new business strategy, "Beauty for everyone" launched in Q1—gained increasing customer awareness and helped attract new customers. The brand accounted for



8% of sales. The company also continued to focus on a multi-brand strategy, maximizing lifetime customer value through customer relationship management (CRM), and improving its supply chain.

Comparable store sales were up 4.8% for Q4 (January-March) (customer count: -14.0%; sales per customer: +21.8%). Full-year comparable store sales were up 3.6% (customer count: -4.1%; sales per customer: +8.0%). The rush to beat the consumption tax hike came into effect from the middle of March. The company focused on sales of expensive products at exhibitions in an effort to increase sales per customer, and such exhibition sales were robust.

On **May 21, 2014**, the company announced a new commitment line and the prepayment of short-term debt.

Gordon Brothers Japan Co., Ltd. (GBJ) has provided financing to Verite Co. However, in order to ensure stable, flexible funding, the company has decided to prepay the loan with GBJ, and establish a commitment (credit) line agreement with The Tokyo Star Bank, Limited.

Commitment (credit) line agreement

Maximum loan amount: JPY2.6bn

Interest rate: 1.45%

Planned agreement date: May 30, 2014

Commitment period: Until May 30, 2015

Short-term debt prepayment

Principal prepayment amount: JPY2.1bn

Scheduled repayment date: July 31, 2014

Prepayment date: May 30, 2014

On **May 9, 2014**, the company announced a revision to its FY03/14 full-year earnings forecast.

FY03/14 full-year earnings forecast

Sales: JPY9.8bn (previous forecast: JPY8.6bn)

Operating profit: JPY230mn (JPY390mn)

Recurring profit: JPY20mn (JPY240mn)

Net income: JPY150mn (JPY130mn)

Primary reasons for the revision are as follows.

Sales are forecast to increase due to a rush in demand before the consumption tax hike, which took place on April 1, 2014.

Operating profit and recurring profit are forecast to decrease due to increased sales expenses. In an effort to combat an expected depression in consumer spending subsequent to the consumption tax increase, the company conducted sales promotion activities, which weighed on profits.

As part of transferring a portion of its pension benefits to a defined contribution plan, the company recorded an extraordinary profit of JPY203mn.

View the [full report](#).



WirelessGate Inc (9419)

Japan's first mobile virtual network operator (MVNO) and aggregator.

On **May 8, 2014**, WirelessGate Inc. announced Q1 earnings results for FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	1,617	1,729	1,811	1,898	2,046	-	-	-	50.2%	4,077
YoY	31.3%	29.9%	27.3%	25.3%	26.5%	-	-	-		21.8%
GP	502	529	564	571	594	-	-	-		
YoY	17.4%	19.0%	21.6%	22.3%	18.2%	-	-	-		
GPM	31.0%	30.6%	31.1%	30.1%	29.0%	-	-	-		
SG&A	326	339	354	361	386	-	-	-		
YoY	18.7%	9.2%	17.5%	13.2%	18.3%	-	-	-		
SG&A / Sales	20.2%	19.6%	19.6%	19.0%	18.9%	-	-	-		
OP	176	190	210	210	208	-	-	-	50.2%	414
YoY	15.1%	41.8%	29.3%	41.9%	18.2%	-	-	-		13.1%
OPM	10.9%	11.0%	11.6%	11.1%	10.2%	-	-	-		
RP	176	190	209	210	207	-	-	-	50.3%	412
YoY	15.1%	44.2%	45.1%	42.4%	17.9%	-	-	-		12.7%
RPM	10.9%	11.0%	11.5%	11.0%	10.1%	-	-	-		
NI	108	117	129	129	127	-	-	-	49.1%	258
YoY	-29.0%	14.5%	53.2%	52.4%	16.8%	-	-	-		14.6%
NPM	6.7%	6.8%	7.1%	6.8%	6.2%	-	-	-		

Figures may differ from company materials due to differences in rounding methods

The company began reporting consolidated earnings from Q4 FY12/12. Figures shown for Q1 and Q3 FY12/12 are reported on a non-consolidated basis and YoY comparison figures are shown for reference purposes only

Source: Company data, SR

During Q1 FY12/14, the company focused on acquiring new customers for each of its services, and the number of subscribers was approximately 440,000 members. The company also hired additional personnel in March 2014 in order to establish firm footing for expanding sales in the Wi-Fi Environment Enabler business, which began operation in January 2014.

On **the same date**, the company announced that it had begun preparations to file a petition to transfer its listing to the main market of the Tokyo Stock Exchange.

The company has begun preparations to file a petition to transfer the listing of its securities from the Tokyo Stock Exchange Mothers market to either the 1st Section or the 2nd Section of the Tokyo Stock Exchange. Although it has begun to make preparations, the date that it will file the petition is yet to be determined.

On **the same date**, the company announced enhanced SIM-related services and solutions for LTE networks.

Since December 2012, the company has provided LTE data services as an MVNO. According to WirelessGate, it is planning to modify the method by which it connects to mobile network operators with the intent of creating an LTE network that provides greater freedom for customers. Via these initiatives, the company plans to create a new lineup of LTE services to better suit customer needs, and further enhance the domain where its LTE network solutions can apply.

Summary of LTE network applications

- SIM-related services and solutions that meet customer needs
- M2M/IoT solutions



- Solutions utilizing sensor functions

Funding required to begin operation of the above solutions

Budget of approximately JPY360mn to cover the costs for items such as communications equipment and servers.

On **the same date**, the company announced a share repurchase.

- Type of shares: Common stock
- Number of shares to be repurchased: 20,000 shares (0.20% of outstanding shares)
- Value of shares to be repurchased: Upper limit of JPY100mn
- Period of share repurchase: May 22, 2014 – July 4, 2014

On **May 2, 2014**, the company announced progress in its Wi-Fi Environment Enabler business.

In collaboration with companies such as Dentsu, the company has developed the “Akiba Wi-Fi Cylinder,” which will increase value for outdoor advertising at the west exit of JR Akihabara Station. This “Cylinder” is planned to connect outdoor advertisements and smartphone access through linking pillar advertisements and free Wi-Fi.

Specifically, a Wi-Fi access point will be fitted into an advertising pillar, and the advertiser will provide a Wi-Fi access point with a unique SSID (access point name), also determined by the advertiser. Users who view the advertisement can connect to this SSID with devices such as smartphones and tablets, and after being shown an advertisement for the product, proceed to freely use the Wi-Fi access point with no fee. The advertiser wins, since it is able to directly connect users from offline to online ad content, and users win in the form of free Wi-Fi. By providing such a win-win situation for both parties, the company stated that it has added a new type of value to outdoor advertising.

Other uses for the technology include deeper online-offline relationships such as distributing limited edition coupons via Wi-Fi to encourage customers to visit retail stores, or distributing limited edition items for online games that are unique to visitors of a specific geographical area (such as Akihabara). WirelessGate believes that a wide variety of sales projects and promotional activities will now be possible. Analysis of data from users who access the system will also allow advertisers to view metrics such as the number of conversions.

View the [full report](#).



Yellow Hat Ltd (9882)

Nationwide auto parts distributor. Restructured store network to clear the path for renewed growth. Financial condition improving.

On **May 9, 2014**, Yellow Hat announced full-year results for FY03/14.

Quarterly Performance (million yen)	FY03/13				FY03/14				FY03/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	28,346	27,229	38,743	23,164	26,430	27,122	39,355	27,764	101.8%	118,552
Growth YoY (%)	20.0%	10.1%	18.4%	5.1%	-6.8%	-0.4%	1.6%	19.9%		0.9%
GP	7,560	8,384	9,825	8,459	7,805	8,479	10,802	9,918		
Growth YoY (%)	27.7%	31.5%	33.8%	15.9%	3.2%	1.1%	9.9%	17.2%		
GP Margin (%)	26.7%	30.8%	25.4%	36.5%	29.5%	31.3%	27.4%	35.7%		
SG&A	6,759	6,592	6,957	6,844	6,681	6,648	7,140	7,703		
Growth YoY (%)	46.6%	38.8%	38.7%	8.2%	-1.1%	0.8%	2.6%	12.6%		
SG&A / Sales Ratio (%)	23.8%	24.2%	18.0%	29.5%	25.3%	24.5%	18.1%	27.7%		
OP	800	1,793	2,868	1,615	1,123	1,832	3,662	2,214	113.9%	7,755
Growth YoY (%)	-38.8%	10.2%	23.1%	66.0%	40.4%	2.2%	27.7%	37.1%		9.6%
OP Margin (%)	2.8%	6.6%	7.4%	7.0%	4.2%	6.8%	9.3%	8.0%		6.5%
RP	1,206	1,988	3,011	1,943	1,435	2,021	3,877	2,587	115.9%	8,556
Growth YoY (%)	-34.2%	16.7%	17.1%	79.7%	19.0%	1.7%	28.8%	33.1%		5.0%
RP Margin (%)	4.3%	7.3%	7.8%	8.4%	5.4%	7.5%	9.9%	9.3%		7.2%
NI	3,057	276	1,762	965	1,028	1,766	2,383	2,119	123.8%	5,894
Growth YoY (%)	144.4%	-80.4%	16.9%	-10.4%	-66.4%	539.9%	35.2%	119.6%		-2.7%
NP Margin (%)	10.8%	1.0%	4.5%	4.2%	3.9%	6.5%	6.1%	7.6%		5.0%

Figures may differ from company materials due to differences in rounding methods.

Source: Company data, SR Inc. Research

Yellow Hat aggressively opened new stores and strengthened advertising activities via mediums such as television. Operational initiatives included expanding sales for consumables such as tires, and improving the service menu for vehicle maintenance functions such as automobile inspections, body repair, and polymer coating.

View the [full report](#).



Yumeshin Holdings Co., Ltd. (2362)

Staffing company focused on the construction industry. Expanding into other areas to secure long-term growth

Yumeshin Holdings released monthly sales and hiring data for April on **May 13, 2014** and for May on **June 9, 2014**.

Monthly Sales FY09/14	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Sales (Million Yen)	821	890	908	933	983	1,058	945	964					7,501
(YoY)	33.6%	43.5%	40.8%	40.4%	42.2%	53.1%	47.9%	52.0%					
Hired Numbers of Construction Staffing													
Est.	100	100	115	115	115	115	180	180	180	170	115	115	1,600
Act.	97	104	74	151	145	158	231	173					1,133
(Difference)	-3	4	-41	36	30	43	51	-7					113

Source: Company data, SR Inc. Research

Figures may differ from company materials due to differences in rounding methods.

On **May 20, 2014**, SR updated the company's report after interviewing management.

Quarterly Performance (JPYmn)	FY09/13				FY09/14				FY09/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	3,006	3,127	3,029	3,376	3,780	4,186	-	-	44.3%	18,000
YoY	12.8%	13.0%	11.9%	18.8%	25.8%	33.9%	-	-		63.9%
GP	894	951	754	852	1,004	1,245	-	-		
YoY	20.9%	15.7%	-5.4%	6.3%	12.4%	30.9%	-	-		
GPM	29.7%	30.4%	24.9%	25.2%	26.6%	29.7%	-	-		
SG&A	499	573	539	608	699	678	-	-		
YoY	6.3%	15.2%	9.2%	20.9%	40.1%	18.3%	-	-		
SG&A / Sales	16.6%	18.3%	17.8%	18.0%	18.5%	16.2%	-	-		
OP	394	378	215	243	305	567	-	-		
YoY	46.1%	16.5%	-29.1%	-18.3%	-22.7%	50.1%	-	-		
OPM	13.1%	12.1%	7.1%	7.2%	8.1%	13.6%	-	-		-
RP	477	479	268	546	365	1,612	-	-		3,200~4,200
YoY	68.7%	34.7%	-17.7%	65.1%	-23.4%	236.2%	-	-		80.7%~137.1%
RPM	15.9%	15.3%	8.9%	16.2%	9.7%	38.5%	-	-		-
NI	311	273	182	622	299	1,119	-	-		2,100~2,600
YoY	75.0%	26.4%	0.7%	279.6%	-3.9%	310.0%	-	-		51.2%~87.2%
NPM	10.3%	8.7%	6.0%	18.4%	7.9%	26.7%	-	-		

Figures may differ from company materials due to differences in rounding methods

Source: Company data

Cumulative sales in the construction technician temporary staffing operations rose 42.9% in Q2 from a year earlier, reaching a record on a half-year basis, due to aggressive hiring. Profitability declined after the company lowered the unit price for the dispatch of newly hired workers in 3Q FY09/13, but has been improving since Q4 FY09/13. In fact, the price reduction led to an improvement in gross profit margin. Recurring profit increased 106.7% YoY, in part because of a gain from the sale of investment securities.

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