

# Shared Research Monthly Wrap - November 2014

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Shared Research Inc. has produced this report to provide monthly updates on its coverage to investors. We at Shared Research Inc. make every effort to provide an accurate, objective, and neutral analysis.

In order to highlight any biases, we clearly attribute our data and findings. We will always present opinions from company management as such.

Our views are ours where stated.

We appreciate your suggestions and feedback. Write to us at [sr\\_inquiries@sharedresearch.jp](mailto:sr_inquiries@sharedresearch.jp) or find us on Bloomberg

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## Monthly musings

### Market view from Sendagi

*I know what you're thinking. "Did he fire six shots or only five?" Well, to tell you the truth, in all this excitement I kinda lost track myself. But being this is a .44 Magnum, the most powerful handgun in the world and would blow your head clean off, you've gotta ask yourself one question: "Do I feel lucky?" Well, do ya, punk?*

—Dirty Harry (1971)

*But I saw some \$hit this mornin' made me think twice. See, now I'm thinking: maybe it means you're the evil man. And I'm the righteous man. And Mr. 9mm here...he's the shepherd protecting my righteous a\$\$ in the valley of darkness. Or it could mean you're the righteous man and I'm the shepherd and it's the world that's evil and selfish. And I'd like that. But that \$hit ain't the truth. The truth is you're the weak. And I'm the tyranny of evil men. But I'm tryin', Ringo. I'm tryin' real hard to be the shepherd.*

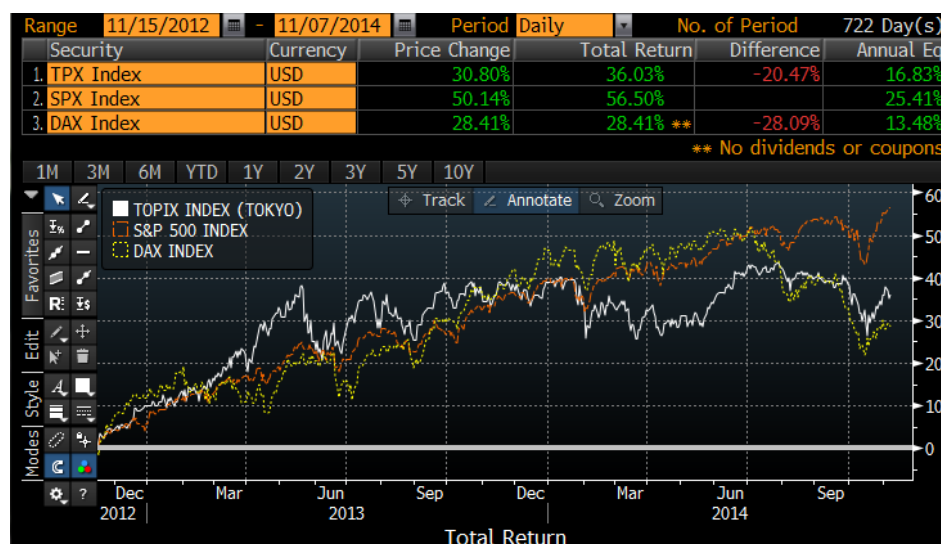
—Pulp Fiction (1994)

These quotes kept popping up in my head all afternoon on October 31, 2014—Kuroda Day. The BOJ has once again moved the markets. Now the questions are:

- Did he fire all his shots?
- Is his gun the most powerful weapon or just a stun gun?
- Who should feel lucky and for how long?
- Is he a shepherd or a tyranny of evil men?
- How weak is the economy that he is trying to lead through this "valley of darkness"?

One thing is for sure—Mr. Kuroda is a righteous man.

The stock market made a dramatic move that had to be experienced in real time to feel its sudden impact. As it often happens, when expressed in the same currency, the dramatic effect dissipates and we're left with Japan as the tail, and the US as the dog (but Japan is still outdoing the Germans).



Source: Bloomberg

Critics like Zerohedge have been saying for a while that that Japan is hyperinflating (the quotes are too numerous to mention here). This may be so, although I felt the [comparisons with 1980s Israel](#) were a bit



of a stretch—with all due respect to the shekel. Having said that, I do believe and even wrote in a 2012 Market View ([available on sharedresearch.jp](http://sharedresearch.jp)) that in the worst case, high inflation and currency devaluation may become the only way for politically-paralyzed Japan to get out of its debt/spending conundrum. The question is, are we there yet?

Not really. I don't know how the government (including the BOJ) could lose control of the situation in the short run. It is hard to see how interest rates could start rising when the central bank simply says that it will throw any amount of the fiat money it prints at the problem. An issue will only truly arise when current core JGB owners are forced to be net sellers due to end-recipient withdrawals (pension payouts and dissaving due to old age). We are not there yet. Let's focus instead on the issues at hand to see what might happen next.

We have three factors left that will likely determine the direction of this market and economy in 2015:

- 1) Wages;
- 2) Consumption tax hike;
- 3) Structural reform (i.e., Abe's Third Arrow).

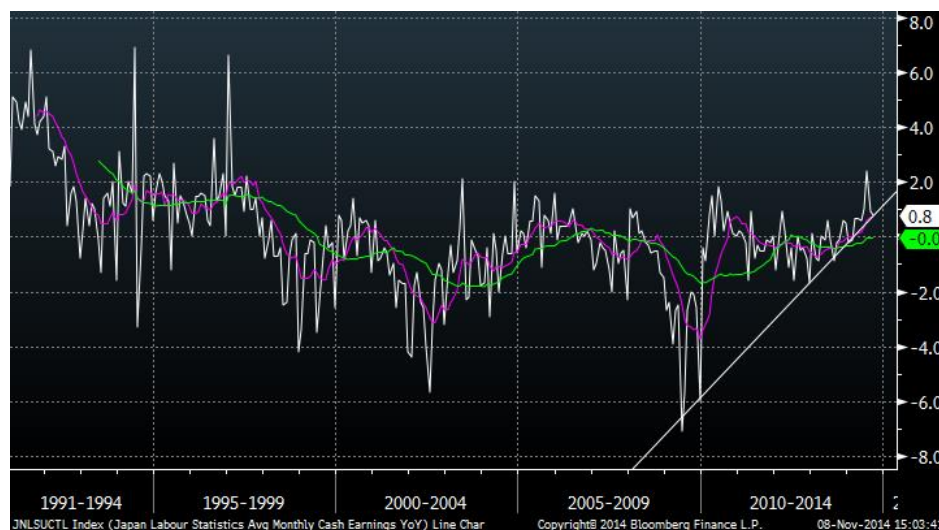
Allow me to quote my own [September Market View](#):

*The time of reckoning is near. Poor economic performance in Q3 will hurt sentiment. Weak GDP in Q4 may kill it. The situation seems very fragile. Let's hope the Abe administration and Kuroda's BOJ understand how important it is to support sentiment. Japan needs higher wages, higher share prices, and higher GDP growth. The government should do everything it can and more to make sure that happens. Time is running out.*

While I'm not sure whether Mr. Kuroda read that Market View—although our viewer access statistics show that somebody at the BOJ is reading Shared Research materials—on October 31, we saw evidence that the BOJ clearly understands the importance of sentiment and higher share prices. The ball is now in Mr. Abe's court.

But before we discuss that, let me mention wages.

As I wrote in the September issue, wage growth may be the best thing that is happening right now; but it is going relatively unnoticed. We had a spike in July 2014 wages, the biggest year-on-year increase since the mid-1990s. Now we have the August data as well and it seems to confirm a nice uptrend. Meanwhile, evidence of a tight job market is everywhere in the news.



Source: Bloomberg



If these higher wages start spilling into consumption and are helped by stronger consumer sentiment, we may just turn the corner and get back in the groove. Higher wages per se will be very important for sentiment, now that the previous consumption tax hike is “priced in” by the consumer. However, two remaining issues—implementation of the next consumption tax hike and of the growth strategy—may swing popular feelings and kill the recovery of the fragile domestic consumption.

Here is where it gets tricky. The Third Arrow looks reasonably doomed, although the optimist in me is still dreaming about Mr. Abe coming out with something similar to the “Kuroda shock” to seal his victory. Then, there is the tax hike.

Unfortunately, the tax hike is a damned-if-you-do-damned-if-you-don’t situation. I hope that the government takes its cue from the BOJ and understands that sometimes tactical moves are more important. Delaying the hike until the economy and consumer sentiment strengthen is what we needed in the first tax hike, and now it is what we need even more. Otherwise, we may end up having much less consumption to tax in 2015 and beyond.

Sometimes I think I was born an optimist. In a way, optimism is not the expectation that tomorrow will be better than today; it is more the belief that things are seldom as bad as they seem. Something as simple as Japanese companies trying harder to improve earnings and restore growth could be a small miracle in terms of helping exports, wages, and sentiment. That brings me back to the issue of corporate governance in Japan, a topic that I discussed at great length in September through the prism of the [Ito Review](#).

Let me briefly go back to the topic of the Ito review.

In the last Market View I shared my observation that Japanese managements are not maximizing but optimizing when it comes to enhancing value. One of the interesting insights from the Ito Review is a discussion of value itself.

One of the most maddening things about corporate Japan to overseas investors is without a doubt the former’s frequent insistence for a broader definition of the value of a business. “Sure,” say many a Japanese management, “we appreciate that you investors care about shareholder value. But we also have to care about stakeholders other than you—our employees, customers, suppliers, etc.” A host of issues that are an anathema to any investor—such as reluctance to divest unprofitable businesses, slow industry consolidation, and lack of focus—are often explained away by Japanese managements in the context of this broader definition of value.

Unfortunately, the Ito Review does a poor job of setting the record straight. It falls into the trap of shifting the logic and accepting that there are two opposing views: one of investors and the other of managements:

*Although both companies and investors would agree with the thesis that corporate value should be improved over the mid/long-term, they hold divergent views with respect to the interpretation of “corporate value.” There are different views as to the value-creating relationship between shareholders and other stakeholders. Efforts to bridge this gap should be made in order to achieve effective dialogue between companies, investors and analysts with the aim of collaborative value creation.*

*When considering corporate value under the specific context of shareholder value (i.e., value added for shareholders), such value is reflected as “market capitalization” within the market mechanism.*

*However it is not appropriate to consider shareholder value in isolation. Creation of customer value, employee value, business partner value, or community value can also lead to the creation of*





*shareholder value. It should be recognized that creating value for all stakeholders leads to the creation of shareholder value, which in turn, supports the long-term creation of corporate value.*

I feel like quoting Jules from Pulp Fiction again: "Well, allow me to retort."

We, by whom I mean corporate Japan, must agree at some point that shareholders are the owners of a business. For a small private firm—like Shared Research—nobody would ever doubt that notion. Similarly, in any public company where the founder or any other large shareholder has a controlling stake, that person or entity is always called "the owner" (in Japanese they actually say "*ōnā* オーナー," a loan word from English). For public companies, the matter is complicated by the presence of speculators, but that's the price companies have to pay; it doesn't diminish or somehow eliminate the core fact that shareholders are the "owners." Whether that ownership is distributed or concentrated should not matter. But, it obviously does.

Shareholders as owners of a business have the residual claim on companies' assets. The [Japanese law fully agrees](#). It is logical and generally accepted everywhere in the world that a business firm's objective is to maximize profit for the benefit of its owners. Considering values other than shareholders' value is not incorrect, simply misplaced.

There is nothing wrong about caring (one can call it enhancing value) for employees, customers, and society—*while* maximizing the value for shareholders. However, considering shareholder value as just one of the many things to take care of, and claiming that other "values" are equally important, is a dramatic departure from the standard perception of a business firm. Such a view is only possible in a situation when dispersion of ownership, absence of the market for corporate control, and a judicial system ill-prepared to protect shareholders' rights—both in terms of training and predisposition—allow managements of public companies to effectively hijack them.

I want to reiterate: Even in Japan, in no private company owned by a single or multiple shareholders is there any doubt that ultimately, the shareholders (i.e., owners) call the shots. It is therefore vital that the new Governance Code and, hopefully, future revisions of the Companies Act state that that fact as truth. It is extremely regrettable that the Ito Review did not do this. The only value that can be quantified is the residual ("free") cash flow to shareholders; it is the meaning of a business corporation's existence and therefore the ultimate task of management. Other "values" need to be *optimized* in order to *maximize* the value for shareholders.

In my view, as long as this crucially important fallacy (or obfuscation) is not addressed, true dialogue between companies—who don't see serving shareholders as their ultimate goal—and investors is impossible. And while investors may try to "educate" companies, one wonders if this effort is worth the time. In the end, such companies, stuck in a parallel world, will continue to only be suitable for speculation raids rather than long-term investments. The good news however, is that more and more Japanese firms seem willing to change. I would like to finish this piece by congratulating Sangetsu, a curtain and wallpaper manufacturer that has long been frustrating investors with poor shareholder returns despite a massive cash position and limited obvious channels to spend that cash. The company has announced that it would pay "no less" than 100% of its earnings for this year as a dividend, becoming the second company after Amada to do so—and outdoing the latter in this bold move. Things do seem to be changing.

Yours,

Oleg Zuravljov



# MONTHLY WRAP –November 2014



## TOPIX100 Portfolio

Return Comparison (%)	
TPX100	16.76
Portfolio	14.56
TPX100 Points	
2014/5/2	781.43
2014/11/11	910.86

Start Date	Current Date
2014/5/2	2014/11/11

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	22.40	11.0	6326 JT Equity	Kubota Corp	MW	34.03	0.7
8306 JT Equity	Mitsubishi UFJ Financial Group Inc	BOW	13.57	8.0	8750 JT Equity	Dai-ichi Life Insurance Co Ltd/The	MW	17.42	0.7
9984 JT Equity	SoftBank Corp	MW	1.15	3.7	8725 JT Equity	MS&AD Insurance Group Holdings	OW	6.84	1.0
8316 JT Equity	Sumitomo Mitsui Financial Group Ir	BOW	7.98	5.9	7974 JT Equity	Nintendo Co Ltd	BOW	12.76	1.3
7267 JT Equity	Honda Motor Co Ltd	MW	2.96	3.0	2503 JT Equity	Kirin Holdings Co Ltd	UW	6.07	0.0
8411 JT Equity	Mizuho Financial Group Inc	BOW	1.66	4.9	6594 JT Equity	Nidec Corp	MW	24.56	0.6
9432 JT Equity	Nippon Telegraph & Telephone Co	OW	15.13	3.1	9735 JT Equity	Secom Co Ltd	MW	22.17	0.6
2914 JT Equity	Japan Tobacco Inc	UW	19.96	0.0	6702 JT Equity	Fujitsu Ltd	MW	0.73	0.6
6954 JT Equity	FANUC Corp	UW	12.78	0.0	2502 JT Equity	Asahi Group Holdings Ltd	UW	23.42	0.0
7751 JT Equity	Canon Inc	MW	12.01	1.8	9983 JT Equity	Fast Retailing Co Ltd	UW	35.18	0.0
4502 JT Equity	Takeda Pharmaceutical Co Ltd	MW	7.58	1.8	9531 JT Equity	Tokyo Gas Co Ltd	MW	22.58	0.6
6501 JT Equity	Hitachi Ltd	UW	17.59	0.0	4578 JT Equity	Otsuka Holdings Co Ltd	OW	32.94	0.9
9433 JT Equity	KDDI Corp	UW	38.03	0.0	4901 JT Equity	FUJIFILM Holdings Corp	OW	49.18	0.9
8802 JT Equity	Mitsubishi Estate Co Ltd	MW	10.85	1.6	5020 JT Equity	JX Holdings Inc	MW	-13.72	0.6
3382 JT Equity	Seven & I Holdings Co Ltd	MW	10.15	1.6	8002 JT Equity	Marubeni Corp	OW	8.22	0.8
8801 JT Equity	Mitsui Fudosan Co Ltd	MW	10.99	1.4	8630 JT Equity	NK5J Holdings Inc	OW	9.47	0.8
8058 JT Equity	Mitsubishi Corp	MW	24.92	1.4	5802 JT Equity	Sumitomo Electric Industries Ltd	MW	7.80	0.5
4503 JT Equity	Astellas Pharma Inc	UW	52.58	0.0	4568 JT Equity	Daichi Sankyo Co Ltd	UW	2.93	0.0
9020 JT Equity	East Japan Railway Co	MW	19.33	1.3	7269 JT Equity	Suzuki Motor Corp	UW	36.73	0.0
9437 JT Equity	NTT DOCOMO Inc	OW	13.95	1.9	1925 JT Equity	Daiwa House Industry Co Ltd	MW	29.85	0.5
8031 JT Equity	Mitsui & Co Ltd	OW	15.52	1.9	8035 JT Equity	Tokyo Electron Ltd	MW	33.95	0.5
6752 JT Equity	Panasonic Corp	MW	28.64	1.2	4523 JT Equity	Eisai Co Ltd	MW	12.45	0.5
8604 JT Equity	Nomura Holdings Inc	BOW	15.14	2.4	3402 JT Equity	Toray Industries Inc	MW	19.79	0.5
7201 JT Equity	Nissan Motor Co Ltd	MW	21.12	1.2	5411 JT Equity	JFE Holdings Inc	OW	24.75	0.7
5108 JT Equity	Bridgestone Corp	MW	2.73	1.2	8308 JT Equity	Resona Holdings Inc	OW	24.46	0.7
6503 JT Equity	Mitsubishi Electric Corp	UW	20.49	0.0	8267 JT Equity	Aeon Co Ltd	BOW	-2.48	0.9
5401 JT Equity	Nippon Steel & Sumitomo Metal Co	MW	13.31	1.2	3407 JT Equity	Asahi Kasei Corp	OW	38.52	0.6
8766 JT Equity	Tokio Marine Holdings Inc	UW	18.80	0.0	1878 JT Equity	Daito Trust Construction Co Ltd	UW	37.38	0.0
6902 JT Equity	Denso Corp	UW	17.09	0.0	9202 JT Equity	ANA Holdings Inc	MW	16.68	0.4
9022 JT Equity	Central Japan Railway Co	UW	34.62	0.0	4661 JT Equity	Oriental Land Co Ltd/Japan	UW	57.87	0.0
4063 JT Equity	Shin-Etsu Chemical Co Ltd	MW	26.40	1.1	8795 JT Equity	T&D Holdings Inc	OW	14.27	0.6
6301 JT Equity	Komatsu Ltd	MW	23.91	1.1	9064 JT Equity	Yamato Holdings Co Ltd	MW	11.59	0.4
4452 JT Equity	Kao Corp	UW	14.30	0.0	5713 JT Equity	Sumitomo Metal Mining Co Ltd	OW	7.07	0.6
6758 JT Equity	Sony Corp	MW	30.78	1.0	6988 JT Equity	Nitto Denko Corp	MW	32.53	0.4
7011 JT Equity	Mitsubishi Heavy Industries Ltd	MW	27.19	0.9	2802 JT Equity	Ajinomoto Co Inc	UW	49.81	0.0
8830 JT Equity	Sumitomo Realty & Development Co	UW	3.08	0.0	9532 JT Equity	Osaka Gas Co Ltd	UW	21.32	0.0
8591 JT Equity	ORIX Corp	BOW	1.81	1.8	9502 JT Equity	Chubu Electric Power Co Inc	MW	19.34	0.4
6981 JT Equity	Murata Manufacturing Co Ltd	MW	42.95	0.9	1963 JT Equity	JGC Corp	MW	-10.48	0.4
7270 JT Equity	Fuji Heavy Industries Ltd	UW	53.52	0.0	8113 JT Equity	Unicharm Corp	MW	32.95	0.4
8001 JT Equity	ITOCHU Corp	UW	20.86	0.0	1928 JT Equity	Sekisui House Ltd	UW	18.51	0.0
6861 JT Equity	Keyence Corp	UW	36.24	0.0	9021 JT Equity	West Japan Railway Co	OW	34.43	0.5
8309 JT Equity	Sumitomo Mitsui Trust Holdings Inc	MW	10.38	0.8	9503 JT Equity	Kansai Electric Power Co Inc/The	OW	28.16	0.5
6971 JT Equity	Kyocera Corp	MW	13.05	0.8	7752 JT Equity	Ricoh Co Ltd	BOW	3.58	0.7
6367 JT Equity	Daikin Industries Ltd	MW	21.63	0.8	7202 JT Equity	Isuzu Motors Ltd	MW	27.94	0.3
1605 JT Equity	Inpex Corp	OW	-7.73	1.2	4911 JT Equity	Shiseido Co Ltd	MW	-6.16	0.3
6502 JT Equity	Toshiba Corp	MW	26.12	0.8	8332 JT Equity	Bank of Yokohama Ltd/The	BOW	28.28	0.6
8601 JT Equity	Daiwa Securities Group Inc	OW	22.86	1.1	7731 JT Equity	Nikon Corp	BOW	-4.03	0.6
8053 JT Equity	Sumitomo Corp	BOW	-4.31	1.4	5201 JT Equity	Asahi Glass Co Ltd	BOW	2.39	0.6
7741 JT Equity	Hoya Corp	MW	34.09	0.7	7912 JT Equity	Dai Nippon Printing Co Ltd	OW	15.48	0.4
6273 JT Equity	SMC Corp/Japan	UW	23.19	0.0	4188 JT Equity	Mitsubishi Chemical Holdings Corp	BOW	38.52	0.5

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



## New Coverage

### NAGASE & CO., LTD (8012)

Japan's largest specialist chemical trading company, differentiating through research and manufacturing capabilities. Imports, exports and sells chemicals, as well as plastics, electronic materials, cosmetics and food additives.

#### Japan's largest specialist chemicals trading house

The company sells chemicals, plastics, electronic materials, cosmetics, and food additives. Japan's biggest chemical trading company by revenues and earnings, Nagase differentiates itself from peer companies in that it does not only trade but also has considerable research and manufacturing capabilities represented by Nagase R&D Center, Nagase ChemteX Corporation, and Hayashibara. Nagase's group operations—centered on chemical products—comprise Functional Materials; Advanced Materials and Processing; Electronics; Automotive and Energy; and Life and Healthcare. The company serves a range of industries, including dyes and coloring agents, coating materials and ink, surfactants, office equipment, electric equipment, home appliances, automobile, LCD, semiconductor, pharmaceutical and medicine, cosmetics, and health foods.

#### Role of specialized trading companies:

Specialized trading companies typically have four main functions: brokerage, product development, financing, and logistics/distribution.

- Brokerage is the sale of merchandise on behalf of manufacturers.
- Product development refers to helping client companies customize their products, such as materials and components, for the needs of particular buyers.
- Financing allows manufacturers to more quickly receive payments for their merchandise. It sometimes takes a long time for manufacturers to collect payments, especially from overseas customers. Trading companies provide payments to manufacturers to bridge this time gap.
- Logistics/distribution means that trading companies hold inventory for manufacturers so that they can provide a steady supply of products. Trading companies bridge the time gap between supply and demand.

Specialized traders companies often focus on specific areas of the value chain. Nagase, an unaffiliated independent player, deals with a range of products and with some 6,000 companies in Japan and overseas, lowering its dependence on any particular product or region.





Earnings by Segment, Location	FY03/12	FY03/13	FY03/14	FY03/14	FY03/12	FY03/13	FY03/14	FY03/14	FY03/12	FY03/13	FY03/14
(JPYbn)	Sales	Sales	Sales	% of Total	OP	OP	OP	% of Total	OPM	OPM	OPM
<b>Segment</b>											
Functional Materials	177.1	167.0	170.0	24%	6.3	4.4	4.3	22%	3.5%	2.6%	2.5%
Advanced Materials and Processing	217.9	214.2	239.2	33%	3.0	3.2	3.7	19%	1.4%	1.5%	1.5%
Electronics	110.5	125.0	137.0	19%	6.0	6.4	6.1	31%	5.4%	5.1%	4.4%
Automotive and Energy	76.1	83.1	99.4	14%	0.9	0.8	1.4	7%	1.2%	0.9%	1.4%
Life and Healthcare	49.2	76.1	76.8	11%	0.7	4.1	4.0	20%	1.4%	5.4%	5.2%
Others	1.0	0.8	0.7	0%	0.1	0.3	0.2	1%	13.9%	31.5%	29.1%
Subtotal	631.9	666.3	723.2	100%	17.1	19.1	19.7	100%	2.7%	2.9%	2.7%
Adjustments	-	-	-	-	-3.6	-3.5	-3.9	-	-	-	-
Total	631.9	666.3	723.2	-	13.4	15.6	15.8	-	2.1%	2.3%	2.2%
Manufacturing	76.5	89.3	94.0	-	4.2	5.8	3.7	-	5.5%	6.5%	4.0%
% of Total	12.1%	13.4%	13.0%	-	31.3%	37.3%	23.5%	-	-	-	-
<b>Location</b>											
Japan	411.0	402.7	419.6	58%	7.1	8.9	8.5	56%	1.7%	2.2%	2.0%
Overseas	220.8	263.6	303.6	42%	6.3	6.5	6.8	44%	2.8%	2.5%	2.3%
Asia	187.5	226.2	261.2	36%	5.3	5.4	5.4	35%	2.8%	2.4%	2.1%
GC	128.7	151.9	179.9	25%	4.0	4.2	3.7	24%	3.1%	2.7%	2.0%
ASEAN	58.7	74.3	81.3	11%	1.3	1.3	1.8	11%	2.3%	1.7%	2.2%
Europe and the US	33.3	37.3	42.4	6%	0.9	1.0	1.4	9%	2.8%	2.8%	3.3%
Adjustments	-	-	-	-	0.0	0.2	0.4	-	-	-	-

Source: Company data

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

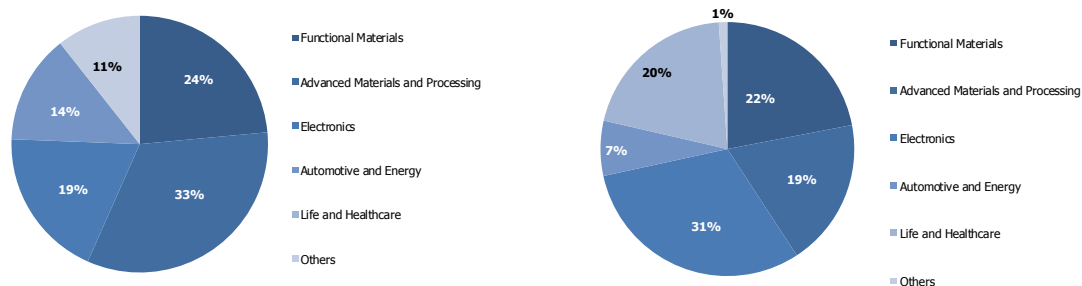
Before intersegment elimination.

## Business segments

Nagase's business segmentation corresponds to the clients' value chain. Sales and profits are spread evenly across segments, with about half of sales coming from overseas. The Change-S2014 plan calls for the company to focus on biotech, environment/energy, and electronics. It wants to put more emphasis on biotechnology in the medium to long term, fine-tuning its earnings distribution.

The company has five business segments: Functional Materials, Advanced Materials and Processing, Electronics, Automotive and Energy, and Life and Healthcare, which operate 11 departments. Although its mainstay chemical business is vulnerable to changes in economic conditions, overall, the company is able to disperse risk due to its range of businesses. For FY03/14, the Advanced Materials and Processing segment generated 33% of the company's overall sales, making it the biggest sales contributor. The Life and Healthcare segment generated the least amount of sales at 11%. Electronics was the biggest contributor to operating profit, at 31%. The Automotive and Energy segment contributed the least, at 7% of overall operating profit.

Sales (left) and operating profit (right) breakdown by segment (FY03/14)



Source: Company data

Before adjustments and eliminations.



## Functional Materials (23.5% of sales; 22.0% of OP in FY03/14)

### Functional Materials segment performance

(JPYbn)	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
Sales	251.7	269.3	247.1	267.8	248.5	237.1	253.3	177.1	167.0	170.0
YoY	8.8%	7.0%	-8.2%	8.4%	-7.2%	-4.6%	6.8%	-30.1%	-5.7%	1.8%
Operating Profit	5.4	6.5	7.0	7.9	5.3	6.8	9.1	6.3	4.4	4.3
YoY	27.2%	21.2%	8.0%	13.2%	-32.7%	27.0%	34.0%	-30.9%	-30.5%	-0.9%
OPM	2.1%	2.4%	2.8%	3.0%	2.2%	2.9%	3.6%	3.5%	2.6%	2.5%
% of Total (Sales)	43.7%	41.6%	35.2%	35.0%	34.7%	39.3%	38.4%	28.0%	25.1%	23.5%
% of Total (OP)	41.4%	37.5%	32.8%	34.9%	43.9%	53.1%	44.0%	36.8%	22.9%	22.0%

Source: Company data

### High-performance materials centered on chemical operations

Functional Materials consists of performance chemicals and specialty chemicals departments. The segment focuses on the development of original, stable, and safe materials and supplies products to industries related to biotechnology, environment and energy, and electronics.

### Generates more than 70% of sales in Japan

This segment had an operating profit margin of 2.5% for FY03/14. This is close to the average across all segments, but this segment generates 22.0% of the company's overall operating profit. The segment has the highest dependence on the domestic market, as only 26% of sales came from overseas in FY03/14 (28% a year earlier). About 5% of the segment's sales come from manufacturing subsidiaries (5% a year earlier).

### Interacts with other segments to expand overseas operations

Functional Materials is the backbone segment. Most products are petrochemical materials, vulnerable to changes in naphtha prices. The company is seeking to expand overseas operations to reduce dependence on the domestic market. It will work with other segments and cooperate with companies overseas to facilitate expansion abroad. For FY03/14, the segment saw increased sales, and operating profit was stable year-on-year.

### Segment earnings

The segment's earnings deteriorated during FY03/12 due to the global recession and the strong yen. The March 2011 earthquake in Japan and flood in Thailand also hurt the company's supply chain. As a result, the performance chemicals department had weak sales of plastic materials and additives, as well as urethane materials, during FY03/12.

The specialty chemicals department saw an increase in sales of surfactants and materials for industrial oil solution products. For FY03/13, the segment saw a decline in sales and profits reflecting deteriorating market sentiment in Japan and China. The performance chemicals department saw a slight overall sales increase even though China sales fell. Specialty chemical operations saw sales decline. FY03/14 sales fell in Southeast Asia but rose in Japan and Southeast Asia. As a result, the overall segment posted a sales gain. The segment operating profit was unchanged from a year earlier. The performance chemicals department saw higher sales. Specialty chemicals department sales fell.

### Performance Chemicals Department

**Main products and services:** plastic materials, plastics, pigments, solvents, additives for paints and inks, urethane materials, plastic additives, flame retardants, polymer filters.

This department operates upstream and provides a range of products and services, including general purpose petrochemical products and high value-added items, for global customers. This department is significant to the company since petrochemical materials are its core products. This department has the following four businesses: coating materials, urethane, plastic materials, and filters. Industries served: paint/ink, resin, synthetic fiber, urethane foam and film.



#### Main manufacturers:

- Nagase Filter Co., Ltd.
- Toyo Quality One Ningbo Co., Ltd.
- Guangzhou Kurabo Chemicals Co., Ltd.
- Toyo Quality One (Guangzhou) Co., Ltd.
- P.T. Toyo Quality One Indonesia
- TIMLE S.A. DE C.V.
- TQ-1 de MEXICOS.A DE C.V
- Light Chemical Industries (Changzhou) Co., Ltd.

#### Specialty Chemicals Department

**Main products and services:** Petrochemical products, materials for industrial oil solutions, surfactants and surfactant materials, fluorochemicals, raw materials for silicone and encapsulants, plating chemicals, electronics chemicals, microorganism pharmaceuticals, nanomaterials, inorganic materials.

This department supplies intermediates and materials, such as industrial oil solutions, plating chemicals, water processing agents, photoresist developer, fluorochemicals, and silicones. The department also focuses on developing new businesses and products that make the most of the company's value chain and the technological strengths of its customers.

Target industries: petrochemical products, raw materials for industrial oil solutions, surfactants and surfactant raw materials, fluorochemicals, raw materials for silicone and encapsulants, plating chemicals, electronics chemicals, microorganism pharmaceuticals, nanomaterials, and inorganic materials.

#### Main manufacturers:

- Nagase ChemteX Corporation.

#### Advanced Materials and Processing (33.1% of sales; 18.8% of OP in FY03/14)

##### Advanced Materials and Processing segment performance

(JPYbn)	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
Sales	188.5	229.3	244.7	274.7	253.0	192.6	222.1	217.9	214.2	239.2
YoY	10.2%	21.7%	6.7%	12.3%	-7.9%	-23.9%	15.3%	-1.9%	-1.7%	11.7%
Operating Profit	4.3	6.7	6.5	6.1	2.4	2.3	4.8	3.0	3.2	3.7
YoY	41.7%	55.7%	-2.1%	-6.1%	-60.2%	-6.8%	109.4%	-37.5%	6.4%	16.9%
OPM	2.3%	2.9%	2.7%	2.2%	1.0%	1.2%	2.1%	1.4%	1.5%	1.5%
% of Total (Sales)	32.7%	35.4%	34.9%	35.9%	35.4%	31.9%	33.6%	34.5%	32.2%	33.1%
% of Total (OP)	33.1%	38.6%	30.6%	27.0%	20.1%	17.8%	23.1%	17.5%	16.6%	18.8%

Source: Company data

#### Primary, secondary processing to develop unique applications of materials

This segment consists of a color and imaging department, polymer global account department, and polymer products department. The segment focuses on primary processing (formulations and compounds) and secondary processing (moldings and functional films) to develop unique applications of materials.

This segment had an operating profit margin of 1.5% for FY03/14, lower than for other operations. It accounts for one-third of the company's overall sales and 18.8% of its operating profit. Overseas operations accounted for 60% of segment sales (54% for a year earlier); about 10% came from manufacturing subsidiaries (unchanged from a year earlier).



### Seeks to add more value through cooperation with NAW

This segment seeks to work with Nagase Application Workshop, Shanghai Techno Center, and Nagase Color Labo to add more value through material processing services, such as film dispersing and molding, and to offer design and application proposals. Main overseas clients include SABIC Innovative Plastics, BASF, and Eastman Chemical Co.

### Unprofitable subsidiaries to cut costs

This segment has two unprofitable subsidiaries that drag down earnings: Fukui Yamada Chemical Co., Ltd., which makes color formers, and Setsunan Kasei Co., Ltd., which processes synthetic resin compounds. (Color formers: pigment for thermal paper commonly used as receipts for store purchases and taxi rides.) Declining orders at these two companies had a significant impact on overall FY03/14 earnings. These units are cutting costs and now have narrower losses.

### Segment earnings

This segment had lower sales and profits for FY03/12 due to the global recession. Sales of office equipment and home appliances were robust in Japan. Exports fell, though, because of the European financial crisis and the Thai floods. Sales of functional films plunged. For FY03/13, the segment achieved a profit increase even as sales declined due to the sluggish performance of domestic manufacturing subsidiaries (although sales rose in other parts of Asia). The colors and imaging department also had a sales decline after reorganizing domestic subsidiaries. The office equipment and home appliance business had strong sales of synthetic resins in Asia. Export sales of molding tools also rose. The functional film, sheet, and resin molding operations saw a decline in sales of liquid crystal polarizer film precision inspection systems. For FY03/14, the segment posted a significant earnings increase, with sales rising in Japan, Northeast Asia, Southeast Asia, and Europe. Sales of functional films and sheets and plastic molding products declined. Yet, the colors and imaging department, as well as the office equipment and home appliance operations, posted a sales increase.

### Colors and Imaging Department

**Main products and services:** dyes/additives, functional color pigments, functional dyes, digital print processing materials, organic transparent conductive materials, dyestuffs, fiber processing agents, auto body repair paint.

This department mainly handles dyes and pigments, essential for the production of functional materials for printed documents. The department leverages the capabilities of Nagase Application Workshop (NAW) to develop products and services that differentiate it from rivals. Target industries: dye/pigment, paper/thermal paper, printing and printing materials, fiber processing, and auto-body repair.

Main manufacturers:

- Fukui Yamada Chemical Co., Ltd.
- Sofix Corporation
- Nagase ChemteX Corporation
- Hayashibara Co., Ltd.

### Polymer Global Account Department

**Major products and services:** functional resins; general-purpose resins; auxiliary materials; plastic products; plastic-related equipment, devices, and moldings.

This department provides plastics, auxiliary materials, equipment and facilities to office equipment, electric, electronics, and home appliance industries in Japan and abroad. Employee diversity is the greatest strength of this department. The department has workers with useful experience and



knowledge, as well as extensive networks in Asia. Nagase is seeking to expand operations and create new plastic businesses by forming strategic alliances with group companies. Target industries: office equipment, electric and electronics, and home appliances.

Main manufacturers:

- Setsunan Kasei Co., Ltd.
- Dainichi Color Vietnam Co., Ltd.
- Majend Makcs Co., Ltd.

### Polymer Products Department

**Major products and services:** copolyester resins, functional dyes, organic transparent conductive materials, functional sheets and films, sheet and film surface detection machines, plastic molding products, polyester-resin functional master batch.

The department mainly sells copolyester resins, functional sheets and films, and plastic molding products, and optical functional film materials produced by Eastman Chemical. The department works with group companies to create a structure for developing new applications and providing original products. This department is focusing on developing sheets that use Eastman Chemical resins. Target industries: cosmetics and toiletries, electric and electronics, and sheets/films.

Main manufacturers:

- Totaku Industries, Inc.
- Kotbuki Kasei Corporation
- SunDelta Corporation
- Nagase ChemteX Corporation.

### Electronics (18.9% of sales; 30.8% of OP in FY03/14)

Electronics segment performance

(JPYbn)	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
Sales	122.6	137.9	150.8	163.8	153.3	117.6	133.6	110.5	125.0	137.0
YoY	3.1%	12.4%	9.4%	8.6%	-6.5%	-23.3%	13.6%	-17.3%	13.1%	9.6%
Operating Profit	2.7	3.2	6.2	7.0	3.0	2.8	5.8	6.0	6.4	6.1
YoY	10.7%	19.2%	93.6%	14.1%	-56.7%	-8.8%	109.8%	3.3%	6.7%	-5.5%
OPM	2.2%	2.3%	4.1%	4.3%	2.0%	2.4%	4.4%	5.4%	5.1%	4.4%
% of Total (Sales)	21.3%	21.3%	21.5%	21.4%	21.4%	19.5%	20.2%	17.5%	18.8%	18.9%
% of Total (OP)	20.6%	18.4%	28.8%	30.9%	25.0%	21.7%	28.2%	35.3%	33.6%	30.8%

Source: Company data

### Provides original products and services jointly with group manufacturing companies

This segment consists of the electronic chemicals department and the electronic materials department. This segment forecasts potential demand in the electronics industry for original products and services that require cooperation with group manufacturing companies. The segment also provides downstream information to the company's other segments.

### Manufacturing subsidiaries comprise more than 20% of sales

For FY03/14, this segment had an operating profit margin of 4.4%. The segment provides a little less than 20% of the company's overall sales. Still, more than 30% of the company's operating profit comes from this segment. While profitability tends to be higher than for other segments, the profit margin could fluctuate depending on the state of the industries that the segment serves. The overseas sales ratio was 55% for FY03/14 (56% for a year earlier). Manufacturing subsidiaries comprised about 21% of the segment's sales (20% a year earlier), the second highest ratio after the Life and Healthcare segment.





### More cooperation with manufacturing subsidiary Nagase ChemteX

The electronics industry is vulnerable to changes in economic conditions. However, the company stated that there was still enough market potential considering the abundance of development themes and the fast development pace. The company is reorganizing the structure of its manufacturing subsidiary Nagase ChemteX, and taking steps to improve sluggish thin-glass processing operations, hoping that business will recover.

### Segment earnings

This segment is driven by smartphones and tablets. For FY03/12, the segment had a slight operating profit increase even as sales fell. In the electronic chemicals business, sales of chemicals used in manufacturing semiconductors and LCD panels fell. However, sales were strong for formulated epoxy resin used for smartphones. In the electronic materials department, sales of products related to optical films increased. For FY03/13, the electronic materials business posted a sales increase due to expansion in China and Taiwan. As a result, the segment as a whole saw increased sales and profits.

While the business for chemicals used in semiconductors and LCD production shrank, the company significantly increased sales of materials for touch screens at the electronic materials department. For FY03/14, sales fell in Europe and the US but rose in Japan, Northeast Asia and Southeast Asia. As a result, the segment posted an overall sales increase of almost 10%. Profit fell due to the sluggish performance of a thin-glass processing unit. Sales of the electronic chemicals department rose, while those of the electronic materials operations remained unchanged from a year earlier.

### Electronic Chemicals Department

**Main products and services:** Formulated epoxy resins and related products, chemicals for production of semiconductors and liquid crystals, chemical management equipment for liquid crystal reprocessing.

This department, which has eight manufacturing companies in Japan and overseas, makes formulated epoxy resins and high-grade chemicals, as well as related supply equipment and manufacturing-control systems, for sale to semiconductor, liquid crystal, electronic component, automotive and solar-battery industries. The department also sells products made by companies outside the group, integrating trading and manufacturing capabilities to achieve high profitability. The department is pursuing environmental and recycling operations. Target industries: display devices (LCD and organic electroluminescence), semiconductors, electronic components, heavy electric machinery, autos, and solar batteries.

#### Main manufacturers:

- Nagase ChemteX Corporation
- Nagase ChemteX (Wuxi) Corporation
- Engineered Materials Systems Inc.
- Nagase Techno-Engineering Co., Ltd.
- Pac Tech-Packaging Technologies GmbH
- Nagase Finechem Singapore (Pte) Ltd.

### Electronic Materials Department

**Main products and services:** Surface treatment materials for smartphone and tablet cases, optical films for liquid crystal displays (LCDs), materials for touch screens, glass processing, optical adhesive agents, optical sheets for backlights, abrasive materials, abrasive pads, electronic paper-related materials, materials for flexible displays, organic electroluminescence materials, light-emitting diode (LED) chip-related materials and their installation.

This department uses its domestic and overseas network to provide peripheral materials, cases, and display device components to equipment manufacturers and material suppliers seeking to expand



globally. The department also sells materials for light-emitting diodes (LEDs), which are expected to see market growth. The department, in addition to providing trading company services, also engages in glass processing and LED installation. Target industries: smartphones and tablets, displays, touch screens, and LEDs.

Main manufacturers:

- Nagase Technological Engineering Co., Ltd.
- Nagase Electronics Technology (Xiamen) Co., Ltd.

### Automotive and Energy (13.8% of sales; 7.0% of OP in FY03/14)

#### Automotive and Energy segment performance

(JPYbn)	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
Sales	-	-	-	-	-	-	-	76.1	83.1	99.4
YoY	-	-	-	-	-	-	-	-	9.1%	19.7%
Operating Profit	-	-	-	-	-	-	-	0.9	0.8	1.4
YoY	-	-	-	-	-	-	-	-	-18.5%	81.0%
OPM	-	-	-	-	-	-	-	1.2%	0.9%	1.4%
% of Total (Sales)	-	-	-	-	-	-	-	12.0%	12.5%	13.7%
% of Total (OP)	-	-	-	-	-	-	-	5.5%	4.0%	7.0%

Source: Company data

#### Pursues original innovation with a manufacturing unit, green technology

This segment has an automotive solutions department and energy business office. It sells resins and other products to the auto industry, while seeking to create a new business model by focusing on green technology. In this vein it develops products such as plastic components and storage batteries. This segment host CAPTEX, a manufacturing company that possesses storage-battery technology.

#### Overseas sales ratio of 65%, highest among all segments

For FY03/14, this segment had an operating profit margin of 1.4%, making it the least profitable of the company's operations. It was also the smallest in terms of sales and operating profit, comprising a little more than 13% of overall sales and 7.0% of operating profit. The segment was more dependent on overseas sales than the company's other operations. Only 0.1% of the segment's sales came from manufacturing subsidiaries (unchanged from a year earlier).

#### Seeks growth in energy management field with a focus on the storage-battery business

This segment seeks to contribute to the development of a new automobile society by expanding the current operations centered on plastics and by focusing on emerging markets. The segment also aims to grow in the area of energy management, centered on its proprietary storage-battery technology. The segment's emphasis is on plastics, car-electronics, energy-storage, and energy-saving businesses.

#### Segment earnings

This segment consists of the automotive solutions department and the energy department. In FY03/12, the segment suffered the effects of the March 2011 earthquake during 1H. However, earnings began recovering in 2H. For FY03/13, the domestic automotive business remained strong in the first half, but sales fell in the latter half as subsidies for green vehicles were discontinued.

The segment's performance in North America and ASEAN nations remained strong. As a result, the automotive solutions department showed growth while energy operations were sluggish. For FY03/14, the automotive solutions department had sales growth in Northeast Asia, Europe, and Japan. Meanwhile, energy-related operations had higher sales and profits due to an increase in sales of products relating to solar-power generation and materials for lithium-ion batteries.



### Automotive solutions department

**Main products and services:** functional resins, general-purpose resins, automotive interior and exterior components, lightweight materials and components, electronics components, auxiliary materials, plastic-related equipment, devices and moldings.

This department sells raw materials, products, and equipment through its global network to automakers that are expanding overseas operations. The department is also increasing its production of auto parts through affiliates and joint ventures. In addition, the department will expand new green vehicle businesses through the development of new materials, components and technologies needed for hybrid, electric, and fuel-cell-powered cars. Target industries: automobiles and auto parts.

Main manufacturers:

- Sanko Gosei Technology (Thailand) Ltd.
- Automotive Mold Technology Co., Ltd.
- KN Platech America Corporation
- PT.TUNE Manufacturing Indonesia
- Tokai Spring Mfg. (Foshan) Co., Ltd.

### Energy business office

**Main products and services:** Materials for lithium-ion batteries (LiB), photovoltaic (PV) modules, LiB systems, PV materials, power line communications (PLC) systems.

The energy business office deals mainly with LiB systems, PV modules, and their component materials. The office has also developed an energy management system (EMS) combining LiB and PV technologies, which the office will soon launch. Target industries: batteries, photovoltaic devices, electric equipment, autos, and construction.

Main manufacturers:

- CAPTEX.

### Life and Healthcare (10.7% of sales; 20.3% of OP in FY03/14)

#### Life and Healthcare segment performance

(JPYbn)	FY03/05	FY03/06	FY03/07	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
Sales	12.8	11.6	53.6	56.5	58.9	55.5	50.2	49.2	76.1	76.8
YoY	7.1%	-9.4%	361.1%	5.5%	4.3%	-5.7%	-9.5%	-2.1%	54.8%	0.9%
Operating Profit	0.6	0.9	2.0	1.7	1.2	0.9	1.0	0.7	4.1	4.0
YoY	80.9%	51.8%	111.4%	-16.6%	-30.0%	-19.4%	1.5%	-26.2%	479.7%	-2.3%
OPM	4.9%	8.2%	3.7%	3.0%	2.0%	1.7%	1.9%	1.4%	5.4%	5.2%
% of Total (Sales)	2.2%	1.8%	7.6%	7.4%	8.2%	9.2%	7.6%	7.8%	11.4%	10.6%
% of Total (OP)	4.8%	5.5%	9.4%	7.3%	9.6%	7.4%	4.6%	4.1%	21.4%	20.3%

Source: Company data

### Strengthening biotechnology business by cooperating with Hayashibara

This segment consists of the life and healthcare products department and the beauty care products department. The segment's businesses include saccharide and enzyme development for food and beverages, saccharide and enzyme development for farming, fishing, and livestock, cosmetics and toiletries, and global pharmaceutical and medical materials operations. The segment is seeking to increase sales of beauty care products.

This department also includes Hayashibara, acquired in FY02/12, which offers competitive, original



products such as trehalose and AA2G (stabilized vitamin C, a cosmetics material).

#### **Manufacturing subsidiaries constitute over 40% of sales; higher profitability than other segments**

For FY03/14, this segment posted an operating profit margin of 5.2%, higher than for other segments. Operations expanded after the acquisition of Hayashibara. This segment comprised 10.6% of sales and 20.3% of operating profit in FY03/14. The segment generates most of its sales in Japan, with an overseas sales ratio of 14% in FY03/14 (11% a year earlier). Manufacturing subsidiaries contribute 47% of the segment's sales (44% a year earlier), the highest among all segments.

#### **Less vulnerable to economic changes**

The strength of this segment is its saccharide operations, as well as its research, development, and manufacturing capabilities. The areas of emphasis are food and beverages, cosmetics and toiletries, and pharmaceuticals and medical materials. The segment operates global biotech businesses with the use of the group's saccharide, enzyme, drug production, and synthesis technologies to develop new functional materials.

#### **Segment earnings**

The segment's earnings increased with the acquisition of Hayashibara in February 2012. For FY03/13, during which Hayashibara was fully consolidated into the group earnings, the segment's sales rose 54.8% from a year earlier, and operating profit jumped 479.7% YoY. For FY03/14, sales rose 0.9% and operating profit fell 2.3%. This was a result of an increase in expenses related to system upgrades and overseas marketing activities.

#### **Working with Cargill to strengthen sales of trehalose in Europe and the US**

On August 4, 2014, it signed an agreement with US-based Cargill Inc. Cargill became the sole sales agent for trehalose (Trehal®) in Europe and the US (some areas are excluded from the agreement).

Hayashibara, which originally developed trehalose, handles domestic sales. Nagase, which oversees sales outside Japan, is now reorganizing overseas distribution networks of Hayashibara. Cargill, a global player in the field of agriculture and food, has an extensive sales network in western countries, and will serve as the only agent for trehalose in Europe and the US. Nagase wants to lift demand for Trehal® by working closely with Cargill.

#### **Life and healthcare department**

**Main products and services:** Functional food ingredients (functional saccharides, enzymes, health food ingredients, and food additives), cosmetic materials (whitening agents, moisturizing agents, activators, antibacterial agents, and nutritional supplements), pharmaceutical (active pharmaceutical ingredients [APIs], clinical trial APIs, intermediates, raw materials, formulations, additives), in-vitro diagnostics, medical materials, related materials for agriculture, fisheries, and livestock (agricultural chemicals and materials, fertilizers, feed and feed additives).

The department contributes to the enhancement of food, beauty, and health by developing high-value-added products that improve health and wellness, taking advantage of the group's strengths in trading, R&D, and manufacturing and processing. These products span food materials, pharmaceuticals, medical materials, cosmetic materials, household materials, agricultural, fishery and livestock fields. Target industries: food, pharmaceutical and medical, diagnostic agents, cosmetics, household products, agricultural, fisheries and livestock.

#### **Main manufacturers:**

- Hayashibara Co., Ltd.
- Nagase ChemteX Corporation
- Nagase Medicals Co., Ltd.
- Kawai Hiryo Corporation



- Nihon Bio Fertilizer Co., Ltd.
- Uma Yasai Farm Corporation.

#### Beauty care products department

**Main products and services:** Cosmetics including skincare counseling and facial care services, health foods.

This department manufactures and sells cosmetics and health foods which use rosemary as the primary ingredient, a result of research conducted in Japan and overseas. The department's sales network has 50,000 personnel who offer counseling and facial care services to general consumers.

Main manufacturers:

- Nagase Medicals Co., Ltd.
- Toyo Beauty Supply Corporation.

View the [full report](#).





## October 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 **October 23, 2014**, 3-D Matrix Ltd. announced that it has submitted a 510(k) premarket notification to the US Food and Drug Administration (FDA) for sales of its wound-healing agent (TDM-511).

According to the company, the 510(k) was submitted by subsidiary 3-D Matrix Inc. on October 22, 2014 for TDM-511, a wound-healing agent that is currently in development by the company.

Premarket notification in the 510(k) application process is separate from premarket authorization, which is a process made available for new products that have no competitors. Premarket notification requires the submitting part to submit notification to the FDA at least 90 days prior to when the product is scheduled to be made available to the public. The FDA will then carry out an investigation, to be completed within 90 days, to determine if any similar products exist in the market. Upon receiving approval from the FDA, the submitting party may then proceed to sell its product.

This application will mark the company's entry into the skin regeneration business. Initial applications will be for light to medium skin wounds—such as burns and sores—with possible expansion to cosmetic surgery procedures—such as hyaluronic acid injections—in the future. The application in its current form also includes antibiotic and anti-inflammatory properties, which will aid in preventing infections and inflammation of treatment sites. Due to its low toxicity, the inclusion of a cancer fighting additive would also open possibilities for its use in fighting skin cancer.

In the event that the approval process will have a material effect on the company's FY04/15 earnings forecasts or its medium-term plan, 3-D Matrix will disclose such information as soon as possible.

View the [full report](#).

## Aeon Delight Co., Ltd. (9787)

Leading comprehensive facility management service company belonging to the Aeon group.

On **October 21, 2014**, Shared Research updated the report following interviews with management.

Quarterly Performance (JPYmn)					FY02/13				FY02/14				FY02/15		FY02/15		FY02/15	
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales		58,584	68,187	65,620	56,485	66,711	66,841	61,256	62,435	66,475	67,574		100.0%	134,000	49.6%	270,000		
YoY		10.6%	19.7%	19.0%	3.2%	13.9%	-2.0%	-6.7%	10.5%	-0.4%	1.1%							
GP		6,984	7,998	7,790	7,455	8,173	8,808	7,984	8,749	8,306	8,972							
YoY		3.0%	3.5%	10.5%	5.3%	17.0%	10.1%	2.5%	17.4%	1.6%	1.9%							
GPM		11.9%	11.7%	11.9%	13.2%	12.3%	13.2%	13.0%	14.0%	12.5%	13.3%							
SG&A		3,890	3,979	4,500	3,957	4,782	4,624	4,589	4,604	4,766	4,809							
YoY		5.4%	2.1%	16.8%	15.5%	22.9%	16.2%	2.0%	16.4%	-0.3%	4.0%							
SG&A / Sales		6.6%	5.8%	6.9%	7.0%	7.2%	6.9%	7.5%	7.4%	7.2%	7.1%							
OP		3,093	4,020	3,289	3,499	3,390	4,185	3,395	4,145	3,540	4,162		101.3%	7,600	48.1%	16,000		
YoY		0.2%	5.0%	2.9%	-4.1%	9.6%	4.1%	3.2%	18.5%	4.4%	-0.5%							
OPM		5.3%	5.9%	5.0%	6.2%	5.1%	6.3%	5.5%	6.6%	5.3%	6.2%							
RP		3,102	4,022	3,288	3,480	3,403	4,168	3,411	4,110	3,558	4,167		101.6%	7,600	48.3%	16,000		
YoY		-1.2%	4.9%	2.4%	-3.3%	9.7%	3.6%	3.7%	18.1%	4.6%	-0.0%							
RPM		5.3%	5.9%	5.0%	6.2%	5.1%	6.2%	5.6%	6.6%	5.4%	6.2%							
NI		1,786	2,158	1,561	2,004	1,858	2,289	1,657	2,357	2,015	2,365		105.5%	4,150	50.9%	8,600		
YoY		4.8%	7.3%	-1.0%	23.7%	4.0%	6.1%	6.1%	17.6%	8.4%	3.3%							
NPM		3.0%	3.2%	2.4%	3.5%	2.8%	3.4%	2.7%	3.8%	3.0%	3.5%							
Segment results (JPYmn)					FY02/13				FY02/14				FY02/15		FY02/15		FY02/15	
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales		58,584	68,187	65,620	56,485	66,711	66,841	61,256	62,435	66,475	67,574							
Facilities management		10,371	10,753	10,646	10,280	10,622	10,848	11,198	10,790	11,228	11,642							
Securities management		7,898	7,909	7,966	8,032	8,438	8,367	8,481	8,956	8,935	8,891							
Cleaning services		10,122	10,084	10,205	10,108	10,539	10,485	10,642	10,654	10,942	10,960							
Construction work		11,081	18,884	15,767	7,339	15,888	13,929	8,254	7,559	11,858	11,133							
Materials & supplies sourcing		9,525	9,769	10,057	9,933	10,721	11,023	11,542	11,257	11,713	11,609							
Vending machine services		7,508	8,571	7,419	7,702	7,498	8,716	7,479	9,636	8,330	9,471							
Support services		2,072	2,218	3,509	3,024	2,964	3,433	3,604	3,550	3,460	3,859							
YoY		10.6%	19.7%	19.0%	3.2%	13.9%	-2.0%	-6.7%	10.5%	-0.4%	1.1%							
Facilities management		-2.0%	0.4%	1.0%	-0.3%	2.4%	0.9%	5.2%	5.0%	5.7%	7.3%							
Securities management		-3.8%	-1.0%	-0.7%	0.2%	6.8%	5.8%	6.5%	11.5%	5.9%	6.3%							
Cleaning services		1.7%	2.1%	1.8%	1.2%	4.1%	4.0%	4.3%	5.4%	3.8%	4.5%							
Construction work		96.4%	126.8%	121.7%	-1.3%	43.4%	-26.2%	-47.7%	3.0%	-25.4%	-20.1%							
Materials & supplies sourcing		5.1%	4.5%	7.3%	11.1%	12.6%	12.8%	14.8%	13.3%	9.3%	5.3%							
Vending machine services		-4.0%	-2.1%	-5.9%	-1.6%	-0.1%	1.7%	0.8%	25.1%	11.1%	8.7%							
Support services		23.0%	13.5%	62.4%	38.7%	43.1%	54.8%	2.7%	17.4%	16.7%	12.4%							
Operating profit		3,093	4,020	3,289	3,499	3,390	4,185	3,395	4,145	3,540	4,162							
Facilities management		1,105	1,220	1,080	1,256	1,151	1,266	1,188	1,120	1,029	1,098							
Securities management		601	669	656	766	642	700	761	762	695	717							
Cleaning services		1,441	1,508	1,446	1,523	1,397	1,404	1,425	1,490	1,469	1,552							
Construction work		461	796	450	502	851	764	474	491	741	754							
Materials & supplies sourcing		273	320	381	488	573	636	533	591	464	490							
Vending machine services		454	728	432	782	535	812	433	1,288	551	894							
Support services		40	191	293	-20	77	323	312	117	308	369							
その他		37	41	80	79	77	87	83	84	44	51							
YoY		0.2%	5.0%	2.9%	-4.1%	9.6%	4.1%	3.2%	18.5%	4.4%	-0.5%							
Facilities management		-16.0%	-8.8%	-15.2%	8.7%	4.2%	3.8%	10.0%	-10.8%	-10.6%	-13.3%							
Securities management		-13.4%	-3.0%	-5.1%	2.4%	6.8%	4.6%	16.0%	-0.5%	8.3%	2.4%							
Cleaning services		2.1%	6.1%	-3.7%	-1.6%	-3.1%	-6.9%	-1.5%	-2.2%	5.2%	10.5%							
Construction work		30.6%	23.6%	-1.7%	4.4%	84.6%	-4.0%	5.3%	-2.2%	-12.9%	-1.3%							
Materials & supplies sourcing		6.2%	-21.8%	41.6%	63.2%	109.9%	98.8%	39.9%	21.1%	-19.0%	-23.0%							
Vending machine services		-8.5%	9.8%	-5.9%	9.8%	17.8%	11.5%	0.2%	64.7%	3.0%	10.1%							
Support services		-	-	33.2%	-	92.5%	69.1%	6.5%	-	300.0%	14.2%							
OPM		5.3%	5.9%	5.0%	6.2%	5.1%	6.3%	5.5%	6.6%	5.3%	6.2%							
Facilities management		10.7%	11.3%	10.1%	12.2%	10.8%	11.7%	10.6%	10.4%	9.2%	9.4%							
Securities management		7.6%	8.5%	8.2%	9.5%	7.6%	8.4%	9.0%	8.5%	7.8%	8.1%							
Cleaning services		14.2%	15.0%	14.2%	15.1%	13.3%	13.4%	13.4%	14.0%	13.4%	14.2%							
Construction work		4.2%	4.2%	2.9%	6.8%	5.4%	5.5%	5.7%	6.5%	6.2%	6.8%							
Materials & supplies sourcing		2.9%	3.3%	3.8%	4.9%	5.3%	5.8%	4.6%	5.3%	4.0%	4.2%							
Vending machine services		6.0%	8.5%	5.8%	10.2%	7.1%	9.3%	5.8%	13.4%	6.6%	9.4%							
Support services		1.9%	8.6%	8.3%	-0.7%	2.6%	9.4%	8.7%	3.3%	8.9%	9.6%							
OP composition																		
Facilities management		25.0%	22.3%	22.4%	23.4%	21.7%	21.1%	22.8%	18.8%	19.4%	18.5%							
Securities management		13.6%	12.2%	13.6%	14.2%	12.1%	11.7%	14.6%	12.8%	13.1%	12.1%							
Cleaning services		32.7%	27.6%	30.0%	28.3%	26.3%	23.4%	27.4%	25.1%	27.7%	26.2%							
Construction work		10.4%	14.5%	9.3%	9.3%	16.0%	12.8%	9.1%	8.3%	14.0%	12.7%							
Materials & supplies sourcing		6.2%	5.8%	7.9%	9.1%	10.8%	10.6%	10.2%	9.9%	8.8%	8.3%							
Vending machine services		10.3%	13.3%	9.0%	14.5%	10.1%	13.6%	8.3%	21.7%	10.4%	15.1%							
Support services		0.9%	3.5%	6.1%	-0.4%	1.5%	5.4%	6.0%	2.0%	5.8%	6.2%							

Source: Company data

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

In FY02/13 and FY02/14, the company booked robust sales of LED installations to the Aeon Group, but sales wound down this year, leading to a year-on-year fall in sales in the Construction Work segment.



However, sales were up year-on-year in all other segments, partly due to new domestic contracts and the contribution of consolidated subsidiaries in China and the ASEAN region.

Profits grew year-on-year as initiatives to improve productivity and efficiency bore fruit. Sales in 1H have now grown year-on-year for four years in a row, while 1H profits have increased year-on-year for five years in a row. This year the company booked its highest 1H profits to date.

View the [full report](#).



## AnGes MG, Inc. (4563)

Develops gene therapy medicines, working to develop and commercialize key pipeline drug Collategene.

On **October 27, 2014**, AnGes MG, Inc. announced earnings results for Q3 FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	126	189	76	100	83	92	107			750~850
YoY	84.3%	-14.2%	3.8%	21.3%	-34.3%	-51.4%	40.5%			
Operating expenses	454	493	390	517	559	651	1,120			
YoY	-21.7%	-25.5%	-19.3%	2.4%	23.0%	32.0%	187.5%			
OP	-328	-305	-313	-417	-476	-560	-1,013			-2,600~-2,400
YoY	-	-	-	-	-	-	-			
OPM	-	-	-	-	-	-	-			
RP	-337	-292	-317	-437	-437	-562	-1,122			-2,600~-2,400
YoY	-	-	-	-	-	-	-			
RPM	-	-	-	-	-	-	-			
NI	-367	-286	-319	-438	-439	-530	-1,122			-2,600~-2,400
YoY	-	-	-	-	-	-	-			
NPM	-	-	-	-	-	-	-			

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

Source: Company data

Operating expenses were JPY2.3bn (+116.5% YoY). CoGS increased to JPY109mn (+21.2%), in line with higher product sales. R&D expenses rose to JPY1.7bn (+137.1%), owing to international Phase III clinical trials for Collategene, which pushed outsourcing expenses up by JPY633mn, research material expenses up by JPY237mn, and supplies expenses up by JPY95mn. SG&A expenses fell to JPY513mn (-2.7%). Commissions paid were down by JPY31mn, due to a year-on-year fall in business compensation. Fewer employees also meant salary expenses fell by JPY14mn.

As a result of the above, the company booked an operating loss of JPY2.0bn (operating loss of JPY946mn in Q3 FY12/13). Recurring loss was JPY2.1bn (recurring loss of JPY946mn in Q3 FY12/13). The company booked JPY61mn in grant income from the New Energy and Industrial Technology Development Organization (NEDO). The company also reported share issuance expenses of JPY118mn (up JPY96mn) as a non-operating cost, due to the issuance of new shares in a rights offering. The company also booked losses on foreign exchange of JPY13mn. Net loss was JPY2.1bn (net loss of JPY972mn in Q3 FY12/13).

On **October 1, 2014**, the company announced the results of the exercise of series 26 subscription rights to new shares. The company allocated these listed warrants to shareholders free of charge in a noncommittal rights offering.

Per the company's announcement on July 22, 2014, the deadline for exercising the warrants was September 30, 2014. Of the total number of warrants issued, 65.24% were exercised. This resulted in 21.1mn new shares, and total proceeds of JPY6.1bn. As of September 30, 2014, the company had 53.5mn shares outstanding and issued capital of JPY14.8bn.

View the [full report](#).

## Anritsu Corp (6754)

Recognized global leader in mobile communications testing equipment.

On **October 30, 2014**, Anritsu Corp. announced 1H earnings results for FY03/15 and lowered its full-year forecast. The company also announced that it would buy back as many as 7 million shares, or 4.88% its total outstanding stock, excluding treasury shares.)

(JPYmn)	FY03/13				FY03/14				FY03/15		FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY	Est.	% of FY	Est.
<b>Sales</b>	<b>21,602</b>	<b>24,659</b>	<b>21,393</b>	<b>27,029</b>	<b>22,365</b>	<b>25,687</b>	<b>23,055</b>	<b>30,745</b>	<b>22,172</b>	<b>25,833</b>	<b>44.0%</b>	<b>109,000</b>	<b>45.9%</b>	<b>104,500</b>
YoY	10.1%	-1.6%	-0.6%	-1.4%	3.5%	4.2%	7.8%	13.7%	-0.9%	0.6%		7.0%		2.6%
GP	11,809	13,462	11,164	14,532	11,857	14,208	12,588	16,300	11,836	13,405				
YoY	12.8%	3.8%	-7.8%	6.3%	0.4%	5.5%	12.8%	12.2%	-0.2%	-5.7%				
GPM	54.7%	54.6%	52.2%	53.8%	53.0%	55.3%	54.6%	53.0%	53.4%	51.9%				
Other Income/Expenses	7,843	8,722	8,341	10,349	9,391	10,349	10,026	11,066	10,414	10,202				
YoY	2.2%	5.5%	7.6%	-10.3%	19.7%	18.7%	20.2%	6.9%	10.9%	-1.4%				
SG&A / Sales	36.3%	35.4%	39.0%	38.3%	42.0%	40.3%	43.5%	36.0%	47.0%	39.5%				
<b>OP</b>	<b>3,966</b>	<b>4,740</b>	<b>2,823</b>	<b>4,183</b>	<b>2,466</b>	<b>3,859</b>	<b>2,562</b>	<b>5,234</b>	<b>1,422</b>	<b>3,203</b>	<b>28.9%</b>	<b>16,000</b>	<b>32.8%</b>	<b>14,100</b>
YoY	41.8%	0.6%	-35.2%	95.8%	-37.8%	-18.6%	-9.2%	25.1%	-42.3%	-17.0%		13.3%		-0.1%
OPM	18.4%	19.2%	13.2%	15.5%	11.0%	15.0%	11.1%	17.0%	6.4%	12.4%		14.7%		13.5%
Pre-tax profit	3,543	4,517	3,423	4,655	2,681	3,884	2,725	4,947	1,350	3,661	31.3%	16,000	35.3%	14,200
YoY	43.2%	12.2%	-18.1%	92.8%	-24.3%	-14.0%	-20.4%	6.3%	-49.6%	-5.7%		12.4%		-0.3%
RPM	16.4%	18.3%	16.0%	17.2%	12.0%	15.1%	11.8%	16.1%	6.1%	14.2%		14.7%		13.6%
<b>NI</b>	<b>2,528</b>	<b>4,337</b>	<b>2,479</b>	<b>4,543</b>	<b>1,621</b>	<b>2,674</b>	<b>1,770</b>	<b>3,252</b>	<b>815</b>	<b>2,676</b>	<b>31.7%</b>	<b>11,000</b>	<b>36.7%</b>	<b>9,500</b>
YoY	46.2%	45.7%	41.2%	200.7%	-35.9%	-38.3%	-28.6%	-28.4%	-49.7%	0.1%		18.1%		2.0%
NPM	11.7%	17.6%	11.6%	16.8%	7.2%	10.4%	7.7%	10.6%	3.7%	10.4%		10.1%		9.1%

Source: Company data

Due to a change in accounting standards under revision to IAS No. 19, FY03/13 figures are retroactively restated.

Company forecasts are based on most recent figures.

### FY03/15 full-year forecast lowered; annual dividend remains at JPY24 a share

Anritsu, when it released its fiscal first-half earnings results for FY03/15, also lowered its full-year forecast. The company now expects lower sales and operating profit at its Test and Measuring Equipment, and Industrial Automation operations. In the Test and Measuring Equipment segment, demand for products for development use in the mobile market is expected to remain strong in 2H. However, sales of equipment used in the production of mobile devices, as well as equipment for the network and infrastructure market and the electronics market, may fall below the company's earlier forecast. The lower full-year forecast also reflects the weakness of Japan's industrial automation market during 1H. However, the company has left its annual dividend forecast unchanged at JPY24 a share (with a first-half dividend of JPY12 a share).

### Share buyback (7mn shares, or 4.88% of outstanding stock excluding treasury shares)

Anritsu also announced a share buyback to better reward its shareholders and improve capital efficiency. The company plans to buy back as many as 7 million shares (4.88% of its total outstanding shares, excluding treasury stock) for as much as JPY5bn during the period from October 31, 2014 through December 22, 2014. The company had 643,665 treasury shares as of September 30, 2014.

View the [full report](#).





## Apamanshop Holdings Co., Ltd. (8889)

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

On **October 30, 2014**, Apamanshop Holding announced full-year earnings results for FY09/14 and its second medium-term plan (FY09/15-FY09/17).

Quarterly Performance (JPYmn)	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	8,928	8,893	99.1%	37,000
YoY	-7.2%	-5.3%	-3.9%	-4.0%	-1.4%	2.3%	-1.9%	1.0%		1.0%
GP	2,192	2,583	2,573	2,566	2,199	2,856	2,608	2,558		
YoY	-10.3%	-3.5%	3.4%	5.8%	0.3%	10.6%	1.4%	-0.3%		
GPM	24.4%	26.5%	28.3%	29.1%	24.8%	28.7%	29.2%	28.8%		
SG&A	1,915	1,807	1,963	1,918	1,911	1,967	2,161	2,074		
YoY	-3.2%	-4.1%	-3.8%	5.7%	-0.2%	8.9%	10.1%	8.1%		
SG&A / Sales	21.3%	18.6%	21.6%	21.8%	21.5%	19.7%	24.2%	23.3%		
OP	276	777	610	647	288	888	447	485	87.8%	2,400
YoY	-40.6%	-1.9%	36.2%	5.9%	4.3%	14.3%	-26.7%	-25.0%		3.9%
OPM	3.1%	8.0%	6.7%	7.3%	3.2%	8.9%	5.0%	5.5%		6.5%
RP	-32	677	458	305	126	762	189	362	84.6%	1,700
YoY	-	13.4%	133.7%	-4.4%	-	12.6%	-58.7%	18.7%		20.7%
RPM	-	7.0%	5.0%	3.5%	1.4%	7.6%	2.1%	4.1%		4.6%
NI	-425	1,878	75	685	929	248	-80	385	74.1%	2,000
YoY	-	1576.8%	-58.3%	-32.7%	-	-86.8%	-	-43.8%		-9.6%
NPM	-	19.3%	0.8%	7.8%	10.5%	2.5%	-	4.3%		5.4%

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

Source: Company data

Operating profit fell by JPY202mn, to JPY2.1bn (-8.7% YoY). Although profits were up in the Brokerage and Property Management businesses, gross profits fell in other businesses and SG&A expenses increased.

Reasons for an increase in profits:

- Higher gross profits in the Brokerage businesses: plus JPY386mn;
- Higher gross profit in the Property Management business: plus JPY187mn.

Reasons for a decrease in profits

- Lower gross profits in non-core businesses: minus JPY266mn;
- Higher SG&A expenses: minus JPY509mn.

Recurring profit was JPY1.4bn (+2.2% YoY), but net income fell 33.0% YoY to JPY1.5bn. In FY09/13, the company booked a JPY1.7bn extraordinary gain from changes to its shareholding structure in SystemSoft, an equity-method affiliate. Since a similar gain was not posted during FY09/14, the fall in net income exceeded the fall in recurring profit.

View the [full report](#).



## 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 **October 31, 2014**, ArtSpark Holdings Inc. announced earnings results for Q3 FY12/14.

Quarterly Performance (JPYmn)		FY12/13				FY12/14				FY12/14	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales		1,152	706	905	921	813	625	904			
YoY		-	-3.8%	-8.7%	1.6%	-29.5%	-11.5%	-0			
GP		562	81	223	281	220	112	238			
GPM		48.8%	11.5%	24.6%	30.5%	27.1%	17.9%	0			
SG&A		327	300	315	269	285	262	341			
YoY		-	-15.6%	-12.3%	-25.9%	-12.9%	-12.5%	0			
OP		236	-218	-98	12	-66	-152	-96			
YoY		-	-	-	-	-	-	-			
OPM		20.5%	-	-	1.3%	-	-	-			
RP		232	-204	-102	5	-74	-156	-107			
YoY		-	-	-	-	-	-	-			
NI		203	-186	-107	133	-64	-163	-115			
YoY		-	-	-	-	-	-	-			
Cumulative Figures		Q1	1H	Q3	2H	Q1	1H	Q3	2H	% of FY Est.	FY Est.
Sales		1,152	1,859	2,764	3,685	813	1,438	2,342		62.0%	3,775
YoY		-	153.1%	60.1%	40.0%	-29.5%	-22.7%	-15.3%			2.4%
GP		562	643	866	1,147	220	332	570			-
GPM		48.8%	34.6%	31.3%	31.1%	27.1%	23.1%	24.3%			
SG&A		327	627	942	1,212	285	547	888			
YoY		-	76.4%	31.8%	12.3%	-12.9%	-12.7%	-5.7%			
OP		236	17	-81	-69	-66	-218	-314		-	63
YoY		-	-	-	-	-	-	-		-	-
OPM		20.5%	0.9%	-	-	-	-	-		-	-
RP		232	28	-74	-68	-74	-230	-337		-	36
YoY		-	-	-	-	-	-	-		-	-
NI		203	17	-90	43	-64	-227	-342		-	26
YoY		-	-	-	-	-	-	-		-39.3%	-

Source: Company data

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

The company was formed from a merger of CELSYS, Inc. and HI CORPORATION in April 2012, and thus FY12/12 is a nine month period.

Sales were JPY2.3bn (-15.3% YoY). In the UI/UX business, the reporting of high-margin royalties revenues was delayed until Q4. As a result, the company booked an operating loss of JPY314mn (operating loss of JPY81mn in Q3 FY12/13). The company booked a recurring loss of JPY337mn (recurring loss of JPY74mn in Q3 FY12/13), due to interest payments (JPY8mn), losses on forex (JPY3mn), and investment losses on equity in Galat Co., Ltd., an equity-method affiliate (JPY10mn). Net loss was JPY342mn (net income of JPY90mn in Q3 FY12/13), owing to negative goodwill of JPY14mn from the acquisition of HI Corporation Kansai. The company expects to achieve its full-year targets, in view of the fact that some revenues that it planned to report in Q3 will now be reported in Q4.

On **October 21, 2014**, the company announced that LINE Corporation had adopted Browser Viewer Solution for the PC web browser version of its LINE Manga service. Browser Viewer Solution is offered by the company's wholly owned subsidiary Celsys Inc. together with Media Do Co., Ltd.

Browser Viewer Solution combines Celsys' browser viewer, BS Reader for Browser, with Media Do's content distribution system, md-dc. LINE Corporation adopted the Browser Viewer Solution in the PC web browser version of the LINE Manga service, which it launched on October 14, 2014 (<https://manga.line.me/>).

View the [full report](#).

## AS ONE Corporation (7476)

Specialist trading company in profitable niche selling laboratory and medical instruments through catalogs. Growth from adding new categories and focusing on all aspects of the value chain.

On **October 31, 2014**, AS ONE Corporation announced earnings results for 1H FY03/15.

Quarterly performance (JPYmn)	FY03/13				FY03/14				FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of Est.	1H Est.
<b>Sales</b>	<b>11,324</b>	<b>11,048</b>	<b>11,864</b>	<b>13,893</b>	<b>11,488</b>	<b>11,803</b>	<b>12,635</b>	<b>15,266</b>	<b>11,694</b>	<b>11,883</b>	<b>96.6%</b>	<b>24,410</b>
Scientific instruments	6,243	6,152	6,829	8,407	6,538	6,822	7,481	8,914	6,543	6,705		
Industrial instruments	2,352	2,332	2,394	2,361	2,290	2,400	2,440	2,719	2,449	2,468		
Healthcare	2,729	2,564	2,640	3,124	2,661	2,581	2,714	3,632	2,701	2,710		
<b>YoY</b>	<b>2.2%</b>	<b>-0.2%</b>	<b>3.7%</b>	<b>2.0%</b>	<b>1.5%</b>	<b>6.8%</b>	<b>6.5%</b>	<b>9.9%</b>	<b>1.8%</b>	<b>0.7%</b>		
Scientific instruments	-0.3%	-3.2%	2.0%	4.1%	4.7%	10.9%	9.5%	6.0%	0.1%	-1.7%		
Industrial instruments	-1.8%	-4.6%	-2.4%	-7.6%	-2.6%	2.9%	1.9%	15.2%	7.0%	2.8%		
Healthcare	12.4%	13.1%	15.3%	4.6%	-2.5%	0.7%	2.8%	16.3%	1.5%	5.0%		
<b>Gross profit</b>	<b>3,512</b>	<b>3,392</b>	<b>3,718</b>	<b>3,999</b>	<b>3,552</b>	<b>3,575</b>	<b>3,797</b>	<b>4,377</b>	<b>3,597</b>	<b>3,584</b>		
GPM	31.0%	30.7%	31.3%	28.8%	30.9%	30.3%	30.1%	28.7%	30.8%	30.2%		
SG&A expenses	2,235	2,591	2,281	2,213	2,308	2,241	2,409	2,425	2,269	2,293		
YoY	3.2%	21.6%	7.6%	-10.2%	3.3%	-13.5%	5.6%	9.6%	-1.7%	2.3%		
SG&A / sales	19.7%	23.5%	19.2%	15.9%	20.1%	19.0%	19.1%	15.9%	19.4%	19.3%		
<b>Operating profit</b>	<b>1,278</b>	<b>800</b>	<b>1,437</b>	<b>1,785</b>	<b>1,244</b>	<b>1,335</b>	<b>1,389</b>	<b>1,952</b>	<b>1,328</b>	<b>1,292</b>	<b>101.1%</b>	<b>2,590</b>
YoY	-4.3%	-37.7%	1.3%	7.4%	-2.6%	66.8%	-3.4%	9.3%	6.8%	-3.2%		
OPM	11.3%	7.2%	12.1%	12.9%	10.8%	11.3%	11.0%	12.8%	11.4%	10.9%		
<b>Non-operating profit</b>	<b>5</b>	<b>-12</b>	<b>-32</b>	<b>-0</b>	<b>24</b>	<b>-40</b>	<b>5</b>	<b>21</b>	<b>31</b>	<b>25</b>		
Financial income	-1	-4	-5	-0	4	-9	-9	-4	-0	-9		
Gains on foreign exchange	10	2	-21	7	-2	-0	-5	6	-	-		
Gains on real estate investment	-7	-7	-11	-2	5	4	16	16	29	33		
Other non-operating profit	4	-4	5	-5	17	-35	4	4	2	1		
<b>Recurring profit</b>	<b>1,283</b>	<b>788</b>	<b>1,405</b>	<b>1,785</b>	<b>1,268</b>	<b>1,294</b>	<b>1,393</b>	<b>1,973</b>	<b>1,359</b>	<b>1,316</b>	<b>101.7%</b>	<b>2,630</b>
YoY	14.4%	-18.0%	0.3%	10.2%	-1.1%	64.2%	-0.8%	10.5%	7.2%	1.7%		
<b>Net income</b>	<b>803</b>	<b>475</b>	<b>860</b>	<b>1,072</b>	<b>779</b>	<b>784</b>	<b>857</b>	<b>1,166</b>	<b>877</b>	<b>839</b>	<b>104.0%</b>	<b>1,650</b>
YoY	17.6%	-14.2%	25.7%	14.7%	-3.0%	65.3%	-0.3%	8.8%	12.6%	6.9%		

Source: Company data

Despite robust sales of industrial and healthcare instruments, overall sales underperformed the company's target by JPY834mn. This was because universities and government bodies were slow to spend their budgets for scientific instruments.

AS ONE secured a gross profit margin above 30% in Q1 and Q2. There were no catalog expenses—as planned—and operating profit, recurring profit, and net income all came in above targets.

View the [full report](#).



## 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 **October 24, 2014**, Axell Corporation announced earnings results for 1H FY03/15.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	3,154	2,521	3,265	2,103	3,326	2,610	-	-	55.5%	10,700
YoY	-23.3%	-53.4%	-8.0%	-42.3%	5.5%	3.5%	-	-		-3.1%
GP	1,190	1,209	1,696	1,111	1,569	895	-	-	52.4%	4,700
YoY	-41.4%	-25.0%	-6.1%	-6.8%	31.8%	-26.0%	-	-		-9.7%
GPM	37.7%	48.0%	51.9%	52.8%	47.2%	34.3%	-	-		43.9%
SG&A	668	833	883	884	681	687	-	-	40.8%	3,350
YoY	10.6%	-7.8%	23.0%	-23.6%	1.9%	-17.5%	-	-		2.5%
SG&A / Sales	21.2%	33.0%	27.0%	42.0%	20.5%	26.3%	-	-		31.3%
R&D	404	578	522	586	415	213	-	-	36.7%	2,300
YoY	20.2%	-1.7%	35.9%	-30.8%	2.7%	-63.1%	-	-		10.0%
SG&A / Sales	12.8%	22.9%	16.0%	27.9%	12.5%	8.2%	-	-		21.5%
OP	521	377	813	227	888	208	-	-	81.2%	1,350
YoY	-63.5%	-46.8%	-25.3%	530.6%	70.4%	-44.8%	-	-		-30.3%
OPM	16.5%	15.0%	24.9%	10.8%	26.7%	8.0%	-	-		12.6%
RP	518	378	817	227	890	213	-	-	81.7%	1,350
YoY	-63.8%	-46.8%	-25.4%	548.6%	71.8%	-43.7%	-	-		-30.4%
RPM	16.4%	15.0%	25.0%	10.8%	26.8%	8.2%	-	-		12.6%
NI	338	234	257	169	634	147	-	-	82.2%	950
YoY	-63.9%	-51.5%	-64.7%	-	87.6%	-37.2%	-	-		-4.8%
NPM	10.7%	9.3%	7.9%	8.0%	19.1%	5.6%	-	-		8.9%
Unit sales of graphics LSIs ('000)	32	31	48	30	42	19	-	-		126

Source: Company data

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

Note: Company forecasts are the most recent figures.

According to the company, the amusement machines market—i.e., pachinko and pachislot machines—struggled as a whole due to tough conditions for amusement halls, although certain popular pachinko and pachislot machines sold well. Sales of pachislot machines have been relatively robust. But the company expects the pachislot machine market to shrink due to changes to production testing and voluntary restrictions introduced in September 2014.

On **the same day**, the company announced the dissolution of subsidiary New Zone Corp. and the transfer of its businesses.

The company established New Zone Corp. as a wholly owned subsidiary in December 2010, in a bid to expand the scope of its operations. New Zone Corp. focused on developing digital convenience radio (DCR) products following the emergence of DCR in August 2008. Its aim was to take advantage of the anticipated establishment of a data communications market based on DCR technology. As of October 2014, New Zone Corp. had developed most of the products it initially intended to, but Axell decided to alter its business plan due to delays in certain product development, competitors' product development, and competition from new communications methods.

The company will consider the possibility of expanding this business. In the meantime, it has judged that—in view of New Zone Corp.'s financial standing and human resources—dissolving the subsidiary and unifying its operations with those of the parent offers greater potential for business development. The company will take over all of New Zone's businesses on December 1, 2014.

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 **October 29, 2014**, Benefit One Inc. announced earnings results for 1H FY03/15.

Quarterly performance (JPYmn)	FY03/13				FY03/14				FY03/15		FY03/15		FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.	% of FY	FY Est.
Sales	3,886	4,290	4,526	4,908	4,552	4,884	5,283	5,637	4,850	5,082	94.6%	10,500	42.3%	23,500		
YoY	13.4%	17.9%	20.0%	19.2%	17.1%	13.8%	16.7%	14.9%	6.5%	4.1%		11.3%		15.4%		
GP	1,544	1,345	1,855	1,944	1,768	1,526	2,102	2,142	1,936	1,819						
GPM	39.7%	31.4%	41.0%	39.6%	38.8%	31.2%	39.8%	38.0%	39.9%	35.8%						
SG&A	1,075	934	953	994	1,218	1,050	1,005	1,095	1,340	1,177						
YoY	11.2%	12.3%	17.8%	21.1%	13.3%	12.4%	5.5%	10.2%	10.0%	12.1%						
OP	469	411	901	950	549	476	1,097	1,047	596	641	110.4%	1,120	34.2%	3,620		
YoY	27.8%	4.8%	4.6%	11.6%	17.1%	15.8%	21.8%	10.2%	8.6%	34.7%		9.3%		14.2%		
OPM	12.1%	9.6%	19.9%	19.4%	12.1%	9.7%	20.8%	18.6%	12.3%	12.6%		10.7%		15.4%		
RP	470	406	888	950	530	456	1,102	1,057	600	637	112.5%	1,100	34.4%	3,600		
YoY	26.7%	5.2%	2.9%	6.5%	12.8%	12.3%	24.1%	11.3%	13.2%	39.7%		11.6%		14.5%		
RPM	12.1%	9.5%	19.6%	19.4%	11.6%	9.3%	20.9%	18.8%	12.4%	12.5%		10.5%		15.3%		
NI	281	240	541	561	302	263	692	635	368	397	112.5%	680	34.0%	2,250		
YoY	31.9%	8.1%	10.0%	7.9%	7.5%	9.6%	27.9%	13.2%	21.9%	51.0%		20.4%		18.9%		
NPM	7.2%	5.6%	12.0%	11.4%	6.6%	5.4%	13.1%	11.3%	7.6%	7.8%		6.5%		9.6%		

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

Source: Company data

In the Benefit segment, the company focused on proposals to private companies and public bodies, and on expanding sales to small and medium-sized companies. Membership grew as a result. Membership also increased significantly in the Personal segment, mainly at major clients (in this segment, the company offers its services to individuals in client organizations). In the Incentive segment, revenues grew and margins improved on point-conversion goods (in this segment, the company manages and operates incentive points systems at client organizations). In the Healthcare segment, the company focused on expanding and solidifying its range of services, including new services such as support for data health plans and mental health checks.

On **the same day**, the company announced a capital and business partnership with Data Horizon Corporation.

The company and wholly owned subsidiary Benefit One Health Care agreed to a capital and business alliance with Data Horizon (TSE Mothers: 3628) on October 29, 2014.

#### Objectives and reasons for the partnership

Benefit One Healthcare offers a comprehensive range of disease prevention services, ranging from medical checkup reservations to managing medical checkup data and specific health guidance. It has one of the highest market shares in the industry. This subsidiary is also developing the Data Health One-Stop Service for all aspects of “data health plans” (disease prevention services based on data from medical checkups and health insurance claims), and new services to prevent and discover diseases.

Data Horizon has many years of experience offering healthcare data services. It has collected data from health insurance claims, developed technology to analyze healthcare fees and the severity of different diseases, and accumulated a database. Data Horizon uses this technology in a service for the national health insurance, and also plans to create data health plans for health insurance unions.

With this business partnership, Benefit One expects that Benefit One Healthcare’s Data Health One-Stop Service and Data Horizon’s analytical technology will complement each other, allowing the company to offer a quality data health service. Furthermore, this partnership will combine the two companies’ shares





of the data health market, which has promising growth prospects.

#### Business partnership details

The companies may cooperate to offer data health services. They would be contracted by medical insurers to create, execute, and evaluate data health plans.

#### Capital partnership details

On October 31, 2014, Benefit One will purchase 250,000 common shares in Data Horizon (7.03% of shares outstanding; acquisition value of JPY177mn) from Data Horizon's top shareholder, President Yoshio Utsumi.

Data Horizon Performance (JPYmn)	FY03/10 Act.	FY03/11 Act.	FY03/12 Act.	FY03/13 Act.	FY03/14 Act.	FY03/15 Est.
Sales	1,920	2,205	2,147	1,880	2,303	2,035
YoY	28.4%	14.8%	-2.6%	-12.5%	22.5%	-11.6%
Gross profit	1,023	963	1,027	857	978	
GPM	53.2%	43.7%	47.8%	45.6%	42.5%	-
SG&A	721	853	957	954	1,030	
Operating Profit	301	110	70	-97	-52	7
YoY	-5.0%	-63.5%	-36.4%	-	-	-
OPM	15.7%	5.0%	3.3%	-5.2%	-2.2%	0.3%
Recurring Profit	300	106	58	-105	-52	8
Net Income	165	78	18	-181	-36	114
Net Assets	1,155	1,114	1,073	882	853	
Total Assets	1,743	1,651	1,748	1,454	1,672	
Equity Ratio	66.3%	67.5%	61.4%	60.7%	51.0%	
Interest-Bearing Debt	24	117	191	142	302	
Lease Obligations	88	97	105	75	44	
Cash and Equivalents	238	197	302	274	360	

Source: Data Horizon Corporation

On **October 22, 2014**, the company announced a partnership between subsidiary PT. Benefit One Indonesia and PT. Karang Mas Investama, a subsidiary of Indonesian conglomerate MidPlaza Holdings, with the objective of strengthening its client acquisition and services in Indonesia.

#### About Benefit One Indonesia

Benefit One Asia was established in October 2013 with 60% of ownership attributable to Benefit One Inc. and 40% to Itochu Corporation (TSE1: 8001). Benefit One Asia is focused on expanding social welfare services in the Asia region. To enter the expanding Indonesia market, the company established Benefit One Indonesia as a regional subsidiary in May 2014. Benefit One Indonesia deals primarily with providing a "points" program to Indonesian employees working at Japanese firms, and began the program in August 2014. Points are awarded for actions such as demonstrating high job performance, completing additional training, or being consistently on time. Employees may exchange points for various types of merchandise.

#### Objectives

Through the partnership, the company aims to achieve the following goals in Indonesia:

1. Strengthen client acquisition activities;
2. Develop higher quality services;
3. Attain management expertise in personnel, legal, and system administration.

To accumulate experience in providing the points program in Indonesia, Benefit One will emphasize sales activities through networking, and look to enhance its merchandise portfolio in its point exchange catalog.



As a first step, the company will launch the points program for employees of group companies, and utilize its network in Indonesia to fortify sales activities to firms based both in Japan and Indonesia.

PT. Karang Mas Investama is an investment company specializing in the asset and IT sectors. It operates under the umbrella of MizPlaza Holdings, an Indonesian conglomerate that deals in real estate and IT.

#### Partnership details

Under the terms of the partnership, 10% of shares in Benefit One Indonesia (99% owned by Benefit One Asia, 1% owned by Benefit One) will be transferred to PT. Karang Mas Investama, and the effective date of transfer will be during October. Of the 10% of shares to be transferred, 9% will be transferred from Benefit One Asia, and 1% will be transferred from Benefit One. After the transaction is complete, 90% of ownership in Benefit One Indonesia will be attributable to Benefit One Asia, and the remaining 10% will be held by PT. Karang Mas Investama.

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

On **October 6, 2014**, Bell-Park Co., Ltd. announced September monthly sales estimate.

Monthly Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2014</b>													
New	37,521	37,268	84,090	30,311	31,067	29,803	36,075	36,118	41,081				<b>363,334</b>
YoY	-15.8%	-4.7%	4.8%	-28.2%	-29.7%	-0.4%	13.5%	7.5%	20.7%				
ex-low ARPU handsets	28,160	27,016	57,329	18,514	17,990	16,624	20,118	20,380	26,872				<b>233,003</b>
(YoY)	24.8%	35.9%	41.8%	-20.2%	-25.2%	-12.8%	-5.1%	-16.8%	17.4%				
Replacement	34,016	31,893	48,944	22,325	23,426	22,687	29,112	28,791	57,093				<b>298,287</b>
YoY	-8.9%	23.3%	5.7%	-32.4%	-41.9%	-14.4%	0.2%	-4.3%	55.0%				
<b>Total</b>	<b>71,537</b>	<b>69,161</b>	<b>133,034</b>	<b>52,636</b>	<b>54,493</b>	<b>52,490</b>	<b>65,187</b>	<b>64,909</b>	<b>98,174</b>				<b>661,621</b>
<b>YoY</b>	<b>-12.6%</b>	<b>6.4%</b>	<b>5.2%</b>	<b>-30.0%</b>	<b>-35.5%</b>	<b>-7.0%</b>	<b>7.2%</b>	<b>1.9%</b>	<b>38.6%</b>				
<b>2013</b>													
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	<b>493,068</b>
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	22,566	19,882	40,417	23,187	24,066	19,059	21,191	24,508	22,890	22,919	25,087	25,944	<b>291,716</b>
(YoY)	-23.0%	-32.5%	-22.2%	-27.5%	-23.4%	-5.7%	-12.7%	18.4%	-4.4%	-7.4%	5.8%	18.1%	
Replacement	37,325	25,865	46,305	33,039	40,335	26,499	29,059	30,075	36,832	46,110	49,021	40,700	<b>441,165</b>
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%	
<b>Total</b>	<b>81,886</b>	<b>64,988</b>	<b>126,512</b>	<b>75,227</b>	<b>84,523</b>	<b>56,420</b>	<b>60,831</b>	<b>63,671</b>	<b>70,854</b>	<b>83,876</b>	<b>88,500</b>	<b>76,945</b>	<b>934,233</b>
<b>YoY</b>	<b>12.6%</b>	<b>5.4%</b>	<b>33.4%</b>	<b>13.7%</b>	<b>26.2%</b>	<b>12.2%</b>	<b>-2.6%</b>	<b>15.2%</b>	<b>-0.8%</b>	<b>-15.5%</b>	<b>-17.8%</b>	<b>-1.5%</b>	

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

View the [full report](#).



## Canon Marketing Japan Inc. (8060)

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

On **October 23, 2014**, Canon Marketing Japan Inc.'s (CMJ) announced earnings results for Q3 FY12/14 and revised its full-year forecast.

	FY12/13				FY12/14				FY12/14		FY12/14	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Sales	150,210	159,222	159,190	188,593	182,697	145,658	150,750		+71.7%	668,400	+70.7%	677,200
YoY	-7.9%	-0.5%	+3.1%	+3.8%	+21.6%	-8.5%	-5.3%			+1.7%		+3.0%
GP	49,276	53,927	55,215	61,791	61,046	53,667	54,882					
YoY	-8.7%	-1.4%	+5.8%	+3.0%	+23.9%	-0.5%	-0.6%					
GPM	32.8%	33.9%	34.7%	32.8%	33.4%	36.8%	36.4%					
SG&A	48,873	50,263	50,913	53,148	51,814	50,387	51,421				+27.0%	
YoY	-3.1%	-0.3%	+1.6%	+0.1%	+6.0%	+0.2%	+1.0%					
SG&A / Sales	32.5%	31.6%	32.0%	28.2%	28.4%	34.6%	34.1%					
OP	403	3,663	4,302	8,644	9,231	3,280	3,462		+66.3%	24,100	+70.1%	22,800
YoY	-88.6%	-14.3%	+106.6%	+25.2%	-	-10.5%	-19.5%			+41.7%		+34.0%
OPM	0.3%	2.3%	2.7%	4.6%	5.1%	2.3%	2.3%			3.6%		3.4%
RP	536	4,331	4,473	8,870	9,369	4,083	3,686		+67.2%	25,500	+71.7%	23,900
YoY	-85.4%	-13.7%	+95.8%	+24.4%	-	-5.7%	-17.6%			+40.0%		+31.2%
RPM	0.4%	2.7%	2.8%	4.7%	5.1%	2.8%	2.4%			3.8%		3.5%
NI	-35	2,008	2,711	5,483	5,707	2,144	1,851		+67.4%	14,400	+71.9%	13,500
YoY	-	-26.4%	+143.6%	+14.8%	-	+6.8%	-31.7%			+41.6%		+32.8%
NPM	-	1.3%	1.7%	2.9%	3.1%	1.5%	1.2%			2.2%		2.0%

Source: Company data

Cumulative operating profit rose 90.9% YoY to JPY16bn due to an increase in sales of profitable products. However, operating profit for the three months through September 30 declined 19.5% YoY to JPY3.5. The company, which raised its full-year earnings forecast on July 23, increased its annual profit target again. (Sales forecasts, however, have been reduced.) The company has left its annual dividend forecast unchanged at JPY30 a share (with the dividend payout ratio falling to 27.0% from 28.8%).

The company expects lower sales because of weak demand for infrastructure solutions in the IT infrastructure service businesses of the IT Solutions segment. In the Imaging System segment, the company expects fewer shipments of digital cameras with interchangeable lenses and compact digital cameras. Sales of broadcast equipment were also slow.

On the other hand, the company revised forecasts of sales of the product operations of the IT Solutions segment up to reflect an increase in demand for security, 3D, and CAD solutions.

View the [full report](#).

## Chiyoda Co., Ltd. (8185)

Retailer specializing in low-price shoes.

Chiyoda Co., Ltd. announced monthly sales data for October 2014 on **November 4, 2014** and for September 2014 on **October 1, 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%
Customer count	-7.6%	-2.4%	-0.6%	-4.5%	-4.7%	-5.7%	-2.1%	1.7%	-8.9%	6.3%	1.0%	4.7%
Spend per customer	-1.1%	0.3%	-0.8%	-2.5%	-1.1%	-2.4%	-0.7%	-3.1%	-4.8%	-3.4%	-4.7%	-3.9%
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%
Customer count	-1.2%	-2.1%	-3.6%	-1.8%	-2.1%	-5.7%	-3.5%	1.8%	-4.9%	-4.6%	-2.5%	0.3%
Spend per customer	-5.5%	-4.2%	-4.0%	-2.7%	-2.6%	-3.1%	-4.1%	0.3%	-0.6%	1.5%	2.4%	2.7%
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%
Customer count	-19.6%	1.5%	0.9%	0.6%	5.2%	-0.1%	-0.1%	-1.1%	4.1%	1.9%	-0.7%	0.5%
Spend per customer	2.8%	2.5%	1.5%	1.2%	0.1%	1.0%	1.5%	0.6%	2.0%	1.0%	0.2%	0.9%
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%
Customer count	13.3%	0.7%	-5.3%	-3.2%	-6.5%	-4.4%	-0.3%	-9.1%	-0.5%	-4.9%	-3.0%	-7.7%
Spend per customer	2.0%	1.4%	0.7%	2.6%	2.8%	0.9%	0.1%	0.2%	2.0%	2.1%	1.3%	0.9%
FY02/14	2.8%	-9.5%	-2.1%	1.3%	-8.4%	0.3%	-3.0%	-3.7%	-2.2%	-3.4%	-8.5%	17.3%
Customer count	1.7%	-10.7%	-4.1%	0.3%	-8.1%	-1.7%	-5.7%	-5.6%	-5.1%	-4.1%	-9.6%	14.3%
Spend per customer	1.0%	1.3%	2.0%	1.0%	-0.3%	2.0%	2.8%	1.9%	3.0%	0.7%	1.2%	2.6%
FY02/15	15.0%	-8.3%	-3.3%	-9.1%	-4.2%	1.3%	-6.3%	-9.0%				
Customer count	6.3%	-10.6%	-7.8%	-11.8%	-8.7%	-3.5%	-11.3%	-12.8%				
Spend per customer	8.1%	2.6%	4.8%	3.0%	4.8%	4.9%	5.6%	4.4%				

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%
Customer count	-6.5%	-0.8%	1.9%	-1.9%	-2.9%	-3.1%	1.2%	5.2%	-5.8%	8.9%	4.1%	8.3%
Spend per customer	0.0%	0.7%	0.2%	-1.8%	-0.5%	-1.8%	0.0%	-2.3%	-4.6%	-3.1%	-4.2%	-3.5%
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%
Customer count	2.8%	1.5%	-0.5%	1.2%	0.5%	-3.3%	-2.1%	2.7%	-4.8%	-4.7%	-2.3%	0.8%
Spend per customer	-5.2%	-4.2%	-3.9%	-2.6%	-2.5%	-2.9%	-4.0%	0.3%	-0.3%	1.8%	2.5%	2.8%
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%
Customer count	-20.9%	-0.8%	-0.7%	-1.0%	3.4%	-1.3%	0.3%	-1.5%	4.8%	1.3%	-1.9%	-0.1%
Spend per customer	2.9%	2.6%	1.6%	1.2%	0.2%	0.9%	1.3%	0.3%	1.9%	0.9%	0.1%	0.8%
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%
Customer count	11.9%	-0.6%	-6.8%	-4.2%	-7.5%	-5.7%	-1.4%	-9.8%	-0.2%	-4.6%	-2.8%	-7.5%
Spend per customer	2.1%	1.4%	0.7%	2.6%	2.8%	0.9%	0.2%	0.4%	2.1%	2.2%	1.3%	1.0%
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%
Customer count	2.5%	-9.6%	-2.6%	2.2%	-6.4%	-0.4%	-4.4%	-4.4%	-4.3%	-3.4%	-8.9%	14.7%
Spend per customer	1.0%	1.5%	2.2%	1.0%	-0.3%	2.2%	3.0%	2.0%	3.3%	0.9%	1.4%	2.8%
FY02/15	16.1%	-8.0%	-3.0%	-9.5%	-5.0%	0.8%	-7.2%	-9.8%				
Customer count	7.2%	-10.5%	-7.7%	-12.4%	-9.6%	-4.1%	-12.3%	-14.0%				
Spend per customer	8.2%	2.8%	5.0%	3.2%	5.0%	5.1%	5.7%	4.9%				

Source: Company data processed by SR Inc.  
 Figures may differ from company materials due to differences in rounding methods.  
 Most recent monthly figures may not be final.

On **October 21, 2014**, the company announced a share buyback.

**Acquisition details**

Type of shares to be acquired: Common shares of Chiyoda

Number of shares to be acquired: Maximum of 500,000 shares (1.28% of outstanding shares)

Value of acquisition: Maximum of JPY1,000mn

Acquisition period: October 22–December 25, 2014

The number of outstanding shares (excluding treasury shares) as of September 30, 2014 is 39,076,400 and treasury shares is 2,533,596.



On **October 3, 2014**, the company announced Q2 FY02/15 results.

(JPYmn)	FY02/13				FY02/14				FY02/15		FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY	FY Est.
Sales	40,237	35,806	37,252	37,028	39,297	35,423	35,856	36,847	<b>39,458</b>	<b>33,964</b>	50.5%	145,530
Shoes	30,506	27,074	27,350	26,734	29,914	26,985	26,978	26,796	30,402	25,656		
Apparel	9,730	8,733	9,901	10,294	9,383	8,438	8,878	10,050	9,056	8,308		
YoY	2.4%	-4.3%	-4.0%	-4.0%	-2.3%	-1.1%	-3.7%	-0.5%	0.4%	-4.1%		-1.3%
Shoes	2.6%	-3.5%	-3.3%	-3.0%	-1.9%	-0.3%	-1.4%	0.2%	1.6%	-4.9%		
Apparel	1.6%	-6.7%	-5.8%	-6.4%	-3.6%	-3.4%	-10.3%	-2.4%	-3.5%	-1.5%		
GP	19,847	17,159	18,707	17,728	19,821	17,160	17,773	17,287	19,717	16,115		
YoY	4.8%	-2.2%	-0.6%	-0.3%	-0.1%	0.0%	-5.0%	-2.5%	-0.5%	-6.1%		
GPM	49.3%	47.9%	50.2%	47.9%	50.4%	48.4%	49.6%	46.9%	50.0%	47.4%		
SG&A	15,608	14,989	15,587	14,940	15,679	15,265	15,624	14,942	15,848	15,170		
YoY	-1.5%	-2.2%	-1.1%	-2.9%	0.5%	1.8%	0.2%	0.0%	1.1%	-0.6%		
SG&A / Sales	38.8%	41.9%	41.8%	40.3%	39.9%	43.1%	43.6%	40.6%	40.2%	44.7%		
OP	4,238	2,171	3,119	2,788	4,141	1,896	2,149	2,345	<b>3,868</b>	<b>946</b>	50.7%	9,496
Shoes	3,458	1,876	2,276	1,953	3,245	1,939	2,069	2,096	3,765	1,082		
Apparel	812	237	839	827	704	64	132	240	103	-232		
YoY	36.8%	-1.4%	2.4%	16.8%	-2.3%	-12.7%	-31.1%	-15.9%	-6.6%	-50.1%		-9.8%
Shoes	29.4%	1.4%	-1.0%	10.3%	-6.2%	3.4%	-9.1%	7.3%	16.0%	-44.2%		
Apparel	95.2%	-4.0%	6.9%	34.3%	-13.3%	-73.0%	-84.3%	-71.0%	-85.4%	-		
OPM	10.5%	6.1%	8.4%	7.5%	10.5%	5.4%	6.0%	6.4%	9.8%	2.8%		6.5%
Shoes	8.6%	5.2%	6.1%	5.3%	8.3%	5.5%	5.8%	5.7%	9.5%	3.2%		
Apparel	2.0%	0.7%	2.3%	2.2%	1.8%	0.2%	0.4%	0.7%	0.3%	-		
RP	4,437	2,388	3,308	2,975	4,255	1,978	2,247	2,547	<b>4,001</b>	<b>1,075</b>	50.8%	9,991
YoY	37.3%	0.0%	4.0%	17.1%	-4.1%	-17.2%	-32.1%	-14.4%	-6.0%	-45.7%		-9.4%
RPM	11.0%	6.7%	8.9%	8.0%	10.8%	5.6%	6.3%	6.9%	10.1%	3.2%		6.9%
NI	2,404	1,391	1,420	1,936	2,221	1,084	1,187	1,355	<b>2,302</b>	<b>463</b>	53.6%	5,156
YoY	389.6%	13.0%	-21.3%	47.4%	-7.6%	-22.1%	-16.4%	-30.0%	3.6%	-57.3%		-11.8%
NPM	6.0%	3.9%	3.8%	5.2%	5.7%	3.1%	3.3%	3.7%	5.8%	1.4%		3.5%

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

Source: Company Data

Recoveries were seen in corporate earnings and the employment situation in Japan. However, the future remains uncertain while the effect of the consumption tax increase has been lingering and the April-June GDP shrank from January-March. In the retail shoes and apparel industry—the company's area of business—harsh conditions continued. Contributing factors include a fall in the number of customers amid a pullback in demand subsequent to the consumption tax hike and the weaker yen leading to higher raw materials and a rise in electricity charges.

To deal with these issues, the company worked to implement a multibrand merchandising strategy to more accurately capture customer needs and market trends. Chiyoda focused on providing a more diverse set of product choices in the expanding market for sneakers, and strengthened its position on accessory products. The company also concentrated on repositioning its stores to match the needs in various locations, and modified store formats and renovated as necessary.

On **October 2, 2014**, the company announced that subsidiary Mac-House Co., Ltd. made revisions to full-year and 1H earnings forecasts for FY02/15.

#### Revisions to Mac-House earnings forecasts for 1H FY02/15

(Previous forecasts in parentheses.)

- Sales: JPY17.4bn (JPY18.4bn)
- Operating loss: JPY129mn (operating profit of JPY520mn)
- Recurring loss: JPY39mn (recurring profit of JPY550mn)
- Net loss: JPY179mn (JPY245mn).

Revisions to Mac-House full-year earnings forecasts for FY02/15

(Previous forecasts in parentheses.)

- Sales: JPY36.3bn (JPY38.5bn)
- Operating profit: JPY600mn (JPY1.3bn)
- Recurring profit: JPY700mn (JPY1.4bn)
- Net income: JPY190mn (JPY620mn).

Reasons for the revisions

The company expects that sales at subsidiary Mac-House will underperform the initial forecast by JPY1.0bn, due to poor weather and fierce competition following the consumption tax hike. The company revised its profit forecasts because gross profit underperformed the target. This was the result of pricing changes caused by bargain sales in response to the fierce competition. SG&A expenses were also up year-on-year, due to promotional materials and more new store openings, although this was in line with the company's expectations.

View the [full report](#).



## Creek & River Co Ltd (4763)

A staffing company strong in the creative and professional fields. Pursuing growth by expanding into outsourcing and rights management.

On **October 2, 2014**, Creek & River announced earnings results for Q2 FY02/15.

Quarterly Performance (JPYmn)	FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	4,805	5,701	4,780	5,327	6,092	5,697	-	-	51.3%	23,000
YoY	18.5%	27.1%	3.5%	21.8%	26.8%	-0.1%	-	-		31.2%
GP	1,639	1,727	1,491	1,534	2,030	1,883	-	-		
YoY	25.0%	4.2%	-10.9%	13.6%	23.8%	9.0%	-	-		
GPM	34.1%	30.3%	31.2%	28.8%	33.3%	33.0%	-	-		
SG&A	1,253	1,371	1,344	1,331	1,451	1,532	-	-		
YoY	9.1%	12.6%	-4.3%	8.2%	15.8%	11.8%	-	-		
SG&A / Sales	26.1%	24.0%	28.1%	25.0%	23.8%	26.9%	-	-		
OP	386	356	147	204	578	350	-	-	66.3%	1,400
YoY	137.2%	-19.1%	-45.3%	68.5%	49.8%	-1.7%	-	-		41.1%
OPM	8.0%	6.2%	3.1%	3.8%	9.5%	6.1%	-	-		6.1%
RP	387	356	148	201	584	358	-	-	67.3%	1,400
YoY	136.7%	-19.0%	-52.7%	69.4%	50.9%	0.4%	-	-		35.2%
RPM	8.1%	6.3%	3.1%	3.8%	9.6%	6.3%	-	-		6.1%
NI	158	173	63	98	349	180	-	-	75.6%	700
YoY	239.8%	27.4%	-58.8%	20995.7%	121.3%	4.1%	-	-		109.2%
NPM	3.3%	3.0%	1.3%	1.8%	5.7%	3.2%	-	-		3.0%

Source: Company data

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

Creek & River posted its highest quarterly sales and profits to date. The company reported robust results amid healthy demand for skilled professionals, including creators, physicians, IT engineers, lawyers, accountants, architects, and fashion designers.

View the [full report](#).

## Daiseki Co Ltd (9793)

Environmental services company with strength in industrial waste disposal. Growing organically and through M&A. Strong balance sheet and cash flow generation.

On **October 15, 2014**, Shared Research Inc. updated comments on Daiseki Co., Ltd.'s Q2 FY02/15 earnings after interviewing management.

	FY02/13				FY02/14				FY02/15								FY02/15 % of				
(JPYmm)	Q1	Q2	Q3		Q1	Q2	Q3		Q1	Q2	Q3		Q1 CE	Q2 CE	Q3 CE	Q4 CE		Q1	Q2	H1	FY CE
Sales	9,435	8,782	9,089	8,707	10,123	10,191	10,671	11,115	11,278	11,447			10,850	11,750	11,350	11,050		103.9%	97.4%		45,000
YoY	3.4%	-12.5%	-2.1%	8.0%	7.3%	16.0%	17.4%	27.7%	11.4%	12.3%			7.2%	15.3%	6.4%	-0.6%					6.9%
GP	2,866	2,462	2,613	2,334	3,098	3,028	3,183	2,989	3,417	3,382			3,190	3,260	3,210	2,980		107.1%	103.7%	105.4%	12,640
GPM	30.4%	28.0%	28.7%	26.8%	30.6%	29.7%	29.8%	26.9%	30.3%	29.5%			29.4%	27.7%	28.3%	27.0%					28.1%
SG&A	1,218	1,224	1,182	1,246	1,248	1,233	1,228	1,290	1,282	1,465			1,280	1,300	1,300	1,320		100.2%	112.7%	106.5%	5,200
YoY	4.6%	2.8%	2.8%	-0.1%	2.5%	0.7%	3.9%	3.5%	2.7%	18.8%			2.6%	5.4%	5.9%	2.3%					4.0%
OP	1,647	1,238	1,431	1,088	1,849	1,795	1,956	1,698	2,134	1,917			1,910	1,960	1,910	1,660		111.7%	97.8%	104.7%	7,440
YoY	0.9%	-32.5%	1.7%	24.1%	12.3%	45.0%	36.7%	56.1%	15.4%	6.8%			3.3%	9.2%	-2.4%	-2.2%					1.9%
OPM	17.5%	14.1%	15.7%	12.5%	18.3%	17.6%	18.3%	15.3%	18.9%	16.7%			17.6%	16.7%	16.8%	15.0%					16.5%
RP	1,684	1,281	1,465	1,124	1,882	1,835	1,983	1,700	2,155	1,949			1,920	1,980	1,920	1,690		112.2%	98.4%	105.2%	7,510
RPM	17.8%	14.6%	16.1%	12.9%	18.6%	18.0%	18.6%	15.3%	19.1%	17.0%			17.7%	16.9%	16.9%	15.3%					16.7%
NI	915	693	803	613	1,082	1,018	1,039	803	1,183	1,111			1,020	1,000	1,060	1,000		116.0%	111.1%	113.6%	4,080
YoY	-2.9%	-32.3%	1.9%	39.0%	18.3%	46.9%	29.4%	31.0%	9.3%	9.1%			-5.7%	-1.8%	2.0%	24.5%					3.5%
NPM	9.7%	7.9%	8.8%	7.0%	10.7%	10.0%	9.7%	7.2%	10.5%	9.7%			9.4%	8.5%	9.3%	9.0%					9.1%

	FY02/13				FY02/14				FY02/15								FY02/15 % of				
(JPYmm)	Q1	Q2	Q3		Q1	Q2	Q3		Q1	Q2	Q3		Q1 CE	Q2 CE	Q3 CE	Q4 CE		Q1	Q2	H1	FY CE
Daiseiki Co.																					
Sales	6,389	6,013	5,928	5,478	6,287	6,371	6,327	6,088	6,822	6,747			6,571	6,651	6,608	6,286		103.8%	101.4%	102.6%	
YoY	6.0%	-9.6%	2.3%	-1.0%	-1.6%	6.0%	6.7%	11.1%	8.5%	5.9%			4.5%	4.4%	4.4%	3.3%					
GP	2,410	2,064	2,110	1,694	2,326	2,312	2,303	2,001	2,567	2,578			-	-	-	-					
GPM	37.7%	34.3%	35.6%	30.9%	37.0%	36.3%	36.4%	32.9%	37.6%	38.2%			-	-	-	-					
SG&A	773	762	753	729	767	761	784	766	767	795			-	-	-	-					
OP	1,637	1,302	1,357	965	1,559	1,551	1,519	1,235	1,800	1,783			1,654	1,658	1,628	1,388		108.8%	107.5%	108.2%	
YoY	9.8%	-11.3%	-3.6%	-12.7%	-4.8%	19.1%	11.9%	28.0%	15.5%	15.0%			6.1%	6.9%	7.2%	12.4%					
OPM	25.6%	21.7%	22.9%	17.6%	24.8%	24.3%	24.0%	20.3%	26.4%	26.4%			25.2%	24.9%	24.6%	22.1%					
Daiseiki Eco. Solution																					
Sales	2,024	1,750	1,935	1,801	2,554	2,253	2,374	3,405	3,095	2,875			3,007	2,830	3,026	2,947		102.9%	101.6%	102.3%	11,810
YoY	12.8%	-17.5%	4.8%	22.9%	26.2%	28.7%	22.7%	89.0%	21.2%	27.6%			17.7%	25.6%	27.5%	-13.4%					11.6%
GP	392	302	344	354	517	456	426	721	616	495			577	525	588	548		106.8%	94.4%	100.9%	2,236
GPM	19.4%	17.3%	17.8%	19.6%	20.3%	20.3%	18.0%	21.2%	19.9%	17.2%			19.2%	18.5%	19.4%	18.6%					18.9%
SG&A	188	206	193	213	219	212	171	221	207	217			209	208	206	205		99.0%	104.4%	101.7%	828
OP	204	96	151	140	299	245	255	499	409	278			368	317	381	343		111.3%	87.8%	100.4%	1,408
YoY	114.9%	-50.6%	39.6%	1,180.0%	46.1%	155.9%	68.8%	255.6%	37.1%	13.7%			23.3%	29.5%	49.4%	-31.3%					8.5%
OPM	10.1%	5.5%	7.8%	7.8%	11.7%	10.9%	10.8%	14.7%	13.2%	9.7%			12.2%	11.2%	12.6%	11.6%					11.9%
Daiseiki MCR																					
Sales	611	508	613	1,057	787	756	798	770	687	679			716	968	1,104	1,104		95.9%	70.1%	81.1%	3,892
YoY	-29.9%	-42.1%	-15.8%	71.0%	28.8%	48.8%	30.2%	-27.2%	-12.7%	-10.2%			-9.0%	28.0%	38.3%	43.4%					25.1%
GP	76	14	87	196	191	149	142	134	112	111			-	-	-	-					72
GPM	12.4%	2.8%	14.2%	18.5%	24.3%	19.7%	17.8%	17.4%	16.3%	16.3%			-	-	-	-					1.8%
SG&A	87	86	84	95	92	93	103	89	135	274			-	-	-	-					281
OP	-11	-71	3	101	99	56	39	45	-23	-163			-60	-76	-49	-24		38.3%	214.5%	136.8%	-209
YoY	-	-	-	-	-	-	-	-	-	-			-	-	-	-					-
OPM	-1.8%	-14.0%	0.5%	9.6%	12.6%	7.4%	4.9%	5.8%	-3.3%	-24.0%			-8.4%	-7.9%	-4.4%	-2.2%					-5.4%
System Kikou																					
Sales	568	578	651	445	469	810	950	732	594	1,091			425	1,153	416	506		139.8%	94.6%	106.8%	2,500
YoY	19.3%	-37.6%	-22.8%	52.4%	-17.4%	40.1%	45.9%	64.5%	26.7%	34.7%			-9.4%	42.3%	-56.2%	-30.9%					-15.6%
GP	1	90	85	103	23	103	233	91	76	153			-	-	-	-					447
GPM	0.2%	15.6%	13.1%	23.1%	4.9%	12.7%	24.5%	12.4%	12.8%	14.0%			-	-	-	-					17.9%
SG&A	86	89	74	125	73	71	72	112	72	80			-	-	-	-					293
OP	-85	1	11	-22	-50	32	161	-21	4	73			8	124	6	16		50.0%	58.9%	58.3%	154
YoY	-99.4%	-35.3%	-	-	-	3,100.0%	1,363.6%	-	-	128.1%			-	287.5%	-96.3%	-					26.2%
OPM	-15.0%	0.2%	1.7%	-4.9%	-10.7%	4.0%	16.9%	-2.9%	0.7%	6.7%			1.9%	10.8%	1.4%	3.2%					6.2%

Source: Company data

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

Sales for 1H FY02/15 reached a record high on a half-year basis, exceeding the figure for 1H FY02/09. All group companies, other than Daiseiki MCR (MCR), posted sales that exceeded forecasts.

However, sales for Q2 fell short of estimates because of a delay in the launch of a new MCR factory. The completion of projects was also delayed at System Kikou and Daiseiki Eco. Solution (DES). System Kikou's quarterly earnings tend to be volatile because the company uses an accounting system known as the completed-contract method, which recognizes sales only after the completion of projects. Even so, System Kikou maintained high capacity utilization and won more orders than expected, with the situation continuing into Q3.

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 **October 29, 2014**, Digital Garage Inc. announced that subsidiary DG Incubation Inc. had invested in Fleksy, Inc. (US), developer of the Fleksy keyboard for touchscreen mobile devices.

The Fleksy keyboard provides an efficient text input system for touchscreen mobile devices such as smartphones and smartwatches. According to the company, the Android version of Fleksy has been downloaded over two million times since its launch in December 2013. The iOS version of Fleksy has been updated for the release of iOS 8, and has secured the top spot in the paid-app rankings on the App Store in 25 countries.

View the [full report](#).





## Don Quijote Co., Ltd. (7532)

Innovative and iconoclastic general discount retailer with a nationwide presence.

On **October 14, 2014**, Don Quijote announced sales figures for September.

(YoY)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Total Stores</b>												
Sales	9.1%	11.2%	12.3%									
# of Stores	220	221	220									
<b>Comparable Stores</b>												
Sales	1.4%	2.3%	5.0%									
# of Customers	1.7%	0.6%	3.5%									
Avg. Spend per Customer	-0.2%	1.7%	1.5%									
# of Comparable Stores	196	196	196									
Electric Appliances	-1.0%	3.1%	14.8%									
Household Goods	8.3%	10.7%	13.8%									
Foods	21.0%	21.6%	24.0%									
Watches & Fashion Merchandise	5.1%	5.4%	7.6%									
Sporting & Leisure Goods	3.9%	3.5%	10.0%									
Other Products	14.1%	70.0%	-43.7%									

(YoY)

(Fiscal Year Ending)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Stores</b>												
Sales	6.6%											
# of Stores	217											
<b>Comparable Stores</b>												
Sales	0.8%											
# of Customers	0.1%											
Avg. Spend per Customer	0.7%											
# of Comparable Stores	194											
Electric Appliances	-2.7%											
Household Goods	8.8%											
Foods	13.1%											
Watches & Fashion Merchandise	3.4%											
Sporting & Leisure Goods	5.6%											
Other Products	-1.1%											

Source: Company data, SR Inc. Research

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

View the [full report](#).



## Dream Incubator Inc. (4310)

Venture capital and business incubation, and strategy consulting company.

On **October 29, 2014**, Shared Research updated comments on Dream Incubator Inc. (DI)'s earnings results for 1H FY03/15 after interviewing management.

Quarterly Performance (JPYmn)	FY03/14				FY03/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	1,889	2,496	2,120	2,587	2,595	2,824	-	-
YoY	12.0%	17.4%	19.5%	22.8%	37.4%	13.1%	-	-
GP	912	1,209	1,102	1,588	1,431	1,720	-	-
YoY	2.5%	17.2%	32.6%	65.8%	56.9%	42.3%	-	-
GPM	48.3%	48.4%	52.0%	61.4%	55.1%	60.9%	-	-
SG&A	780	821	888	1,180	1,142	1,098	-	-
YoY	7.6%	16.0%	23.5%	49.4%	46.4%	33.7%	-	-
SG&A / Sales	41.3%	32.9%	41.9%	45.6%	44.0%	38.9%	-	-
OP	132	387	214	408	288	623	-	-
YoY	-19.7%	19.1%	91.1%	144.3%	118.2%	61.0%	-	-
OPM	7.0%	15.5%	10.1%	15.8%	11.1%	22.1%	-	-
RP	154	383	228	336	286	639	-	-
YoY	-0.9%	20.1%	103.6%	94.2%	85.7%	66.8%	-	-
RPM	8.2%	15.3%	10.8%	13.0%	11.0%	22.6%	-	-
NI	86	355	160	253	215	495	-	-
YoY	7.8%	47.9%	233.3%	-16.5%	150.0%	39.4%	-	-
NPM	4.6%	14.2%	7.5%	9.8%	8.3%	17.5%	-	-

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

Source: Company data

The Asset Liquidation segment is still in the upfront investment stage. Operating profit therefore fell in this segment, and in the Others segment. But overall earnings were robust, and the company booked double-digit growth in operating profit in the Consulting, Insurance, and Venture Capital segments.

On **October 21, 2014**, the company announced that subsidiary ReVALUE, Inc. has entered into a business partnership with Sagawa Express Co., Ltd. (unlisted), one of the largest logistics companies in Japan.

ReVALUE and Sagawa Express will work together in the reverse solutions businesses, which entails logistics for product returns and collections. With increasing deliveries of goods ordered online, demand for returned-product logistics is also increasing. Using this partnership, the company aims to provide value-added services as a one-stop shop for product-return services in a growing market.

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 **October 6, 2014**, Emergency Assistance Japan Co., Ltd. (EAJ) announced that it had received an order from Ikyu Corporation (TSE1: 2450) to provide check-in assistance services for hotel reservations overseas. The company will begin providing the service in October 2014.

#### The effect on earnings and future development

According to the company, this order will have negligible effect on earnings, and there will be no significant costs associated with the service. However, it is significant because it allows the company to strengthen its customer base for concierge services, and because it may lead to new services and customers in the future.

#### Service overview

Ikyu Corporation operates reservation websites for high-end hotels and restaurants. It has built a strong brand, and its major clients are leading domestic and foreign hotels. Ikyu Corporation plans to launch Ikyu.com Kaigai, a site that will allow users to book high-end hotels worldwide in Japanese, and has contracted EAJ to provide related services.

EAJ will begin providing an overseas check-in assistance service in October. The company will assist with any issues that occur during check-in (such as confirming reservations and services, and offering alternatives), and offer information on medical institutions if customers fall ill or are injured.

View the [full report](#).



## Fields Corp. (2767)

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

On **October 31, 2014**, Fields Corporation announced earnings results for 1H FY03/15.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	5,748	30,637	17,819	60,700	7,459	12,882			20.3%	100,000
YoY	-72.8%	284.3%	-4.3%	0.5%	29.8%	-58.0%				-13.0%
GP	2,027	11,621	5,709	14,455	2,790	4,130				
YoY	-63.6%	256.7%	-8.5%	-20.6%	37.6%	-64.5%				
GPM	35.3%	37.9%	32.0%	23.8%	37.4%	32.1%				
SG&A	5,856	5,615	5,849	6,700	5,300	5,698				
YoY	10.9%	3.9%	5.7%	-0.7%	-9.5%	1.5%				
SG&A / Sales	101.9%	18.3%	32.8%	11.0%	71.1%	44.2%				
OP	-3,829	6,005	-140	7,755	-2,509	-1,568			-	5,000
YoY	-	-	-	-32.4%	-	-				-48.9%
OPM	-	19.6%	-	12.8%	-	-				5.0%
RP	-3,759	5,903	-78	7,699	-2,254	-1,818			-	5,000
YoY	-	-	-	-31.5%	-	-				-48.8%
RPM	-	19.3%	-	12.7%	-	-				5.0%
NI	-2,290	3,724	-207	4,143	-1,502	-1,007			-	2,500
YoY	-	-	-	-23.2%	-	-				-53.4%
NPM	-	12.2%	-	6.8%	-	-				2.5%

Source: Company data

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

Fields sold fewer pachinko and pachislot machines year-on-year: in 1H FY03/15, it booked sales of 73,000 pachinko machines (-36,000 YoY) and 28,000 pachislot machines (-33,000). This was due in part to the company offering fewer titles compared to the previous year. Only one pachinko machine title was sold during this 1H, compared to the previous year, when the company introduced three titles (including the introduction of "Evangelion 8"). Similarly, the company sold one pachislot title in 1H—compared to the two types sold the previous year—because sales of one of the machine types was rescheduled from 1H to 2H FY03/15.

On **October 15, 2014**, the company announced the nationwide release of a new pachinko machine from Bisty Co., CR Evangelion 9". It is expected to be available at pachinko halls from December 2014.

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 **October 30, 2014**, GCA Savvian announced earnings results for Q3 FY12/14.

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	1,737	5,680	-
YoY	346.4%	118.5%	-5.2%	28.5%	-79.6%	-63.3%	83.8%	-
Gross Profit	3,026	820	1,336	1,056	639	541	2,736	-
YoY	162.7%	-7.6%	-11.6%	-38.8%	-78.9%	-34.0%	104.8%	-
SG&A	443	475	499	633	460	372	518	-
YoY	6.2%	5.3%	-8.9%	-43.2%	3.8%	-21.7%	3.8%	-
OP	2,583	345	836	423	179	168	2,218	-
YoY	251.9%	-20.9%	-13.3%	-30.9%	-93.1%	-51.3%	165.3%	-
RP	2,616	372	838	480	156	166	2,225	-
YoY	231.1%	-11.2%	-12.3%	-23.8%	-94.0%	-55.4%	165.5%	-
NI	5	145	686	289	88	82	1,346	-
YoY	-98.3%	46.5%	173.3%	-52.4%	1660.0%	-43.4%	96.2%	-
<b>(Fund non-consolidated)</b>								
Sales	1,485	2,110	3,359	2,618	2,190	1,737	5,680	-
YoY	-30.8%	7.7%	24.4%	-4.8%	47.5%	-17.7%	69.1%	-
OP	-68	251	1,119	435	179	168	2,218	-
YoY	-	4.6%	141.2%	9.8%	-	-33.1%	98.2%	-
OPM	-	11.9%	33.3%	16.6%	8.2%	9.7%	39.0%	-
NI	-24	174	683	289	88	82	1,346	-
YoY	-	79.4%	178.8%	-52.3%	-	-52.9%	97.1%	-
NPM	-	8.2%	20.3%	11.0%	4.0%	4.7%	23.7%	-

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

Source: Company data

An increase in closings for large deals in its US operations led to advisory revenue of JPY3.5bn for the July-September 2014 quarter, setting a quarterly record for GCA Savvian. The company ranked 6th for number of deals in the domestic M&A market, and 8th based on transaction amount in Q3 FY12/14 (according to Merger Market data). In funds managed by subsidiary Mezzanine, collections on investments showed progress, yielding contingency fees.

The company worked to strengthen its ability to propose and execute optimal M&A plans for its clients. Preparations were also made to better handle cross-border transactions, which are expected to increase in the future, and GCA Savvian is increasing hiring activity for senior bankers at its domestic and US offices.

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## Grandy House Corp. (8999)

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

On **October 24, 2014**, Grandy House Corp. announced revisions to its 1H FY03/15 and full-year earnings forecasts.

### 1H FY03/15 company forecasts (previous forecasts in parentheses):

Sales:	JPY17.9bn (JPY19.0bn)
Operating profit:	JPY1.0bn (JPY1.5bn)
Recurring profit:	JPY1.1bn (JPY1.5bn)
Net income:	JPY640mn (JPY940mn)

### Full-year FY03/15 company forecasts (previous forecasts in parentheses):

Sales:	JPY38.0bn (JPY40.0bn)
Operating profit:	JPY2.2bn (JPY3.1bn)
Recurring profit:	JPY2.3bn (JPY3.2bn)
Net income:	JPY1.5bn (JPY1.9bn)

### Reasons for the revisions

Sales and profits for 1H FY03/15 are expected to underperform initial forecasts because of a longer-than-expected pullback in demand and spending subsequent to the April 2014 consumption tax hike, as well as sluggish orders that continued into the summer season. Full-year earnings were also revised down due to the reasons listed above and in view of external factors.

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 **October 23**, Shared Research Inc. updated comments on Gulliver International Co., Ltd. based on an interview with management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15		FY02/15		FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY	FY Est.	% of FY	FY Est.
Sales	38,755	32,544	37,870	34,248	45,729	37,672	45,236	40,761	38,845	35,786	93.1%	80,200	43.1%	173,000
YoY	4.3%	-1.9%	14.7%	16.0%	18.0%	15.8%	19.5%	19.0%	-15.1%	-5.0%		-3.8%		2.1%
GP	7,736	7,927	8,819	9,407	9,053	8,710	9,494	9,297	9,391	9,411				
YoY	-17.7%	-4.9%	14.2%	24.9%	17.0%	9.9%	7.7%	-1.2%	3.7%	8.0%				
GPM	20.0%	24.4%	23.3%	27.5%	19.8%	23.1%	21.0%	22.8%	24.2%	26.3%				
SG&A	7,038	7,035	7,090	7,649	7,157	7,049	7,139	8,115	7,915	8,160				
YoY	8.2%	7.2%	6.3%	9.3%	1.7%	0.2%	0.7%	6.1%	10.6%	15.8%				
SG&A / Sales	18.2%	21.6%	18.7%	22.3%	15.7%	18.7%	15.8%	19.9%	20.4%	22.8%				
OP	697	892	1,730	1,758	1,896	1,661	2,355	1,182	1,476	1,251	85.2%	3,200	32.1%	8,500
YoY	-76.0%	-49.5%	64.6%	231.7%	172.0%	86.2%	36.1%	-32.8%	-22.2%	-24.7%		-10.0%		19.8%
OPM	1.8%	2.7%	4.6%	5.1%	4.1%	4.4%	5.2%	2.9%	3.8%	3.5%		4.0%		4.9%
RP	747	971	1,759	1,775	1,913	1,745	2,354	1,189	1,507	1,251	86.2%	3,200	32.4%	8,500
YoY	-74.3%	-45.0%	66.4%	200.3%	156.1%	79.7%	33.8%	-33.0%	-21.2%	-28.3%		-12.5%		18.0%
RPM	1.9%	3.0%	4.6%	5.2%	4.2%	4.6%	5.2%	2.9%	3.9%	3.5%		4.0%		4.9%
NI	348	520	1,084	1,028	1,227	1,071	1,409	653	910	735	86.6%	1,900	32.3%	5,100
YoY	-77.2%	-64.9%	77.7%	519.3%	252.6%	106.0%	30.0%	-36.5%	-25.8%	-31.4%		-17.3%		17.0%
NPM	0.9%	1.6%	2.9%	3.0%	2.7%	2.8%	3.1%	1.6%	2.3%	2.1%		2.4%		2.9%

Source: Company data, SR

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

### 1H operating profit falls short of target by 14.8%; fewer people sell used vehicles

Operating profit for 1H FY02/15 was JPY2.7bn, down 23.3% YoY, and JPY473mn short of the company's JPY3.2bn target. Directly managed stores acquired 71,928 used vehicles, 6.6% short of the 77,000 target.

The company failed to procure as many vehicles as it had planned through its directly managed stores because fewer people sold vehicles to buy new cars after the April consumption tax hike. The impact of the tax hike was greater than expected. Gulliver had hoped that business would recover by the end of May, but recovery did not take place until mid-June.

The number of people who sold their vehicles to buy new cars, a third of the company's customers, significantly declined. Consequently, the number of used vehicles that the company purchased also fell, driving down sales of used vehicles at Gulliver stores to both retail and wholesale customers. Meanwhile, the number of customers who traded in their cars for other used vehicles and those who gave up driving entirely were in line with company estimates. These types of customers comprise a third each of the company's overall clients.

On **October 10, 2014**, the company announced 1H FY02/15 results, and revised its year-end dividend forecast.

On **October 8, 2014**, the company announced that it will open its first directly managed store in the Oceania region on November 1, 2014. Capitalizing on New Zealand's lack of import duties on used automobiles, the company aims to expand its consumer offerings.

Through sales of high quality pre-owned vehicles purchased from Japanese owners, Gulliver hopes to breathe life into the used car market, provide a supply of vehicles to meet demand, and resolve issues—such as fraud and other scams—that are an unfortunate byproduct of the current seller-driven market.

Details

The company views its expansion into Oceania as a first step in exporting Japan's high-quality used automobiles to a global audience. Gulliver maintains that it can use its domestic industry-leading network of stores to maximize its expansion potential.

The company sees four primary factors that make New Zealand a favorable candidate for expansion:

1. Ease of export (low barriers to purchasing imported vehicles)
2. Right-hand drive vehicles in both Japan and New Zealand
3. Advantages made possible through economies of scale (nearly 90% of vehicles imported into New Zealand are currently done so through small-scale intermediaries, which individually purchase vehicles via auctions in Japan and then ship the vehicles to New Zealand)
4. Favorable economic conditions in New Zealand and potential for future growth

View the [full report](#).



## Hakuto Co., Ltd. (7433)

A technology-driven mini-conglomerate centered on electronics trading and industrial chemical manufacturing.

On **October 31, 2014**, Hakuto Co., Ltd. announced earnings results for 1H FY03/15.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	30,804	32,347	35,152	34,316	29,911	33,702			-	-
YoY	18.8%	19.7%	26.3%	10.5%	-2.9%	4.2%				
GP	4,664	4,761	4,701	4,969	4,439	5,104				
YoY	12.5%	10.0%	12.3%	11.5%	-4.8%	7.2%				
GPM	15.1%	14.7%	13.4%	14.5%	14.8%	15.1%				
SG&A	3,750	3,911	3,908	3,483	3,699	3,743				
YoY	9.2%	10.8%	10.4%	-0.8%	-1.4%	-4.3%				
SG&A / Sales	12.2%	12.1%	11.1%	10.1%	12.4%	11.1%				
OP	914	850	793	1,486	739	1,362			-	-
YoY	28.7%	6.3%	23.0%	57.0%	-19.1%	60.2%				
OPM	3.0%	2.6%	2.3%	4.3%	2.5%	4.0%				
RP	1,039	845	878	1,456	859	1,375			-	-
YoY	27.3%	3.7%	21.7%	34.5%	-17.3%	62.7%				
RPM	3.4%	2.6%	2.5%	4.2%	2.9%	4.1%				
NI	669	529	388	750	913	898			-	-
YoY	10.6%	37.4%	-45.2%	144.6%	36.5%	69.8%				
NPM	2.2%	1.6%	1.1%	2.2%	3.1%	2.7%				
Cumulative	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	30,804	63,151	98,303	132,619	29,911	63,613			44.8%	142,000
YoY	18.8%	19.3%	21.7%	18.6%	-2.9%	0.7%				7.1%
GP	4,664	9,425	14,126	19,095	4,439	9,543				
YoY	12.5%	11.2%	11.6%	11.6%	-4.8%	1.3%				
GPM	15.1%	14.9%	14.4%	14.4%	14.8%	15.0%				
SG&A	3,750	7,661	11,569	15,052	3,699	7,442				
YoY	9.2%	10.0%	10.1%	7.4%	-1.4%	-2.9%				
SG&A / Sales	12.2%	12.1%	11.8%	11.3%	12.4%	11.7%				
OP	914	1,764	2,557	4,043	739	2,101			50.0%	4,200
YoY	28.7%	16.8%	18.7%	30.4%	-19.1%	19.1%				3.9%
OPM	3.0%	2.8%	2.6%	3.0%	2.5%	3.3%				3.0%
RP	1,039	1,884	2,762	4,218	859	2,234			52.0%	4,300
YoY	27.4%	15.6%	17.5%	22.9%	-17.2%	18.6%				1.9%
RPM	3.4%	3.0%	2.8%	3.2%	2.9%	3.5%				3.0%
NI	669	1,198	1,586	2,336	913	1,811			64.7%	2,800
YoY	10.6%	21.0%	-6.6%	16.5%	36.5%	51.1%				19.9%

Source: Company data

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

For Q2 FY03/15, Hakuto posted consolidated cumulative (fiscal first-half) sales of JPY63.6bn (+0.7% YoY). Sales of electronic and electric equipment exceeded those of the corresponding period a year earlier in part because the company won large-scale orders even as sales of electronic components and industrial chemicals fell. Gross profit was JPY9.5bn (+1.3% YoY) and SG&A expenses were JPY7.4bn (-2.9% YoY). As a result, operating profit was JPY2.1bn (+19.1% YoY) and recurring profit was JPY2.2bn (+18.6% YoY). Net income was JPY1.8bn (+51.1% YoY) after the sale of shares in a subsidiary.

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 **October 15, 2014**, Harmonic Drive Systems Inc. (HSDI) announced quarterly orders and sales data for Q2 FY03/15 (parent level).

Total orders in Q2 FY03/15 were JPY5.2bn (+11.8% YoY; -16.2% QoQ), marking higher sales year-on-year, but falling short of the record sales seen in Q1 FY03/15. Sales in Q2 were JPY5.8bn (+23.7% YoY; -10.4% QoQ).

Quarterly sales and orders (parent) (JPYmn)	FY03/13				FY03/14				FY03/14			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Sales</b>	<b>4,442</b>	<b>4,237</b>	<b>3,761</b>	<b>3,717</b>	<b>4,416</b>	<b>4,673</b>	<b>4,853</b>	<b>4,640</b>	<b>5,584</b>	<b>5,781</b>		
Semiconductor production equipment	544	417	325	404	483	538	635	572	525			
Flat panel displays	229	201	191	315	462	364	355	318	245			
Industrial robot applications	1,687	1,700	1,220	1,276	1,278	1,629	1,521	1,628	2,606			
Gear heads (for electric motor makers)	331	267	220	261	285	377	350	373	323			
Machine tools	311	277	334	310	304	280	351	350	359			
Oil-Drilling Equipment	243	232	282	86	285	273	255	180	376			
Others	1,095	1,143	1,187	1,063	1,315	1,211	1,383	1,218	1,147			
<b>YoY</b>	<b>-13.4%</b>	<b>-14.0%</b>	<b>-3.2%</b>	<b>-9.9%</b>	<b>-0.6%</b>	<b>10.3%</b>	<b>29.0%</b>	<b>24.8%</b>	<b>26.4%</b>	<b>23.7%</b>		
Semiconductor production equipment	-18.4%	-28.1%	-30.4%	-30.9%	-11.2%	29.0%	95.4%	41.6%	8.7%			
Flat panel displays	-58.1%	-35.0%	-8.2%	62.4%	101.7%	81.1%	85.9%	1.0%	-47.0%			
Industrial robot applications	-8.5%	-13.7%	-14.6%	-5.6%	-24.2%	-4.2%	24.7%	27.6%	103.9%			
Gear heads (for electric motor makers)	-11.0%	-23.9%	-20.9%	-16.1%	-13.9%	41.2%	59.1%	42.9%	13.3%			
Machine tools	-8.3%	-21.3%	9.2%	-8.0%	-2.3%	1.1%	5.1%	12.9%	18.1%			
Oil-Drilling Equipment	120.9%	77.1%	67.9%	-53.5%	17.3%	17.7%	-9.6%	109.3%	31.9%			
Others	-12.0%	-7.2%	15.6%	-8.5%	20.1%	5.9%	16.5%	14.6%	-12.8%			
<b>Orders</b>	<b>4,732</b>	<b>3,707</b>	<b>3,763</b>	<b>4,077</b>	<b>4,647</b>	<b>4,693</b>	<b>4,537</b>	<b>5,966</b>	<b>6,260</b>	<b>5,247</b>		
Semiconductor production equipment	491	351	337	449	510	597	629	565	558			
Flat panel displays	243	183	239	379	471	381	289	276	433			
Industrial robot applications	1,853	1,370	1,349	1,179	1,478	1,609	1,463	2,685	2,854			
Gear heads (for electric motor makers)	335	225	239	241	344	375	354	351	340			
Machine tools	272	304	320	311	271	319	364	334	401			
Oil-Drilling Equipment	354	180	132	377	223	178	174	370	397			
Others	1,181	1,094	1,145	1,137	1,349	1,231	1,261	1,382	1,274			
<b>YoY</b>	<b>-10.0%</b>	<b>-12.8%</b>	<b>9.0%</b>	<b>-6.7%</b>	<b>-1.8%</b>	<b>26.6%</b>	<b>20.6%</b>	<b>46.3%</b>	<b>34.7%</b>	<b>11.8%</b>		
Semiconductor production equipment	-22.6%	-22.0%	-36.1%	-22.0%	3.9%	70.1%	86.6%	25.8%	9.4%			
Flat panel displays	-48.3%	-27.1%	47.5%	89.5%	93.8%	108.2%	20.9%	-27.2%	-8.1%			
Industrial robot applications	-11.0%	-16.2%	18.5%	-23.8%	-20.2%	17.4%	8.5%	127.7%	93.1%			
Gear heads (for electric motor makers)	-17.9%	-28.8%	-13.7%	-26.1%	2.7%	66.7%	48.1%	45.6%	-1.2%			
Machine tools	-13.7%	-9.5%	1.3%	-5.5%	-0.4%	4.9%	13.8%	7.4%	48.0%			
Oil-Drilling Equipment	200.0%	-10.9%	230.0%	61.8%	-37.0%	-1.1%	31.8%	-1.9%	78.0%			
Others	-3.5%	3.2%	15.8%	-1.7%	14.2%	12.5%	10.1%	21.5%	-5.6%			

### Orders by end use

Orders for industrial robots, oil drilling equipment, and metalworking equipment increased compared to the previous year. Quarter-on-quarter, orders for drilling equipment were up, but orders for industrial robots were down as capital spending decreased for equipment used in smartphone manufacturing in China.

### Exports

Exports increased year-on-year, but were down compared to the previous quarter. On a year-on-year basis, exports to South Korea and North America were down, while exports to China were up. Compared to the previous quarter, exports to China, Europe, and South Korea decreased.

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 **October 31, 2014**, Infomart announced earnings results for Q3 FY12/14.

Quarterly Performance (JPY/mn)	FY12/12				FY12/13				FY12/14 (*)				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.	% of FY	FY Est.
<b>Sales</b>	<b>876</b>	<b>918</b>	<b>966</b>	<b>1,024</b>	<b>1,006</b>	<b>1,060</b>	<b>1,110</b>	<b>1,163</b>	<b>1,157</b>	<b>1,207</b>	<b>1,267</b>	<b>1,581</b>	<b>69.7%</b>	<b>5,212</b>
YoY	12.3%	13.4%	14.2%	15.3%	14.9%	15.5%	14.9%	13.6%	15.1%	13.8%	14.1%	36.0%		20.1%
<b>GP</b>	<b>558</b>	<b>593</b>	<b>631</b>	<b>696</b>	<b>679</b>	<b>718</b>	<b>742</b>	<b>710</b>	<b>886</b>	<b>924</b>	<b>979</b>	<b>1,264</b>	<b>68.8%</b>	<b>4,053</b>
YoY	8.9%	11.5%	8.2%	12.7%	21.6%	21.0%	17.7%	2.1%	30.5%	28.8%	31.8%	78.0%		42.3%
GPM	63.8%	64.6%	65.3%	67.9%	67.5%	67.7%	66.9%	61.1%	76.6%	76.6%	77.3%	79.9%		77.8%
<b>SG&amp;A</b>	<b>401</b>	<b>419</b>	<b>429</b>	<b>414</b>	<b>432</b>	<b>434</b>	<b>442</b>	<b>447</b>	<b>463</b>	<b>507</b>	<b>432</b>	<b>615</b>	<b>69.5%</b>	<b>2,017</b>
YoY	5.2%	7.6%	2.4%	2.1%	7.6%	3.5%	3.1%	7.9%	7.2%	16.8%	-2.2%	37.8%		15.0%
SG&A / Sales	45.8%	45.6%	44.4%	40.4%	42.9%	40.9%	39.8%	38.4%	40.0%	42.0%	34.1%	38.9%		38.7%
<b>OP</b>	<b>157</b>	<b>174</b>	<b>202</b>	<b>282</b>	<b>247</b>	<b>284</b>	<b>300</b>	<b>263</b>	<b>424</b>	<b>418</b>	<b>546</b>	<b>647</b>	<b>68.2%</b>	<b>2,035</b>
YoY	19.9%	22.4%	22.9%	33.5%	57.3%	62.9%	48.5%	-6.5%	71.3%	47.1%	81.9%	145.9%		85.9%
OPM	17.9%	19.0%	20.9%	27.5%	24.6%	26.8%	27.1%	22.6%	36.6%	34.6%	43.1%	41.0%		39.0%
<b>RP</b>	<b>159</b>	<b>169</b>	<b>198</b>	<b>289</b>	<b>253</b>	<b>286</b>	<b>297</b>	<b>270</b>	<b>419</b>	<b>415</b>	<b>556</b>	<b>636</b>	<b>68.6%</b>	<b>2,026</b>
YoY	20.6%	21.2%	21.7%	37.2%	58.8%	69.1%	50.0%	-6.4%	65.7%	44.8%	87.1%	135.3%		83.0%
RPM	18.2%	18.4%	20.5%	28.2%	25.2%	27.0%	26.8%	23.2%	36.2%	34.4%	43.9%	40.2%		38.9%
<b>NI</b>	<b>92</b>	<b>88</b>	<b>47</b>	<b>270</b>	<b>155</b>	<b>167</b>	<b>177</b>	<b>133</b>	<b>244</b>	<b>260</b>	<b>344</b>	<b>366</b>	<b>69.8%</b>	<b>1,214</b>
YoY	26.0%	12.3%	-49.8%	133.6%	69.0%	88.5%	278.2%	-50.8%	56.9%	55.9%	94.9%	176.2%		92.4%
NPM	10.5%	9.6%	4.8%	26.3%	15.4%	15.7%	15.9%	11.4%	21.0%	21.5%	27.2%	23.2%		23.3%

Source: Company data

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

Q4 estimates calculated by subtracting cumulative Q3 results from full-year earnings forecasts.

### FOODS Info Mart: number of user companies

In FY12/14, the company is targeting ongoing business growth and higher margins. Strategies include:

- Focusing on food industry B2B sales to become the industry standard;
- Aiming for profitability at strategic subsidiaries Infomart International and InfoRise;
- Growing B2B sales to other industries;
- Bringing the B2B & Cloud Platform online.

Growing use of the ASP Ordering System meant the number of companies (excluding foreign companies) using FOODS Info Mart increased by 2,168 from the end of 2013, to 36,370 companies (sellers were up 1,915 at 29,172 companies; buyers were up 253 at 7,198).

### New service: ASP Invoicing System

At the end of October, 2014, Infomart released a new service, the ASP Invoicing System. The company plans to bring the system online in time to process November invoices from about 36,000 companies. This system is in response to requests from customers who enjoyed the convenience of the ASP Ordering System, and wished for electronic invoice services outside of food products. So potential clients are not just limited to restaurants and food manufacturers. The company aims to issue system IDs and passwords to one million companies by 2016 (companies that trade with clients will receive IDs and passwords, but will not be charged system usage fees).

As of October 3, Infomart had secured a total of 165 clients for the ASP Invoicing, including 114 clients for the recipient model and 51 clients for the issuer model. The company plans to issue IDs and passwords to the 155,722 companies that trade with these clients.

View the [full report](#).



## Ito En, Ltd. (2593)

Beverage company specializing in green tea beverages, such as its flagship "Oi Ocha" brand, as well as vegetable and coffee drinks.

On **October 7, 2014**, Ito En, Ltd. announced monthly sales data for September 2014.

Monthly Sales (non-consolidated estimates; % change YoY)						FY04/15							
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Total
<b>Total Sales</b>	-2.7%	0.5%	-3.9%	-9.4%	-3.8%								-4.4%
Tea Leaf	-1.4%	1.0%	-0.3%	-0.8%	2.3%								-0.3%
Beverages	-2.7%	0.5%	-4.1%	-9.8%	-3.9%								-4.7%
<b>Breakdown by Beverage Category</b>													
Japanese Tea Beverages	2.5%	0.2%	-0.9%	-10.2%	-3.1%								-2.8%
Chinese Tea Beverages	-9.4%	-0.5%	-2.7%	-12.3%	-15.4%								-7.9%
Vegetable Beverages	-19.9%	-10.9%	-13.0%	-16.2%	-10.8%								-13.8%
Fruit Beverages	17.9%	18.9%	-10.0%	-13.9%	57.6%								6.2%
Coffee Beverages	9.7%	23.9%	4.8%	16.3%	17.1%								13.5%
Black Tea Beverages	7.1%	2.7%	-5.8%	-7.0%	-21.9%								-7.3%
Functional Beverages	-32.8%	-15.3%	-14.2%	-16.1%	-13.7%								-18.9%
Mineral Water	-13.7%	-8.2%	-14.2%	-13.4%	-16.8%								-14.1%
Monthly Sales (non-consolidated estimates; % change YoY)						FY04/14							
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Total
<b>Total Sales</b>	7.2%	6.0%	3.8%	0.3%	-3.0%	4.2%	1.2%	4.4%	6.4%	4.3%	11.7%	-1.6%	3.3%
Tea Leaf	3.9%	5.5%	8.4%	2.8%	3.1%	8.9%	4.7%	5.4%	9.6%	6.9%	16.0%	1.0%	6.4%
Beverages	7.8%	6.0%	3.6%	0.2%	-3.3%	3.9%	0.7%	4.2%	6.5%	4.0%	11.2%	-2.0%	3.1%
<b>Breakdown by Beverage Category</b>													
Japanese Tea Beverages	9.4%	11.7%	7.3%	3.6%	-2.7%	8.9%	3.0%	6.7%	11.3%	9.0%	13.7%	0.8%	6.3%
Chinese Tea Beverages	-4.8%	-1.8%	-8.3%	-0.9%	0.1%	-1.6%	-5.6%	-1.9%	-0.7%	-9.5%	14.0%	-7.6%	-3.5%
Vegetable Beverages	6.3%	-1.0%	1.8%	-2.6%	-1.6%	-1.0%	-6.4%	0.2%	-5.9%	-9.6%	9.6%	-16.4%	-1.6%
Fruit Beverages	7.4%	0.0%	6.5%	-7.0%	-23.7%	-7.6%	-6.3%	-1.3%	7.2%	29.8%	9.7%	31.7%	2.4%
Coffee Beverages	11.5%	1.7%	17.0%	-1.7%	12.9%	17.5%	22.2%	14.0%	11.2%	7.5%	21.6%	10.3%	11.7%
Black Tea Beverages	-34.0%	-31.3%	-22.5%	-3.9%	-24.2%	-25.3%	-22.8%	-22.6%	-23.3%	17.5%	-33.1%	-3.1%	-20.5%
Functional Beverages	18.5%	20.5%	11.8%	0.8%	-4.0%	-6.3%	3.1%	10.3%	6.2%	-2.0%	-16.0%	-4.1%	3.3%
Mineral Water	9.5%	25.0%	11.9%	-7.3%	-13.6%	-0.1%	-5.1%	0.2%	6.4%	-11.1%	0.7%	-15.7%	-0.2%

Source: Company data

View the [full report](#).



## Japan Best Rescue System Co Ltd (2453)

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

On **October 29, 2014**, Japan Best Rescue System Co., Ltd. (JBR) announced that it expects to see a reduction in SG&A and non-operating expenses, leading to the booking of an extraordinary profit in FY09/14.

### Abolition of retirement bonuses for directors and waiver of rights to receive such bonuses

At a board of directors meeting held on October 29, 2014, the company resolved to abolish retirement bonuses for directors, and accepted proposals from relevant directors and auditors to abandon their rights to receive such bonuses.

JBR changed its retirement bonus system to abolish retirement bonus payments for directors, in order for them to take responsibility for the corrections to its earnings reports for Q2 FY09/13 to Q1 FY09/14. All relevant directors and auditors proposed to give up their bonuses from the past fiscal year as well as any future installments of their retirement bonuses.

### Reduction in SG&A expenses, reporting of extraordinary profit

The abolition of the retirement bonus system for directors and the waiver of rights to receive such bonuses made allowance for payment of such bonuses, worth JPY20mn under SG&A expenses unnecessary. At the same time, the company will report an extraordinary profit of JPY27mn for FY09/14 as reversal of allowance for payment of retirement bonuses for directors.

### Reduction in provision of allowance for doubtful accounts

As the whole amount of loan claims to Japan Power Supply Technology Co., Ltd., which was an affiliate accounted for using the equity method, has prematurely been redeemed, the company will no longer need the JPY121mn it had added to provision of allowance for doubtful accounts in Q2 FY09/14.

JBR said that it is closely examining the effect of these measures on earnings and that it will announce the outcome as soon as it is available.

On **the same day**, JBR announced that a person formerly related to the company group filed an accusation by document as of October 20, 2014.

Although JBR believes there is doubt about the credibility of the document contents, the company judged it necessary to establish a third-party committee for investigation into the contents of the document.

### Purpose of establishing the third-party committee

The committee will investigate the following items described in the document:

- Whether the representative director made individual investments in the unnamed company;
- Regarding the flow of funds, including the alleged investment by the representative director mentioned above;
- Whether the representative director was involved in the irregularities of accounts at subsidiary Binos Corporation.

Note, the name of the company in question was not disclosed because the authenticity of the document remains uncertain.

### Future course of action

JBR will fully cooperate with the investigation to be conducted by the third-party committee. The company said that it will announce the schedule of the investigation immediately after it is arranged. Although the company plans to announce its FY09/14 results on November 14, 2014, as previously



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scheduled, it will disclose as soon as possible any changes to the schedule, as well as the outcome of the investigation by the committee, the facts surrounding the situation, and the effect on earnings.

View the [full report](#).

## JIN Co., Ltd. (3046)

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

JIN Co., Ltd. released monthly sales data for October 2014 on **November 5, 2014** and for September 2014 On **October 3, 2014**.

Comparable Stores Sales Growth (YoY)												
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
FY08/09	-20.6%	-11.1%	-1.5%	-13.2%	3.8%	-8.3%	-7.8%	-5.1%	6.0%	2.9%	9.9%	15.9%
FY08/10	33.5%	51.1%	36.1%	40.7%	41.1%	42.5%	35.3%	50.4%	36.1%	29.6%	20.2%	21.2%
FY08/11	9.4%	30.3%	8.4%	15.1%	3.1%	5.7%	1.2%	12.7%	3.3%	5.9%	12.9%	14.7%
FY08/12	31.1%	7.9%	5.9%	3.0%	9.3%	28.1%	33.1%	14.9%	23.2%	70.4%	56.2%	41.7%
FY08/13	54.8%	17.8%	68.3%	69.8%	50.3%	51.9%	41.3%	23.8%	33.7%	6.1%	-3.5%	13.3%
FY08/14	-18.6%	-8.1%	-24.5%	-26.3%	-22.2%	-25.1%	-1.9%	-28.4%	-23.6%	-25.1%	-22.1%	-26.3%
FY08/15	-23.3%	-21.5%										

Source: Company data, SR Inc. Research

On **November 4, 2014**, Shared Research updated the report following interviews with management.

Quarterly Earnings (JPYmn)	FY08/12				FY08/13				FY08/14				FY08/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	4,209	5,277	5,614	7,513	7,800	9,861	9,182	9,711	8,169	9,463	9,623	8,895	98.8%	36,600
YoY	41.2%	40.0%	49.6%	84.5%	85.3%	86.9%	63.6%	29.3%	4.7%	-4.0%	4.8%	-8.4%		0.1%
GP	3,222	3,915	4,336	5,543	5,909	7,479	6,943	7,113	5,918	6,770	7,115	6,391		
YoY	47.4%	45.0%	52.9%	86.9%	83.4%	91.0%	60.1%	28.3%	0.1%	-9.5%	2.5%	-10.2%		
GPM	76.5%	74.2%	77.2%	73.8%	75.8%	75.8%	75.6%	73.3%	72.4%	71.5%	73.9%	71.9%		
SG&A	3,040	3,062	3,779	4,500	4,532	4,892	5,868	5,930	5,669	6,047	5,909	5,597		
YoY	27.2%	43.6%	50.4%	75.1%	49.1%	59.8%	55.3%	31.8%	25.1%	23.6%	0.7%	-5.6%		
SG&A / Sales	72.2%	58.0%	67.3%	59.9%	58.1%	49.6%	63.9%	61.1%	69.4%	63.9%	61.4%	62.9%		
OP	182	853	556	1,043	1,378	2,587	1,076	1,183	249	723	1,206	794	118.9%	2,500
YoY	-	50.2%	71.9%	162.9%	658.7%	203.3%	93.3%	13.4%	-81.9%	-72.0%	12.2%	-32.9%		-59.8%
OPM	4.3%	16.2%	9.9%	13.9%	17.7%	26.2%	11.7%	12.2%	3.1%	7.6%	12.5%	8.9%		6.8%
RP	170	819	564	998	1,302	2,405	904	1,258	219	702	1,223	785	117.4%	2,495
YoY	-	45.2%	81.3%	157.6%	664.1%	193.8%	60.1%	26.0%	-83.2%	-70.8%	35.3%	-37.6%		-57.5%
RPM	4.0%	15.5%	10.1%	13.3%	16.7%	24.4%	9.8%	13.0%	2.7%	7.4%	12.7%	8.8%		6.8%
NI	67	352	204	466	766	1,388	502	764	70	316	759	100	101.2%	1,230
YoY	-	15.1%	29.2%	216.8%	1,039.3%	294.2%	146.3%	63.7%	-90.9%	-77.2%	51.3%	-86.9%		-64.0%
NPM	1.6%	6.7%	3.6%	6.2%	9.8%	14.1%	5.5%	7.9%	0.9%	3.3%	7.9%	1.1%		3.4%

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

Source: Company data, SR Inc. Research

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

Versus initial estimates, all profit items exceeded targets. However, when compared to FY08/13, sales were down by 1.1% and operating profit was down by 52.2%.

According to the company, two primary factors contributed to the above. First, a pullback in consumer demand after the consumption tax increase. Second, issues with store operations and product strategy following four years of high-pace growth.

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 **October 3, 2014**, Kenedix Inc. announced the establishment of a retail facility REIT by a subsidiary and the signing of a support agreement for the project.

Kenedix Real Estate Fund Management, Inc., a wholly owned subsidiary of Kenedix, established a retail facility REIT called Kenedix Retail REIT Corporation (capitalization: JPY150mn) on October 3, 2014. The REIT will mainly invest in commercial facilities.

The assets of the REIT will be managed by Kenedix Real Estate Fund Management. However, Kenedix, Sumitomo Mitsui Finance and Leasing Co., Ltd.; Nippon Commercial Development Co., Ltd.; and P&D Consulting Co., Ltd. will provide business support. These four companies signed a basic agreement to cooperate on the project.

View the [full report](#).

## 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 **October 31, 2014**, Lasertec Corp. released Q1 FY06/15 results.

Quarterly Performance (JPYmn)		FY06/13				FY06/14				FY06/15		FY06/15		FY06/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 est.	vs est. 1H est.	vs est. 1H est.	vs est. FY est.	vs est. FY est.
<b>Sales</b>		<b>3,678</b>	<b>2,889</b>	<b>2,381</b>	<b>2,449</b>	<b>971</b>	<b>4,505</b>	<b>1,426</b>	<b>6,705</b>	<b>1,747</b>	<b>3,853</b>	<b>31.2%</b>	<b>5,600</b>	<b>11.6%</b>	<b>15,000</b>
Semiconductor Related Systems		3,231	2,319	1,663	1,874	507	3,597	789	5,584	97		2.9%	3,330	0.9%	11,340
Others		78	195	320	182	48	374	251	704	1,222		90.5%	1,350	65.7%	1,860
Services		370	375	398	393	416	534	387	417	428		46.5%	920	23.8%	1,800
YoY		144.0%	-14.8%	-19.0%	-45.6%	-73.6%	56.0%	-40.1%	173.8%	80.0%			2.3%		10.2%
Semiconductor Related Systems		199.7%	-11.7%	5.9%	-46.9%	-84.3%	55.1%	-52.6%	198.0%	-80.8%			-18.9%		8.2%
Others		-65.5%	-57.4%	-67.3%	-71.2%	-38.3%	91.8%	-21.7%	286.4%	2,442.1%			219.7%		35.1%
Services		81.2%	22.2%	2.1%	15.9%	12.4%	42.4%	-2.9%	6.2%	2.9%			-3.1%		2.6%
<b>Orders</b>		<b>2,214</b>	<b>2,015</b>	<b>1,178</b>	<b>3,358</b>	<b>1,393</b>	<b>6,586</b>	<b>2,937</b>	<b>5,274</b>	<b>2,342</b>		<b>24.0%</b>	<b>9,750</b>	<b>13.8%</b>	<b>17,000</b>
Semiconductor Related Systems		1,681	1,383	585	2,794	790	5,260	2,304	3,532	1,778		30.7%	5,800	15.2%	11,680
Others		186	230	184	124	196	821	181	1,289	202		6.7%	3,030	5.7%	3,520
Services		347	402	409	440	406	505	451	453	362		39.3%	920	20.1%	1,800
YoY		58.0%	-76.1%	-45.3%	32.8%	-37.1%	226.8%	149.4%	57.1%	68.2%			22.2%		5.0%
Semiconductor Related Systems		59.8%	-82.2%	-63.4%	42.5%	-53.0%	280.3%	293.6%	26.4%	125.0%			-4.1%		-1.7%
Others		21.6%	-38.0%	8.0%	-28.5%	5.3%	256.4%	-1.3%	936.3%	3.1%			198.0%		41.6%
Services		76.9%	25.0%	5.9%	11.7%	17.1%	25.7%	10.5%	3.1%	-11.0%			0.9%		-0.9%
<b>Order Backlog</b>		<b>5,562</b>	<b>4,688</b>	<b>3,485</b>	<b>4,394</b>	<b>4,815</b>	<b>6,896</b>	<b>8,407</b>	<b>6,976</b>	<b>7,571</b>			<b>11,126</b>		<b>8,976</b>
Semiconductor Related Systems		5,136	4,201	3,123	4,043	4,326	5,989	7,505	5,454	7,135			7,924		5,794
Others		261	297	160	102	250	697	628	1,212	192			2,892		2,872
Services		164	191	201	248	239	210	274	310	244			310		310
YoY		17.6%	-52.1%	-61.3%	-37.5%	-13.4%	47.1%	141.3%	58.8%	57.2%			-5.0%		-66.9%
Semiconductor Related Systems		65.7%	-48.9%	-62.2%	-39.5%	-15.8%	42.6%	140.3%	34.9%	64.9%			-23.2%		-75.1%
Others		-82.6%	-79.1%	-73.8%	-33.2%	-4.3%	134.9%	291.4%	1,083.0%	-23.4%			205.4%		3.1%
Services		34.6%	40.0%	51.8%	32.9%	45.6%	9.9%	36.3%	25.1%	2.2%			-30.8%		-70.0%
<b>GP</b>		<b>1,889</b>	<b>1,520</b>	<b>1,419</b>	<b>526</b>	<b>269</b>	<b>2,182</b>	<b>722</b>	<b>3,392</b>	<b>953</b>					
YoY		140.1%	-4.4%	-11.3%	-79.5%	-85.8%	43.6%	-49.1%	544.4%	254.4%					
GPM		51.4%	52.6%	59.6%	21.5%	27.7%	48.4%	50.6%	50.6%	54.5%					
SG&A		839	762	806	798	778	827	962	901	866					
YoY		-1.2%	-3.9%	-11.9%	-11.7%	-7.3%	8.5%	19.5%	12.9%	11.4%					
SG&A / Sales		22.8%	26.4%	33.8%	32.6%	80.1%	18.3%	67.5%	13.4%	49.6%					
<b>OP</b>		<b>1,050</b>	<b>758</b>	<b>614</b>	<b>-272</b>	<b>-509</b>	<b>1,355</b>	<b>-240</b>	<b>2,491</b>	<b>87</b>	<b>413</b>	<b>17.4%</b>	<b>500</b>	<b>2.7%</b>	<b>3,200</b>
YoY		-	-4.9%	-10.5%	-	-	78.8%	-	-	-	-69.5%		-40.9%		3.3%
OPM		28.5%	26.2%	25.8%	-11.1%	-52.4%	30.1%	-16.9%	37.2%	5.0%	10.7%		8.9%		21.3%
<b>RP</b>		<b>1,014</b>	<b>938</b>	<b>757</b>	<b>-172</b>	<b>-511</b>	<b>1,434</b>	<b>-284</b>	<b>2,523</b>	<b>132</b>	<b>368</b>	<b>26.4%</b>	<b>500</b>	<b>4.1%</b>	<b>3,200</b>
YoY		-	19.7%	11.4%	-	-	52.9%	-	-	-	-74.3%		-45.8%		1.2%
RPM		27.6%	32.5%	31.8%	-7.0%	-52.7%	31.8%	-19.9%	37.6%	7.6%	9.5%		8.9%		21.3%
<b>NI</b>		<b>646</b>	<b>595</b>	<b>451</b>	<b>-82</b>	<b>-326</b>	<b>935</b>	<b>-248</b>	<b>1,608</b>	<b>82</b>	<b>218</b>	<b>27.5%</b>	<b>300</b>	<b>3.8%</b>	<b>2,150</b>
YoY		-	17.8%	15.1%	-	-	57.2%	-	-	-	-76.7%		-50.8%		9.2%
NPM		17.6%	20.6%	18.9%	-3.3%	-33.6%	20.8%	-17.4%	24.0%	4.7%	5.6%		5.4%		14.3%

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

Source: Company data, SR research

From FY06/14, sales for FPD equipment and laser microscopes are now included under other sales.

Orders outstanding as of end Q1 FY06/15 were JPY7.6bn, which exceeds the 1H FY06/15 company sales forecast of JPY5.6bn. Orders produced during Q1 FY06/15 were up by 9.3% year-on-year, to JPY2.6bn, exceeding sales during the same period. Work in progress, a component of current assets, increased by JPY757mn compared to end FY06/14, to JPY4.3bn. The company did not modify its full-year FY06/15 forecasts.

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## Matsui Securities Co., Ltd. (8628)

Innovative online securities brokerage with focus on customer service. Strengths lie in Margin Trading Service for Day-trades and Premium short-selling service. Highest rated customer support in the industry and high system stability.

On **October 28, 2014**, Matsui Securities Co., Ltd. announced earnings results for 1H FY03/15.

Quarterly performance (JPYmn)	FY03/14				FY03/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating revenues	13,152	9,038	9,173	8,520	7,490	8,819	-	-
YoY	228.9%	137.1%	103.0%	0.6%	-43.1%	-2.4%	-	-
Net operating revenues	12,800	8,799	8,900	8,239	7,238	8,392	-	-
YoY	238.4%	146.1%	106.2%	-0.0%	-43.5%	-4.6%	-	-
Commissions	9,925	6,052	5,977	5,395	4,406	5,349	-	-
YoY	308.8%	164.0%	95.6%	-15.6%	-55.6%	-11.6%	-	-
Net interest income	2,868	2,745	2,919	2,842	2,829	3,040	-	-
YoY	111.8%	114.1%	132.0%	51.5%	-1.4%	10.7%	-	-
SG&A	3,213	2,771	2,825	2,839	2,604	2,718	-	-
YoY	33.5%	22.4%	22.5%	3.5%	-19.0%	-1.9%	-	-
SG&A / Operating revenues	25.1%	31.5%	31.7%	34.5%	36.0%	32.4%	-	-
Operating profit	9,587	6,028	6,075	5,400	4,633	5,675	-	-
YoY	596.7%	359.5%	202.4%	-1.8%	-51.7%	-5.9%	-	-
OPM	74.9%	68.5%	68.3%	65.5%	64.0%	67.6%	-	-
Recurring profit	9,625	6,041	6,106	5,403	4,694	5,682	-	-
YoY	585.1%	358.3%	203.6%	-2.0%	-51.2%	-5.9%	-	-
RPM	75.2%	68.7%	68.6%	65.6%	64.9%	67.7%	-	-
Net income	5,802	3,633	3,682	3,183	2,928	3,541	-	-
YoY	495.7%	345.2%	201.8%	-6.8%	-49.5%	-2.5%	-	-
NPM	45.3%	41.3%	41.4%	38.6%	40.5%	42.2%	-	-

Source: Company data

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

Consolidated figures through FY03/12. Parent figures from FY03/13. FY03/13 YoY comparisons for reference only.

Matsui launched the premium short-selling service in the Margin Trading Service for Day-trades in FY03/14. The company focused on making this service more convenient, including upping the number of stocks available for short-selling and maximum position size. This service allows the short-selling of stocks that are generally unavailable for short-selling owing to the difficulty of delivering them for lending. The company also focused on customer service. For example, it improved the Netstock High Speed feature for margin trading and promoted services for minors—in view of the establishment of tax-free Nippon Individual Savings Accounts (NISA) for children. But total equity trading value at the company fell 21% YoY, in line with the broader fall in the equity trading value of individuals.

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 October 2014 on **November 4, 2014** and for September 2014 on **October 1, 2014**.

Comparable Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/09 Sales	3.3%	-13.7%	-7.0%	-11.9%	-6.1%	-6.7%	-1.0%	-8.8%	1.5%	-12.0%	-9.2%	-14.9%
Cust. count	-2.2%	-12.8%	-9.3%	-11.3%	-3.9%	-9.6%	-2.6%	-8.5%	-	-10.3%	-10.2%	-14.3%
Spend / cust.	5.6%	-1.1%	2.5%	-0.7%	-2.3%	3.1%	1.6%	-0.3%	1.4%	-1.9%	1.1%	-0.7%
FY02/10 Sales	-18.2%	-11.0%	-9.6%	-18.6%	-11.4%	-13.2%	-17.6%	-16.8%	-26.2%	-11.8%	-11.7%	-10.9%
Cust. count	-16.7%	-5.4%	-0.8%	-5.6%	-4.4%	-7.8%	-6.1%	-11.4%	-17.3%	-2.3%	-1.4%	-2.9%
Spend / cust.	-1.8%	-5.8%	-8.9%	-13.8%	-7.3%	-5.9%	-12.2%	-6.1%	-10.8%	-9.8%	-10.4%	-8.3%
FY02/11 Sales	-17.5%	-15.3%	-11.9%	-8.3%	-10.1%	-12.1%	-17.3%	-0.9%	-8.0%	-13.7%	-6.3%	1.5%
Cust. count	-8.5%	-11.8%	-8.2%	-6.3%	-7.3%	-9.5%	-11.3%	5.9%	-1.6%	-12.9%	-7.7%	-1.2%
Spend / cust.	-9.9%	-4.0%	-4.1%	-2.2%	-3.1%	-2.8%	-6.7%	-6.4%	-6.6%	-0.9%	1.6%	2.8%
FY02/12 Sales	-18.1%	7.4%	-6.7%	1.9%	-1.4%	-1.6%	7.5%	-0.9%	1.2%	7.5%	-2.1%	-0.9%
Cust. count	-21.0%	1.4%	-12.4%	-9.0%	-8.8%	-7.6%	-5.1%	-12.6%	-8.3%	2.7%	-7.1%	-3.3%
Spend / cust.	3.6%	5.9%	6.5%	11.9%	8.1%	6.5%	13.3%	13.4%	10.3%	4.7%	5.3%	2.4%
FY02/13 Sales	23.2%	3.8%	-1.3%	-2.2%	-4.0%	1.8%	-7.3%	-9.3%	8.4%	-3.2%	-5.8%	-5.3%
Cust. count	14.3%	-0.6%	-4.7%	-6.1%	-8.0%	0.6%	-7.5%	-11.0%	1.1%	-6.7%	-8.7%	-10.8%
Spend / cust.	7.7%	4.4%	3.6%	4.2%	4.4%	1.2%	0.3%	1.9%	7.3%	3.7%	3.2%	6.2%
FY02/14 Sales	5.8%	-11.4%	-2.8%	2.9%	-8.9%	-4.1%	-6.3%	-14.3%	-9.0%	-8.5%	1.8%	10.5%
Cust. count	3.3%	-12.6%	-3.2%	2.2%	-7.8%	-7.1%	-8.2%	-11.8%	-5.9%	-7.2%	7.9%	17.8%
Spend / cust.	2.4%	1.4%	0.4%	0.7%	-1.2%	3.3%	2.1%	-2.9%	-3.3%	-1.4%	-5.7%	-6.2%
FY02/15 Sales	-4.5%	-6.7%	-1.3%	-1.2%	-1.4%	1.2%	9.0%	4.0%				
Cust. count	-2.7%	-3.1%	-0.3%	-0.9%	-1.6%	0.1%	8.8%	0.6%				
Spend / cust.	-1.8%	-3.8%	-1.0%	-0.2%	0.2%	1.1%	0.1%	3.3%				

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/09 Sales	10.9%	-8.4%	-2.0%	-5.4%	-0.1%	-0.1%	5.5%	-3.4%	7.9%	-6.4%	-2.6%	-8.4%
Cust. count	6.4%	-6.6%	-3.7%	-3.4%	3.7%	-1.5%	4.8%	-2.2%	7.7%	-3.5%	-2.4%	-6.4%
Spend / cust.	4.3%	-1.9%	1.7%	-2.0%	-3.7%	1.4%	0.7%	-1.2%	0.1%	-3.0%	-0.2%	-2.1%
FY02/10 Sales	-15.4%	-7.6%	-5.0%	-16.4%	-9.7%	-11.6%	-16.2%	-15.2%	-25.9%	-12.6%	-11.9%	-11.9%
Cust. count	-13.0%	-0.9%	5.8%	-2.2%	-1.7%	-5.3%	-3.8%	-8.5%	-16.2%	-2.3%	-1.0%	-3.3%
Spend / cust.	-2.9%	-6.8%	-10.2%	-14.5%	-8.2%	-6.7%	-12.9%	-7.4%	-11.6%	-10.5%	-11.0%	-8.9%
FY02/11 Sales	-18.8%	-17.3%	-14.6%	-10.7%	-12.2%	-14.2%	-19.2%	-5.1%	-12.0%	-17.5%	-10.9%	-3.1%
Cust. count	-11.8%	-13.3%	-10.8%	-8.2%	-8.9%	-11.2%	-13.1%	1.5%	-5.9%	-16.6%	-12.0%	-5.5%
Spend / cust.	-7.9%	-4.5%	-4.2%	-2.7%	-3.7%	-3.4%	-7.1%	-6.4%	-6.5%	-1.1%	1.3%	2.6%
FY02/12 Sales	-21.4%	1.4%	-11.3%	-2.5%	-5.9%	-5.7%	3.1%	-4.8%	-3.1%	3.6%	-6.1%	-5.5%
Cust. count	-24.2%	-4.2%	-16.7%	-12.8%	-12.9%	-11.4%	-8.9%	-15.5%	-11.8%	-0.9%	-10.5%	-7.3%
Spend / cust.	3.6%	5.9%	6.5%	11.9%	8.0%	6.5%	13.2%	12.6%	9.8%	4.5%	4.9%	1.9%
FY02/13 Sales	17.0%	-1.4%	-6.2%	-7.0%	-8.8%	-3.2%	-11.7%	-12.6%	4.9%	-5.3%	-7.9%	-6.9%
Cust. count	9.0%	-5.4%	-9.2%	-10.4%	-12.3%	-4.2%	-12.4%	-14.6%	-2.5%	-9.0%	-11.0%	-12.4%
Spend / cust.	7.4%	4.2%	3.3%	3.8%	4.0%	1.0%	0.8%	2.3%	7.7%	4.0%	3.4%	6.3%
FY02/14 Sales	4.9%	-11.8%	-2.5%	2.9%	-8.8%	-3.9%	-6.0%	-14.2%	-9.1%	-8.2%	0.9%	9.2%
Cust. count	2.5%	-12.9%	-2.9%	2.1%	-7.5%	-6.5%	-7.9%	-11.6%	-5.7%	-6.5%	6.9%	15.9%
Spend / cust.	2.4%	1.3%	0.5%	0.8%	-1.3%	2.9%	2.1%	-3.0%	-3.5%	-1.8%	-5.6%	-5.8%
FY02/15 Sales	-3.3%	-5.8%	-1.4%	-1.8%	-2.6%	0.2%	8.6%	2.8%				
Cust. count	-0.8%	-1.4%	0.3%	-0.7%	-1.9%	-0.1%	9.4%	0.5%				
Spend / cust.	-2.5%	-4.5%	-1.7%	-1.1%	-0.7%	0.3%	-0.7%	2.3%				

Source: Company data

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

On **October 29, 2014**, Shared Research updated comments on the company's earnings results for Q2 FY02/15 after interviewing management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15		FY02/15		FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
<b>Sales</b>	<b>9,730</b>	<b>8,733</b>	<b>9,901</b>	<b>10,294</b>	<b>9,383</b>	<b>8,438</b>	<b>8,878</b>	<b>10,050</b>	<b>9,056</b>	<b>8,308</b>	<b>94.4%</b>	<b>18,400</b>	<b>47.8%</b>	<b>36,300</b>
YoY	1.6%	-6.7%	-5.8%	-6.4%	-3.6%	-3.4%	-10.3%	-2.4%	-3.5%	-1.5%				
GP	4,777	4,069	4,966	4,733	4,643	3,941	4,242	4,279	<b>4,381</b>	<b>3,792</b>		3.2%		-1.2%
YoY	4.1%	-3.8%	-1.9%	-1.8%	-2.8%	-3.1%	-14.6%	-9.6%	-5.6%	-3.8%				
GPM	49.1%	46.6%	50.2%	46.0%	49.5%	46.7%	47.8%	42.6%	48.4%	45.6%				
SG&A	3,964	3,833	4,126	3,907	3,938	3,877	4,110	4,040	4,277	4,026				
YoY	-5.0%	-3.7%	-3.5%	-7.1%	-0.7%	1.1%	-0.4%	3.4%	8.6%	3.8%				
SG&A / Sales	40.7%	43.9%	41.7%	38.0%	42.0%	45.9%	46.3%	40.2%	47.2%	48.5%				
<b>OP</b>	<b>812</b>	<b>237</b>	<b>839</b>	<b>827</b>	<b>704</b>	<b>64</b>	<b>132</b>	<b>240</b>	<b>103</b>	<b>-232</b>	-	<b>520</b>	<b>-21.5%</b>	<b>600</b>
YoY	95.0%	-4.0%	6.9%	34.3%	-13.3%	-73.0%	-84.3%	-71.0%	-85.4%	-				-47.4%
OPM	8.3%	2.7%	8.5%	8.0%	7.5%	0.8%	1.5%	2.4%	1.1%	-		2.8%		1.7%
RP	858	268	883	893	747	88	140	276	164	-203		550		700
YoY	105.4%	-3.6%	9.0%	47.4%	-12.9%	-67.2%	-84.1%	-69.1%	-78.0%	-				-44.0%
RPM	8.8%	3.1%	8.9%	8.7%	8.0%	1.0%	1.6%	2.7%	1.8%	-		3.0%		1.9%
NI	528	148	499	1,295	428	20	32	69	45	-224		245		190
YoY	-	-8.1%	-38.6%	11.5%	-19.0%	-86.5%	-93.6%	-94.7%	-89.5%	-				-65.4%
NPM	5.4%	1.7%	5.0%	12.6%	4.6%	0.2%	0.4%	0.7%	0.5%	-		1.3%		0.5%
Store Count	479	477	483	476	486	481	486	482	486	480				486
Openings	6	3	11	1	12	5	12	2	18	5				30
Closures	-9	-5	-5	-8	-2	-10	-7	-6	-14	-11				-30

Source: Company data

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

Company estimates for Q2 FY02/15 calculated by subtracting Q1 estimates from 1H estimates.

### Earnings missed initial targets, resulting in an operating loss

Sales and operating profit underperformed targets in 1H FY02/15. Fierce competition continued in the low- and mid-range casual apparel market, as major domestic companies and foreign retailers opened more stores. Faced with such conditions, Mac-House judged that growth would be difficult with its existing store format. During 1H, the company made efforts to shift from jeans stores to stores combining apparel and lifestyle accessories.

### Lifestyle accessories miss targets as comparable store sales and customer count fall

Excluding August, monthly comparable store sales and customer count continued to fall year-on-year in 1H, partly due to the consumption tax hike and poor weather. Lifestyle accessory results were also poor, with the company achieving about half of its target for 1H (JPY700mn).

According to the company, it failed to meet earnings targets for the following reasons:

- Insufficient sales capability in the face of fierce competition;
- The consumption tax hike and poor weather;
- Accessory sales at just half the expected level;
- Underperformance in womenswear and a failure to respond effectively to fashion trends.

On **October 2, 2014**, the company announced revisions to full-year and 1H earnings forecasts for FY02/15.

#### Revisions to earnings forecasts for 1H FY02/15

(Previous forecasts in parentheses.)

- Sales: JPY17.4bn (JPY18.4bn)
- Operating loss: JPY129mn (operating profit of JPY520mn)
- Recurring loss: JPY39mn (recurring profit of JPY550mn)
- Net loss: JPY179mn (JPY245mn).

#### Revisions to full-year earnings forecasts for FY02/15

(Previous forecasts in parentheses.)

- Sales: JPY36.3bn (JPY38.5bn)
- Operating profit: JPY600mn (JPY1.3bn)
- Recurring profit: JPY700mn (JPY1.4bn)





▪Net income: JPY190mn (JPY620mn).

Reasons for the revisions

The company expects that sales will underperform the initial forecast by JPY1.0bn, due to poor weather and fierce competition following the consumption tax hike. The company revised its profit forecasts because gross profit underperformed the target. This was the result of pricing changes caused by bargain sales in response to the fierce competition. SG&A expenses were also up year-on-year, due to promotional materials and more new store openings, although this was in line with the company's expectations.

The company also revised its full-year sales forecast because uncertain conditions appear likely to continue.

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### Medinet Co., Ltd. (2370)

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

On **October 29, 2014**, MEDINET Co., Ltd. announced changes to its executive management following an extraordinary shareholder meeting held on the same day.

According to the company, the two shareholder proposals were approved at the extraordinary shareholder meeting, and changes to the company's executive management will be carried out as outlined below.

Yoshiji Kimura

New post: Representative director, chairman and president

Previous post: Director and chairman

Hiroshi Igi

New post: None

Previous post: Representative director, president, and head of CP Technology Department

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## MIRAIT Holdings Corp. (1417)

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

On **October 31, 2014**, MIRAIT Holdings Corp. announced earnings results for 1H FY03/15 and revised its full-year dividend forecast.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales (Completed Construction Contracts)	56,780	62,966	66,072	91,902	56,915	66,223	-	-	43.2%	285,000
YoY	8.6%	-2.0%	6.4%	-0.5%	0.2%	5.2%	-	-		2.6%
GP (Completed Construction Contracts)	5,574	6,493	7,361	10,548	6,811	8,611	-	-		
YoY	-4.8%	-7.6%	11.3%	7.1%	22.2%	32.6%	-	-		
GPM	9.8%	10.3%	11.1%	11.5%	12.0%	13.0%	-	-		
SG&A	4,783	4,509	4,603	4,626	4,704	4,775	-	-		
YoY	2.3%	0.8%	-0.4%	-2.1%	-1.7%	5.9%	-	-		
SG&A / Sales	8.4%	7.2%	7.0%	5.0%	8.3%	7.2%	-	-		
OP	791	1,983	2,758	5,922	2,106	3,837	-	-	45.7%	13,000
YoY	-32.9%	-22.3%	38.5%	15.7%	166.2%	93.5%	-	-		13.5%
OPM	1.4%	3.1%	4.2%	6.4%	3.7%	5.8%	-	-		4.6%
RP	1,010	2,107	3,094	6,056	2,341	3,917	-	-	46.0%	13,600
YoY	-27.3%	-25.7%	40.1%	13.6%	131.8%	85.9%	-	-		10.9%
RPM	1.8%	3.3%	4.7%	6.6%	4.1%	5.9%	-	-		4.8%
NI	609	1,137	1,647	3,793	1,559	2,380	-	-	78.1%	9,200
YoY	-	-7.0%	66.4%	20.3%	156.0%	109.3%	-	-		28.0%
NPM	1.1%	1.8%	2.5%	4.1%	2.7%	3.6%	-	-		3.2%

Source: Company data

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

For Q2, MIRAIT saw a decline in the number of both routine and large-scale construction projects in the NTT segment. In response, the company reorganized its operations by reallocating employees to growth business areas. In the Multi-Carrier segment, the company sought to strengthen its capabilities to handle small-scale projects, such as LTE construction work, by taking on more tasks internally, forming closer cooperation with subsidiaries, and utilizing business support tools, as part of an effort to improve profitability. In the environmental and social innovation and ICT solution segments, the company tried to install more solar power systems and electric vehicle chargers and win more large-scale network construction projects at universities and companies. In addition, the company also made MIRAIT Technologies Australia Pty. Ltd. a consolidated subsidiary to expand operations in the nation.

MIRAIT also raised its full-year net income forecast to JPY9.2bn from JPY8.3bn because of a gain linked with changes in its employee retirement-benefit system. The company left its forecasts for sales, operating profit, and recurring profit unchanged.

MIRAIT said it would pay half-year dividend of JPY15 a share (compared with an earlier forecast of JPY10). The company also raised its year-end dividend forecast to JPY15 a share from an earlier projection for JPY10. As a result, annual dividend payout will be JPY30 a share, an increase from an earlier estimate of JPY20 a share.

On **October 27, 2014**, the company announced revisions to earnings forecasts for 1H FY03/15.

### Revisions to earnings forecasts for 1H FY03/15 (previous forecast in parentheses)

- Sales: JPY123.1bn (JPY120.0bn)
- Operating profit: JPY5.9bn (JPY3.0bn)
- Recurring profit: JPY6.2bn (JPY3.3bn)
- Net income: JPY3.9bn (JPY2.2bn).



## MONTHLY WRAP –November 2014



The company expects operating profit, recurring profit, and net income to outperform initial forecasts due to efforts to raise margins by increasing efficiency.

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## NAIGAI TRANS LINE LTD. (9384)

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

On **October 30, 2014**, Naigai Trans Line Ltd. announced earnings results for Q3 FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	3,465	4,034	4,494	4,803	4,604	5,035	5,031		77.2%	19,000
YoY	16.2%	15.1%	33.1%	35.5%	32.8%	24.8%	11.9%			13.1%
GP	1,014	1,215	1,270	1,344	1,242	1,431	1,425			
YoY	6.4%	11.5%	26.2%	26.0%	22.5%	17.8%	12.2%			
GPM	29.3%	30.1%	28.3%	28.0%	27.0%	28.4%	28.3%			
SG&A	837	921	960	961	1,006	1,344	1,061			
YoY	14.2%	11.5%	17.9%	15.4%	20.2%	45.8%	10.5%			
SG&A / Sales	24.1%	22.8%	21.4%	20.0%	21.8%	26.7%	21.1%			
OP	176	293	311	361	235	87	364		62.4%	1,100
YoY	-19.5%	11.5%	62.4%	162.4%	33.4%	-70.3%	17.1%			-3.7%
OPM	5.1%	7.3%	6.9%	7.5%	5.1%	1.7%	7.2%			5.8%
RP	201	308	330	364	233	87	386		64.1%	1,100
YoY	-18.7%	13.0%	66.6%	42.3%	15.9%	-71.9%	16.7%			-8.7%
RPM	5.8%	7.6%	7.3%	7.6%	15.7%	1.7%	7.7%			5.8%
NI	117	191	202	220	125	-533	239		-	100
YoY	-20.8%	14.8%	86.1%	503.3%	6.9%	-	18.0%			-86.3%
NPM	3.4%	4.7%	4.5%	4.6%	2.7%	-	4.7%			0.5%

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

Source: Company data

### SG&A expenses rise due to provisions for doubtful accounts

The company reported provisions for doubtful accounts of JPY300mn, due to delays to collections of accounts receivable at consolidated subsidiary NTL-LOGISTICS PLUS INDIA PRIVATE LIMITED.

### Extraordinary losses

- Goodwill amortization at NTL-INDIA: JPY294mn, following deliberation over the possibility of collecting goodwill at NTL-INDIA, in light of the above provisions for doubtful accounts;
- System development fee-refund lawsuit: based on conservative assumptions, an allowance for doubtful accounts of JPY84mn and provisions for losses on litigation of JPY82mn;
- Valuation losses on investment securities: JPY102mn.

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## Nippon Parking Development (2353)

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

On **October 20, 2014**, Nippon Parking Development Co., Ltd. announced that subsidiary Nippon Ski Resort Development Co., Ltd. will acquire shares of Meiho Kogen Development Co., Ltd. as a subsidiary (relative to the company, a subsidiary of a subsidiary). The company sees the Meiho Ski Resort as an attractive property that has growth potential, and maintains that synergistic effects with its existing portfolio will yield increased competitiveness in the domestic ski resort market.

Meiho Kogen Development manages the Meiho Ski Resort (Gujo City, Gifu Prefecture), and 49.0% (1,960 shares) of outstanding shares are owned by the Nagoya Railroad Co., Ltd. (TSE1: 9048), while Gujo City holds 33.0% (1,320 shares). Following a third party allotment to be carried out after the contract with NPD is finalized, Nagoya Railroad will receive an additional 1,280 shares, and the total number of shares (3,240) will be transferred to NPD for JPY167mn (JPY169mn when including JPY2mn in advisory fees). After the share transfer is complete, the company will hold 61.36% ownership of Meiho Kogen Development.

For the most recent financial year, Meiho Kogen Development had sales of JPY1.1bn, operating profit of JPY109mn, and net assets of JPY473mn. Meiho Kogen Development has been profitable for the past three financial years, and OPM has been around 10% for the past two years. However, since Meiho Kogen Development operates in areas that differ from where the company has previous experience—areas such as Hakuba and Kitashiga Kogen, Nagano Prefecture and Kawaba, Gunma Prefecture—the company has refrained from revising its FY07/15 earnings forecasts.

The Meiho Ski Resort has six lifts, and four beginner trails ranging from 560m to 1,100m in length that take visitors from the summit at 1,600m to the base at 900m. There are 11 courses ranging from beginner to advanced. The longest course is a beginner course from the top of the mountain to the base, and spans over 5,000m.

The resort is located approximately 100 minutes by automobile from Nagoya, and about three hours from Osaka, providing convenient access from the Kansai area.

(JPYmn)	FY02/12	FY02/13	FY02/14
Sales	1,012	1,074	1,081
YoY	-	6.1%	0.7%
Operating Profit	34	105	109
YoY	-	208.8%	3.8%
OPM	3.4%	9.8%	10.1%
Recurring Profit	30	103	109
RPM	3.0%	9.6%	10.1%
Net Income	17	63	74
NPM	1.7%	5.9%	6.8%
Total Assets	1,767	1,670	1,578
Net Assets	335	399	473
Equity Ratio	19.0%	23.9%	30.0%
ROE	-	8.6%	8.5%

Source: Company data

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 **October 31, 2014**, NS TOOL Co., Ltd. announced 1H earnings results for FY03/15.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/15		FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2(*)	% of 1H	1H Est.	% of FY	FY Est.
Sales	1,570	1,533	1,482	1,413	1,538	1,531	1,632	1,718	1,736	1,813	100.0%	3,548	50.7%	7,000
End Mills (up to 6mm)	1,018	956	905	885	946	932	977	1,038	-	-				
End Mills (over 6mm)	190	185	185	177	194	195	219	217	-	-				
End Mills (Others)	251	278	289	253	291	302	319	352	-	-				
Other Products	108	112	101	96	105	101	114	115	-	-				
End Mills (up to 6mm)					1,112	1,093	1,144	1,219	1,214	1,328				
End Mills (over 6mm)					194	195	219	216	218	227				
End Mills (Others)					124	142	152	167	184	141				
Other Products					105	101	114	114	118	115				
YoY (*)	7.7%	5.1%	-0.4%	2.6%	-2.0%	-0.1%	10.1%	21.6%	12.9%	18.4%	15.6%		9.1%	
End Mills (up to 6mm)	12.0%	2.9%	-5.3%	0.2%	-7.1%	-2.5%	8.0%	17.3%	9.2%	21.5%				
End Mills (over 6mm)	-5.5%	0.5%	-5.6%	6.0%	2.1%	5.4%	18.4%	22.6%	12.4%	16.4%				
End Mills (Others)	10.1%	16.8%	27.9%	16.6%	15.9%	8.6%	10.4%	39.1%	48.4%	-0.7%				
Other Products	-7.7%	6.7%	-6.5%	-11.1%	-2.8%	-9.8%	12.9%	19.8%	12.4%	13.9%				
Composition (*)														
End Mills (up to 6mm)	64.9%	62.4%	61.1%	62.6%	61.5%	60.9%	59.9%	60.4%	69.9%	73.3%				
End Mills (over 6mm)	12.1%	12.1%	12.5%	12.5%	12.6%	12.7%	13.4%	12.6%	12.6%	12.5%				
End Mills (Others)	16.0%	18.1%	19.5%	17.9%	18.9%	19.7%	19.6%	20.5%	10.6%	7.8%				
Other Products	6.9%	7.3%	6.8%	6.8%	6.8%	6.6%	7.0%	6.7%	6.8%	6.3%				
Smaller diameter ratio					72.4%	71.4%	70.2%	71.0%	70.0%	73.3%				
Overseas sales	314	316	316	300	327	287	301	353	346	421				
China, Hong Kong, Taiwan	121	131	126	103	107	95	65	129	106	170				
Asia (ex. above)	88	93	91	89	106	90	102	104	112	123				
EU	85	66	76	81	90	73	101	93	93	90				
US, other	18	24	22	25	22	28	32	30	33	37				
YoY														
China, Hong Kong, Taiwan					-11.6%	-27.5%	-48.4%	25.2%	-0.9%	78.9%				
Asia (ex. above)					20.5%	-3.2%	12.1%	16.9%	5.7%	36.7%				
EU					5.9%	10.6%	32.9%	14.8%	3.3%	23.3%				
US, other					22.2%	16.7%	45.5%	20.0%	50.0%	32.1%				
GP	777	716	699	652	722	740	779	836	885	902				
YoY	18.5%	-0.3%	-7.5%	6.8%	-7.1%	3.3%	11.4%	28.2%	22.7%	22.0%				
GPM	49.5%	46.7%	47.1%	46.2%	46.9%	48.3%	47.7%	48.7%	51.0%	49.8%				
SG&A	470	472	529	451	493	488	498	528	502	570				
YoY	10.7%	13.0%	25.7%	-12.4%	4.8%	3.4%	-5.8%	17.1%	1.8%	16.8%				
SG&A / Sales	30.0%	30.8%	35.7%	31.9%	32.0%	31.9%	30.5%	30.7%	28.9%	31.4%				
OP	307	244	170	201	229	252	280	308	384	332	100.0%	716	55.9%	1,280
YoY	32.6%	-18.8%	-49.3%	109.4%	-25.4%	3.2%	65.2%	53.0%	67.6%	32.0%	49.0%		19.7%	
OPM	19.6%	15.9%	11.4%	14.3%	14.9%	16.4%	17.2%	17.9%	22.1%	18.3%	20.2%		18.3%	
RP	320	248	177	206	247	253	286	321	405	347	100.0%	752	56.5%	1,330
YoY	31.2%	-20.4%	-51.0%	78.2%	-22.9%	2.0%	62.0%	55.4%	64.1%	36.9%	50.3%		20.1%	
RPM	20.4%	16.2%	11.9%	14.6%	16.1%	16.5%	17.5%	18.7%	23.3%	19.1%	21.2%		19.0%	
NI	185	146	98	98	142	181	175	196	256	227	100.0%	483	58.9%	820
YoY	33.6%	-18.4%	-54.3%	3,648.0%	-23.4%	24.2%	78.5%	100.4%	80.1%	25.4%	49.4%		18.0%	
NPM	11.8%	9.5%	6.6%	6.9%	9.2%	11.8%	10.7%	11.4%	14.7%	12.5%	13.6%		11.7%	

Source: Company materials, SR Inc. research

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

The company modified its product categories for sales beginning in Q1 FY03/15. YoY and composition figures for Q1 FY03/15 onward are under these new categorizations. Specifically, CBN and PCD products that were previously included in End Mills (Others) are now included in Other Products.

\*Q2 FY03/15 figures are the difference between 1H estimates and Q1 results, and are not official company estimates.

Sales and recurring profit reached a record during 1H, exceeding the level achieved prior to the global financial crisis. Although a pullback in demand was seen after the consumption tax hike in April 2014, a moderate economic recovery is continuing. Reduced spending after the tax hike was a particular concern for the company, but the effects have been relatively limited. In fact, sales rose 15.6% from a year earlier during 1H.



On **October 24, 2014**, the company announced revisions to its 1H FY03/15 and full-year earnings forecasts, as well as an upward revision of its dividend forecast.

1H FY03/15 company forecasts (previous forecasts in parentheses):

Sales:	JPY3.5bn (JPY3.3bn)
Operating profit:	JPY716mn (JPY540mn)
Recurring profit:	JPY752mn (JPY560mn)
Net income:	JPY483mn (JPY335mn)

Full-year FY03/15 company forecasts (previous forecasts in parentheses):

Sales:	JPY7.0bn (JPY6.8bn)
Operating profit:	JPY1.3bn (JPY1.1bn)
Recurring profit:	JPY1.3bn (JPY1.2bn)
Net income:	JPY820mn (JPY715mn)
Year-end dividend:	JPY30 (JPY25)

Reasons for the revisions

The company expected a pullback in demand following the rush to beat the consumption tax hike to affect 1H earnings, but sales were robust due to demand related to new smartphone products. In addition, profits outperformed initial forecasts because increased production led to a higher utilization rate. Upward revisions to full-year forecasts for sales and profits accompanied the 1H revisions.

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 **October 28, 2014**, Shared Research updated comments after interviewing management.

Quarterly Performance (JPYmm)	FY02/13				FY02/14				FY02/14(*)				FY02/15		FY02/15		FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
<b>Sales</b>	<b>67,581</b>	<b>53,305</b>	<b>70,479</b>	<b>67,004</b>	<b>72,174</b>	<b>60,145</b>	<b>73,122</b>	<b>73,632</b>	<b>72,361</b>	<b>60,358</b>	<b>73,303</b>	<b>73,985</b>	<b>73,561</b>	<b>58,564</b>	<b>96.8%</b>	<b>136,500</b>	<b>46.3%</b>	<b>285,500</b>
YoY	10.1%	1.9%	2.5%	11.8%	6.8%	12.8%	3.8%	9.9%	6.8%	12.9%	3.8%	10.0%	1.7%	-3.0%		2.8%		3.8%
GP	33,886	23,863	36,649	30,092	35,561	26,884	36,413	31,101	35,719	27,046	36,571	31,401	36,541	26,019	96.4%	64,900	46.4%	134,800
YoY	11.4%	3.2%	1.4%	18.3%	4.9%	12.7%	-0.6%	3.4%	-	-	-	-	2.3%	-3.8%		3.9%		3.7%
<b>GPM</b>	<b>50.1%</b>	<b>44.8%</b>	<b>52.0%</b>	<b>44.9%</b>	<b>49.3%</b>	<b>44.7%</b>	<b>49.8%</b>	<b>42.2%</b>	<b>49.4%</b>	<b>44.8%</b>	<b>49.9%</b>	<b>42.4%</b>	<b>49.7%</b>	<b>44.4%</b>		<b>47.5%</b>		<b>47.2%</b>
SG&A	27,669	26,923	29,102	29,604	29,170	29,943	29,621	31,803	29,170	29,943	29,621	31,803	30,577	29,405	98.5%	60,900	48.5%	123,700
YoY	7.5%	2.8%	10.3%	14.5%	5.4%	11.2%	1.8%	7.4%	5.4%	11.2%	1.8%	7.4%	4.8%	-1.8%		3.0%		-4.8%
SG&A / Sales	40.9%	50.5%	41.3%	44.2%	40.4%	49.8%	40.5%	43.2%	40.3%	49.6%	40.4%	43.0%	41.6%	50.2%		44.6%		43.3%
<b>OP</b>	<b>6,216</b>	<b>-3,059</b>	<b>7,547</b>	<b>488</b>	<b>6,390</b>	<b>-3,059</b>	<b>6,792</b>	<b>-701</b>	<b>6,548</b>	<b>-2,897</b>	<b>6,950</b>	<b>-401</b>	<b>5,963</b>	<b>-3,386</b>	<b>64.4%</b>	<b>4,000</b>	<b>23.2%</b>	<b>11,100</b>
YoY	32.9%	-	-22.8%	-	2.8%	-	-10.0%	-	3.3%	-	-	-	-8.9%	-		9.6%		20.6%
OPM	9.2%	-	10.7%	0.7%	8.9%	-	9.3%	-	9.0%	-	9.5%	-	8.1%	-		2.9%		3.9%
<b>RP</b>	<b>6,029</b>	<b>-2,307</b>	<b>8,038</b>	<b>1,645</b>	<b>7,184</b>	<b>-2,413</b>	<b>7,100</b>	<b>340</b>	<b>7,184</b>	<b>-2,413</b>	<b>7,100</b>	<b>340</b>	<b>5,807</b>	<b>-2,806</b>	<b>62.5%</b>	<b>4,800</b>	<b>24.4%</b>	<b>12,300</b>
YoY	12.2%	-	-17.4%	45.3%	19.2%	-	-11.7%	-79.3%	19.2%	-	-11.7%	-79.3%	-19.2%	-		0.6%		12.2%
RPM	8.9%	-	11.4%	2.5%	10.0%	-	9.7%	0.5%	10.0%	-	9.7%	0.5%	7.9%	-		3.5%		4.3%
<b>NI</b>	<b>2,815</b>	<b>-2,293</b>	<b>4,114</b>	<b>-133</b>	<b>3,841</b>	<b>-2,190</b>	<b>4,106</b>	<b>-1,099</b>	<b>3,841</b>	<b>-2,190</b>	<b>4,106</b>	<b>-1,099</b>	<b>3,528</b>	<b>-1,826</b>	<b>100.1%</b>	<b>1,700</b>	<b>34.0%</b>	<b>5,000</b>
YoY	30.4%	-	-3.9%	-	36.4%	-	-0.2%	-	36.4%	-	-0.2%	-	-8.1%	-		3.0%		15.9%
NPM	4.2%	-	5.8%	-	5.3%	-	5.6%	-	5.3%	-	5.6%	-	4.8%	-		1.2%		1.8%

Source: Company data

Disclosure methods for sales and CoGS have changed from FY02/15 onward. FY02/14 figures are retroactively restated.

1H FY02/15 results are compared against initial forecasts; FY02/15 full-year forecasts reflect revisions.

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

## Domestic businesses

Domestic sales increased, but profits were down due to a delayed recovery at major domestic subsidiaries. Bargain sales were slack due to scheduling issues and shortages of seasonal items. These factors contributed to a year-on-year fall in sales of key womenswear brands.

## Overseas businesses (1H in Europe: Dec.-May; 1H in Asia and the US: Jan.-Jun.)

## Restructuring underway in Europe, but revised targets due to delayed recovery in Asia

Restructuring initiatives are underway in Europe, and recovery in Asia is requiring more time than initial company forecasts, leading to harsh business conditions. However, the company forecasts a return to profitability in the overseas business during 2H FY02/15 due to the restructuring in Europe. Shared Research expects that actual results for Q3 are—to some extent—accounted for in the company's revised targets, due to the difference in accounting periods at overseas subsidiaries (Q3 in Europe: June-August; Q3 in Asia and the US: July-September).

On **October 3, 2014**, the company announced monthly sales data for August and September.

## Onward Kashiya Monthly Sales

FY02/15 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
<b>Total</b>	<b>10%</b>	<b>-8%</b>	<b>2%</b>	<b>-2%</b>	<b>-6%</b>	<b>3%</b>	<b>1%</b>						<b>0%</b>
Men's	16%	-7%	6%	-3%	-1%	1%	5%						3%
Women's	9%	-9%	0%	-1%	-8%	4%	0%						0%
Children's	10%	1%	6%	1%	0%	5%	8%						4%
Kimonos	-17%	-49%	36%	-2%	-11%	-31%	-30%						-15%
Other	8%	-7%	-7%	3%	-9%	-4%	-5%						-2%
FY02/14 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
<b>Total</b>	<b>7%</b>	<b>-2%</b>	<b>4%</b>	<b>7%</b>	<b>3%</b>	<b>8%</b>	<b>2%</b>	<b>-5%</b>	<b>0%</b>	<b>5%</b>	<b>5%</b>	<b>1%</b>	<b>2%</b>
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%
FY02/13 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
<b>Total</b>	<b>24%</b>	<b>4%</b>	<b>6%</b>	<b>7%</b>	<b>-2%</b>	<b>2%</b>	<b>-1%</b>	<b>0%</b>	<b>-1%</b>	<b>9%</b>	<b>0%</b>	<b>0%</b>	<b>4%</b>
Men's	27%	8%	0%	5%	-2%	3%	-2%	-7%	-2%	6%	-6%	-6%	2%
Women's	24%	3%	8%	8%	-2%	3%	0%	5%	0%	10%	3%	1%	5%
Children's	19%	3%	8%	12%	1%	2%	5%	-3%	1%	8%	4%	2%	5%
Kimonos	22%	23%	17%	-6%	2%	-17%	0%	-4%	16%	18%	-1%	-30%	1%
Other	16%	1%	-2%	7%	-3%	2%	-10%	-15%	19%	0%	-7%	-13%	-2%

Source: Company data

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

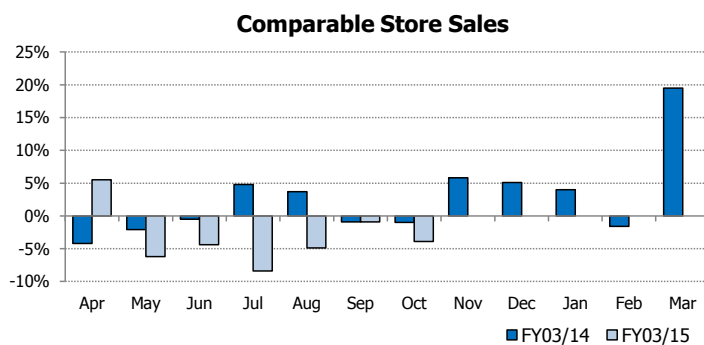
View the [full report](#).



### 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.

On **November 4, 2014**, Paris Miki Holdings announced October 2014 sales figures on **November 4, 2014** and September 2014 sales figures on **October 1, 2014**.



Source: Company data, SR Inc. Research

View the [full report](#).





## Resorttrust, Inc. (4681)

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

On **October 15, 2014**, Resorttrust, Inc. announced revisions to its 1H FY03/15 and full-year earnings forecasts, as well an upward revision of its dividend forecast.

### 1H FY03/15 company forecasts (previous forecasts in parentheses):

Sales:	JPY59.6bn	(JPY58.6bn)
Operating profit:	JPY9.3bn	(JPY8.1bn)
Recurring profit:	JPY11.6bn	(JPY8.5bn)
Net income:	JPY7.3bn	(JPY5.2bn)
Mid-term dividend:	JPY20	(JPY18)

### Full-year FY03/15 forecasts (previous forecasts in parentheses):

Sales:	JPY116.9bn	(JPY114.6bn)
Operating profit:	JPY15.5bn	(JPY15.2bn)
Recurring profit:	JPY18.0bn	(JPY15.9bn)
Net income:	JPY11.2bn	(JPY9.8bn)
Year-end dividend:	JPY20	(JPY18)

### Reasons for the revisions

Sales and profits are expected to outperform initial forecasts due to limited effects of the April consumption tax hike, and robust hotel and medical membership sales. The company also plans to book foreign exchange gains during Q2, leading to higher non-operating revenue.

View the [full report](#).

## Round One Corp. (4680)

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

On **October 9, 2014**, Round One Corporation released monthly sales data for September 2014.

Monthly Sales Trends												
FY03/15												
Total Sales (JPYmn)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Bowling	2,001	2,064	1,688	1,686	2,649	1,756						
Game	2,686	3,070	2,652	2,894	3,955	2,898						
Karaoke	641	711	625	650	927	645						
SPO-CHA	878	956	745	700	1,531	805						
Other	199	221	201	202	254	216						
<b>Total Sales YoY</b>	<b>-3.3%</b>	<b>0.1%</b>	<b>-6.0%</b>	<b>-0.6%</b>	<b>8.4%</b>	<b>-4.4%</b>						
Bowling	-13.2%	-14.7%	-20.4%	-12.3%	-2.4%	-16.8%						
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%						
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%						
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%						
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%						
<b>Comparable Store Sales YoY</b>	<b>-3.3%</b>	<b>0.1%</b>	<b>-6.0%</b>	<b>-0.6%</b>	<b>8.4%</b>	<b>-4.4%</b>						
Bowling	-13.2%	14.7%	-20.4%	-12.3%	-2.4%	-16.8%						
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%						
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%						
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%						
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%						

Monthly Sales Trends												
FY03/14												
Total Sales (JPYmn)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
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
<b>Total Sales YoY</b>	<b>-2.2%</b>	<b>-7.1%</b>	<b>0.2%</b>	<b>-6.7%</b>	<b>-1.9%</b>	<b>-5.5%</b>	<b>-8.5%</b>	<b>-3.1%</b>	<b>2.9%</b>	<b>0.6%</b>	<b>-4.0%</b>	<b>2.1%</b>
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%
<b>Comparable Store Sales YoY</b>	<b>-7.1%</b>	<b>-8.9%</b>	<b>-2.0%</b>	<b>-8.8%</b>	<b>-3.7%</b>	<b>-7.7%</b>	<b>-10.7%</b>	<b>-5.5%</b>	<b>1.8%</b>	<b>0.6%</b>	<b>-4.0%</b>	<b>2.1%</b>
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.

View the [full report](#).



## 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.

On **October 17, 2014**, Shared Research Inc. updated comments on Ryohin Keikaku's 1H FY02/15 earnings after interviewing management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15				FY02/15		FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Sales	49,431	41,948	48,803	48,168	55,076	49,071	58,184	58,289	66,704	56,883	-	-	102.0%	121,130	48.9%	252,700
YoY	9.3%	3.3%	5.2%	4.9%	11.4%	17.0%	19.2%	21.0%	21.1%	15.9%	-	-		16.3%		14.5%
GP	23,183	19,909	22,901	21,383	25,454	22,958	26,665	26,588	30,848	27,801	-	-	104.1%	56,360	49.0%	119,600
YoY	10.7%	8.2%	6.9%	2.7%	9.8%	15.3%	16.4%	24.3%	21.2%	21.1%	-	-		16.4%		17.6%
GPM	46.9%	47.5%	46.9%	44.4%	46.2%	46.8%	45.8%	45.6%	46.2%	48.9%	-	-		46.5%		47.3%
SG&A	17,372	16,217	17,221	18,214	19,725	18,965	20,192	21,867	24,223	22,790	-	-	103.5%	45,410	50.0%	94,100
YoY	6.2%	1.5%	6.0%	3.7%	13.5%	16.9%	17.3%	20.1%	22.8%	20.2%	-	-		17.4%		16.5%
SG&A / Sales	35.1%	38.7%	35.3%	37.8%	35.8%	38.6%	34.7%	37.5%	36.3%	40.1%	-	-		37.5%		37.2%
OP	5,811	3,692	5,680	3,168	5,728	3,994	6,473	4,721	6,624	5,012	-	-	106.3%	10,950	45.6%	25,500
YoY	26.9%	52.2%	9.9%	-3.0%	-1.4%	8.2%	14.0%	49.0%	15.6%	25.5%	-	-		12.6%		21.9%
OPM	11.8%	8.8%	11.6%	6.6%	10.4%	8.1%	11.1%	8.1%	9.9%	8.8%	-	-		9.0%		10.1%
RP	6,023	3,719	6,042	3,976	6,553	4,093	6,902	5,499	6,644	5,160	-	-	104.5%	11,300	46.1%	25,600
YoY	24.3%	50.5%	15.1%	11.5%	8.8%	10.1%	14.2%	38.3%	1.4%	26.1%	-	-		6.1%		11.1%
RPM	12.2%	8.9%	12.4%	8.3%	11.9%	8.3%	11.9%	9.4%	10.0%	9.1%	-	-		9.3%		10.1%
NI	2,502	2,257	3,530	2,681	3,893	2,619	4,461	6,123	3,655	3,276	-	-	105.0%	6,600	45.0%	15,400
YoY	-10.9%	60.1%	20.1%	58.4%	55.6%	16.0%	26.4%	128.4%	-6.1%	25.1%	-	-		1.4%		-9.9%
NPM	5.1%	5.4%	7.2%	5.6%	7.1%	5.3%	7.7%	10.5%	5.5%	5.8%	-	-		5.4%		6.1%

Sales and profits for 1H FY02/15 were higher than the company's initial estimates and demonstrated year-on-year growth. The retail industry was affected by the consumption tax increase that took place in April 2014, but Ryohin Keikaku was able to maintain sales growth in both its domestic and overseas operations. Gross operating margin rose 1 percentage point from a year earlier to 47.6%. Domestic gross profit margin declined after the consumption tax hike because the company continued with tax-inclusive prices. However, overseas gross profit margin improved.

At the parent level, the company achieved its gross profit margin target excluding the effects of currency fluctuations and exports to stores overseas. Gross profit margin improved year-on-year excluding the effects of the consumption tax hike in Japan (which reduced GPM by about 1.5 points).



On **October 2, 2014**, the company announced monthly sales data for September 2014.

#### YoY sales changes

FY02/15	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	22.2%	-2.3%	1.6%	4.9%	1.9%	-0.8%	1.8%					
Directly managed total	28.4%	2.1%	5.6%	8.2%	6.6%	3.9%	7.0%					
Licensed Stores (Inc. Seiyu) (comparable)	20.5%	-2.2%	0.7%	5.0%	-1.3%	-1.5%	1.1%					
Licensed Stores (Inc. Seiyu) total	21.7%	-1.9%	2.0%	3.8%	0.0%	1.3%	0.4%					
Instore (comparable)	21.9%	-2.2%	1.4%	5.0%	1.2%	-0.9%	1.7%					
Instore total	27.0%	1.3%	4.9%	7.3%	5.3%	3.4%	5.8%					
<b>Total</b>	<b>30.6%</b>	<b>12.0%</b>	<b>11.0%</b>	<b>13.6%</b>	<b>22.7%</b>	<b>13.2%</b>	<b>18.1%</b>					

FY02/14	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	9.2%	-4.2%	1.4%	3.0%	-2.8%	4.7%	-0.6%	8.0%	8.2%	6.8%	7.7%	3.1%
Directly managed total	11.0%	-2.1%	5.8%	8.1%	0.8%	7.7%	2.7%	11.2%	9.9%	10.1%	9.7%	3.4%
Licensed Stores (Inc. Seiyu) (comparable)	7.2%	-7.5%	-1.7%	0.9%	-1.1%	6.6%	-0.6%	9.2%	8.2%	8.2%	9.6%	6.3%
Licensed Stores (Inc. Seiyu) total	7.6%	-6.4%	-0.9%	1.8%	-1.4%	5.4%	-4.8%	6.1%	6.6%	6.7%	8.1%	9.9%
Instore (comparable)	8.8%	-4.8%	0.8%	2.6%	-2.5%	5.1%	-0.6%	8.2%	8.2%	7.1%	8.1%	3.7%
Instore total	10.3%	-3.0%	4.4%	6.8%	0.4%	7.3%	1.2%	10.1%	9.2%	9.4%	9.4%	4.6%
<b>Total</b>	<b>10.4%</b>	<b>7.0%</b>	<b>8.0%</b>	<b>12.6%</b>	<b>6.4%</b>	<b>16.9%</b>	<b>7.2%</b>	<b>19.6%</b>	<b>14.8%</b>	<b>18.6%</b>	<b>15.7%</b>	<b>14.0%</b>

FY02/13	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	14.4%	-1.0%	0.1%	-4.1%	0.5%	2.5%	2.9%	-1.8%	2.6%	-5.5%	-4.9%	1.3%
Directly managed total	18.7%	3.8%	2.9%	-1.8%	3.0%	5.8%	5.8%	1.1%	5.6%	-2.3%	-2.2%	3.7%
Licensed Stores (Inc. Seiyu) (comparable)	4.9%	-2.4%	-1.9%	-5.6%	-2.0%	-3.2%	-0.7%	-5.5%	-0.3%	-5.4%	-2.6%	-0.7%
Licensed Stores (Inc. Seiyu) total	5.5%	-1.4%	-2.2%	-6.8%	-3.3%	-3.7%	2.3%	-3.2%	1.8%	-4.1%	-3.6%	-2.6%
Instore (comparable)	12.1%	-1.3%	-0.3%	-4.4%	0.0%	1.3%	2.2%	-2.6%	1.9%	-5.5%	-4.5%	0.9%
Instore total	15.7%	2.7%	1.8%	-2.9%	1.7%	3.8%	5.1%	0.2%	4.8%	-2.7%	-2.5%	2.4%
<b>Total</b>	<b>17.6%</b>	<b>3.2%</b>	<b>5.7%</b>	<b>-0.7%</b>	<b>3.8%</b>	<b>4.8%</b>	<b>3.8%</b>	<b>2.2%</b>	<b>6.7%</b>	<b>-2.7%</b>	<b>4.2%</b>	<b>7.3%</b>

FY02/15	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	22.2%	-2.3%	1.6%	4.9%	1.9%	-0.8%	1.8%					
Apparel	11.4%	6.8%	5.0%	6.5%	5.9%	0.6%	9.5%					
Household Goods	31.8%	-8.7%	-1.9%	3.2%	2.8%	-0.6%	-1.3%					
Food	2.8%	1.9%	6.5%	8.3%	-16.1%	-7.0%	-9.4%					
Customers Traffic	3.0%	-0.3%	3.6%	3.2%	0.9%	0.0%	-2.2%					
Spending per Customer	18.7%	-1.9%	-2.0%	1.7%	0.9%	-0.8%	4.1%					

FY02/14	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	9.2%	-4.2%	1.4%	3.0%	-2.8%	4.7%	-0.6%	8.0%	8.2%	6.8%	7.7%	3.1%
Apparel	23.1%	-3.7%	3.8%	4.9%	-8.0%	1.2%	1.8%	5.8%	6.0%	5.1%	5.7%	1.2%
Household Goods	2.5%	-4.8%	0.2%	3.5%	-4.5%	5.7%	-2.6%	6.1%	7.4%	5.9%	7.7%	4.1%
Food	11.8%	-2.5%	-2.4%	-4.9%	41.0%	17.7%	6.0%	39.0%	30.4%	25.0%	19.1%	5.9%
Customers Traffic	3.9%	-4.8%	-1.8%	-0.9%	0.1%	2.2%	-1.8%	4.7%	6.0%	2.7%	2.6%	-4.6%
Spending per Customer	5.1%	0.7%	3.2%	3.9%	-3.0%	2.5%	1.2%	3.2%	2.1%	4.0%	5.0%	8.1%

FY02/13	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Directly managed stores (comparable)	14.4%	-1.0%	0.1%	-4.1%	0.5%	2.5%	2.9%	-1.8%	2.6%	-5.5%	-4.9%	1.3%
Apparel	20.9%	7.1%	9.2%	-1.6%	10.5%	17.9%	5.2%	5.4%	13.4%	-2.4%	-2.4%	15.4%
Household Goods	13.4%	-4.7%	-5.8%	-6.9%	-4.3%	-4.1%	2.1%	-5.8%	-3.3%	-6.7%	-5.7%	-3.1%
Food	3.3%	-7.8%	-2.9%	3.0%	-11.2%	-6.4%	2.0%	-9.9%	-10.8%	-10.4%	-9.0%	-8.1%
Customers Traffic	8.5%	-6.8%	-7.1%	-6.9%	-7.8%	-4.2%	-2.6%	-6.4%	-4.7%	-8.4%	-9.1%	-3.1%
Spending per Customer	5.4%	6.2%	7.8%	3.0%	9.1%	7.1%	5.7%	4.9%	7.6%	3.2%	4.7%	4.6%

Source: Company data, SR Inc. research

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

Comparable stores are considered those open for at least two years.

Licensed stores are wholesale client firms other than FamilyMart and com KIOSK stores.

View the [full report](#).



## Sanix Incorporated (4651)

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

On **October 31, 2014**, Sanix Incorporated revised its 1H and full-year earnings forecasts for FY03/15.

### Forecast for cumulative Q2 (1H) FY03/15

Sales: JPY43.4bn (Previous forecast: JPY51.2bn)  
 Operating profit: JPY-3.2bn (Previous forecast: JPY-1.3bn)  
 Recurring profit: JPY-3.4bn (Previous forecast: JPY-1.1bn)  
 Net income: JPY-3.7bn (Previous forecast: JPY1.5bn)

### Full-year forecast for FY03/15

Sales: JPY118.0bn (Previous forecast: JPY161.5bn)  
 Operating profit: JPY3.6 (Previous forecast: JPY14.0bn)  
 Recurring profit: JPY3.2bn (Previous forecast: JPY13.8bn)  
 Net income: JPY1.3bn (Previous forecast: JPY8.8bn)

### Reason

Sanix lowered its first-half earnings forecast because the company did not complete as many solar-facility installation projects as expected. When Sanix released its initial forecast on August 5, 2014, the company did not expect that the approval process by the power companies would take as long as it did. At the same time, Sanix could not begin most of its planned projects in Kyushu because Kyushu Electric Power Co. put on hold requests by solar-power facilities operators to connect their systems with its power distribution network. As a result, sales and profits fell short of the company's earlier forecast.

Sanix will take measures to expand sales. However, any new contracts that the company may win during 2H in Kyushu and Shikoku are not likely to result in sales for the current fiscal year because the area utilities have put on hold consideration of new applications from solar-power operators. The company's plan to build a number of small-scale, low-voltage facilities within the same premises may not result in sales for this fiscal year either, although there might be a few promising projects. During 2H, the company expects better sales than 1H. The company will also take a variety of cost-cutting measures to improve earnings. Even so, Sanix lowered its full-year forecast because sales may not reach the level expected earlier.

On **the same day**, Sanix also announced the impact of a decision by Kyushu Electric Power and Shikoku Electric Power Co. to put on hold consideration of any new requests by solar-power facility operators to connect their systems with the utilities' power distribution network.

Kyushu Electric Power and Shikoku Electric Power put on hold consideration of such requests on September 25 and October 1, respectively, on grounds that there were too many applications already. As a result, the company cannot install power-power facilities in most of the service areas of the two utilities.

Hokkaido Electric Power Co., Tohoku Electric Power Co. and Okinawa Electric Power have also announced similar decisions. However, Sanix is not affected by these decisions because the company does not operate in their service areas.

### Response

- Kyushu Electric Power has recently eased its application restrictions and begun to consider some requests that have already been submitted. In response, Sanix is now following up on the applications that it has previously filed. The company is also strengthening sales of solar-power facilities for home use





(10kW or less), which are not subject to the application restrictions. Thus, Sanix reduced the number of sales people dispatched to other service areas.

- The company will focus its sales efforts in Kyushu and Shikoku on low-voltage, small-scale facilities for industrial use. These facilities, many of which are installed on the roof, can be connected to the power grid more easily. It also takes less time to install such facilities.

- Engineering employees in Kyushu will be dispatched to other locations in a flexible manner to provide support as necessary.

View the [full report](#).



## Sanrio Co., Ltd. (8136)

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

On **October 31, 2014**, Sanrio Co., Ltd. announced 1H earnings results for FY03/15, a revision to its FY03/15 earnings forecasts, and a revision to its mid-term dividend forecast.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	17,242	17,674	22,373	19,720	17,994	17,530	-	-	46.9%	75,800
YoY	2.2%	2.6%	4.4%	5.4%	4.4%	-0.8%	-	-		-1.6%
GP	11,957	12,930	15,021	13,451	12,034	12,641	-	-		
YoY	6.7%	10.3%	9.9%	4.6%	0.6%	-2.2%	-	-		
GPM	69.3%	73.2%	67.1%	68.2%	66.9%	72.1%	-	-		
SG&A	7,278	7,851	8,058	9,153	7,717	8,489	-	-		
YoY	2.6%	7.0%	10.6%	21.4%	6.0%	8.1%	-	-		
SG&A / Sales	42.2%	44.4%	36.0%	46.4%	42.9%	48.4%	-	-		
OP	4,678	5,079	6,964	4,298	4,316	4,153	-	-	43.9%	19,300
YoY	13.9%	15.7%	9.1%	-19.2%	-7.7%	-18.2%	-	-		-8.2%
OPM	27.1%	28.7%	31.1%	21.8%	24.0%	23.7%	-	-		
RP	4,133	4,915	6,593	4,539	4,288	4,733	-	-	44.9%	20,100
YoY	-3.8%	5.9%	14.7%	-8.5%	3.8%	-3.7%	-	-		-0.4%
RPM	24.0%	27.8%	29.5%	23.0%	23.8%	27.0%	-	-		
NI	2,635	3,214	4,295	2,658	2,805	3,241	-	-	45.8%	13,200
YoY	-9.5%	20.0%	17.3%	-19.0%	6.5%	0.8%	-	-		3.1%
NPM	15.3%	18.2%	19.2%	13.5%	15.6%	18.5%	-	-		

\*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

Although harsh conditions persist in Europe and the US, performance was strong in the licensing business in South America and Asia, while special merchandise for convenience stores and corporate promotional licensing demonstrated growth in the domestic market, yielding higher sales. Operating profit was down year-on-year as the licensing business in Europe and the US showed signs of weakness and increased retirement and advertising expenses in the domestic market. Recurring profit was down despite the booking of JPY400mn in extraordinary profits from exchange rate gains. Net income increased thanks to changes to the corporate tax rate and a higher proportion of sales generated by countries in Asia, which typically have high margins.

View the [full report](#).



## SATO Holdings Corp. (6287)

Provider of comprehensive solutions based on auto-ID technology.

On **October 28, 2014**, SATO Holdings Corp. announced the establishment of two new companies aimed at accelerating overseas growth—SATO Global Solutions, LLC and SATO International Co., Ltd.

SATO plans to establish the new companies in January 2015. The company's long-term strategy is to focus on globalization and customer value. In FY03/14, the company booked its highest overseas sales and operating profit to date.

### Overseas performance

(JPYmn)	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
<b>Overseas Sales</b>	<b>20,978</b>	<b>18,097</b>	<b>18,575</b>	<b>18,550</b>	<b>22,373</b>	<b>28,374</b>
The Americas	7,489	6,114	6,199	5,872	7,348	9,248
Europe	8,459	6,875	6,214	5,789	5,515	7,173
Asia and Oceania	5,028	5,107	6,161	6,888	9,508	11,951
YoY	-24.5%	-13.7%	2.6%	-0.1%	20.6%	26.8%
The Americas	-23.1%	-18.4%	1.4%	-5.3%	25.1%	25.9%
Europe	-24.2%	-18.7%	-9.6%	-6.8%	-4.7%	30.1%
Asia and Oceania	-26.9%	1.6%	20.6%	11.8%	38.0%	25.7%
<b>Overseas Operating Profit</b>	<b>-1,801</b>	<b>-414</b>	<b>328</b>	<b>393</b>	<b>697</b>	<b>1,812</b>
OPM	-	-	1.8%	2.1%	3.1%	6.4%
% of Total	-	-	7.8%	8.4%	12.8%	26.8%
Consolidated Operating Profit	730	2,574	4,226	4,652	5,452	6,758

Source: Company data

### SATO Global Solutions, LLC (Florida)

SATO Global Solutions will expand the auto-identification systems integration (SI) business overseas. This subsidiary will take advantage of SATO's expertise in software development to develop, produce, and maintain hardware and supplies.

The company plans to build strategic partnerships and offer comprehensive solutions to clients in a variety of industries, including manufacturing, retail, logistics, and healthcare. Mike Beedles will serve as president of the subsidiary. He has a deep understanding of the supply chain-management market, having worked in the field for over 20 years. Over the course of his work leading a specialist SI team at US subsidiary SATO America, Inc. since 2007, he has built a track record of building logistics and traceability systems, and developing RFID solutions.

### SATO International Co., Ltd. (Tokyo)

SATO International will unify the group's overseas operations and create synergies between group companies. For example, this subsidiary will formulate and carry out overseas strategy, expand sales overseas, manage clients, and improve profitability.

With the move to this new structure, SATO is targeting increased overseas growth. Its aim is to establish SATO International as a driver of group earnings. Kazuo Matsuyama, president of SATO Holdings, will serve concurrently as president of SATO International in a bid to speed up strategic decision making and implementation.



On **October 24, 2014**, the company announced earnings results for 1H FY03/15.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/15		FY03/15		FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.	% of 1H	1H Est.
Sales	21,208	21,458	22,288	22,302	22,619	23,494	24,589	26,071	23,512	24,054	99.1%	48,000	47.6%	100,000		
YoY	8.3%	8.9%	8.3%	7.9%	6.7%	9.5%	10.3%	16.9%	3.9%	2.4%		4.1%				3.3%
GP	8,829	8,904	9,306	9,371	9,655	9,825	10,403	11,297	10,293	10,289						
YoY	-21.9%	69.0%	6.2%	5.5%	9.4%	10.3%	11.8%	20.6%	6.6%	4.7%						
GPM	41.6%	41.5%	41.8%	42.0%	42.7%	41.8%	42.3%	43.3%	43.8%	42.8%						
SG&A	7,761	7,581	7,912	7,704	8,362	8,171	8,547	9,341	8,757	8,807						
YoY	5.3%	3.4%	9.0%	1.4%	7.7%	7.8%	8.0%	21.2%	4.7%	7.8%						
SG&A / Sales	36.6%	35.3%	35.5%	34.5%	37.0%	34.8%	34.8%	35.8%	37.2%	36.6%						
OP	1,068	1,323	1,394	1,667	1,292	1,655	1,856	1,955	1,536	1,482	83.8%	3,600	37.7%	8,000		
YoY	18.1%	37.8%	-8.0%	31.0%	21.0%	25.1%	33.1%	17.3%	18.9%	-10.5%		22.2%		18.4%		
OPM	5.0%	6.2%	6.3%	7.5%	5.7%	7.0%	7.5%	7.5%	6.5%	6.2%		7.5%		8.0%		
RP	714	1,105	1,727	1,883	1,425	1,764	1,984	1,911	1,590	1,581	89.3%	3,550	40.1%	7,900		
YoY	-10.5%	124.6%	8.8%	45.6%	99.6%	59.6%	14.9%	1.5%	11.6%	-10.4%		11.3%		11.5%		
RPM	3.4%	5.1%	7.7%	8.4%	6.3%	7.5%	8.1%	7.3%	6.8%	6.6%		7.4%		7.9%		
NI	224	505	868	1,129	845	1,048	1,393	1,009	886	890	80.7%	2,200	35.5%	5,000		
YoY	-52.0%	119.6%	198.3%	17.0%	277.2%	107.5%	60.5%	-10.6%	4.9%	-15.1%		16.2%		16.4%		
NPM	1.1%	2.4%	3.9%	5.1%	3.7%	4.5%	5.7%	3.9%	3.8%	3.7%		4.6%		5.0%		

Source: Company data

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

According to the company, this was due to the pullback from the rush to beat the domestic consumption tax hike, and an economic slowdown leading to poor sales of supplies. Results at existing overseas businesses, however, were in line with targets.

View the [full report](#).



## 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 **October 2, 2014**, SBS Holdings, Inc. announced that it formed a capital and business alliance with Megmilk Snow Brand Co., Ltd.

SBS and its SBS Flec Co., Ltd. unit signed a memorandum of business alliance with Megmilk Snow Brand. SBS also sold a stake in SBS Flec to Megmilk Snow Brand.

### Business alliance

SBS sold 104,900 shares in SBS Flec to Megmilk Snow Brand. SBS will continue to hold 65.99% of SBS Flec and maintain management control of the consolidated subsidiary.

### SBS Flec shares held by the parent

- Before: 343,740 shares (94.98%)
- Shares sold: 104,900 shares
- After: 238,840 shares (65.99%)

### SBS Flec shares held by Megmilk Snow Brand

- Before: 18,100 (5.00%)
- Shares bought: 104,900 shares
- After: 123,000 shares (33.98%)

### Timetable

- Memorandum on business alliance, share sale agreement: signed September 26, 2014
- Share transfer date: October 2, 2014

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 **October 2, 2014**, Ship Healthcare Holdings Inc. announced that it would issue new shares for a third-party allocation for sale to the public. The company will also sell treasury shares to the public.

Ship Healthcare will use the proceeds to join a project to build a clinic for heavy-ion cancer therapy. The company will invest in a new company and its equipment, as well as facilities in Bangladesh and Myanmar. The company will also use the money to build nursing facilities in Japan, bolster its working capital as accounts receivable expand, and repay loans.

### Changes in the number of outstanding shares

- Number of outstanding shares: 41,440,700 as of Oct. 2, 2014
- Number of new shares to be issued for sale to the public: 7,000,000
- Number of outstanding shares as a result: 48,440,700
- Number of new shares for third-party allocation: 1,200,000\*
- Number of outstanding shares as a result: 49,640,700\*

\* This is based on the assumption that Nomura Securities Co. will acquire all the 1,200,000 shares.

### Changes in treasury shares

- Number of treasury shares: 1,235,515 as of August 31, 2014
- Number of treasury shares to be sold: 1,000,000
- Number of treasury shares after sale: 235,515

### Use of proceeds

Ship Healthcare will procure as much as JPY28.6bn after paying expenses. Of this amount, the company will use JPY17bn for capital investments, JPY3bn for a stake in a new company (by the end of April 2015), and JPY7.3bn for working capital (by the end of March 2016). The company will use any remaining amount to pay down loans and redeem bonds. These loans and bonds, totaling JPY7.7bn, will come due by the end of March 2015.

Capital investments cover the following projects:

- Construction of a heavy ion cancer therapy hospital by an Osaka joint venture and its purchase of medical equipment: JPY11.8bn by the end of March 2018
- Construction of a hospital and the purchase of medical equipment by a subsidiary in Bangladesh: JPY3.4bn by the end of July 2015
- Dialysis machines and CT scan equipment for subsidiary Green Hospital Myanmar, Ltd., which builds Japanese-style medical facilities in Myanmar: JPY215mn
- Construction of a fee-based elderly care home by subsidiary Green Life (to open in October 2015): JPY836mn by the end of October 2015
- Construction of an elderly home with amenities by subsidiary Green Hospital Supply (to open in November 2015): JPY732mn by the end of November 2015.

View the [full report](#).



## SMS Co., Ltd. (2175)

SMS provides recruitment services and managing professional community websites.

On **October 31, 2014**, SMS Co., Ltd. announced earnings results for 1H FY03/15.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	Est.
Sales	3,823	2,598	2,300	3,326	4,390	3,103	-	-	47.9%	15,658
YoY	18.1%	17.9%	17.2%	19.7%	14.8%	19.4%	-	-		53.8%
GP	3,634	2,417	2,071	2,971	4,075	2,829	-	-		
YoY	18.9%	16.4%	13.5%	17.7%	12.1%	17.0%	-	-		
GPM	95.0%	93.1%	90.1%	89.3%	92.8%	91.2%	-	-		
SG&A	2,300	2,412	2,318	2,333	2,837	2,767	-	-		
YoY	14.0%	18.6%	16.9%	24.4%	23.3%	14.7%	-	-		
SG&A / Sales	60.2%	92.9%	100.8%	70.1%	64.6%	89.2%	-	-		
OP	1,333	5	-246	638	1,238	62	-	-	68.2%	1,904
YoY	28.5%	-88.9%	-	-1.5%	-7.2%	-	-	-		21.2%
OPM	34.9%	0.2%	-	19.2%	28.2%	2.0%	-	-		12.2%
RP	1,552	94	-189	883	1,506	151	-	-	59.1%	2,549
YoY	36.0%	-12.9%	-	8.0%	-2.9%	60.3%	-	-		28.1%
RPM	40.6%	3.6%	-	26.5%	34.3%	4.9%	-	-		16.3%
NI	1,022	59	-149	448	1,211	85	-	-	75.8%	1,709
YoY	39.2%	-6.7%	-	-7.5%	18.5%	43.1%	-	-		39.3%
NPM	26.7%	2.3%	-	13.5%	27.6%	2.7%	-	-		10.9%

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

Source: Company data

Sales increased to JPY7.5bn (+16.7% YoY), due to growth in existing business and a contribution from new businesses. Operating profit fell to JPY1.3bn (-2.9%)—the result of higher costs despite strong results in existing businesses. Costs increased because the company invested in services for small and mid-sized nursing care providers and new businesses. In addition to the existing software for nursing care invoicing, SMS also renewed a comprehensive business support service for small and mid-sized nursing care providers. This service solves management issues, and makes administrative and financial work more efficient. Recurring profit grew to JPY1.7bn (+0.7% YoY), as gains on equity-method investments outweighed the fall in operating profit. The company acquired more stock in eChannelling PLC and turned it from an equity-method affiliate to a consolidated subsidiary, thus realizing an extraordinary gain on the difference in the price of the stock (between the initial and subsequent acquisitions). The result: net income was up 19.8% at JPY1.3bn.

View the [full report](#).



## 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 **October 9, 2014**, Shared Research updated the report following interviews with management.

Quarterly Performance (JPYmn)	FY11/13				FY11/14				FY11/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	2,602	3,565	4,006	3,371	3,118	3,215	3,523	-	69.2%	14,251
YoY	-18.0%	5.8%	24.9%	8.4%	19.8%	-9.8%	-12.1%	-		5.2%
GP	671	908	908	753	870	892	880	-		
YoY	-3.7%	18.6%	28.5%	24.9%	29.7%	-1.7%	-3.1%	-		
GPM	25.8%	25.5%	22.7%	22.3%	27.9%	27.7%	25.0%	-		
SG&A	304	391	310	430	304	428	408	-		
YoY	5.5%	27.9%	7.3%	24.3%	-0.1%	9.3%	31.7%	-		
SG&A / Sales	11.7%	11.0%	7.7%	12.8%	9.7%	13.3%	11.6%	-		
OP	367	516	598	323	566	464	472	-	77.0%	1,951
YoY	-10.1%	12.4%	43.2%	25.8%	54.5%	-10.1%	-21.1%	-		8.2%
OPM	14.1%	14.5%	14.9%	9.6%	18.2%	14.4%	13.4%	-		13.7%
RP	230	372	449	179	415	326	310	-	79.1%	1,330
YoY	-12.5%	15.2%	59.6%	47.4%	80.4%	-12.3%	-30.9%	-		8.1%
RPM	8.9%	10.4%	11.2%	5.3%	13.3%	10.1%	8.8%	-		9.3%
NI	136	208	292	109	253	192	188	-	79.0%	802
YoY	-8.7%	21.6%	75.3%	107.9%	86.2%	-7.8%	-35.4%	-		7.7%
NPM	5.2%	5.8%	7.3%	3.2%	8.1%	6.0%	5.3%	-		5.6%
EBITDA	408	569	664	420	643	558	580	-	76.9%	2,316
YoY	-8.9%	13.6%	44.7%	32.1%	57.6%	-2.0%	-12.6%	-		12.4%

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

### Pre-owned condominium business

Although the company sold fewer pre-owned condominium units, according to the company, it has been able to accumulate properties through its unique position as an acquirer of rental units and its proprietary information network. Operations at the Osaka branch began in January 2014, and property acquisitions in the Kansai area are progressing ahead of schedule.

### Investment business

Star Mica continued investing in real estate to generate future revenues, thus acquiring more properties and driving up rental income. However, operating profit was down year-on-year as depreciation costs rose. The Investment Business is prone to lower profitability immediately after acquisitions, as it books depreciation expenses.

View the [full report](#).

## 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 Co., Ltd. released monthly store sales data for October 2014 On **November 4, 2014** and for September 2014 on **October 1, 2014**.

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<b>FY02/12</b>												
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	-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%
<b>FY02/13</b>												
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	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%
<b>FY02/14</b>												
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	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%
<b>FY02/15</b>												
Takashimaya (Parent)	32.3%	-13.2%	-7.0%	-4.9%	-4.4%	0.1%	-0.3%	-0.3%				
Domestic Department Stores	31.7%	-13.5%	-6.5%	-4.9%	-4.3%	0.0%	-0.4%	-0.4%				
Corporate Business	55.4%	-21.1%	-17.9%	-15.6%	1.2%	-5.3%	-3.6%					
Cross-Media Business	5.4%	-33.8%	-36.0%	-25.2%	-12.8%	-3.4%	-11.7%					

Source: Company data

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

On **November 4, 2014**, Shared Research Inc. updated comments on the company's 1H FY02/15 earnings results.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15		FY02/15		FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Operating Revenue	207,348	212,482	209,350	241,152	214,007	221,284	212,900	255,989	224,269	217,404	102.0%	433,000	48.2%	916,000
YoY	6.5%	-1.3%	2.3%	-0.9%	3.2%	4.1%	1.7%	6.2%	4.8%	-1.8%				1.3%
Sales	193,702	198,995	195,951	226,739	199,848	206,571	198,598	240,768	209,100	202,393			48.1%	856,000
YoY	6.6%	-1.6%	2.2%	-1.5%	3.2%	3.8%	1.4%	6.2%	4.6%	-2.0%				1.2%
GP	50,813	51,300	50,335	57,252	51,934	52,291	50,729	59,719	53,109	50,907			48.1%	216,100
YoY	7.2%	-1.9%	0.9%	-2.4%	2.2%	1.9%	0.8%	4.3%	2.3%	-2.6%				0.7%
GPM	26.2%	25.8%	25.7%	25.3%	26.0%	25.3%	25.5%	24.8%	25.4%	25.2%				25.2%
SG&A	58,574	60,547	59,482	60,566	59,999	61,941	59,725	62,304	60,743	61,239			50.0%	244,100
YoY	2.9%	1.1%	0.0%	-4.2%	2.4%	2.3%	0.4%	2.9%	1.2%	-1.1%				0.1%
SG&A / Sales	30.2%	30.4%	30.4%	26.7%	30.0%	30.0%	30.1%	25.9%	29.0%	30.3%				28.5%
OP	5,884	4,240	4,251	11,092	6,094	5,062	5,317	12,626	7,535	4,679	104.4%	11,700	38.2%	32,000
YoY	68.7%	-24.0%	28.1%	27.3%	3.6%	19.4%	25.1%	13.8%	23.6%	-7.6%		4.9%		10.0%
OP / Operating Revenue	2.8%	2.0%	2.0%	4.6%	2.8%	2.3%	2.5%	4.9%	3.4%	2.2%		2.7%		3.5%
RP	6,374	5,366	5,445	12,681	7,715	5,777	6,151	13,707	8,552	5,650	109.2%	13,000	40.6%	35,000
YoY	47.0%	-16.8%	36.5%	32.4%	21.0%	7.7%	13.0%	8.1%	10.8%	-2.2%		-3.7%		4.9%
RP / Operating Revenue	3.1%	2.5%	2.6%	5.3%	3.6%	2.6%	2.9%	5.4%	3.8%	2.6%		3.0%		3.8%
NI	3,860	2,744	2,501	7,435	4,016	3,598	2,995	8,107	4,551	5,028	112.7%	8,500	44.6%	21,500
YoY	125.6%	-25.1%	71.3%	83.2%	4.0%	31.1%	19.8%	9.0%	13.3%	39.7%		11.6%		14.9%
NPM	1.9%	1.3%	1.2%	3.1%	1.9%	1.6%	1.4%	3.2%	2.0%	2.3%		2.0%		2.3%

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

Source: Company data

akashimaya raised its full-year earnings forecast for FY02/15 following robust 1H results. Domestic Department Store operations, the company's mainstay segment, posted an increase in sales and profits year-on-year. Domestic group companies also continued to perform well. As a result, the company's consolidated earnings exceeded its initial forecast and previous year results. Operating revenue rose 1.5% from a year earlier as domestic department stores maintained their robust performance and as major subsidiaries, including Toshin Development and Takashimaya Credit, increased sales. Operating revenue exceeded the company forecast by JPY8.7bn, with domestic department store revenues beating the target by JPY5.3bn, or 1.5%.



Operating profit was JPY12.2bn, an increase of JPY1.1bn, or 9.5% YoY, after domestic department stores reduced SG&A expenses, mostly rent payments, by JPY2.0bn YoY. Operating profit at overseas department stores was below forecast. However, overall operating profit exceeded the company forecast by JPY514mn, or 4.4%, due to the strong performance of domestic department stores and group companies.

On **October 21, 2014**, the company announced plans to open a store in Bangkok, tentatively named Takashimaya Siam.

#### Overview

The company plans to be a key tenant in ICONSIAM, a large shopping and residential complex scheduled to open in 2017 on the west bank of the Chao Phraya River in Bangkok. The company's subsidiary, Takashimaya Singapore Ltd. plans to invest in a 51% stake in a joint venture with ICONSIAM Co., Ltd., a local company that owns ICONSIAM.

#### ICONSIAM and ICONSIAM Co., Ltd.

ICONSIAM will cover 80,000sqm of land, with total floor space of 750,000sqm. The complex will feature a shopping mall, two high-end residential towers, and a variety of attractions. ICONSIAM Co., Ltd. is a joint venture company, established with investment from major Thai company Siam Piwat Co., Ltd. (operating large commercial facilities in central Bangkok), major conglomerate Charoen Pokphand Group, and Magnolia Quality Development Corporation Limited (developer of high-end residential property). According to the company, this partnership with leading local real estate developers may provide it with future opportunities to expand its business in Bangkok.

#### Takashimaya Siam

▪Joint venture name:	Siam Takashimaya (Thailand) Company Limited
▪Capital:	THB1.2bn (approx. JPY3.6bn)
▪Investment ratio:	Takashimaya Singapore Ltd. 51%; ICONSIAM Co., Ltd. 49%
▪Rentable floor space:	About 36,000sqm (seven floors above ground, one below)
▪Product mix:	Comprehensive range, from luxury brands to food
▪Scheduled opening:	2017

#### ICONSIAM Co., Ltd.

▪Name:	ICONSIAM Company Limited
▪Investment ratio:	Siam Piwat 51%; CP Group 24.5%; Magnolia 24.5%
▪Established:	2011
▪Business:	Retail, real estate development
▪CEO:	Chadatip Chutrakul

On **October 10, 2014**, the company announced revisions to full-year earnings forecasts for FY02/15.

View the [full report](#).





## Takihyo Co., Ltd. (9982)

Textiles and apparel trading house with over 260 years of history.

On **October 27, 2014**, Shared Research updated comments on Takihyo Co., Ltd.'s earnings results for 1H FY02/15 after interviewing management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15		FY02/15		FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
<b>Sales</b>	<b>18,796</b>	<b>16,392</b>	<b>21,752</b>	<b>17,607</b>	<b>19,635</b>	<b>17,666</b>	<b>23,701</b>	<b>18,368</b>	<b>19,384</b>	<b>16,650</b>	<b>93.1%</b>	<b>38,700</b>	<b>43.9%</b>	<b>82,000</b>
YoY	15.4%	6.2%	6.2%	2.9%	4.5%	7.8%	9.0%	4.3%	-1.3%	-5.8%			3.7%	3.3%
GP	4,695	3,660	5,020	3,424	4,110	3,522	4,897	3,486	4,068	3,270				
YoY	31.6%	17.5%	3.7%	-1.9%	-12.5%	-3.8%	-2.5%	1.8%	-1.0%	-7.2%				
GPM	25.0%	22.3%	23.1%	19.4%	20.9%	19.9%	20.7%	19.0%	21.0%	19.6%				
SG&A	3,650	3,317	3,515	3,573	3,736	3,408	3,550	3,399	3,512	3,247				
YoY	13.2%	6.4%	8.0%	7.3%	2.4%	2.7%	1.0%	-4.9%	-6.0%	-4.7%				
SG&A / Sales	19.4%	20.2%	16.2%	20.3%	19.0%	19.3%	15.0%	18.5%	18.1%	19.5%				
<b>OP</b>	<b>1,045</b>	<b>342</b>	<b>1,505</b>	<b>-148</b>	<b>373</b>	<b>115</b>	<b>1,347</b>	<b>86</b>	<b>555</b>	<b>23</b>	<b>96.3%</b>	<b>600</b>	<b>27.5%</b>	<b>2,100</b>
YoY	203.9%	-	-5.2%	-	-64.3%	-66.4%	-10.5%	-	48.8%	-80.0%			22.8%	9.3%
OPM	5.6%	2.1%	6.9%	-	1.9%	0.7%	5.7%	0.5%	2.9%	0.1%			1.6%	2.6%
<b>RP</b>	<b>1,070</b>	<b>351</b>	<b>1,519</b>	<b>-65</b>	<b>453</b>	<b>105</b>	<b>1,367</b>	<b>85</b>	<b>605</b>	<b>61</b>	<b>104.1%</b>	<b>640</b>	<b>31.7%</b>	<b>2,100</b>
YoY	192.0%	-	-4.3%	-	-57.7%	-	-10.0%	-	33.6%	-41.9%			14.6%	4.5%
RPM	5.7%	2.1%	7.0%	-	2.3%	0.6%	5.8%	0.5%	3.1%	0.4%			1.7%	2.6%
<b>NI</b>	<b>589</b>	<b>158</b>	<b>907</b>	<b>-210</b>	<b>271</b>	<b>79</b>	<b>854</b>	<b>-52</b>	<b>429</b>	<b>15</b>	<b>123.3%</b>	<b>360</b>	<b>37.0%</b>	<b>1,200</b>
YoY	-	-	-3.1%	-	-54.0%	-50.0%	-5.8%	-	58.3%	-81.0%			2.6%	4.1%
NPM	3.1%	1.0%	4.2%	-	1.4%	0.4%	3.6%	-	2.2%	0.1%			0.9%	1.5%
<b>Inventories</b>	<b>3,494</b>	<b>3,675</b>	<b>3,953</b>	<b>3,950</b>	<b>4,238</b>	<b>4,381</b>	<b>5,131</b>	<b>4,152</b>	<b>3,705</b>	<b>3,967</b>				
YoY	-11.6%	-4.8%	-6.6%	7.6%	21.3%	19.2%	29.8%	5.1%	-12.6%	-9.4%				
Days in Inventory	23.2	25.7	20.8	25.4	24.1	27.8	23.1	28.4	23.4	26.2				

Source: Company data

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

To maximize earnings in a difficult climate, the company adopted a number of measures. First, it raised unit prices by providing customers with high value-added products such as apparel that is made from French linens. Second, the company lowered production costs through cultivating new productions sources in the ASEAN countries and inland China. Third, Takihyo improved efficiency at logistics hubs to reduce logistics costs, which account for approximately 30% of its SG&A expenses.

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 **October 30, 2014**, TOKAI Holdings Corporation announced earnings results for 1H FY03/15 and revisions to full-year earnings forecasts.

Quarterly Performance (JPYmn)		FY03/14				FY03/15				FY03/15		FY03/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Sales		43,038	41,277	48,644	56,028	44,302	42,972	-	-	-	-	-	-
YoY		-0.7%	2.5%	2.9%	10.3%	2.9%	4.1%	-	-	-	-	-	-
GP		15,842	14,906	17,897	19,696	16,513	15,272	-	-	-	-	-	-
YoY		-3.5%	-3.5%	-0.4%	3.8%	4.2%	2.5%	-	-	-	-	-	-
GPM		36.8%	36.1%	36.8%	35.2%	37.3%	35.5%	-	-	-	-	-	-
SG&A		15,194	15,143	15,112	15,500	14,855	15,114	-	-	-	-	-	-
YoY		3.4%	3.8%	1.7%	-1.5%	-2.2%	-0.2%	-	-	-	-	-	-
SG&A / Sales		35.3%	36.7%	31.1%	27.7%	33.5%	35.2%	-	-	-	-	-	-
OP		648	-237	2,785	4,196	1,657	159	-	-	-	-	-	-
YoY		-62.3%	-	-10.7%	29.3%	155.7%	-	-	-	-	-	-	-
OPM		1.5%	-	5.7%	7.5%	3.7%	0.4%	-	-	-	-	-	-
RP		549	-246	2,656	4,054	1,547	38	-	-	-	-	-	-
YoY		-63.2%	-	-4.9%	30.1%	181.8%	-	-	-	-	-	-	-
RPM		1.3%	-	5.5%	7.2%	3.5%	0.1%	-	-	-	-	-	-
NI		149	-503	1,274	1,678	713	-488	-	-	-	-	-	-
YoY		-72.7%	-	-11.3%	27.3%	378.5%	-	-	-	-	-	-	-
NPM		0.3%	-	2.6%	3.0%	1.6%	-	-	-	-	-	-	-
Cumulative		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Sales		43,038	84,315	132,959	188,987	44,302	87,274	-	-	98.6%	88,500	44.3%	196,900
YoY		-0.7%	0.8%	1.6%	4.0%	2.9%	3.5%	-	-	-	5.0%	-	4.2%
GP		15,842	30,748	48,645	68,341	16,513	31,785	-	-	-	-	-	-
YoY		-3.5%	-3.5%	-2.4%	-0.7%	4.2%	3.4%	-	-	-	-	-	-
GPM		36.8%	74.5%	100.0%	122.0%	37.3%	74.0%	-	-	-	-	-	-
SG&A		15,194	30,337	45,449	60,949	14,855	29,969	-	-	-	-	-	-
YoY		3.4%	3.6%	3.0%	1.8%	-2.2%	-1.2%	-	-	-	-	-	-
SG&A / Sales		35.3%	73.5%	93.4%	108.8%	33.5%	69.7%	-	-	-	-	-	-
OP		648	411	3,196	7,392	1,657	1,816	-	-	252.2%	720	20.5%	8,870
YoY		-62.3%	-84.0%	-43.8%	-17.3%	155.7%	341.8%	-	-	-	75.2%	-	20.0%
OPM		1.5%	1.0%	6.6%	13.2%	3.7%	4.2%	-	-	-	0.8%	-	4.5%
RP		549	303	2,959	7,013	1,547	1,585	-	-	587.0%	270	19.1%	8,320
YoY		-63.2%	-85.9%	-40.2%	-13.0%	-63.2%	423.1%	-	-	-	-10.9%	-	18.6%
RPM		1.3%	0.7%	6.1%	12.5%	3.5%	3.7%	-	-	-	0.3%	-	4.2%
NI		149	-354	920	2,598	713	225	-	-	-	-670	6.0%	3,740
YoY		-72.9%	-	-47.9%	-15.8%	378.5%	-	-	-	-	-	-	44.0%
NPM		0.3%	-	1.9%	4.6%	1.6%	0.5%	-	-	-	-	-	1.9%

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

Source: Company data

TOKAI booked its highest 1H sales to date. Profits also increased significantly year-on-year.

The customer base for recurring services increased by 37,000 YoY to 2.5mn (+16,000 from the end of FY03/14). The broadband and aqua businesses both saw robust growth in subscriber count. TLC membership also increased by 50,000 from the end of FY03/14 to 356,000. TOKAI launched the TLC Membership Service in order to increase customer loyalty.

Sales increased due to a rising subscriber count in the aqua and broadband businesses, and a modified pricing structure in the LP gas business. More contracts for corporate telecoms carrier services and system development, and the sale of large condominiums also contributed to sales growth. Profits increased significantly—the result of lower marketing and customer acquisition costs due to more efficient sales in the aqua business, coupled with higher productivity and other streamlining initiatives in the LP gas business. The Gas and Petroleum and Information Communications segments reported growth in sales and profits. Sales also increased significantly in the Aqua segment.

View the [full report](#).

## Verite Co., Ltd. (9904)

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

Verite Co. announced October 2014 sales figures on **November 7, 2014** and September 2014 sales figures On **October 7, 2014**.

Monthly Sales (YoY)	FY03/15	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
<b>All Stores</b>															
Sales		-27.6%	-15.0%	-10.9%	-9.1%	-16.2%	-11.7%	-13.0%						-14.7%	-14.4%
Customer Count		-38.7%	-24.9%	-18.2%	-19.7%	-19.3%	-15.9%	-14.4%						-23.2%	-22.2%
Sales Per Customer		18.0%	13.2%	9.0%	13.2%	3.7%	5.0%	1.6%						11.2%	10.0%
Stores		81	81	81	80	80	80	83						80	83
<b>Comparable Stores</b>															
Sales		-21.8%	-8.6%	-11.1%	-2.3%	-9.7%	-10.6%	-10.7%						-10.3%	-10.4%
Customer Count		-33.6%	-23.9%	-17.4%	-18.1%	-17.4%	-14.9%	-14.9%						-21.0%	-20.3%
Sales Per Customer		17.7%	20.1%	7.7%	19.3%	9.3%	5.1%	4.9%						13.5%	12.4%
Stores		76	79	79	80	79	79	79						79	79
	FY03/14	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
<b>All Stores</b>															
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
<b>Comparable Stores</b>															
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
<b>All Stores</b>															
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
<b>Comparable Stores</b>															
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 **October 30, 2014**, the company announced changes to its executive management.

Effective at the close of the board of directors meeting held on October 29, 2014, Katsuyoshi Hirano has resigned from his post as president, citing personal reasons. At the same time, Arpan Jhaveri assumed the role of new president. Katsuyoshi Hirano has also resigned from his post as a director of the company.

Hirano became an executive officer of Verite in April 2009, and assumed the role of president and CEO from April 2010 onward. From July 2012, he also served as the head of the jewelry business and the marketing department.

Arpan Jhaveri became employed at Diminco Japan (known as Jewel Source Japan from May 2014 onward) in September 1997. In March 2003, he was promoted to director, and became director and head of sales at Verite in June 2008. In August 2009, Jhaveri was assigned to store development, and in July 2012, he also became head of the Pandora business group.

View the [full report](#).



## WirelessGate Inc (9419)

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

On **October 1, 2014**, WirelessGate Inc. announced changes to its executive management.

### Change in directorship

As part of ongoing efforts for both domestic and overseas business expansion, to enter new business realms and discover new partners, the company has adopted changes to its executive management structure. WirelessGate will continue to have two representative directors to maximize operational efficiency at top levels of management, and the company will also explore a listing on the main board of the Tokyo Stock Exchange.

### Details of the change (effective October 1, 2014)

	New position	Previous position
Takehiro Ikeda	Representative director and CEO	Representative director and CTO, Manager of Technology Division
	Director, Wireless Marketing Lab Co., Ltd.	Director, Wireless Marketing Lab Co., Ltd.
Yoichi Matsumoto	Representative director	Representative director and CEO, Manager of Sales Division

### Organizational change (effective October 1, 2014)

To improve IR activities, the IR Department has been renamed the IR Division, and the company has changed managers for the Technology Division and Sales Division.

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 **October 31, 2014**, Yellow Hat Ltd. announced earnings results for 1H FY03/15 and revisions to full-year earnings and dividend forecasts for FY03/15.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	26,430	27,122	39,355	27,764	26,005	29,077	-	-	44.0%	125,082
YoY	-6.8%	-0.4%	1.6%	19.9%	-1.6%	7.2%	-	-		3.7%
GP	7,805	8,479	10,802	9,918	8,201	9,001	-	-		
YoY	3.2%	1.1%	9.9%	17.2%	5.1%	6.2%	-	-		
GPM	29.5%	31.3%	27.4%	35.7%	31.5%	31.0%	-	-		
SG&A	6,681	6,648	7,140	7,703	7,162	7,560	-	-		
YoY	-1.1%	0.8%	2.6%	12.6%	7.2%	13.7%	-	-		
SG&A / Sales	25.3%	24.5%	18.1%	27.7%	27.5%	26.0%	-	-		
OP	1,123	1,832	3,662	2,214	1,038	1,441	-	-	29.2%	8,479
YoY	40.4%	2.2%	27.7%	37.1%	-7.6%	-21.3%	-	-		-4.0%
OPM	4.2%	6.8%	9.3%	8.0%	4.0%	5.0%	-	-		6.8%
RP	1,435	2,021	3,877	2,587	1,311	1,593	-	-	30.9%	9,404
YoY	19.0%	1.7%	28.8%	33.1%	-8.6%	-21.2%	-	-		-5.2%
RPM	5.4%	7.5%	9.9%	9.3%	5.0%	5.5%	-	-		7.5%
NI	1,028	1,766	2,383	2,119	1,038	1,118	-	-	33.9%	6,356
YoY	-66.4%	539.9%	35.2%	119.6%	1.0%	-36.7%	-	-		-12.9%
NPM	3.9%	6.5%	6.1%	7.6%	4.0%	3.8%	-	-		5.1%

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

Source: Company data

Company forecasts are most recently announced figures.

In the market for automotive accessories, sales of high price items such as tires, aluminum wheels, and satellite navigation systems were down, due to poor weather, plus the pullback after the rush to beat the consumption tax hike.

In an effort to increase sales of automotive and motorcycle products, the company focused on sales of consumables such as tires, maintenance services such as vehicle inspections and body work, and wholesaling via subsidiary Joyfull Co., Ltd. As part of its initiative to increase sales of motorcycle products, in May 2014, the company acquired Will Corporation and made it a subsidiary. The aim is to grow and gain a competitive edge through business partnerships and by opening more stores in cooperation with subsidiary Driver Stand Co., Ltd.

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

On **October 31, 2014**, Yumeshin Holdings announced earnings results for full-year FY09/14.

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	4,148	4,369	91.6%	18,000
YoY	12.8%	13.0%	11.9%	18.8%	25.8%	33.9%	36.9%	29.4%		63.9%
GP	894	951	754	852	1,004	1,245	1,151	1,182		
YoY	20.9%	15.7%	-5.4%	6.3%	12.4%	30.9%	52.7%	38.9%		
GPM	29.7%	30.4%	24.9%	25.2%	26.6%	29.7%	27.7%	27.1%		
SG&A	499	573	539	608	699	678	658	691		
YoY	6.3%	15.2%	9.2%	20.9%	40.1%	18.3%	22.0%	13.5%		
SG&A / Sales	16.6%	18.3%	17.8%	18.0%	18.5%	16.2%	15.9%	15.8%		
OP	394	378	215	243	305	567	493	492		
YoY	46.1%	16.5%	-29.1%	-18.3%	-22.7%	50.1%	129.7%	102.3%		
OPM	13.1%	12.1%	7.1%	7.2%	8.1%	13.6%	11.9%	11.3%		-
RP	477	479	268	546	365	1,612	514	461		3,200~4,200
YoY	68.7%	34.7%	-17.7%	65.1%	-23.4%	236.2%	91.5%	-15.7%		80.7%~137.1%
RPM	15.9%	15.3%	8.9%	16.2%	9.7%	38.5%	12.4%	10.5%		-
NI	311	273	182	622	299	1,119	435	392		2,100~2,600
YoY	75.0%	26.4%	0.7%	279.6%	-3.9%	310.0%	138.7%	-37.0%		51.2%~87.2%
NPM	10.3%	8.7%	6.0%	18.4%	7.9%	26.7%	10.5%	9.0%		

Figures may differ from company materials due to differences in rounding methods. Company forecasts based on most recently released figures.

Source: Company data

### Construction technician temporary staffing

Gross profit margin rose on recovery of the utilization rates and average wages, which had temporarily fallen. Costs increased temporarily due to hiring efforts, including more postings on recruitment websites and television commercials. But after deliberation the company restricted its efforts to successful measures and managed to control the size of the increasing costs to a certain extent during the year.

### Engineer Temporary Staffing

Production recovered at core manufacturing clients, particularly auto manufacturers, supported by a correction to the yen's appreciation. Yumeshin also dispatches IT engineers in the IT industry, where corporate systems investment is picking up after being controlled for some years. The company focused on hiring machinery and IT engineers, developing new clients, and increasing the utilization rate.

On **October 8, 2014**, the company released monthly sales and hiring data for September 2014.

Monthly Sales FY09/14	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
<b>Sales (Million Yen)</b>	<b>821</b>	<b>890</b>	<b>908</b>	<b>933</b>	<b>983</b>	<b>1,058</b>	<b>945</b>	<b>964</b>	<b>1,000</b>	<b>1,023</b>	<b>1,013</b>	<b>1,129</b>	<b>11,666</b>
(YoY)	33.6%	43.5%	40.8%	40.4%	42.2%	53.1%	47.9%	52.0%	47.7%	42.9%	38.2%	39.6%	43.4%
<b>Hired Numbers of Construction Staffing</b>													
Est.	100	100	115	115	115	115	180	180	180	170	115	115	1,600
Act.	97	104	74	151	145	158	231	173	171	140	101	83	1,628
(Difference)	-3	4	-41	36	30	43	51	-7	-9	-30	-14	-32	28

Source: Company data, SR Inc. Research

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

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