

# Shared Research Monthly Wrap – February 2015

This PDF document is an updated note on the company. A comprehensive version of the report on the company, including this latest update, is available on our website at <http://www.sharedresearch.jp> and various professional platforms. Our sponsored research reports provide an in-depth and informative view of the companies we cover, and contain the latest available information updated in a timely manner.

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

## TABLE OF CONTENTS

Monthly musings.....	3
Market view from Sendagi .....	3
New Coverage .....	10
Itochu Enex Co., Ltd. (8133).....	10
LAC Co., Ltd. (3857) .....	29
January 2015 Client Updates.....	37
3-D Matrix, Ltd. (7777) .....	37
Aeon Delight Co., Ltd. (9787) .....	39
Anritsu Corp (6754) .....	41
Apamanshop Holdings Co., Ltd. (8889).....	42
ArtSpark Holdings Inc. (3663).....	43
AS ONE Corporation (7476) .....	44
Axell Corporation (6730) .....	45
Bell-Park Co., Ltd. (9441) .....	47
Benefit One Inc. (2412) .....	48
Canon Marketing Japan Inc. (8060).....	49
Chiyoda Co., Ltd. (8185) .....	50
Creek & River Co Ltd (4763) .....	52
Daiseki Co Ltd (9793) .....	53
Digital Garage Inc. (4819) .....	55
Don Quijote Co., Ltd. (7532).....	56
Dream Incubator Inc. (4310).....	57
Emergency Assistance Japan Co., Ltd. (6063).....	58
Fields Corp. (2767) .....	60
FreeBit Co., Ltd. (3843).....	61
GCA Savvian Corp. (2174) .....	62
Gulliver International Co., Ltd. (7599).....	63
Hakuto Co., Ltd. (7433).....	66
Harmonic Drive Systems (6324).....	68
Hearts United Group Co., Ltd. (3676) .....	69
Intelligent Wave Inc. (4847).....	70
Ito En, Ltd. (2593) .....	71
J Trust Co Ltd (8508) .....	72
JIN Co., Ltd. (3046) .....	74
Kenedix, Inc. (4321) .....	75
Kenko.com Inc. (3325).....	76
Lasertec Corp (6920) .....	77
Mac-House Co., Ltd. (7603).....	79
Matsui Securities Co., Ltd. (8628).....	81
Medinet Co., Ltd. (2370) .....	83
NAGASE & CO., LTD (8012) .....	84
NAIGAI TRANS LINE LTD. (9384) .....	85



NanoCarrier Co. (4571) .....	86
NS TOOL Co., Ltd. (6157).....	87
Onward Holdings Co Ltd (8016) .....	89
Paris Miki Holdings Inc. (7455) .....	90
Pigeon Corp. (7956) .....	91
Round One Corp. (4680) .....	92
Ryohin Keikaku Co., Ltd. (7453) .....	93
SATO Holdings Corp. (6287) .....	95
SMS Co., Ltd. (2175).....	96
Star Mica (3230).....	97
Takashimaya Co., Ltd. (8233).....	99
Takiho Co., Ltd. (9982) .....	100
Tamagawa Holdings Co., Ltd. (6838) .....	101
TOKAI Holdings Corporation (3167) .....	103
Verite Co., Ltd. (9904).....	104
WirelessGate Inc (9419).....	105
Yellow Hat Ltd (9882) .....	106
Yumeshin Holdings Co., Ltd. (2362).....	107
About Shared Research Inc. ....	108

To receive this monthly wrap on a regular basis, please contact us at  
[sr\\_inquiries@sharedresearch.jp](mailto:sr_inquiries@sharedresearch.jp)



## Monthly musings

---

### Market view from Sendagi

---

Dear readers,

Time flies. We say this so often, the phrase is worn. But it doesn't make it less true. I still have to get used to the fact that it's already 2015, but find myself planning lunches for March and travel for August. Meanwhile, scrolling through the list of birth years when filling out online forms is starting to get somewhat depressing, as the number of years when someone could have been born and be younger than me is getting ever larger. People who were born after my country, Estonia, became independent—or after the fall of the Berlin Wall, if you prefer clichés—are already having their own children. The stories of the Cold War will now be increasingly told by grandparents.

If time passes quickly then technological change is occurring even more quickly. The changes around us seem incrementally small, to an extent that many would claim that true technological innovation is a thing of the past. I finally caught up on a book [\*The Singularity Is Near\*](#) by Ray Kurzweil, written about 10 years ago. In it, the author famously—and in my view successfully—argues that while we perceive changes as linear, technological progress is exponential. In fact, it's been accelerating since the Stone Age without pause.

Some don't believe it. I do. The arrival of robotic artificial intelligence (networking devices, cute humanoid-like toys, or any other form) matched by ingenious mechanical solutions (already exemplified by Cyberdyne's HAL or contraptions by Boston Dynamics, now a Google subsidiary) mean that the world as we know it is already different. The change is accelerating.

The reason I'm so fascinated by this topic—and think you should be too—is because the technological changes have pushed modern society and the modern economy to a new frontier. The concepts of productivity, growth, capital allocation and distribution, social welfare—they're all rapidly changing. And one country, historically so slow and reluctant to change, is at the very forefront. Of course I'm speaking about the core subject of the Market View: Japan.

Recently, Abenomics has stopped trending. People are frustrated and fed up with the lack of “true reform.” Institutional investors and all kinds of observers and talking heads are impatient. The Japanese government has never been a great presenter. The media channels through which it has the opportunity to talk to the world are rapidly and myopically shifting their attention from a war in Syria, to Greece and the doom of Europe, to the US midterm elections, to a snow storm in New York, to police shootings, to LCC planes frequently falling out of the sky, to Czar Putin, and back to Syria.

Trying to have a measured discussion of Japan's issues and the changes that are occurring here—at a pace not seen in decades—is like growing bonsai with a teenager who seeks instant gratification; immediate frustration is guaranteed when pushing a button or shaking a smartphone doesn't produce latency-free results.

So let me pause. This time I won't discuss the surprisingly good Governance Code draft, the buybacks and dividend hikes by companies traditionally deaf to investors' pleas, or the imminent corporate tax cut. It's all old news. I'll also skip for now the discussion of how the suddenly visible progress of TPP talks is historically important and signaling monumental change. Or the even more earth-shattering reforms of the JA-Zenchu, Japan's monster cooperative union that has been in control of the country's farming for decades.

Let me turn instead to helping you manage your money. First, with a tongue-in-cheek tool that can nevertheless improve your life (if not your investment performance). Second, with the introduction of a



real product that we at Shared Research are proud to announce and believe will improve your investment performance.

By now, many of you might have noticed a portfolio attached to the end of each Market view issue. This is a paper portfolio that I set up once every few months using several hours and the mega-cap Topix100 index components. I do so to make sense of the market reality for myself and—to help you.

This is assuming you are an active-mandate, long-only manager and a pragmatic thinker with an acute understanding that trying to add value relative to ETFs or index funds is more or less futile, but who is paid too well to ever admit it, even to your spouse. The value proposition of this paper portfolio is that you can simply copy it (and then spend time reading books like *Singularity Is Near* in those hours between going to the gym and leaving the office at 4pm to have a pint of beer with a friend).

Or you can try to beat me and spend 3-4 hours of your time building your portfolio, and then . . . see the above. In this simulated portfolio I don't change anything for several months, but you can try to enhance the performance by allowing 2-3 positions to be changed each month.

You can find the new portfolio at the end of the Market view. Now it has a name. I was coveting an acronym, hoping to make it sound more institutional and maybe even market it one day. I came up with the Topix100 Long-Only Lazy Low-Involvement Portfolio Project, or LOLLIPOP. Enjoy.



[Lollipop](#) by anaulin / CC BY 2.0

I must note that the performance of the previous, unnamed version which is now officially closed has been unremarkable but wouldn't cause one to lose a job.

Now, the serious stuff.

We at Shared Research work very hard to explain to global investors like yourself, in painstaking detail, the business and aspirations of our clients—listed Japanese companies of varying sizes and sectors. As you know, we never express investment opinions in our research or mention whether we think something is interesting as a stock. In general, we try to keep our own views to a minimum, conveying companies' assumptions and goals, and describing the mechanics of the business rather than making predictions or delivering judgments.

However, in our process of interacting with existing and prospective clients, we have always found some



really intriguing investment opportunities. Sometimes, our clients are also keen to talk with more investors directly. I've always thought that we should start a service, completely separate from the core Shared Research sponsored-research model, offering potentially interesting investment and trading ideas to investors on a commercial basis. I'm delighted to tell you that we are finally in a position to do so.

Let me introduce my new colleague David. Or rather, let him introduce himself. Please note that all opinions and views expressed by him are his own and not those of Shared Research. He receives no compensation from Shared Research's clients for mentioning them to investors. However, all such clients have given their permission to be introduced to investors, and confirmed that there are no conflicts of interest or compliance issues under the relevant laws of Japan. Shared Research does not provide recommendations to buy or sell any securities, nor does it provide opinions regarding the value of securities as an investment. Publication of the following article should not be construed as such.

Yours,

Oleg Zuravljov

Hi, this is David Motozo Rubenstein. I have been covering Japan equity for 15 years as an analyst, and also enjoy punishing myself by doing triathlons. I first met Oleg in 2007 at a swimming pool where he was trying to get back in shape—he never did. Three ironmans, seven marathons, and one financial crisis later, we are working together. I will be providing Japan equity ideas using Shared Research's deep knowledge base as a read-across to various sectors, as well as our vast network of company contacts.

I have met with four companies in the past week and have a full schedule of meetings this month. I will highlight my ideas below, as well as interesting names that are on our radar.

We are intrigued by NEG (5214), which has been out of favor since the LCD glass peak in 2010. Since 2010, LCD panel and glass prices have collapsed along with profit margins for LCD glass. Now in 2015, NEG's clients, LG Display and AU Optronics, are making money again. AUO's stock has doubled in the past year, and LG is up 50%. It should be only a matter of time until favorable demand and pricing flows through to the LCD parts makers. There has been no capex in LCD glass in years, yet demand fuelled by 4K TVs appears to be stoking total area glass demand, given the 50-60" 4K TVs. The stock has rallied recently but take a look at the 5-year chart. Analysts are generally bearish on the stock. NEG could be the Sony of 2015. We will visit NEG this month and update you on further findings.

We are still bullish on Sony (6758), which was our top call last year. I highlighted the opportunity at the JPY1,800 level last year on [CNBC](#).

In the past year, the stock is up 82%, outperforming TPX by 56%. Although some of the easy alpha was last year, we still think the stock is undervalued as analysts scramble to upgrade their forecasts and target prices. Catalysts are further validation of strong earnings in CMOS sensors, games, music, as well as restructuring announcements.

### **Pasona (2168)**

Positive. I met the firm last week. The stock price has been very strong in the past two weeks following a positive 1H announcement on January 8. The environment is buoyant in general for the core business Temp Staffing division, which saw a 9% YoY rise in sales in 1H. The Place and Search division was quite strong with high margins (90% GM), rising 58% YoY in 1H. Sales are only 3-4% of total sales but are contributing materially to the higher-than-expected profits. Gross margin in the main Temp Staffing





business is about 14%. OPM by product is undisclosed but was just over 1% in 1H. We should note that margins have been low due to an unfavorable product mix and lack of fiscal discipline. However, the differentiating factors are its BPO business, education of staff in-house, and overseas strategy, which should improve the product mix and margins.

### Valuation

Pasona looks extremely undervalued on PBR, trading at 1.2x versus Temp Holdings (PBR 3.0x), en-japan (PBR 2.3x), Benefit One (PBR 5.0x). On PE, valuation is more pedestrian at 25x FY5/16 versus Temp Holdings (PE 19x), EN Japan (PE 15x), Benefit One (PE 20x). What is interesting is the extremely low-margin business of Pasona could be poised for sharp incline as the relatively high-margin businesses appear to be growing rapidly. Sell-side analysts are also overwhelmingly positive on Temp Holdings and en-japan, but the 2 major shops covering Pasona are neutral and bearish.

### Others

The firm has JPY4bn in net cash. 2007 was the peak for share price and profits, at JPY6.4bn for operating profit. 98% of sales are in Japan.

### Leadership, financials

CEO Nambu Yasuyuki is the mastermind of Pasona's business model, and owns at least 44% of the company. Chairman is Takenaka Heizo, economist, who is active within Pasona despite his professor occupation at Keio University.

### Freund (6312)

Positive. Visit from this week. Freund, or "friend" in German, is a micro-cap yet consistently profitable pharma gear maker with JPY11bn market cap with JPY4bn in net cash. Valuation looks appealing at 15x PE for FY2/16 consensus, 0.96x PBR, which compares to a beefy 21x PE for FY12/15, and 3.1x PBR at its rival Gea Group in Europe. Freund fetched a 2.1x PBR in 2013 when it hit its all-time high stock price of JPY2,256, about double its current JPY1,162 share price. In the past 18 months earnings have declined owing to higher one-time expenses.

### Background

The firm's pharmaceutical manufacturing equipment handles two key coating and granulation processes in production, making various ingestible drugs. Freund once commanded 100% market share in Japan's pharma equipment market in the 1980's, and now still controls 60-70% of the domestic market. Competitors are Glatt GmbH in Germany and Gea Group (G1A GY) in Denmark.

### Sales trends, outlook

Order trend in machinery should continue upward momentum according to the company. Orders were JPY3.0bn in Q3, about 12% YoY increase, and 17% QoQ increase. Freund's domestic clients all produce in Japan, and Freund outsources the production. This allows the firm to keep exposure down against fluctuations in production input costs. Thus, R&D costs appear to be high versus other costs. CAPEX should be flat YoY next year. The firm gets about 10% of sales from equipment maintenance which is mainly high margin part sales. Sales rose 31% YoY in Q3 while OP soared by 3x to JPY483mn from JPY156mn which broke a half year downtrend in sales growth. Machinery sales, which are 67% of total sales, rose 61% YoY in Q3 which was the main reason for the rising sales and OP growth.

### Others

Net cash is high at JPY4bn or 35% of market cap, but the firm believes it isn't enough to do significant M&A. Dividend yield is already 2.5% and thus there does not appear to be much incentive to raise the yield. The company's main use for the cash would be to invest in its core businesses (R&D, CAPEX).

**Ushio (6925)**

The recent Q3 earnings itself were mundane, but some bright spots in light sources and equipment suggested that earnings are bottoming out, which fuelled the stock price to a four-year high. Ushio now trades on 18x FY3/16 estimated EPS and 1.0x PBR. As there is some risk in a small OP miss for FY3/15 and low probability of an aggressive forecast for FY3/16, we would be cautious at the current share price. We are inclined to buy the shares at the JPY1,100-1,200 level, assuming there is weakness on a slight earnings miss or conservative forecast for next year. The balance sheet net cash remains a very large call option on the firm's stock price. Ushio has about JPY120bn in net cash, or 60% of its JPY200bn market cap. While share buybacks appear unlikely at the current stock price, M&A seems more likely. This cash cushion should provide a strong floor for the stock price at the very least.

**Renown (3606)**

Neutral. I met them last week. The firm has a 100+ year history in the apparel industry, s huge net cash position worth more than the market cap, a recent infusion and majority purchase by two Chinese shareholders, and stagnating clothing sales. We went in looking for hints of a recovery or much-needed structural reform, but failed to find anything exciting.

**General background**

Renown makes and sells apparel brands in Japan such as D'urban, Arnold Palmer, and Aquascutum. D'urban is the most famous men's brand and largest contributor to revenues with 11% of total sales. 60% of sales are to men. Sales channels are broken down into department stores, GMOs (General Merchandising Stores), and direct sales over the web. Department store sales are 60% of sales, GMO is 30%, and direct sales are 10%.

**Chinese shareholders, others**

53% of the stock is owned by two Chinese apparel companies, Shandong (33%) and Jining (20%), which acquired shares in 2010 after the stock and profits declined sharply. Mr. Qiu Dong controls both companies as president of Shandong and chief shareholder of Jining.

You can contact me by email ([david.rubenstein@sharedresearch.jp](mailto:david.rubenstein@sharedresearch.jp)), phone (+81 3-5834-8787), cell (+81 90-7715-1777), or via Bloomberg ([drubenstei17@bloomberg.net](https://www.bloomberg.com/profile/person/1700000000)).

All the best,

David Motozo Rubenstein

## TOPIX100 Portfolio

Return Comparison (%)

TPX100 22.47

Portfolio 20.96

TPX100 Points

2014/5/2 781.43

2015/2/12 954.2

Start Date	Current Date
2014/5/2	2015/2/12

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	41.05	11.0	6326 JT Equity	Kubota Corp	MW	36.40	0.7
8306 JT Equity	Mitsubishi UFJ Financial Group Inc	BOW	25.81	8.0	8750 JT Equity	Dai-ichi Life Insurance Co Ltd/The	MW	21.18	0.7
9984 JT Equity	SoftBank Corp	MW	-9.04	3.7	8725 JT Equity	MS&AD Insurance Group Holdings	OW	32.23	1.0
8316 JT Equity	Sumitomo Mitsui Financial Group Inc	BOW	2.18	5.9	7974 JT Equity	Nintendo Co Ltd	BOW	8.02	1.3
7267 JT Equity	Honda Motor Co Ltd	MW	14.07	3.0	2503 JT Equity	Kirin Holdings Co Ltd	UW	21.31	0.0
8411 JT Equity	Mizuho Financial Group Inc	BOW	0.97	4.9	6594 JT Equity	Nidec Corp	MW	39.05	0.6
9432 JT Equity	Nippon Telegraph & Telephone Co	OW	28.78	3.1	9735 JT Equity	Secom Co Ltd	MW	22.88	0.6
2914 JT Equity	Japan Tobacco Inc	UW	10.34	0.0	6702 JT Equity	Fujitsu Ltd	MW	10.27	0.6
6954 JT Equity	FANUC Corp	UW	23.76	0.0	2502 JT Equity	Asahi Group Holdings Ltd	UW	36.18	0.0
7751 JT Equity	Canon Inc	MW	22.79	1.8	9983 JT Equity	Fast Retailing Co Ltd	UW	38.91	0.0
4502 JT Equity	Takeda Pharmaceutical Co Ltd	MW	33.02	1.8	9531 JT Equity	Tokyo Gas Co Ltd	MW	34.47	0.6
6501 JT Equity	Hitachi Ltd	UW	5.82	0.0	4578 JT Equity	Daikin Holdings Co Ltd	OW	26.51	0.9
9433 JT Equity	KDDI Corp	UW	37.83	0.0	4901 JT Equity	FUJIFILM Holdings Corp	OW	55.07	0.9
8802 JT Equity	Mitsubishi Estate Co Ltd	MW	5.57	1.6	5020 JT Equity	JX Holdings Inc	MW	-11.76	0.6
3382 JT Equity	Seven & I Holdings Co Ltd	MW	12.28	1.6	8002 JT Equity	Subaru Corp	OW	1.94	0.8
8801 JT Equity	Mitsui Fudosan Co Ltd	MW	2.97	1.4	8630 JT Equity	KSSJ Holdings	OW	28.26	0.8
8058 JT Equity	Mitsubishi Corp	MW	20.41	1.4	5802 JT Equity	Sumitomo Electric Industries Ltd	MW	2.89	0.5
4503 JT Equity	Astellas Pharma Inc	UW	56.39	0.0	4567 JT Equity	Sanrio Co Ltd	UW	8.08	0.0
9020 JT Equity	East Japan Railway Co	MW	31.03	1.3	7111 JT Equity	Suzuki Motor Corp	UW	35.16	0.0
9437 JT Equity	NTT DOCOMO Inc	OW	28.93	1.9	1155 JT Equity	Daiwa House Industry Co Ltd	MW	30.06	0.5
8031 JT Equity	Mitsui & Co Ltd	OW	11.03	0.0	8001 JT Equity	Toshiba Electron Ltd	MW	46.15	0.5
6752 JT Equity	Panasonic Corp	MW	23.51	1.2	4523 JT Equity	Shimizu Corp	MW	58.90	0.5
8604 JT Equity	Nomura Holdings Inc	BOW	5.42	2.4	1155 JT Equity	Toray Industries Inc	MW	49.68	0.5
7201 JT Equity	Nissan Motor Co Ltd	MW	29.45	1.2	5411 JT Equity	JFE Holdings Inc	OW	43.68	0.7
5108 JT Equity	Bridgestone Corp	MW	24.57	1.2	8307 JT Equity	Resona Holdings Inc	OW	19.55	0.7
6503 JT Equity	Mitsubishi Electric Corp	UW	10.0	0.0	1155 JT Equity	Aeon Co Ltd	BOW	10.77	0.9
5401 JT Equity	Nippon Steel & Sumitomo Metal Co	MW	8.1	1.2	3407 JT Equity	Asahi Kasei Corp	OW	72.61	0.6
8766 JT Equity	Tokio Marine Holdings Inc	UW	18.60	0.0	1878 JT Equity	Daito Trust Construction Co Ltd	UW	28.19	0.0
6902 JT Equity	Denso Corp	UW	7.3	0.0	9202 JT Equity	ANA Holdings Inc	MW	41.11	0.4
9022 JT Equity	Central Japan Railway Co	UW	60.0	0.0	4661 JT Equity	Oriental Land Co Ltd/Japan	UW	86.87	0.0
4063 JT Equity	Shin-Etsu Chemical Co Ltd	MW	35.10	1.1	8795 JT Equity	T&D Holdings Inc	OW	17.03	0.6
6301 JT Equity	Komatsu Ltd	MW	7.4	1.1	9064 JT Equity	Yamato Holdings Co Ltd	MW	19.61	0.4
4452 JT Equity	Kao Corp	UW	7.71	0.0	5713 JT Equity	Sumitomo Metal Mining Co Ltd	OW	16.73	0.6
6758 JT Equity	Sony Corp	MW	79.53	1.0	6988 JT Equity	Nitto Denko Corp	MW	64.05	0.4
7011 JT Equity	Mitsubishi Heavy Industries Ltd	MW	15.50	0.9	2802 JT Equity	Ajinomoto Co Inc	UW	53.06	0.0
8830 JT Equity	Sumitomo Realty & Development Co	UW	-3.52	0.0	9532 JT Equity	Osaka Gas Co Ltd	UW	29.19	0.0
8591 JT Equity	ORIX Corp	BOW	-2.01	1.8	9502 JT Equity	Chubu Electric Power Co Inc	MW	26.45	0.4
6981 JT Equity	Murata Manufacturing Co Ltd	MW	43.45	0.9	1963 JT Equity	JGC Corp	MW	-28.50	0.4
7270 JT Equity	Fuji Heavy Industries Ltd	UW	52.09	0.0	8113 JT Equity	Unicharm Corp	MW	69.11	0.4
8001 JT Equity	ITOCHU Corp	UW	10.83	0.0	1928 JT Equity	Sekisui House Ltd	UW	27.16	0.0
6861 JT Equity	Keyence Corp	UW	45.64	0.0	9021 JT Equity	West Japan Railway Co	OW	57.09	0.5
8309 JT Equity	Sumitomo Mitsui Trust Holdings Inc	MW	6.95	0.8	9503 JT Equity	Kansai Electric Power Co Inc/The	OW	21.78	0.5
6971 JT Equity	Kyocera Corp	MW	20.31	0.8	7752 JT Equity	Ricoh Co Ltd	BOW	-2.89	0.7
6367 JT Equity	Daikin Industries Ltd	MW	28.36	0.8	7202 JT Equity	Isuzu Motors Ltd	MW	38.83	0.3
1605 JT Equity	Indep Corp	OW	-7.36	1.2	4911 JT Equity	Shiseido Co Ltd	MW	8.19	0.3
6502 JT Equity	Toshiba Corp	MW	22.57	0.8	8332 JT Equity	Bank of Yokohama Ltd/The	BOW	36.02	0.6
8601 JT Equity	Daiwa Securities Group Inc	OW	13.48	1.1	7731 JT Equity	Nikon Corp	BOW	-9.24	0.6
8053 JT Equity	Sumitomo Corp	BOW	-3.26	1.4	5201 JT Equity	Asahi Glass Co Ltd	BOW	26.13	0.6
7741 JT Equity	Hoya Corp	MW	54.42	0.7	7912 JT Equity	Dai Nippon Printing Co Ltd	OW	21.65	0.4
6273 JT Equity	SMC Corp/Japan	UW	27.50	0.0	4188 JT Equity	Mitsubishi Chemical Holdings Corp	BOW	50.19	0.5

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





## TOPIX100 Portfolio 2015

TPX100	Points
2015/2/12	954.2

Start Date
2015/2/12

Weight Rel. To TPX100 Index	
BOW	4.4
OW	1.5
MW	1.0
UW	0.0

Ticker	Name	Weight Rel. To TPX100	Index Weight(%)	Price	Ticker	Name	Weight Rel. To TPX100	Index Weight(%)	Price
7203	Toyota Motor Corp	MW	8.3	7,851	6594	Nidec Corp	UW	0.7	8,210
8306	Mitsubishi UFJ Financial G	BOW	4.2	702	9983	Fast Retailing Co Ltd	MW	0.7	44,305
9984	SoftBank Corp	UW	2.9	7,094	9531	Tokyo Gas Co Ltd	MW	0.7	716
7267	Honda Motor Co Ltd	MW	2.7	3,890	6326	Kubota Corp	UW	0.7	1,811
8316	Sumitomo Mitsui Financial G	OW	2.4	4,243	2502	Asahi Group Holdings Ltd	UW	0.7	3,788
8411	Mizuho Financial Group Inc	OW	2.1	202	4523	Eisai Co Ltd	UW	0.7	6,180
9432	Nippon Telegraph & Telephone	UW	2.1	7,316	1605	Inpex Corp	BOW	0.6	1,383
9433	KDDI Corp	UW	2.0	7,684	3402	Toray Industries Inc	MW	0.6	992
4502	Takeda Pharmaceutical Co Ltd	UW	1.8	6,060	8601	Daiwa Securities Group Inc	MW	0.6	879
4503	Astellas Pharma Inc	UW	1.7	1,831	4661	Oriental Land Co Ltd/Japan	UW	0.6	28,680
7751	Canon Inc	OW	1.7	3,835	4578	Otsuka Holdings Co Ltd	UW	0.6	3,709
2914	Japan Tobacco Inc	UW	1.7	3,582	4755	Rakuten Inc	MW	0.6	1,682
6954	FANUC Corp	UW	1.6	22,045	2503	Kirin Holdings Co Ltd	UW	0.6	1,631
6758	Sony Corp	OW	1.6	3,232	3407	Asahi Kasei Corp	UW	0.6	1,190
6501	Hitachi Ltd	UW	1.5	790	1925	Daiwa House Industry Co Ltd	OW	0.6	2,229
8802	Mitsubishi Estate Co Ltd	MW	1.5	2,568	7974	Nintendo Co Ltd	OW	0.6	11,850
3382	Seven & i Holdings Co Ltd	UW	1.4	4,510	7269	Suzuki Motor Corp	OW	0.6	3,559
9022	Central Japan Railway Co	UW	1.4	20,380	7261	Mazda Motor Corp	UW	0.6	2,400
9020	East Japan Railway Co	MW	1.3	9,637	8308	Resona Holdings Inc	OW	0.6	635
8058	Mitsubishi Corp	MW	1.3	2,201	9735	Secom Co Ltd	UW	0.6	7,130
8801	Mitsui Fudosan Co Ltd	MW	1.3	3,231	5411	JFE Holdings Inc	OW	0.6	2,699
8766	Tokio Marine Holdings Inc	MW	1.3	4,221	8630	Sompo Japan Nipponkoa HD	OW	0.6	3,410
6752	Panasonic Corp	UW	1.3	1,373	8053	Sumitomo Corp	OW	0.6	1,239
9437	NTT DOCOMO Inc	UW	1.3	2,088	8035	Tokyo Electron Ltd	UW	0.6	8,408
4063	Shin-Etsu Chemical Co Ltd	MW	1.2	8,102	6702	Fujitsu Ltd	OW	0.6	723
7201	Nissan Motor Co Ltd	MW	1.2	1,127	8113	Unicharm Corp	UW	0.5	3,277
5108	Bridgestone Corp	OW	1.2	4,512	4568	Daiichi Sankyo Co Ltd	UW	0.5	1,807
4452	Kao Corp	UW	1.1	5,134	9202	ANA Holdings Inc	OW	0.5	319
7270	Fuji Heavy Industries Ltd	MW	1.1	4,091	9021	West Japan Railway Co	UW	0.5	6,412
6981	Murata Manufacturing Co Ltd	UW	1.1	12,750	8002	Marubeni Corp	UW	0.5	691
6902	Denso Corp	MW	1.1	5,536	6988	Nitto Denko Corp	MW	0.5	7,582
8031	Mitsui & Co Ltd	OW	1.0	1,596	2802	Ajinomoto Co Inc	UW	0.4	2,259
6503	Mitsubishi Electric Corp	MW	1.0	1,326	5802	Sumitomo Electric Industries	OW	0.4	1,458
5401	Nippon Steel & Sumitomo Metal	OW	1.0	294	1878	Daito Trust Construction	UW	0.4	13,245
6861	Keyence Corp	UW	1.0	57,690	5020	JX Holdings Inc	OW	0.4	464
8604	Nomura Holdings Inc	OW	1.0	657	1928	Sekisui House Ltd	MW	0.4	1,539
6301	Komatsu Ltd	UW	1.0	2,433	8267	Aeon Co Ltd	OW	0.4	1,300
6367	Daikin Industries Ltd	MW	0.9	7,702	5713	Sumitomo Metal Mining Co Ltd	MW	0.4	1,747
7741	Hoya Corp	OW	0.8	4,683	8795	T&D Holdings Inc	OW	0.4	1,468
8750	Dai-ichi Life Insurance	OW	0.8	1,771	7202	Isuzu Motors Ltd	UW	0.4	1,632
7011	Mitsubishi Heavy Industries	MW	0.8	631	9532	Osaka Gas Co Ltd	UW	0.4	485
8591	ORIX Corp	BOW	0.8	1,513	9064	Yamato Holdings Co Ltd	UW	0.4	2,678
8001	ITOCHU Corp	BOW	0.8	1,270	8332	Bank of Yokohama Ltd/The	UW	0.4	701
6502	Toshiba Corp	UW	0.8	467	9502	Chubu Electric Power Co Inc	OW	0.4	1,485
6273	SMC Corp/Japan	UW	0.8	31,515	9503	Kansai Electric Power Co Inc	OW	0.3	1,088
4901	FUJIFILM Holdings Corp	BOW	0.8	3,989	4188	Mitsubishi Chemical HD	OW	0.3	611
8309	Sumitomo Mitsui Trust HD	OW	0.8	459	4911	Shiseido Co Ltd	UW	0.3	1,953
8830	Sumitomo R & D	UW	0.7	3,956	7752	Ricoh Co Ltd	OW	0.3	1,132
8725	MS&AD Insurance Group HD	OW	0.7	3,076	7912	Dai Nippon Printing Co Ltd	UW	0.3	1,124
6971	Kyocera Corp	BOW	0.7	5,653	1963	JGC Corp	OW	0.2	2,406

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

## New Coverage

### Itochu Enex Co., Ltd. (8133)

A petroleum products trading company and member of the ITOCHU group. Sells LPG, gasoline, kerosene, diesel oil, fuel oil, and asphalt to retailers, gas stations, and corporate clients. Looking to diversify its energy sources.

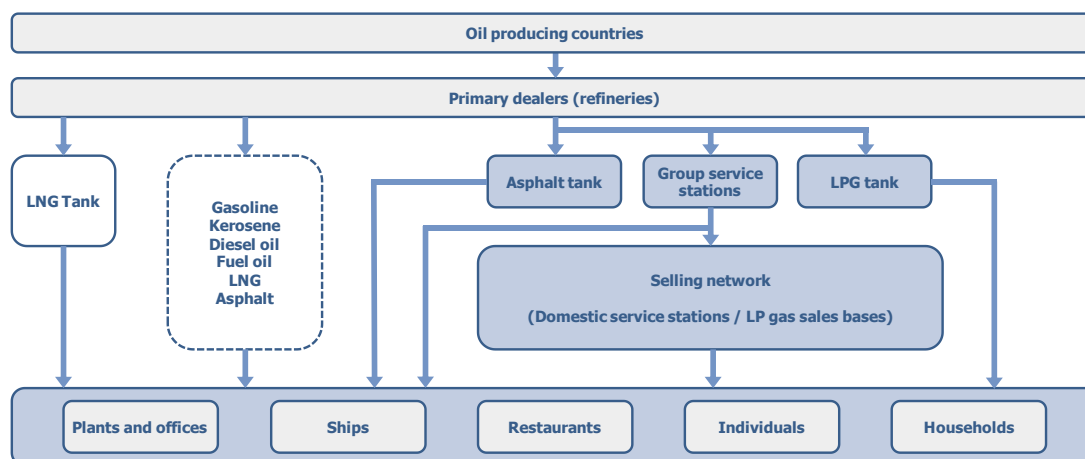
### Car-Life, Home-Life, and Energy Trade Divisions are primary businesses; Power and Utility Division a new addition

#### Overview

Itochu Enex has been a trading company specializing in petroleum products. The company sells LPG, gasoline, kerosene, diesel oil, fuel oil, and asphalt to LP gas retailers (Home-Life Division), gas stations (Car-Life Division), and corporate clients (Energy Trade Division). Since establishing the Power and Utility Division in 2010, it has been focusing on diversifying its energy sources.

The following chart shows the company's distribution channels. It plays an important role in the energy distribution industry. The company also maintains business-to-business and business-to-business-to-consumer sales networks.

**Itochu Enex's distribution channels**



Source: Company data

**Energy and telecommunications markets**

	City gas retail	LP gas retail	Gas stations	Power retail (low voltage)	Telecom
Companies	207 (Aug. 2014)	20,600 distributors (FY3/14)	34,706 locations (FY3/14)	10 power companies	16,321 companies (FY3/14)
Members ('000)	29,458 (FY3/14)	25,695 (FY3/13)	80,704 (Aug. 2014)	84,200 (FY3/13)	Mobile: 149,560 (FY3/14)
(Households)	27,816 (FY3/14)	24,714 (FY3/13)	63,803 (Aug. 2014)	76,780 (FY3/13)	Fixed: 30,040 (FY3/14)
Market size		Approx. JPY500bn (FY3/14)	Approx. JPY12,70.0bn (FY3/14) (Gas and oil; inc. tax)	JPY7,532.1bn (FY3/13)	VoIP: 33,780 (FY3/14) JPY12,955.1bn (FY3/13)

Source: Ministry of Internal Affairs and Communications, METI, Japan LP Gas Association, Japan Gas Association, Shared Research Inc. research

#### Operating profit compositions by segment

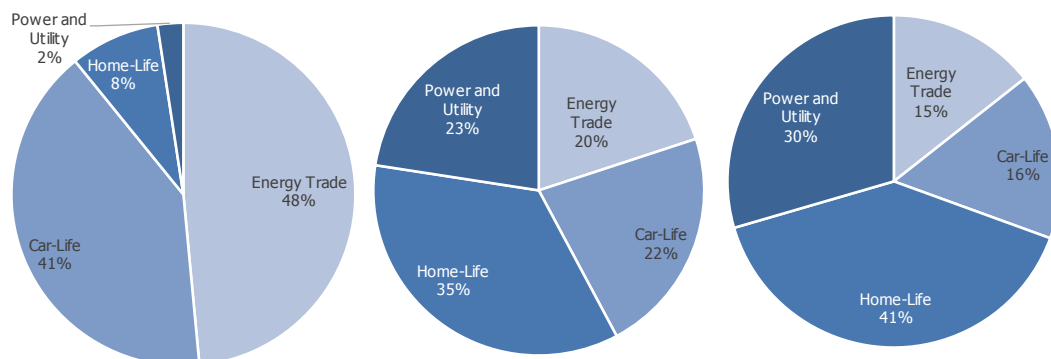
Operating profit composition ratios by segment for FY03/14: Home-Life 35.6%, Car-Life 22.4%, Energy Trade 20.1%, Power and Utility 22.8%, Others -0.9%. While segments appear to be well-balanced, the Energy Trade Division's operating profit fluctuates widely depending on supply and demand in Japan.

Revenue can also be volatile at the Home-Life Division, the Car-Life Division, and the Energy Trade Division due to changes in crude oil market prices. LP gas for Home-Life, gasoline for Car-Life, and



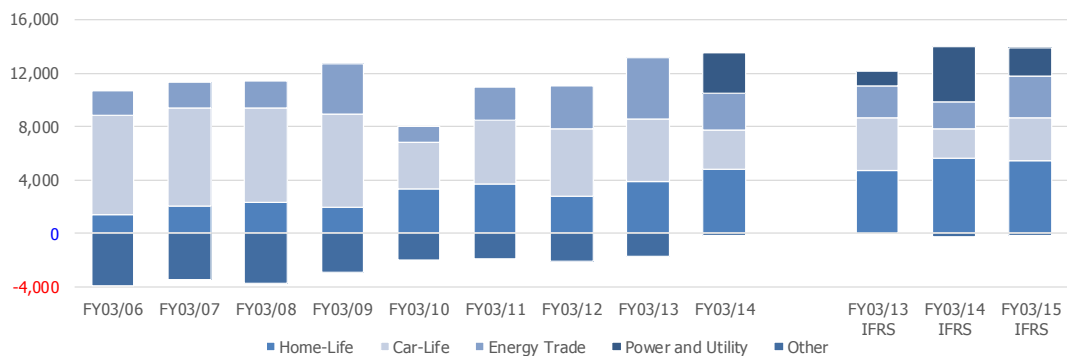
general petroleum products for Energy Trade.

**FY03/14 sales (left), OP (center), and pre-tax income (right; IFRS) by segment (ex. Others segment)**



Source: Company data

**Consolidated operating profit by segment**

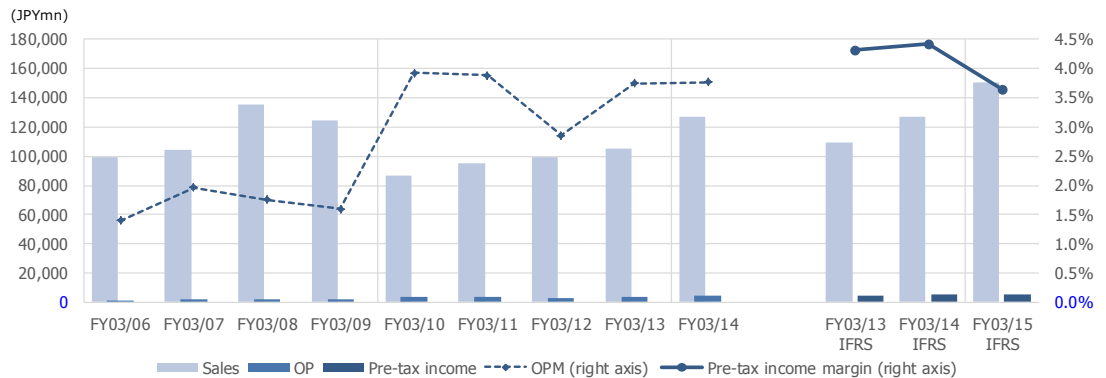


Source: Company data



## Home-Life Division

### Home-Life Division earnings



Source: Company data

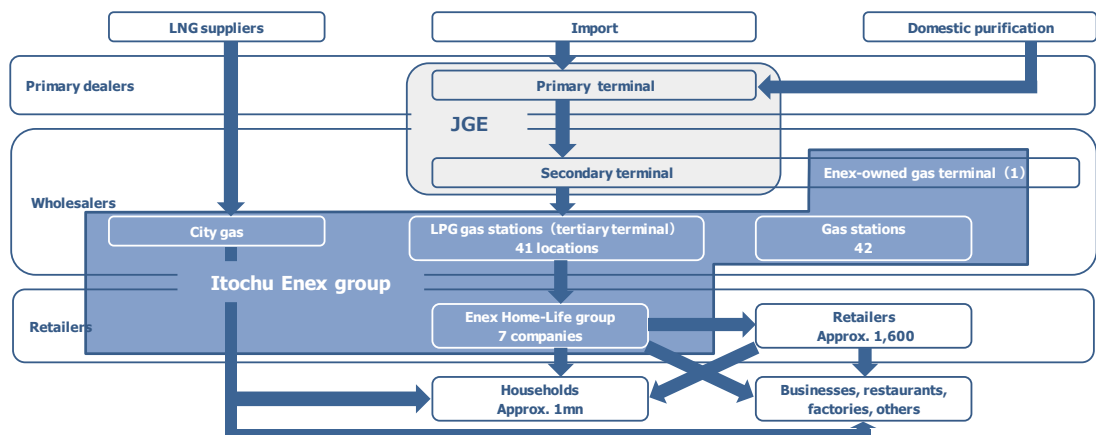
## Overview

The Home-Life Division engages in the wholesale and retail operations of LP gas. Itochu Enex has a 20% stake in Japan Gas Energy Corporation, an importer and primary dealer. The company, together with ITOCHU Corp, wants to take on the entire range of LP gas operations, including procurement, distribution, wholesale, and retail, to improve competitiveness.

### Business structure

Itochu Enex buys LP gas from Japan Gas Energy, an importer and primary dealer; sells it to retailers or subsidiaries; the retailers or subsidiaries in turn sell it to individual households or companies. ITOCHU Corp is also involved in Japan Gas Energy importing LP gas.

### Distribution channel for the Home-Life Division



Source: Company data



## Industry structure

There are four importers and primary dealers (including Japan Gas Energy), 1,100 wholesalers (including Itochu Enex), and 21,000 retailers (including Itochu Enex). There are a number of alliances among importers and primary dealers. Major wholesalers that dominate each region are expanding into retailing. The number of retailers, meanwhile, has been declining due to the high cost of distribution and product management, even though there's scope for rationalization. The primary dealers are expected to consolidate their influence even further, helping the industry maintain its power structure.

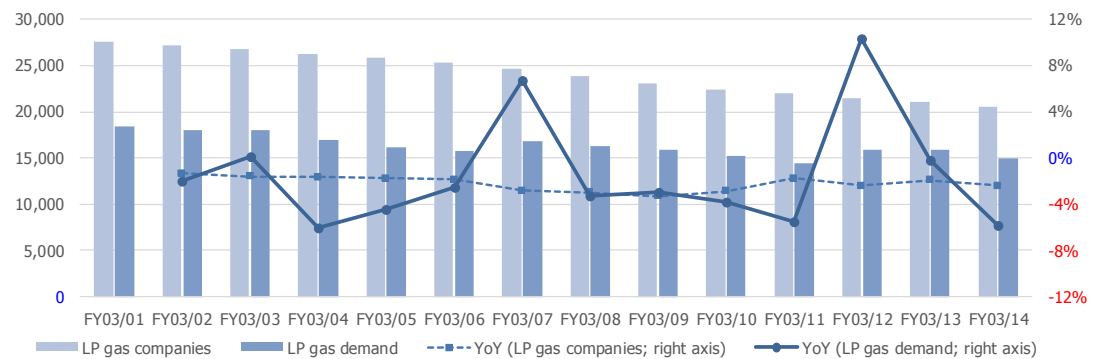
### Business structure of a typical LP gas company

	Wholesale	Retail	Itochu Enex
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
GPM	12.0%	47.7%	24.4%
OPM	4.0%	8.1%	3.9%

<b>Costs</b>	<b>100.0%</b>	<b>100.0%</b>
Personnel	27.1%	45.5%
Reserves	0.9%	4.8%
Transport	7.6%	5.9%
Depreciation	3.2%	4.8%
Other	61.3%	39.0%

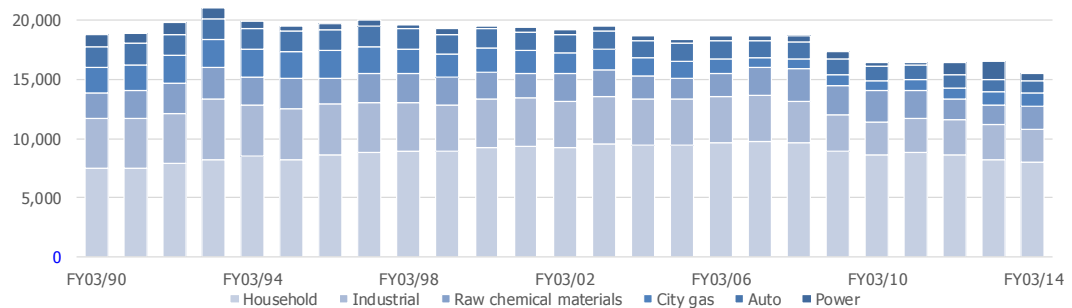
Source: Shared Research Inc. with data from LP Gas Distribution Center

### Number of LP gas companies



Source: Shared Research Inc. with data from the Agency for Natural Resources and Energy

### Demand of LP gas ('000MT)



Source: Shared Research Inc. with data from the Japan LP Gas Association





#### Importer and primary dealer consolidations

Importers and primary LP gas dealers		Investment composition	Sales	Import volume	Domestic sales	Import	Second	Direct sales
Japan Gas Energy	Cons. in Apr. 2009	JX Nippon Oil & Energy Nissho Petroleum Gas Corp. Itochu Enex	51% 29% 20%	JPY280bn (Exp. post-cons.) (FY2007)	1.5mn (FY2007)	2.25mn	4 7	500,000 (FY2007)
ENEOS Globe	Cons. in March 2011	JX Nippon Oil & Energy Mitsui & Co. Marubeni	50% 30% 20%	JPY480bn (FY03/14)	3.16mn (FY2009)	3.63mn (FY2009)	10 5	Approx. 300,000
Newly consolidated companies (*)	Exp. cons. in Apr. 2015	Cosmo Oil Showa Shell Sumitomo Corp. Tonen General Group	25% 25% 25% 25%	Approx. JPY450bn (Exp. post-cons.)	Approx. 2.8mn	Approx. 3.7mn	7 4	250,000
Astomos Energy	Cons. in Apr. 2006	Idemitsu Kosan Mitsubishi Corp.	51% 49%	JPY883.8bn (FY12/13)	3.1mn As of Apr. 2009	3.8mn As of Apr. 2009	10 6	

Source: Company data

#### Customer base

Itochu Enex has about 1mn customers. The company serves 300,000 customers directly through retail operations and 700,000 customers through the group's 1,600 retailers. There are about 24mn users of LP gas in Japan (44% of all gas users). Thus, the company's market share is not high.

#### Gas business classification

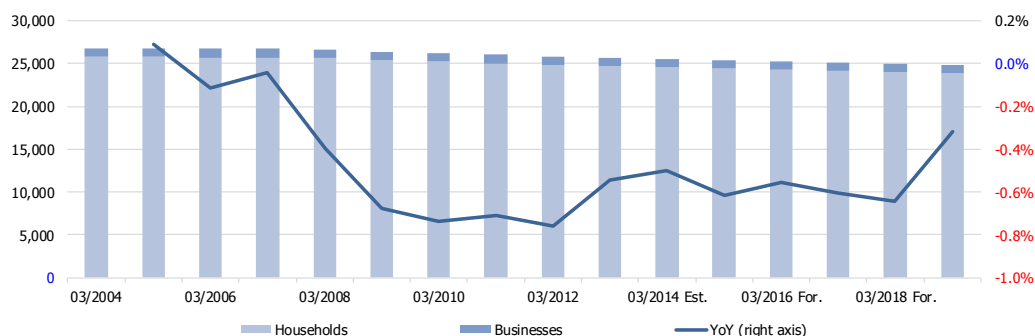
Classification	Gas		LP
	General gas	Community gas	LP gas sales
Company count	209	1,452	21,052
Sales ratio	65.0%	0.7%	34.3%
Household demand*	29mn	1.4mn	24mn
Note	City gas	Mainly LP gas	LP gas

\*Values are approximate

Note: The data were as of March 2013. Sales ratios are based on calories.

Source: Shared Research Inc. with data from the Ministry of Economy, Trade and Industry, and the Japan Gas Association

#### Number of LP gas users (usage meters installed)



Source: Ministry of Economy, Trade and Industry

Note: Figures for FY03/14 are estimates; figures for FY03/15 and later are forecasts as of March 2014.

#### Regional characteristics

Itochu Enex, which has many customers in western Japan, estimates that it is the biggest player in Kyushu with about 20% of the market. Customers in Kyushu are served by subsidiary ECORE Co., Ltd., which is 51% owned by Itochu Enex and the rest by Shin-Idemitsu Co., Ltd. ECORE has been posting strong earnings:

#### ECORE earnings performance

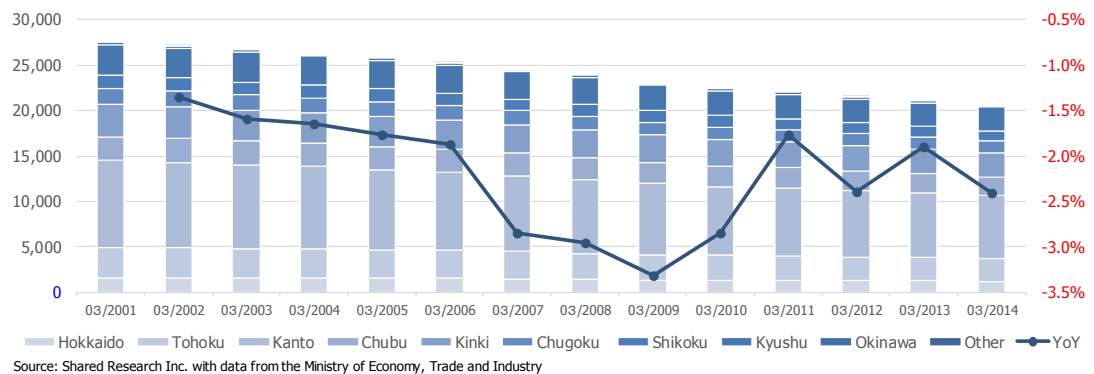
(JPYmn)	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
Sales / sales revenue	38,195	37,458	32,010	35,691	34,955	37,253	42,282
YoY		-1.9%	-14.5%	11.5%	-2.1%	6.6%	13.5%
GP	7,876	7,843	7,462	7,311	7,130		
GMP	20.6%	20.9%	23.3%	20.5%	20.4%		
RP	1,028	828	1,681	1,700	1,622		
RPM	2.7%	2.2%	5.3%	4.8%	4.6%		
NI						1,164	1,403
Net margin						3.1%	3.3%

Source: Shared Research Inc. with data from the company and from the Ministry of Land, Infrastructure, Transport and Tourism

Note: Figures up to FY03/12 are total trading transactions; those from FY03/13 are revenue



Domestic LP gas sellers by region



## Others

### City gas

Subsidiary ECORE provides city (piped) gas in Nakatsu City, Oita Prefecture (37,853 households at end October 2014). Itochu Enex acquired the business from the city in 2001 and turned it into profitable operations. In 2013, Itochu Enex transferred the operations to ECORE. This business appears to contribute little to earnings.

City gas, provided directly to users through pipes, uses LNG. Thus, this business may not create synergy for the company. In addition, installing new gas pipes is costly. Itochu Enex recognizes this, and may not expand the business any further.

### Auto gas

The company has a network of LP gas stations for taxi cabs. There were 42 service stations as of November 2014: 8 in Kanto, 4 in Chubu, 10 in Kansai, 8 in Chugoku, and 12 in Kyushu. The company has greater reach in western Japan, as in the case of LP gas operations.

## Earnings analysis

### Sales

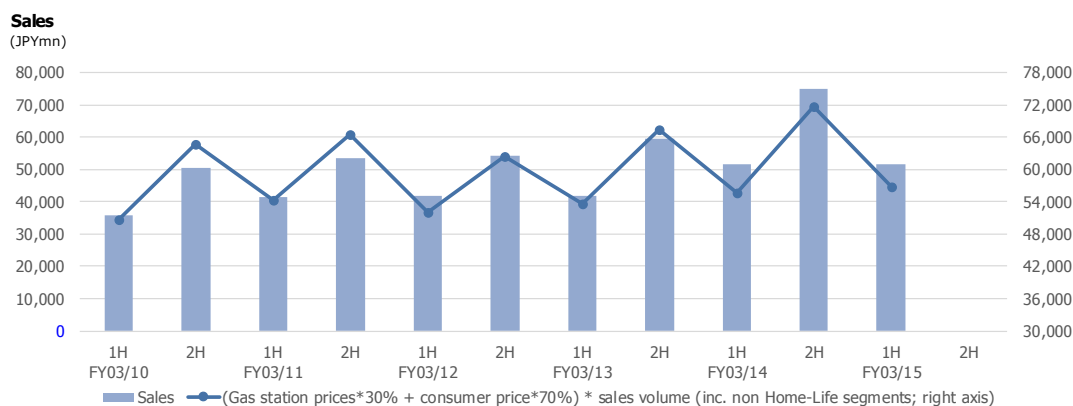
We believe that sales in this segment are influenced by changes in sales volume and price, as well as the composition ratios of wholesale and retail operations, since the gas-cost adjustment system helps stabilize profitability. The table below shows that the company's sales, prices for sales agents, and prices for consumers tend to move in tandem. Sales volume reflects seasonal factors (e.g., demand increase in the winter). Trading volume can be estimated to some extent by taking into consideration market prices, product prices, and the company's wholesale and retail composition.

Sales volume can fluctuate depending on demand for gas, affected by weather, and changes in the company's market share. Prices are influenced by the Contract Price set by the gas-producing nations, exchange rates, and distribution margins.

**Gas-cost adjustment system:** Similar to petroleum, LP gas is mostly imported from abroad, and the cost fluctuates depending on the Contract Price set monthly by major gas producing nations such as Saudi Arabia and forex rates. (Prices are especially influenced by Saudi Aramco, the Saudi Arabia National Oil Company.) Japanese power and city gas companies have begun adjusting prices based on import costs, allowing for more



transparent pricing. Gas prices are adjusted every month (sometimes every two to three months) to take into account the standard costs and changes in costs of LP gas. Formula: gas price = base price + (standard cost of LP gas  $\pm$  changes in cost of LP gas) x gas usage fee.



### Operating profit

Shared Research thinks this segment's gross profit is almost directly proportionate to sales volume. Changes in weather influence gas consumption. The company adopts the gas-cost adjustment system for all retail sales and 80% of wholesales. Therefore, the company is theoretically immune to changes in LP gas procurement costs. Yet short-term earnings are affected by changes in the value of inventory depending on cost, insurance, and freight (CIF) prices (influenced by the Contract Price and forex rates). Earnings are directly correlated to CIF prices.

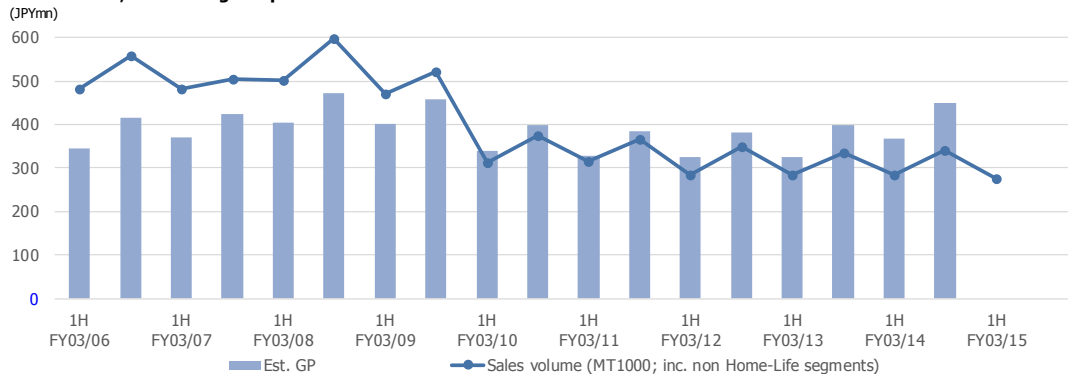
We believe that profitability improved in FY03/10 because the introduction of the gas-cost adjustment system helped the company maintain a certain level of profit and made its pricing system more transparent.

**CIF prices:** Cost, insurance and freight prices. Japan imports most of its LP gas. The price is determined based on free on board (FOB) price, which is in turn based on the producing country's Contract Price. The FOB price also reflects the exchange rate and costs, insurance, and freight (CIF) charges.

**Wholesale and retail prices:** Determined by adding to CIF prices various costs that occur during distribution (such as transport costs and costs of operating storage facilities). Retail prices respond to market prices only moderately.

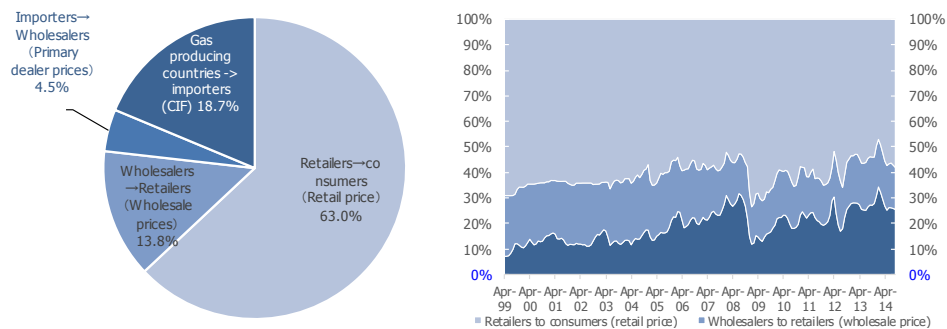


## Sales volume, estimated gross profit



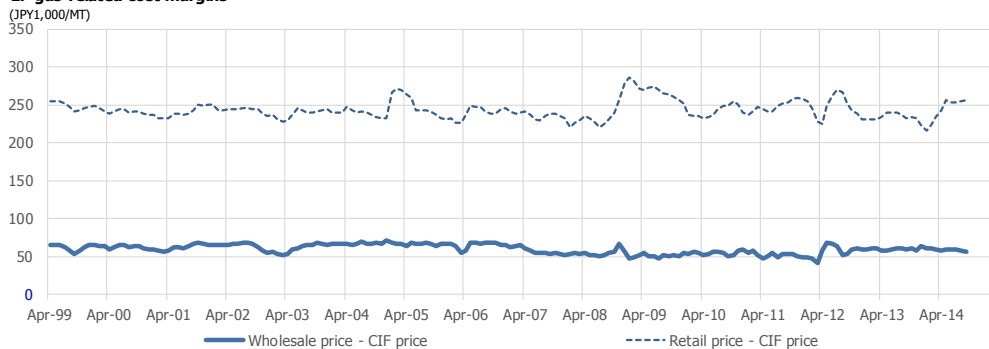
Source: Shared Research Inc. estimates based on company data

## Costs and margins at each distribution stage in LP gas retailing (FY2010P: Japan LP Gas Association), monthly changes



Source: Shared Research Inc. with data from the Japan LP Gas Association, the Ministry of Finance, the Nihon Keizai Shimbun, the Ministry of Internal Affairs and Communications, and the Ministry of Economy, Trade and Industry

## LP gas-related cost margins



Source: Shared Research Inc. with data from the Ministry of Finance, the Nihon Keizai Shimbun, the Ministry of Internal Affairs and Communications, and the Ministry of Economy, Trade and Industry

## Growth strategy

### Expanding market share

In the Home-Life Division:

- Seeking to expand market share for its core operations—wholesale and retail (direct sales) businesses
- Pursuing “non-gas” operations, such as peripheral businesses related to LP gas
- Developing a package of gas and electricity services in preparation for retail deregulation scheduled for 2016



Itochu Enex is expanding its market share through acquisitions. Such businesses include operations acquired from Nichibei Shokai in 2001. (This business had annual sales of JPY1.3bn when bought.) The company also bought a business from Takigawa Sangyo in 2005. (This business had annual sales of JPY2.4bn in FY12/14.) In 2007, Itochu Enex formed a joint venture with IDEX Gas, a wholly owned subsidiary of Shin-Idemitsu. (IDEX Gas had sales of JPY13.2bn in FY03/06.) In 2009, the company bought a 20% stake in Japan Gas Energy, an importer and primary dealer, and sold an LPG wholesale business that uses tanker vehicles. (This business had sales of JPY27.6bn in FY03/08.) In 2013, the company acquired shares in Ing Energy. The company has a number of alliances designed to make its product distribution more efficient. (See the table below.)

Customer count usually increases when a company acquires new businesses. However, sales volume sometimes does not rise if the company acquires retailers with which it already has a supply relationship.

#### Expansion of non-gas operations

The company wants to expand sales of LP gas-related equipment and increase revenue from home renovation services. The contributions of these operations to overall sales and profits are still low (a little over 10% for 1H FY03/15). Recently, the company has begun to focus on photovoltaic power generation systems, ENEFARM residential fuel cells, and other alternative energy products, in addition to gas stoves, water heaters, and home renovation services. In Q1, gas-burning equipment and renovation services comprised 40% and 30%, respectively, of the company's non-gas sales. Photovoltaic power generation systems and other alternative energy-related equipment comprised another 30%. The company also began to sell lithium-ion power storage systems using domestically produced batteries in December 2014.

**Eneparabo:** A lithium-ion battery for household use. General distributor: ITOCHU Corp. Manufacturer: NF Corp. Suggested retail price: JPY2.4mn (excluding tax and installation fees). Capacity: 7.0kWh

#### Sales of equipment

(units)	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	Growth rate	vs. Est.	Est.
Enefarm	150	185	89	65	119	83%	-65%	339
Power storage system					97		-88%	800
Solar	274	945	1,152	1,576	1,939	23%	-18%	2,351
Energy-efficient	6,508	5,572	5,814	9,255	11,580	25%	22%	9,500
Glass top cooking stove	20,283	13,971	10,760	15,015	16,627	11%	7%	15,500

Source: Company data

#### Earnings of subsidiaries

The following table shows major subsidiaries' earnings. Japan Gas Energy has a big impact on earnings under equity method accounting.

##### Earnings at subsidiaries

ECORE (51.0%-owned)

(JPYmn)	FY03/13	FY03/14
Sales and revenues	37,253	42,282
YoY	6.6%	13.5%
NI	1,164	1,403
Net margin	3.1%	3.3%
Profit attributable to the parent	594	716

Source: Company data

Japan Gas Energy (20.0%-owned)

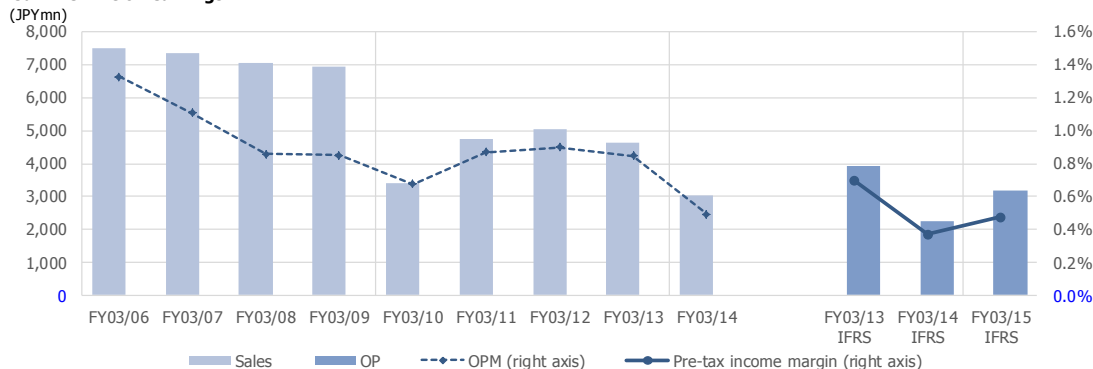
(JPYmn)	FY03/13	FY03/14
Sales and revenues	189,183	216,828
YoY	-	14.6%
NI	1,440	2,430
Net margin	0.8%	1.1%
Equity in earnings of affiliate	288	486





## Car-Life Division

Car-Life Division earnings



Source: Shared Research Inc.

## Overview

The Car-Life Division buys gasoline, diesel oil, and other fuels from refineries and supplies these products to the company's affiliated or directly operated service stations called Car-Life Stations. This division has been the company's primary business since its foundation. In May 2014, Osaka Car Life, a Nissan Motor dealer, became a consolidated subsidiary. The unit had sales of JPY105.9bn and operating profit of JPY2.8bn in FY03/13. Itochu Enex has a 51.95% in Osaka Car-Life, while Nissan Motor's Nissan Network Holdings has 46.75%.

## Business structure

Itochu Enex procures fuel (gasoline, diesel oil, kerosene) from refineries and sells them to affiliated or directly run service stations. The company also derives significant earnings from non-gas businesses like sheet metal, car washing, and car inspection operations.

## Industry structure

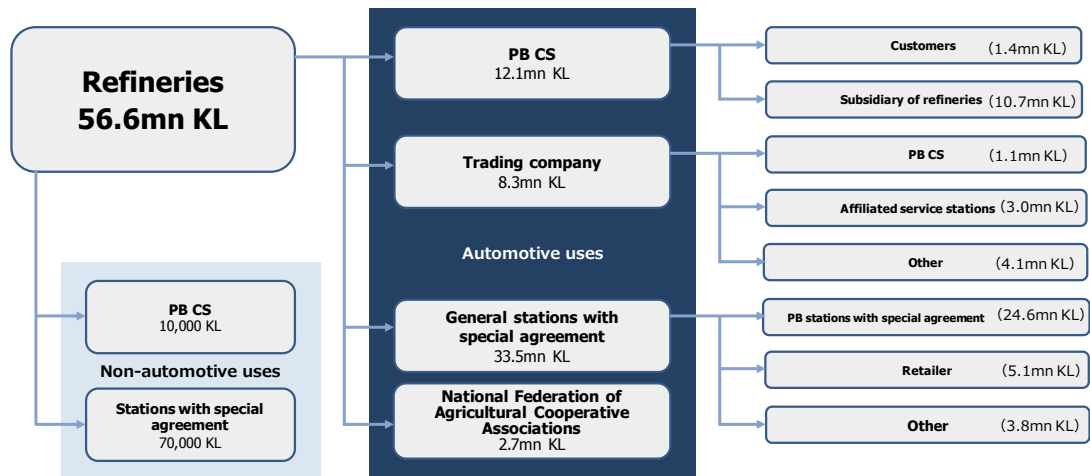
There are eight branded refineries. The number of service stations, affiliated and independent, was 34,706 at end March 2014.

The number of service stations has fall to almost half the peak of at 60,421 in FY1994. For FY2013, the number fell by 1,643 YoY. Yet the market share held by service stations affiliated with refineries and those affiliated with trading companies is rising. Independent service stations are losing market share.

The operating environment for service stations is tough because demand for fuel is declining amid more fuel-efficient vehicles like hybrids. Also, the number of registered vehicles is sluggish. According to an FY2013 survey by the National Petroleum Dealers Association, 42.5% of service station operators were in the red.

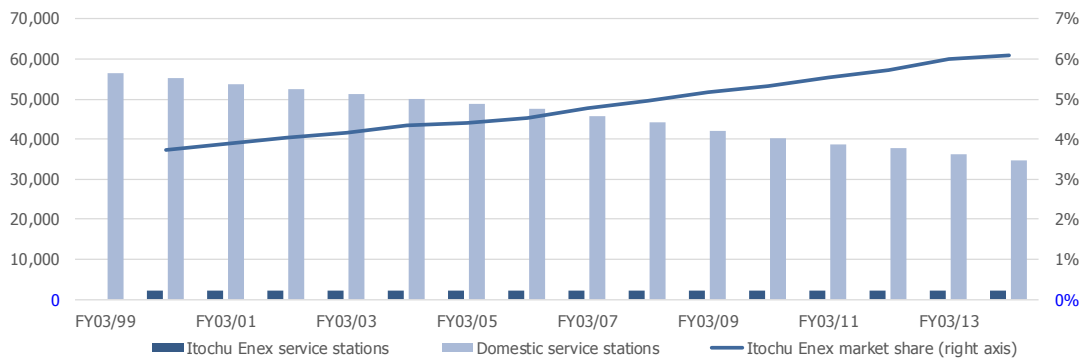


## Major distribution channels for gasoline



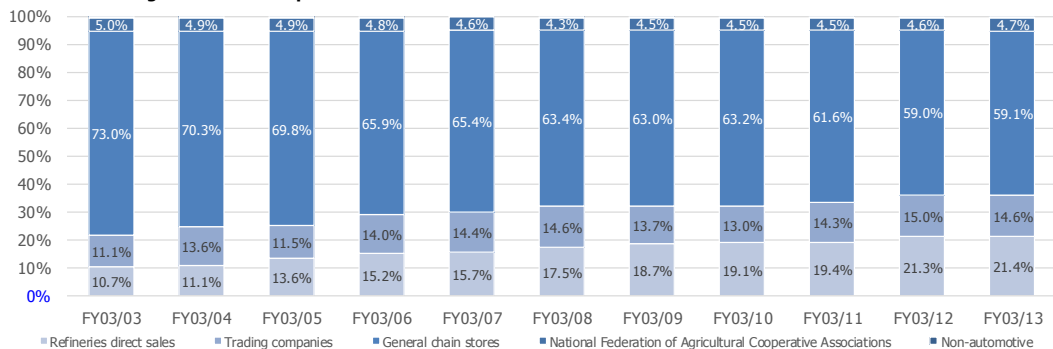
Source: Company data, KK Sekiyu Tsushinsha

## Service stations in Japan, Itochu Enex service stations



Source: Shared Research Inc. with data from the Agency for Natural Resources and Energy

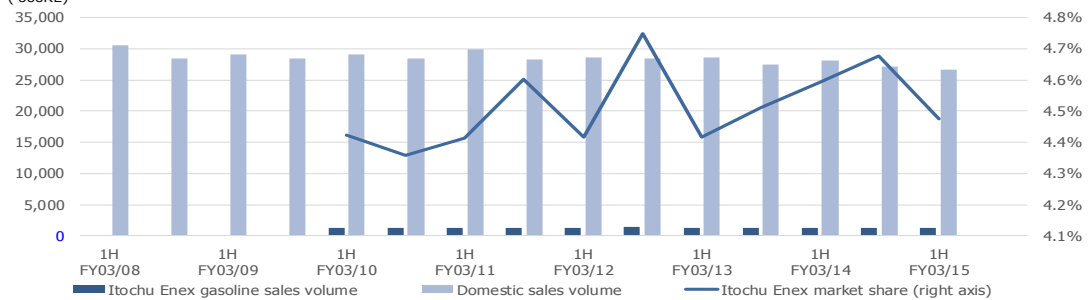
## Market share for gasoline sold in Japan



Source: Shared Research Inc. with data from the Agency for Natural Resources and Energy

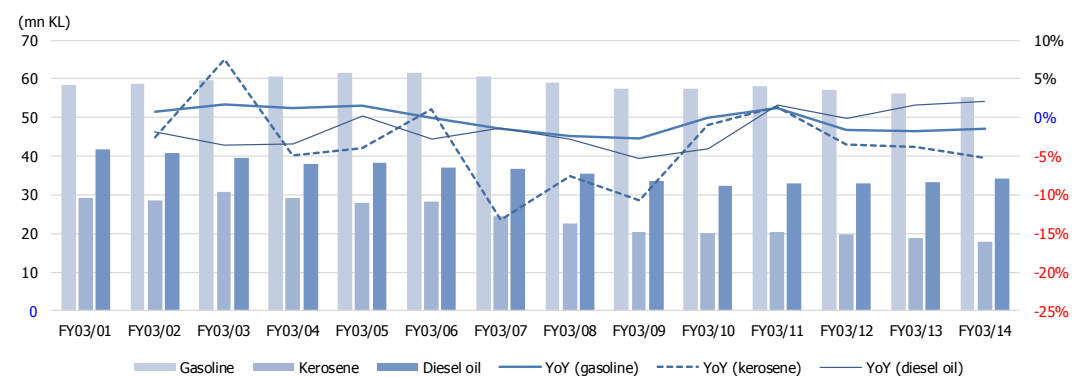


**Domestic gasoline sales**  
('000KL)



Source: Shared Research Inc. with data from the company and from the Agency for Natural Resources and Energy

**Domestic sales of gasoline, kerosene, diesel oil**



Source: Agency for Natural Resources and Energy

### Customer base, regional characteristics

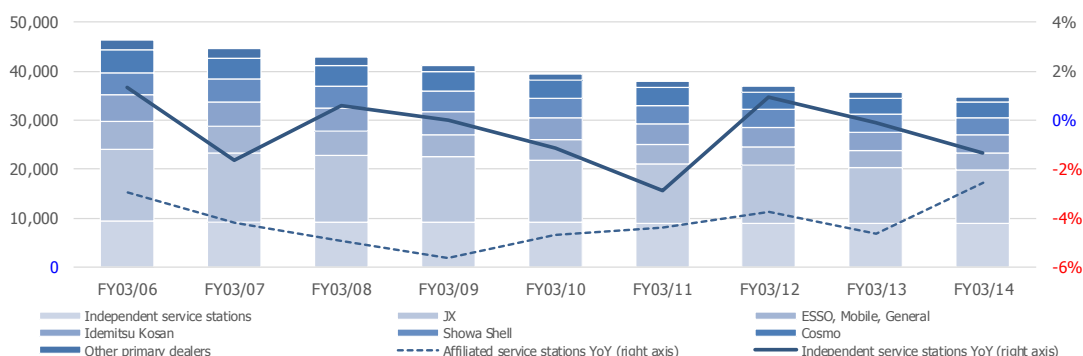
The company had 2,118 service stations at end FY03/14, about 6% of total domestic service stations. Private brand service stations such as Carenex (PBCS; directly operated, includes franchises) numbered 437. Similar to the Home-Life Division, this division has greater strength in western Japan. The company is by far the largest operator of service stations among those affiliated to trading companies. Mitsubishi Shoji Sekiyu, the second-largest operator, has about 1,000 services stations. Marubeni Energy Corp, owned 33.4% by Showa Shell Sekiyu K.K., is number three with some 600 stations.

### Fleet service stations serving logistics industry

Itochu Enex runs Fleet service stations catering to the logics industry. This business was added when the company acquired the former Kohnan Fleet Corp in 2008. At that time, Kohnan Fleet was owned 80% by Kohnan Co. Ltd. and 20% by Itochu Enex. Konan Fleet was subsequently renamed Enex Fleet, and is now a wholly owned subsidiary.) For FY03/14, Enex Fleet had sales of JPY184.7bn and recurring profit of JPY740mn. This unit accounts for 60% of diesel oil sales and 15% of gasoline sales in the Car-Life Division. Enex Fleet had 192 service stations as of November 2014. These service stations offer products supplied by various oil companies—68 stations sell ENEOS products, 55 sell Cosmo Oil products, and 52 sell Showa Shell products. Idemitsu and ESSO products are each handled by 5 service stations, while CARENEX fuels are sold at 3, and 3 stations offer products supplied by other companies.



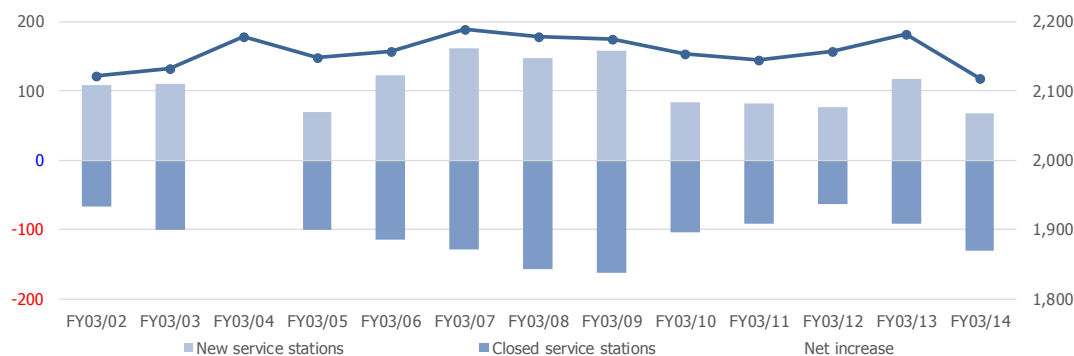
### Affiliated and independent service stations in Japan



Source: Shared Research Inc. with data from the Agency for Natural Resources and Energy

Note: The number of independent services stations has been obtained by subtracting the number of affiliated stations from the overall figure.

### Service station openings and closings



Source: Shared Research Inc.

### Enex Fleet earnings (JPYmn)

	FY03/8	FY03/9	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14
Sales	193,000	205,000	150,000	163,800	171,300	165,055	184,668
YoY		6.2%	-26.8%	9.2%	4.6%	-3.6%	11.9%
RP						808	740
RPM						0.49%	0.40%
NI						476	391
Net margin						0.29%	0.21%

Source: Company data

## Osaka Car Life Group

### Investments outside existing framework, bolstering non-oil operations

Osaka Car Life Group became a consolidated subsidiary on May 27, 2014 (now 51.95% owned by Itochu Enex and 46.75% by Nissan Network Holdings). Itochu Enex spent JPY6.1bn to buy shares in Osaka Car Life Group (including JPY97mn in fees associated with the transaction). For Q1, the company added the new subsidiary's seven-month earnings (JPY8.7bn in revenue and JPY108mn in net income) to the consolidated results. The acquisition of Osaka Car Life Group, an auto dealer, was a strategic investment that went beyond the existing framework of the Car-Life Division.

### Osaka Car Life Group operates the sole Nissan dealership in Osaka

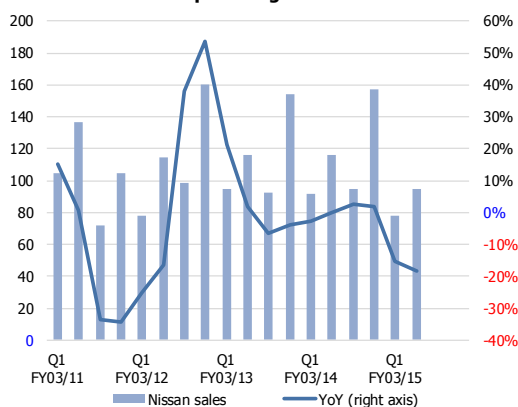
Osaka Car Life Group is a holding company that owns Nissan Osaka Hanbai, the only automobile dealer in Osaka affiliated to Nissan Motor Co. Ltd. (TSE1: 7201). Osaka Car Life Group is one of the biggest Nissan dealers in Japan, with sales of JPY105.9bn for FY03/14.



### Next: synergy with Osaka Car Life Group

Service stations operated by Itochu Enex earn between half and two-thirds of their profit from non-fuel operations like sheet metal and car washing. Likewise, Osaka Car Life Group, despite being a car dealer, generates two-thirds of its profit from maintenance services and other operations. Itochu Enex will push for Osaka Car Life Group to contribute to earnings. The company will also maximize synergy with the auto dealer for further expansion.

**Osaka Car Life Group earnings**



Osaka Car Life Group and subsidiary performance (JPYmm)		FY03/15	
		Q1	Q2
Sales and sales revenues		8,650	24,836
Net income		108	212
Net margin		1.2%	0.9%
Profit attributable to owners of the parent		56	110
Margin on profit attributable to owners of the parent		0.6%	0.4%

Source: Company data, Japan Automobile Dealers Association

Q1 FY03/15 figures for Osaka Car Life Group and subsidiaries cover May 27, 2014 to June 30, 2014.

## Growth strategy

### Explore low-cost operations and non-fuel business

Itochu Enex wants to reduce the cost of service station operations and expand beyond gasoline sales. It released the Car-Life Revival Plan in FY03/15 calling for it to generate half of gross profits from fuel sales and half from non-fuel businesses. The company will maintain the 50% contribution ratio of the fuel businesses while also expanding other operations.

The service stations generate half of their earnings from non-fuel businesses, such as sheet metal and car washing. While such operations help expand sales, they precipitate higher labor costs. The company will expand non-fuel operations while considering cost effectiveness and potential risks.

## Earnings analysis

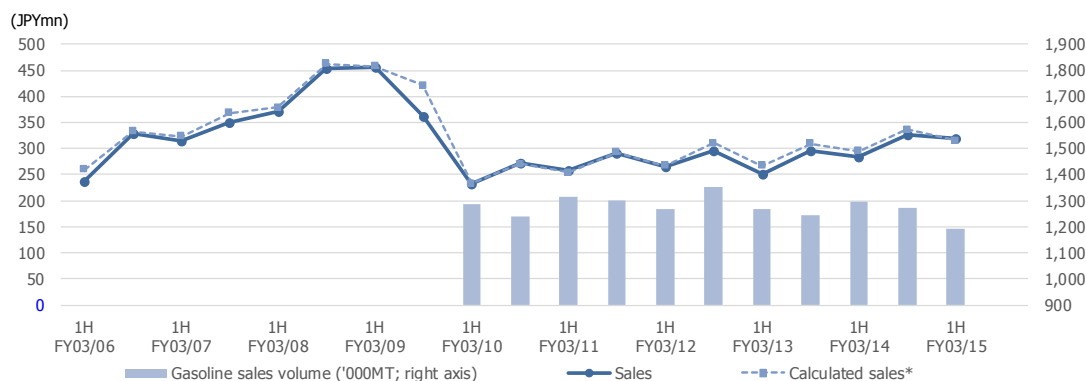
### Sales

This segment's total sales (excluding revenue from Osaka Car Life Group) can be calculated by multiplying sales volume by unit price. The company buys fuel from refineries and sells it to affiliated services stations or through directly operated outlets. The following table compares the company's total sales of gasoline, kerosene, and diesel oil with simulated figures based on retail prices, wholesale prices, and the company's service station composition. These figures closely track each other. The company's sales include the petroleum and coal tax and the gasoline tax. Diesel oil delivery tax is not included.



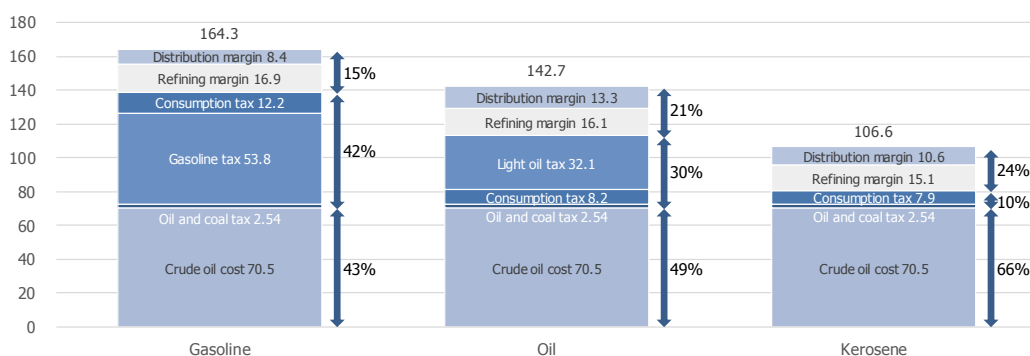


### Total trading volume and simulated sales figures



Note: The company did not close data on gasoline, kerosene, and light oil for FY03/08 and 1H 03/09, or kerosene and light oil from 1H 03/11 through 2H 03/12. Shared Research estimated the figures for these periods based on the overall trading volume and other information.  
Source: Shared Research

### Petroleum retail price composition (as of April 2014)



Source: Shared Research, with data released by the Agency for Natural Resources and Energy, and Trade Statistics released by the Ministry of Finance

### Operating profit

Factors affecting operating profit according to Shared Research analysis:

Profit margin for fuel sales determined by absolute amount in yen terms, not as a percentage

Gross profit proportionate to sales volume

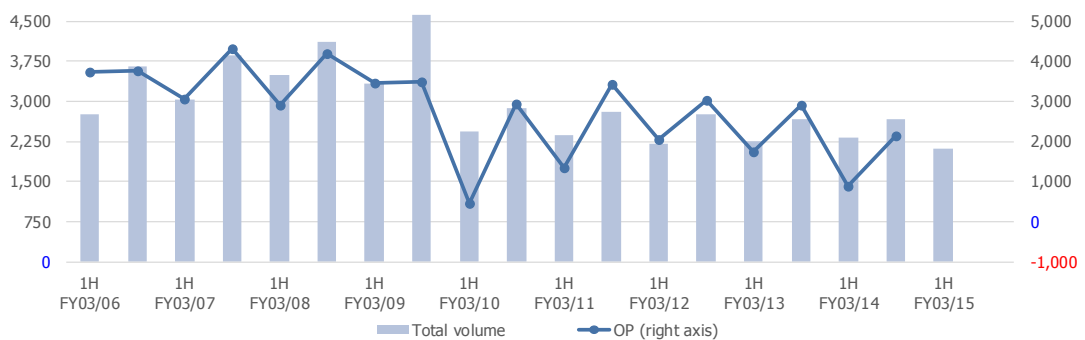
Supply/demand affecting gross profit

Disparity in composition ratios of wholesale and retail businesses.

Itochu Enex made Nichibei Shokai a consolidated subsidiary in March 2013. The company's operating profit deteriorated as a result—higher gross profits did not offset a higher SG&A bill.



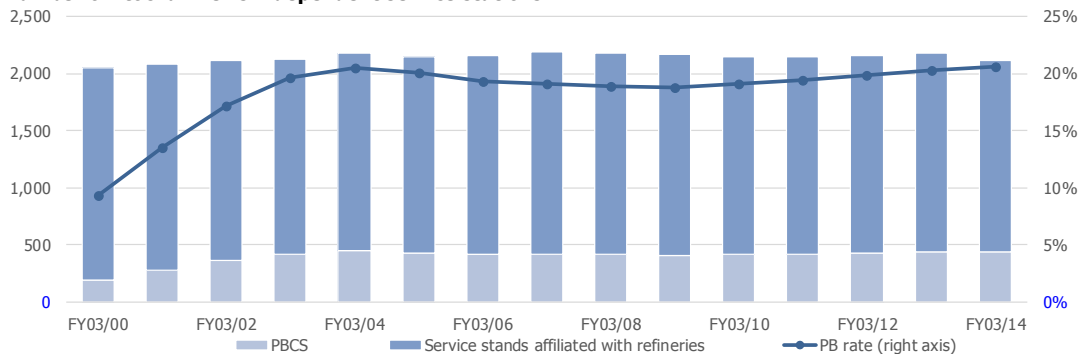
## Combined sales volume of gasoline, kerosene, and diesel oil, and operating profit



Source: Company data

The company did not disclose data on gasoline, kerosene, and diesel oil sales for FY03/08 and 1H FY03/09, nor kerosene and diesel oil from 1H FY03/11 through 2H FY03/12. These figures are Shared Research estimates, based on the trading volume and other information.

## Number of Itochu Enex's independent service stations

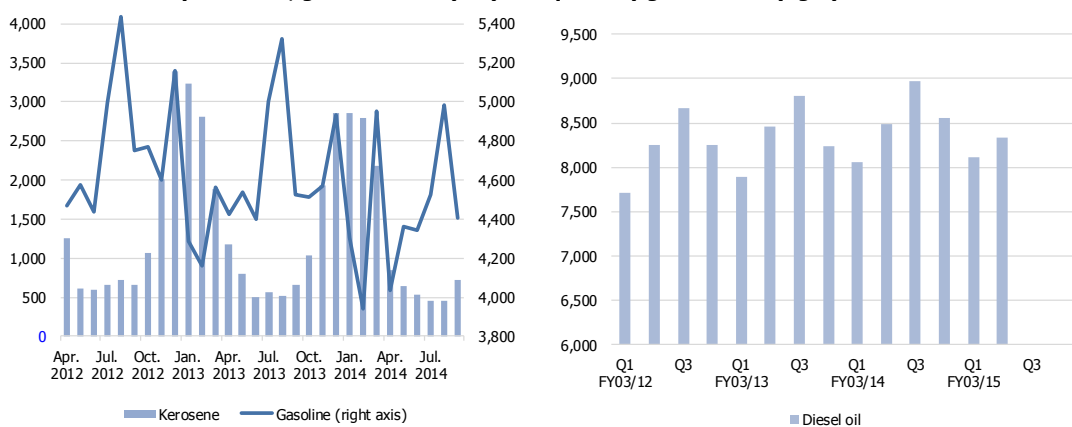


Source: Agency for Natural Resources and Energy, Ministry of Finance

## Seasonal factors

Demand for gasoline and kerosene is affected by seasonal factors, as seen in the charts below. Demand for gasoline peaks in Q2, during the summer season. Diesel oil demand surges in Q3. Demand for kerosene rises toward the winter, so the company's earnings tend to increase more in 2H than in 1H.

## Domestic monthly kerosene, gasoline sales (left) and quarterly gas oil sales (right)

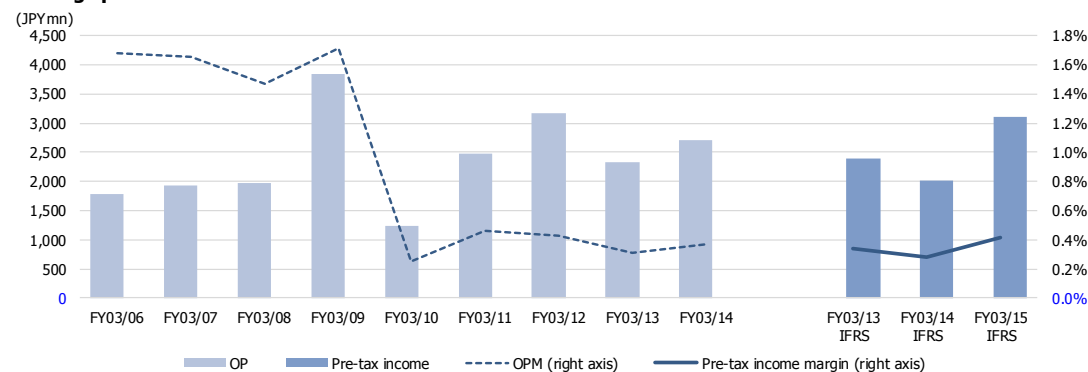


Source: Shared Research Inc. with data released by the Agency for Natural Resources and Energy, and Trade Statistics released by the Ministry of Finance



## Energy Trade Division

### Earnings performance



## Overview

### Primary business: sale of energy to large-lot users, although operations are diverse

The Energy Trade Division supplies energy to large-lot users. The operating environment for this segment deteriorated sooner than that for the Home-Life and Car-Life segments as industry users shifted purchases away from fuel oil in favor of liquefied natural gas (LNG). In response, this segment has been diversifying into the trade of oil products, the sale of industrial energy to manufacturing plants, as well as the sale of shipping fuels and asphalt. In general, however, this segment focuses on business-to-business operations in the energy industry.

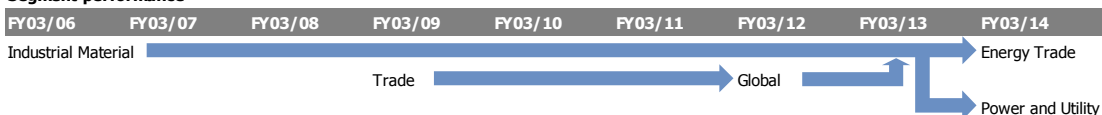
### Segmentation transformed in FY03/14

This segment, previously called the Industrial Materials Division, focuses on selling asphalt and industrial-use fuel oil. However, the company in 2008 acquired a global energy trading business from ITOCHU Corp. This business was merged with the Industrial Material Division and became the Energy Trade Division in FY03/14. The Power and Utility Division, which was part of the industrial material division until FY03/13, became an independent segment in FY03/14.

### Sales of asphalt and industrial energy, such as fuel oil, may have high profit contributions

Itochu Enex does not disclose profit composition ratios for this segment. Sales of asphalt and industrial energy may have a high profit contribution ratio based on the company's previous business segmentation. Profits from trading in petroleum products can be volatile.

### Segment performance



## Asphalt sales

### Refineries are withdrawing from asphalt production due to falling demand

The company wants to benefit from being one of the few players left in the field of asphalt sales. Many



companies are withdrawing from asphalt because of declining demand in Japan. Asphalt is not a high-margin product, and in recent years Japan's refineries have been upgrading their facilities to produce more light products, consequently reducing the production of heavy products such as asphalt.

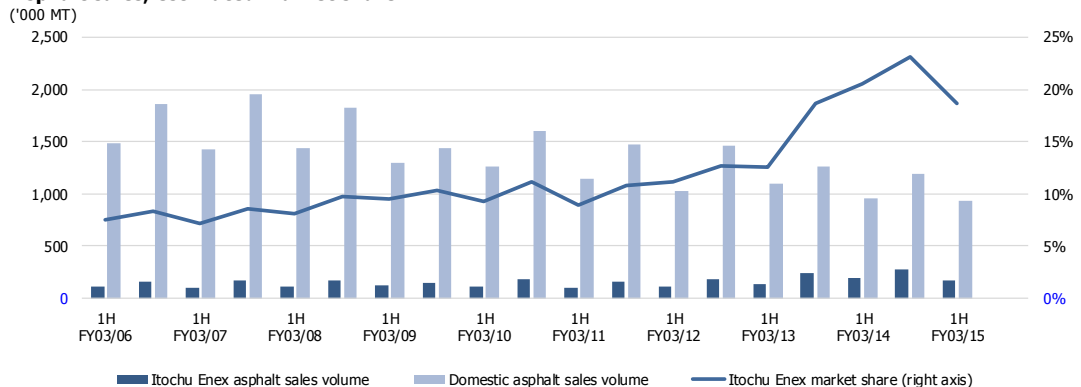
#### Strengthening asphalt distribution to expand market share

The company is going against the trend and strengthening its asphalt distribution network. As a result, the company's market share likely topped 20% in FY03/14. The company has 11 nationwide asphalt supply stations with a total capacity of 39,300MT and three tankers. The three tankers are Black Dragon, Great Crane, and Angel Blue and together can carry a total of 4,300MT of asphalt.

#### Business structure

Itochu Enex procures asphalt by buying it from refineries or by importing the product. The company then sells it to road construction companies and general contractors. Competition is declining because many companies are withdrawing in response to falling demand.

#### Asphalt sales, estimated market share



Source: Ministry of Land, Infrastructure, Transport and Tourism

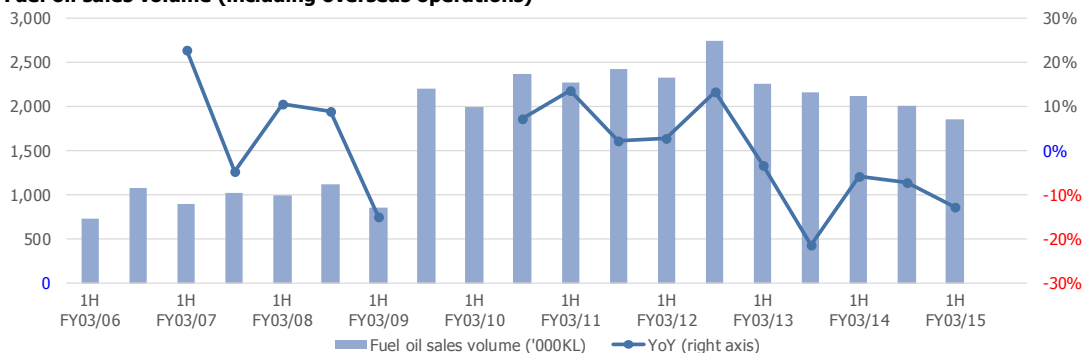
#### Sale of industrial energy

##### Core: sales of fuel oil to factories, diesel oil to the logistics industry

The company sells diesel oil to trucking services and fuel oil and LP gas for use at manufacturing plants. This division bears the brunt of a decline in demand for petroleum products. It bought ITOCHU Corp's trading operations for petroleum products, and the petroleum logistics operations of Itochu Petroleum Japan Ltd., a wholly owned subsidiary of ITOCHU Corporation, in 2H FY03/09. As a result, the company started trading in petroleum products, as well as import/export of such products, from its Japan headquarters. Overseas, the company also started to sell fuels for ships and lubricating oils, and lease and operate tankers.

##### Biggest energy company in Itochu group

Itochu Enex handles all of the group's domestic petroleum businesses, except for the power industry. It is the main energy company in the ITOCHU group in Japan.

**Fuel oil sales volume (including overseas operations)**

Source: Company data

## Others

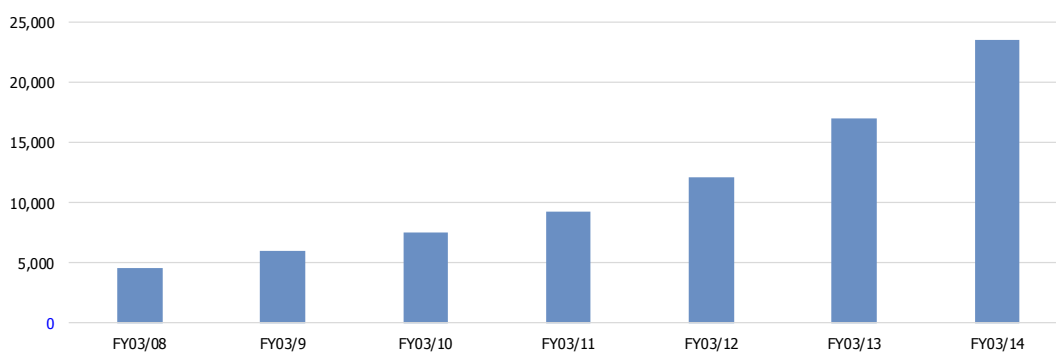
### AdBlue

AdBlue is a high-grade urea solution that breaks down and detoxifies diesel exhaust. The company is building distribution outposts to increase sales. It estimates that it had a market share of about 20% as of FY03/10, continuing through December 2014.

The company also sells diesel oil for transport company trucks, and fuel oil used in manufacturing plants. (The company used to operate tank trucks to deliver diesel oil to trucking companies' oil storage facilities.) As AdBlue is used for diesel engines it is sold in conjunction with diesel oil. The product is also available at the company's service stations catering to trucks owned by trucking companies. Upfront investments to build distribution outposts weighed on segment earnings. However, this segment has been posting an operating profit for the past few years.

**AdBlue sales volume**

(kL)



Source: Ministry of Land, Infrastructure, Transport and Tourism

View the [full report](#).





## LAC Co., Ltd. (3857)

Specializes in IT security solutions and large system development. Offers consulting, managed security monitoring, and system development services. Also sells IT system products and maintenance.

### IT services—strong in security and large-scale system development

LAC Co., Ltd.'s strong suits are IT security solutions and developing large-scale IT systems. It was established in October 2007 as a holding company following the merger of the former LAC (a security solutions firm) and A&I System Co., Ltd. (a systems developer). The former LAC operated Japan Security Operation Center (JSOC), Japan's biggest network security monitoring center, while A&I System handled large-scale backbone systems for financial companies, personnel service firms, and information service companies. In August 2008, the company established IT Crew Co., Ltd. and took over the operations of NIWS Co. HQ Ltd. and NIWS, which had filed for bankruptcy protection. These operations became LAC's now-defunct Reseller Operations segment (selling information system products and providing system engineering and maintenance services).

#### No. 2 in IT security, mid-ranked in IT industry

In Japan's IT service industry, there are at least 10 companies that have annual sales exceeding JPY100bn. NTT Data Corporation (TSE1: 9613) is the largest with sales of more than JPY1tn. LAC, which has about JPY30bn in annual sales, ranks between 25th and 30th. The company that became LAC began providing IT security services in 1995, making it an industry forerunner. LAC's security technology and trusted brand name has made it Japan's second-biggest provider of internet security services after Trend Micro Inc. (TSE1: 4704) (based on the consolidated sales of listed companies offering internet security services as a core business).

LAC provides IT security services, such as consulting and operation monitoring, as well as system development. It sells IT system products and maintenance. The company has two business segments: Security Solutions Services and System Integration Services.

Reorganizes business into two segments to maximize synergy

Previously, the company had three segments: Security Solutions Services, System Integration Services, and Reseller Operations. The company eliminated the Reseller segment in Q1 FY03/15, reorganizing its segments into Security Solutions Services and System Integration Services in a bid to make IT solution operations a pillar of its business. Security Solutions Services has taken over operations of the previous LAC. System Integration Services was created from A&I System. These segments create synergy by promoting employee interactions and setting cross-selling targets.

FY03/14 sales composition ratios (under the old segmentation): Security Solutions Services 16% (38% of operating profit); System Integration Services 40% (50% of operating profit); Reseller Operations 44% (12% of operating profit). Composition ratios for FY03/14: Security Solutions Services 19% (40% of operating profit); System Integration Services 81% (60% of operating profit).

### Security Solution drives growth; System Integration provides steady sales stream

The company's earnings deteriorated due to weak corporate IT investments after the global financial crisis of 2008, but began to recover in FY03/11. In the IT industry, information security is considered a growth area. Therefore, LAC positions the Security Solutions Services segment as a growth driver. The company gets 60% of its profit from the System Integration Services segment. The company expects a steady stream of sales from this segment, which mostly caters to financial companies, since 60% of segment sales comes from contract renewals. LAC will strengthen cooperation between the two

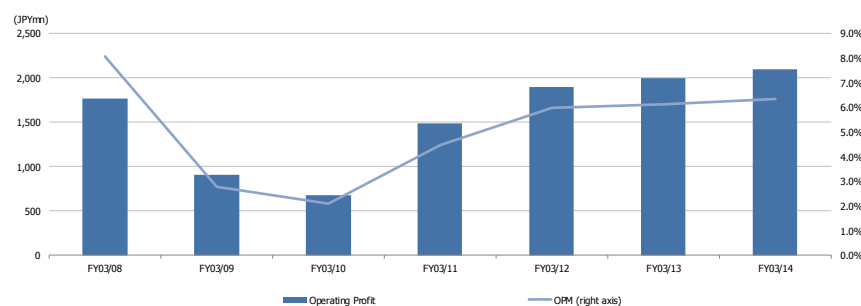
segments as it seeks to distinguish itself from rivals and enjoy stable growth.

LAC business model: benefitting from cooperation between segments



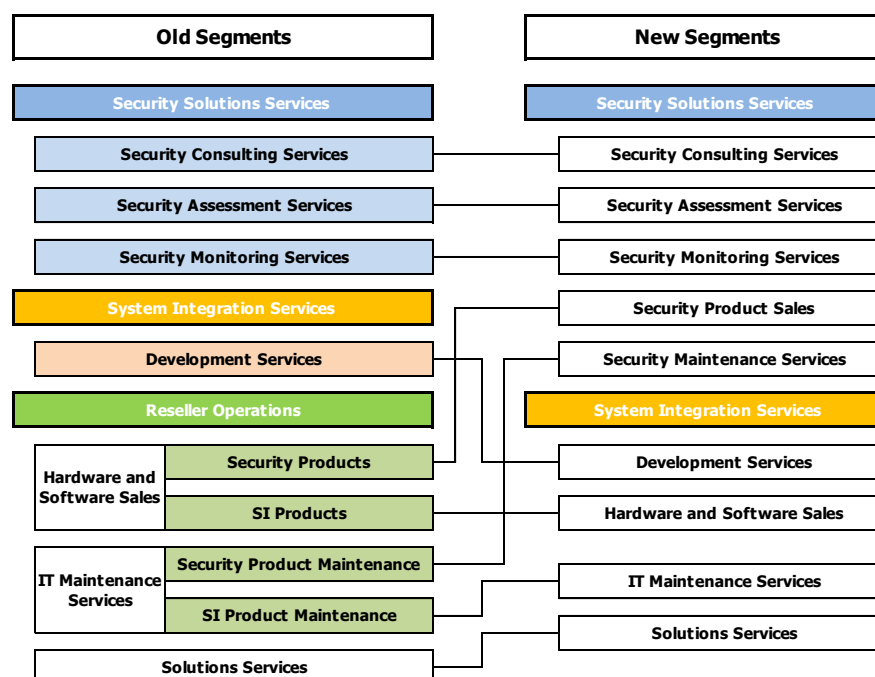
Source: Company data  
Red text indicates System Integration Services; black text indicates Security Solutions Services.

#### Consolidated operating profit and OPM



Source: Company data

#### Changes to segments

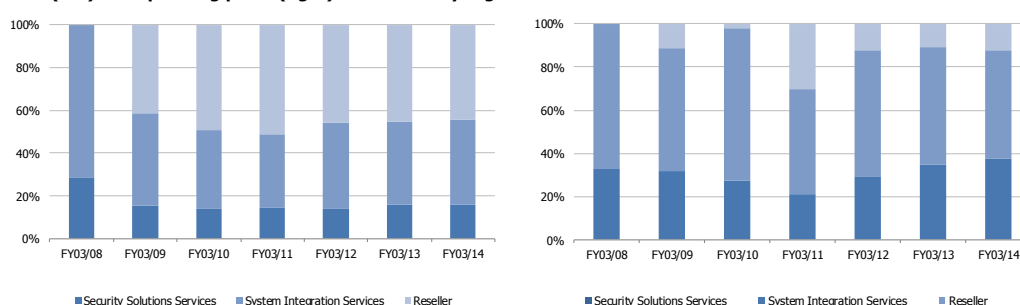


Source: Company data

## Earnings overview by segment

LAC reorganized its operations into the Security Solutions Services segment and System Integration Services segment in Q1 FY03/15. The company has not announced detailed segment data because FY03/15 is the new fiscal year under the reorganized segmentation. This section discusses the company's earnings based on its previous segmentation.

Sales (left) and operating profit (right) breakdown by segment



Source: Company data

LAC Holdings Co., Ltd. was established on October 1, 2007, but in the company's consolidated financial statements for FY03/08, the acquisition of A&I System Co., Ltd. is deemed to have occurred on April 1, 2007. The former LAC (Little eArth Corporation Co., Ltd.) also changed its financial year end from December to March. As a result, FY03/08 covers a 15 month period from January 1, 2007 to March 31, 2008.

## Security Solutions Services

### Growth driver with a low sales composition ratio and high contribution to profit

Security Solutions Services (JPYmn)	Old Segments							New Segments
	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	FY03/14
Orders	6,226	5,442	5,194	4,656	4,999	5,278	5,641	-
YoY	-	-12.6%	-4.6%	-10.4%	7.4%	5.6%	6.9%	-
Outstanding Orders	1,141	1,600	2,366	2,264	2,081	1,684	1,948	-
YoY	-	40.2%	47.9%	-4.3%	-8.1%	-19.1%	15.6%	-
Sales	6,247	5,025	4,454	4,795	4,519	5,153	5,338	6,225
YoY	-	-19.6%	-11.4%	7.7%	-5.7%	14.0%	3.6%	-
Operating Profit	1,024	660	556	710	1,071	1,327	1,432	1,515
YoY	-	-35.6%	-15.8%	27.8%	50.8%	23.9%	7.9%	-
OPM	16.4%	13.1%	12.5%	14.8%	23.7%	25.8%	26.8%	24.3%
% of Total								
Sales	29%	15%	14%	14%	14%	16%	16%	19%
Operating Profit	33%	32%	27%	21%	29%	35%	38%	40%
Employees	224	298	322	332	302	318	346	-
Sales per Employee	27.9	16.9	13.8	14.4	15.0	16.2	15.4	-
OP per Employee	4.6	2.2	1.7	2.1	3.5	4.2	4.1	-
Segment Assets	1,794	2,152	3,122	3,120	3,112	2,681	2,421	-

Source: Company data

Security Solutions Services provides information security services, such as consulting and operation monitoring, to help clients manage risk. In FY03/14 the segment comprised 16% and 38% of the company's overall sales and operating profit, respectively. (Under the new segmentation, it comprised 19% and 40% of sales and operating profit.)



This segment may be broken down into Security Consulting Services, Security Assessment Services, and Security Monitoring Services. Under the new segmentation implemented in FY03/15, Security Product Sales and Security Maintenance Services have been added to this segment.

The company entered cyber security early. The company's clients include Japanese government agencies and some of Japan's largest corporations, which require advanced security protection. This segment's sales and profitability, which temporarily declined after the economy stalled and IT investments fell, are now rising again amid growing demand for cyber security. This segment is the more profitable one, contributing more to company's overall operating profit despite a low sales composition ratio. LAC labels the security business as a growth driver.

Security Solutions Services Sales Breakdown (JPYmn)	Sales			YoY		% of Total		
	FY03/12	FY03/13	FY03/14	FY03/13	FY03/14	FY03/12	FY03/13	FY03/14
Security Solutions Services	4,481	5,146	5,377	14.8%	4.5%	100%	100%	100%
Security Consulting Services	1,725	2,103	1,904	21.9%	-9.5%	38%	41%	35%
Security Assessment Services	877	946	1,142	7.9%	20.7%	20%	18%	21%
Security Monitoring Services	1,879	2,097	2,330	11.6%	11.1%	42%	41%	43%

Source: Company data

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

### Security consulting service: 35% of segment sales in FY03/14 (41% in FY03/13)

This service may be divided into security consulting, emergency response/data leak investigation, and security training. Security consulting comprises 70–80% of sales. Emergency response/data leak investigation (Service name: Cyber 119), and security training services together generate between JPY200mn and JPY300mn in annual sales. These services could spark orders in other areas. They do not contribute much to sales but help the company maintain its competitiveness and brand equity.

#### Security consulting

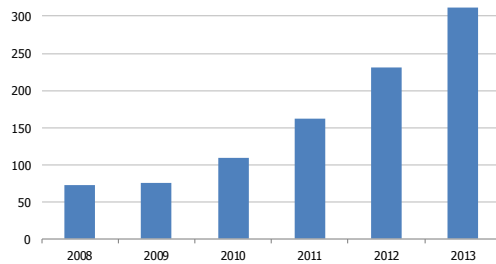
In this service, the company develops IT security measures for clients; provides risk assessments; creates, adopts, operates information security policies; and audits information security measures. LAC dispatches employees to be stationed at clients' offices if needed. This service covers a variety of projects, with each project bringing in between about JPY1mn to JPY50mn. The most common price range is between JPY2mn and JPY3mn. There are probably about 600 projects a year. Small-scale projects take about a week to complete, but large contracts may require as many as three years. Therefore, sales are recognized based on percentage of completion.

#### Emergency response/data leak investigation

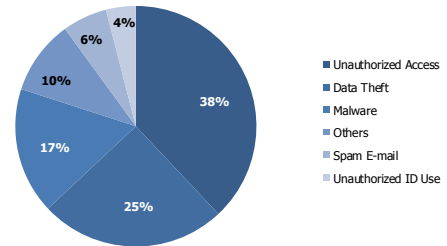
In this service, the company provides emergency response operations to security threats (Cyber 119), helps clients recover data, examines for data leaks, and analyzes data leaks caused by unauthorized access and viruses. Cyber 119 is an emergency response service in which LAC's information security experts quickly deal with client requests. According to the company, the center handles five to ten cases at any given time. LAC flagged that cybercrime has become more sophisticated in recent years. The number of attacks more than quadrupled during the past five years. As a result, the company has been receiving more inquiries about the service. Cyber 119 handled more than 300 cases in 2013. The company charges about JPY1mn per case. LAC stated that the company handles about 70–80% of big IT crime incidents reported in the media.



**Cyber 119: number of cases (left) and types of cybercrime (right)**



Source: Company data



### Security training

At many companies, cyber security is handled by designated teams. However, they still need to purchase security products and services because of the complexity of cyber security. LAC Security Academy, staffed with instructors with specialized skills, provides training to employees in various departments of client companies, not just to IT security staff. This strengthens defenses company-wide.

### Security Assessment Services: 21% of segment sales in FY03/14 (18% a year earlier)

In this service, the company provides diagnosis of security risks involving web applications, servers, network equipment, and databases. For example, the company examines clients' websites to identify flaws. The company provides detailed analysis of security vulnerabilities and provides solutions.

According to LAC, a typical project—from the start of the examination to the submission of reports—takes one to four weeks. The company handles 700–800 cases annually, with each project bringing in sales of between JPY1mn and JPY2mn. The company employs about 20 employees in Japan and 30 overseas for this service. The company is having difficulty handling orders due to a shortage of workers with the necessary specialized skills. As a result, despite the large market, the company is not seeking new customers. About 80% of clients are repeat customers, with the rest taking the initiative to search out the company.

### Security Monitoring Services: 43% of segment sales in FY03/14 (41% a year earlier)

In this service, the company operates the Japan Security Operation Center (JSOC), the biggest security monitoring center in Japan established in 2002. JSOC provides network monitoring to protect clients (including government agencies and some of Japan's largest companies) against potential security threats. This service also helps clients build secure servers by providing them with products and services to keep security updated.

This is the mainstay service in the company's Security Solutions Services segment. Network monitoring is conducted through monitoring sensors installed at clients' offices. Each monitoring sensor generates sales of between JPY1mn and JPY2mn a year. The company employs about 100 employees for this service, with about 850 clients and 1,450 sensors (September 30, 2014). This business generates steady earnings, as the service is based on a one-year contract which most clients renew to avoid the cost of switching services. The company contacts clients through their IT departments, and installs monitoring equipment when clients update their systems.

LAC began providing network security services in 1995, when the internet was still in its infancy, making it one of the first Japanese companies to realize the potential in this area. In 2002, the company established the Japan Security Operation Center (JSOC), one of the largest Japanese security operation centers. JSOC



counts government agencies and major corporations among its clients. This places the company at the forefront of the information security industry and, according to the company, it has been called upon to propose national security measures to government agencies. JSOC brings together various security technologies to offer services that LAC considers to be some of the most advanced in its industry, and it boasts results on par with leading domestic information security providers.

## System Integration Services

### LAC's biggest operations with steady sales; 60% of sales from contract renewals

System Integration Services (JPYmn)	Old Segments							New Segments
	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	FY03/14
Orders	16,052	13,934	11,630	10,808	10,814	12,788	13,479	-
YoY	-	-13.2%	-16.5%	-7.1%	0.1%	18.3%	5.4%	-
Outstanding Orders	2,569	2,470	2,145	1,538	1,764	2,433	2,755	-
YoY	-	-3.8%	-13.2%	-28.3%	14.7%	37.9%	13.2%	-
Sales	15,653	14,201	12,009	11,603	13,068	12,726	13,227	26,861
YoY	-	-9.3%	-15.4%	-3.4%	12.6%	-2.6%	3.9%	-
Operating Profit	2,080	1,173	1,431	1,627	2,126	2,085	1,882	2,267
YoY	-	-43.6%	22.0%	13.7%	30.7%	-1.9%	-9.7%	-
OPM	13.3%	8.3%	11.9%	14.0%	16.3%	16.4%	14.2%	8.4%
% of Total								
Sales	71%	43%	37%	34%	40%	39%	40%	81%
Operating Profit	67%	57%	71%	48%	59%	55%	50%	60%
Employees	755	842	833	774	738	713	700	-
Sales per Employee	20.7	16.9	14.4	15.0	17.7	17.8	18.9	-
OP per Employee	2.8	1.4	1.7	2.1	2.9	2.9	2.7	-
Segment Assets	5,863	6,072	5,035	5,712	3,176	3,314	3,062	-

Source: Company data

This segment handles system development for clients and provides system Solutions Services. For FY03/14, this segment contributed 40% and 50% of consolidated sales and operating profit, respectively (under the new segmentation, sales and operating profit composition ratios were 81% and 60%, respectively).

The profit margin for this segment is lower than that for Security Solutions Services, but it contributes most to overall profits. The segment only includes development services. Hardware and Software Sales, IT Maintenance Services, and Solutions Services were added under the new segmentation. The result: sales and profit contributions increased.

This segment was built on operations of the former A&I System. LAC's system integration operations have also been integrated into this segment. AI System, established in May 1987 by the former ABC (now FUJISOFT Inc. [TSE1: 9749]) and IBM Japan, Ltd., was a participant in major commercial banks' online infrastructure development projects, as well as projects undertaken by the National Tax Agency, the Bank of Japan, the former Ministry of Posts and Telecommunications, and other public institutions. Thus, this segment has experience in backbone systems of financial institutions and government agencies. Examples of the projects currently handled by this segment include ATM systems, online banking systems, and e-commerce websites for apparel retailers. Mostly catering to financial services, the segment generates 60% of its sales from contract renewals. This segment will strengthen its cooperation with the other segment. LAC sees this segment as a steady growth driver.

### Development services

In this service, the company designs and develops backbone systems for computers, as well as customized development and maintenance of application systems. This department also creates websites and smartphone applications for online banking, shopping and part-time recruitment. Key

clients include those that require reliable large-scale systems (banks, insurers, brokerages, government agencies) and recruitment companies. Development of mainframe platforms requires knowledge of a range of operating systems, including those for mainframe computers, as well as experience with development, operations, and maintenance.

## Reseller Operations (defunct)

Low-margin products not very profitable; absorbed by other segments in FY03/15

Reseller Operations (JPYmm)	Old Segments							New Segments
	FY03/08	FY03/09	FY03/10	FY03/11	FY03/12	FY03/13	FY03/14	FY03/14
Orders	-	19,686	15,825	18,837	15,829	14,168	13,621	-
YoY	-	-	-19.6%	19.0%	-16.0%	-10.5%	-3.9%	-
Outstanding Orders	-	6,164	6,158	7,756	7,761	7,145	6,214	-
YoY	-	-	-0.1%	26.0%	0.1%	-7.9%	-13.0%	-
Sales	-	13,522	15,843	17,373	14,745	14,786	14,658	-
YoY	-	-	17.2%	9.7%	-15.1%	0.3%	-0.9%	-
Operating Profit	-	231	40	1,020	435	407	470	-
YoY	-	-	-82.5%	2428.7%	-57.4%	-6.5%	15.4%	-
OPM	-	1.7%	0.3%	5.9%	3.0%	2.8%	3.2%	-
% of Total								
Sales	-	41%	49%	51%	46%	45%	44%	-
Operating Profit	-	11%	2%	30%	12%	11%	12%	-
Employees	-	246	230	214	259	310	292	-
Sales per Employee	-	55.0	68.9	81.2	56.9	47.7	50.2	-
OP per Employee	-	0.9	0.2	4.8	1.7	1.3	1.6	-
Segment Assets	-	12,077	12,293	10,667	8,728	6,984	5,235	-

Source: Company data

This previous segment, absorbed by the other two, used to sell products related to information systems and provided system engineering and maintenance services. The segment began as IT Crew Co., Ltd., which was established in August 2008 to take over businesses of NIWS Co. HQ Ltd. and NIWS after they filed for bankruptcy protection. For FY03/14, the segment contributed 44% to consolidated sales and 12% to operating profit. Despite a high sales composition ratio, profitability contribution was low because it relied heavily on equipment sales.

The segment provided Hardware and Software Services, as well as IT Maintenance Services and Solutions Services. However, the market for the segment's products was shrinking, so the company abolished this segment in FY03/15, transferring operations to the Security Solutions Services and System Integration Services segments.

Reseller Operations Sales Breakdown (JPYmm)	Sales			YoY		% of Total		
	FY03/12	FY03/13	FY03/14	FY03/13	FY03/14	FY03/12	FY03/13	FY03/14
Reseller Operations	14,551	14,746	14,551	1.3%	-1.3%	100%	100%	100%
Hardware and Software Sales	7,650	6,515	5,394	-14.8%	-17.2%	53%	44%	37%
IT Maintenance Services	6,274	7,585	8,544	20.9%	12.6%	43%	51%	59%
Solutions Services	626	645	612	3.0%	-5.1%	4%	4%	4%

Source: Company data

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

### Hardware and Software Sales: 37% of segment sales in FY03/14 (44% a year earlier)

The company sold hardware and software products to meet diverse client needs, such as servers, storage devices, and products related to Security Solutions Services.

**IT Maintenance Services: 59% of segment sales in FY03/14 (51% a year earlier)**

In these services, the company provided maintenance for products sold by the segment (hardware and software). It also offered a wide range of other services, such as the designing and building of network systems involving IT equipment construction work, and equipment installation and operation.

**Solutions Services: 4% of segment sales in FY03/14 (4% a year earlier)**

In these services, the company used to provide Solutions Services for internet and intranet operations. The department also operated a data center offering cloud and outsourcing services.

View the [full report](#).



## January 2015 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 **January 29, 2015**, 3-D Matrix Ltd. (3DM) announced the submission of an application to register absorbable hemostat PuraStat® as a medical device product in Korea.

Daewoong Pharmaceutical, the company's exclusive sales and marketing partner for the Korean market, submitted the application for medical device product registration in Korea on January 29, 2015.

This application makes use of the CE marking for PuraStat®, obtained on January 14, 2014. This CE marking can be used to apply for regulatory agency approval in the 28 member states of the European Union, in addition to countries in Asia, Oceania, and South America. The product can be commercially marketed once the necessary procedures are complete in each country.

At the time of writing, 3DM is focused on the launch of the product in Europe. The company is also preparing to register and begin sales of PuraStat® in various other countries where it can use the CE marking to apply for approval.

On **January 27, 2015**, the company announced a new global license agreement between a subsidiary and the Massachusetts Institute of Technology (MIT).

Subsidiary 3-D Matrix Asia Pte. Ltd. (Singapore) concluded the global license agreement with MIT for a method of incorporating and using modified self-assembling peptides and peptide surfactant technology.

This method of modified self-assembling peptides may be used to apply short motif sequences to self-assembling peptides in order to stimulate biological functions. It is mainly used in regenerative medicine. This license broadens the company's rights on cell-growth enhancing peptides in areas such as bone tissues, skin tissues, myocardial tissues, and nerve tissues.

Peptide surfactant technology has been used in drug delivery systems as a carrier of drugs or treatment materials. The new license grants rights to additional peptide sequences. In combination with the ultrashort peptide technology license concluded in May 2014 with Exploit Technology Pte. Ltd. (Singapore), a technology transfer arm for the Agency of Science, Technology and Research (A\*STAR), the company now has a wider range of peptide sequences to develop new carriers for the sustained release of molecules.

On **January 7, 2015**, Shared Research updated the report following interviews with management.



Quarterly Performance (JPYmn)	FY04/14				FY04/15				FY04/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Operating Revenue	48	1	7	51	0	0	-	-	-	10,418
YoY	-	-	-	58.4%	-	-	-	-	-	-
R&D Expenses	146	136	145	171	141	281	-	-	-	-
YoY	59.7%	50.0%	61.6%	39.1%	-3.7%	106.1%	-	-	-	-
SG&A	222	221	232	349	297	286	-	-	-	-
YoY	65.9%	62.6%	40.7%	73.2%	33.6%	29.3%	-	-	-	-
OP	-321	-356	-372	-470	-438	-567	-	-	-	4,483
YoY	-	-	-	-	-	-	-	-	-	-
OPM	-	-	-	-	-	-	-	-	-	-
RP	-341	-361	-357	-466	-471	-514	-	-	-	4,466
YoY	-	-	-	-	-	-	-	-	-	-
RPM	-	-	-	-	-	-	-	-	-	-
NI	-341	-361	-357	-467	-635	-514	-	-	-	3,564
YoY	-	-	-	-	-	-	-	-	-	-
NPM	-	-	-	-	-	-	-	-	-	-

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

Forecasts based on most recently released figures.

Source: Company data

### Hemostatic agent (TDM-621)

In January 2014, 3-D Matrix obtained the CE mark for this product, meaning the company can sell or apply to register it without clinical trials in certain countries. As a result, the company launched clinical use of the product in leading facilities in Europe. According to the company, the product has won acclaim from doctors in Europe for its hemostatic properties and its transparency and high visibility. The company continued to focus on uptake at leading facilities, thus expanding clinical use of PuraStat®. The company is also negotiating sales agreements with multiple sales partners in Europe. The company is considering various types of sales agreements, including an exclusive sales agreement with a major corporation, agreements with various distributors for different types of therapy, and direct sales through a wholesaler.

View the [full report](#).



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

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

On **January 9, 2015**, Aeon Delight Co., Ltd. announced earnings results for Q3 FY02/15.

Quarterly Performance (JPYmn)					FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	Q1	Q2	Q3	(*)Q4	% 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	65,237	70,714	66,475	67,574	65,237	70,714	73.8%	270,000
YoY	10.6%	19.7%	19.0%	3.2%	13.9%	-2.0%	-6.7%	10.5%	-0.4%	1.1%	6.5%	13.3%	-0.4%	1.1%	6.5%	13.3%		5.0%
Gross Profit	6,984	7,998	7,790	7,455	8,173	8,808	7,984	8,749	8,306	8,972	8,429		8,306	8,972	8,429			
YoY	3.0%	3.5%	10.5%	5.3%	17.0%	10.1%	2.5%	17.4%	1.6%	1.9%	5.6%		1.6%	1.9%	5.6%			
GPM	11.9%	11.7%	11.9%	13.2%	12.3%	13.2%	13.0%	14.0%	12.5%	13.3%	12.9%		12.5%	13.3%	12.9%			
SG&A Expenses	3,890	3,979	4,500	3,957	4,782	4,624	4,589	4,604	4,766	4,809	4,828		4,766	4,809	4,828			
YoY	5.4%	2.1%	16.8%	15.5%	22.9%	16.2%	2.0%	16.4%	-0.3%	4.0%	5.2%		-0.3%	4.0%	5.2%			
SG&A / Sales	6.6%	5.8%	6.9%	7.0%	7.2%	6.9%	7.5%	7.4%	7.2%	7.1%	7.4%		7.2%	7.1%	7.4%			
Operating Profit	3,093	4,020	3,289	3,499	3,390	4,185	3,395	4,145	3,540	4,162	3,601	4,697	3,540	4,162	3,601	4,697	70.6%	16,000
YoY	0.2%	5.0%	2.9%	-4.1%	9.6%	4.1%	3.2%	18.5%	4.4%	-0.5%	6.1%	13.3%	4.4%	-0.5%	6.1%	13.3%		5.9%
OPM	5.3%	5.9%	5.0%	6.2%	5.1%	6.3%	5.5%	6.6%	5.3%	6.2%	5.5%	6.6%	5.3%	6.2%	5.5%	6.6%		5.9%
Recurring Profit	3,102	4,022	3,288	3,480	3,403	4,168	3,411	4,110	3,558	4,167	3,614	4,661	3,558	4,167	3,614	4,661	70.9%	16,000
YoY	-1.2%	4.9%	2.4%	-3.3%	9.7%	3.6%	3.7%	18.1%	4.6%	-0.0%	6.0%	13.4%	4.6%	-0.0%	6.0%	13.4%		6.0%
RPM	5.3%	5.9%	5.0%	6.2%	5.1%	6.2%	5.6%	6.6%	5.4%	6.2%	5.5%	6.6%	5.4%	6.2%	5.5%	6.6%		6.0%
Net Income	1,786	2,158	1,561	2,004	1,858	2,289	1,657	2,357	2,015	2,365	2,003	2,217	2,015	2,365	2,003	2,217	74.2%	8,600
YoY	4.8%	7.3%	-1.0%	23.7%	4.0%	6.1%	6.1%	17.6%	8.4%	3.3%	20.9%	-5.9%	8.4%	3.3%	20.9%	-5.9%		5.4%
NPM	3.0%	3.2%	2.4%	3.5%	2.8%	3.4%	2.7%	3.8%	3.0%	3.5%	3.1%	3.1%	3.0%	3.5%	3.1%	3.1%		3.2%

Segment Results (JPYmn)					FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	Q1	Q2	Q3	(*)Q4	% 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	65,237	70,714	66,475	67,574	65,237	70,714	73.8%	270,000
Facilities management	10,371	10,753	10,646	10,280	10,622	10,848	11,198	10,790	11,228	11,642	11,532		11,228	11,642	11,532			
Securities management	7,898	7,909	7,966	8,032	8,438	8,367	8,481	8,956	8,935	8,891	9,305		8,935	8,891	9,305			
Cleaning services	10,122	10,084	10,205	10,108	10,539	10,485	10,642	10,654	10,942	10,960	11,129		10,942	10,960	11,129			
Construction work	11,081	18,884	15,767	7,339	15,888	13,929	8,254	7,559	11,858	11,133	9,366		11,858	11,133	9,366			
Materials & supplies sourcing	9,525	9,769	10,057	9,933	10,721	11,023	11,542	11,257	11,713	11,609	12,175		11,713	11,609	12,175			
Vending machine services	7,508	8,571	7,419	7,702	7,498	8,716	7,479	9,636	8,330	9,471	8,003		8,330	9,471	8,003			
Support services	2,072	2,218	3,509	3,024	2,964	3,433	3,604	3,550	3,460	3,859	3,735		3,460	3,859	3,735			
YoY	10.6%	19.7%	19.0%	3.2%	13.9%	-2.0%	-6.7%	10.5%	-0.4%	1.1%	6.5%		-0.4%	1.1%	6.5%			
Facilities management	-2.0%	0.4%	1.0%	-0.3%	2.4%	0.9%	5.2%	5.0%	5.7%	7.3%	3.0%		5.7%	7.3%	3.0%			
Securities management	-3.8%	-1.0%	-0.7%	0.2%	6.8%	5.8%	6.5%	11.5%	5.9%	6.3%	9.7%		5.9%	6.3%	9.7%			
Cleaning services	1.7%	2.1%	1.8%	1.2%	4.1%	4.0%	4.3%	5.4%	3.8%	4.5%	4.6%		3.8%	4.5%	4.6%			
Construction work	96.4%	126.8%	121.7%	-1.3%	43.4%	-26.2%	-47.7%	3.0%	-25.4%	-20.1%	13.5%		-25.4%	-20.1%	13.5%			
Materials & supplies sourcing	5.1%	4.5%	7.3%	11.1%	12.6%	12.8%	14.8%	13.3%	9.3%	5.3%	5.5%		9.3%	5.3%	5.5%			
Vending machine services	-4.0%	-2.1%	-5.9%	-1.6%	-0.1%	1.7%	0.8%	25.1%	11.1%	8.7%	7.0%		11.1%	8.7%	7.0%			
Support services	23.0%	13.5%	62.4%	38.7%	43.1%	54.8%	2.7%	17.4%	16.7%	12.4%	3.6%		16.7%	12.4%	3.6%			
Operating profit	3,093	4,020	3,289	3,499	3,390	4,185	3,395	4,145	3,540	4,162	3,601		3,540	4,162	3,601		70.6%	16,000
Facilities management	1,105	1,220	1,080	1,256	1,151	1,266	1,188	1,120	1,029	1,098	1,074		1,029	1,098	1,074			
Securities management	601	669	656	766	642	700	761	762	695	717	824		695	717	824			
Cleaning services	1,441	1,508	1,446	1,523	1,397	1,404	1,425	1,490	1,469	1,552	1,592		1,469	1,552	1,592			
Construction work	461	796	450	502	851	764	474	491	741	754	678		741	754	678			
Materials & supplies sourcing	273	320	381	488	573	636	533	591	464	490	436		464	490	436			
Vending machine services	454	728	432	782	535	812	433	1,288	551	894	506		551	894	506			
Support services	40	191	293	-20	77	323	312	117	308	369	179		308	369	179			
YoY	0.2%	5.0%	2.9%	-4.1%	9.6%	4.1%	3.2%	18.5%	4.4%	-0.5%	6.1%		4.4%	-0.5%	6.1%			
Facilities management	-16.0%	-8.8%	-15.2%	8.7%	4.2%	3.8%	10.0%	-10.8%	-10.6%	-13.3%	-9.6%		-10.6%	-13.3%	-9.6%			
Securities management	-13.4%	-3.0%	-5.1%	2.4%	6.8%	4.6%	16.0%	-0.5%	8.3%	2.4%	8.3%		8.3%	2.4%	8.3%			
Cleaning services	2.1%	6.1%	-3.7%	-1.6%	-3.1%	-6.9%	-1.5%	-2.2%	5.2%	10.5%	11.7%		5.2%	10.5%	11.7%			
Construction work	30.6%	23.6%	-1.7%	4.4%	84.6%	-4.0%	5.3%	-2.2%	-12.9%	-1.3%	43.0%		-12.9%	-1.3%	43.0%			
Materials & supplies sourcing	6.2%	-21.8%	41.6%	63.2%	109.9%	98.8%	39.9%	21.1%	-19.0%	-23.0%	-18.2%		-19.0%	-23.0%	-18.2%			
Vending machine services	-8.5%	9.8%	-5.9%	9.8%	17.8%	11.5%	0.2%	64.7%	3.0%	10.1%	16.9%		3.0%	10.1%	16.9%			
Support services	-	-	33.2%	-	92.5%	69.1%	6.5%	-	300.0%	14.2%	-42.6%		300.0%	14.2%	-42.6%			
OPM	5.3%	5.9%	5.0%	6.2%	5.1%	6.3%	5.5%	6.6%	5.3%	6.2%	5.5%		5.3%	6.2%	5.5%			
Facilities management	10.7%	11.3%	10.1%	12.2%	10.8%	11.7%	10.6%	10.4%	9.2%	9.4%	9.3%		9.2%	9.4%	9.3%			
Securities management	7.6%	8.5%	8.2%	9.5%	7.6%	8.4%	9.0%	8.5%	7.8%	8.1%	8.9%		7.8%	8.1%	8.9%			
Cleaning services	14.2%	15.0%	14.2%	15.1%	13.3%	13.4%	13.4%	14.0%	13.4%	14.2%	14.3%		13.4%	14.2%	14.3%			
Construction work	4.2%	4.2%	2.9%	6.8%	5.4%	5.5%	5.7%	6.5%	6.2%	6.8%	7.2%		6.2%	6.8%	7.2%			
Materials & supplies sourcing	2.9%	3.3%	3.8%	4.9%	5.3%	5.8%	4.6%	5.3%	4.0%	4.2%	3.6%		4.0%	4.2%	3.6%			
Vending machine services	6.0%	8.5%	5.8%	10.2%	7.1%	9.3%	5.8%	13.4%	6.6%	9.4%	6.3%		6.6%	9.4%	6.3%			
Support services	1.9%	8.6%	8.3%	-0.7%	2.6%	9.4%	8.7%	3.3%	8.9%	9.6%	4.8%		8.9%	9.6%	4.8%			
OP composition																		
Facilities management	25.0%	22.3%	22.4%	23.4%	21.7%	21.1%	22.8%	18.8%	19.4%	18.5%	20.3%		19.4%	18.5%	20.3%			
Securities management	13.6%	12.2%	13.6%	14.2%	12.1%	11.7%	14.6%	12.8%	13.1%	12.1%	15.6%		13.1%	12.1%	15.6%			
Cleaning services	32.7%	27.6%	30.0%	28.3%	26.3%	23.4%	27.4%	25.1%	27.7%	26.2%	30.1%		27.7%	26.2%	30.1%			
Construction work	10.4%	14.5%	9.3%	9.3%	16.0%	12.8%	9.1%	8.3%	14.0%	12.7%	12.8%		14.0%	12.7%	12.8%			
Materials & supplies sourcing	6.2%	5.8%	7.9%	9.1%	10.8%	10.6%	10.2%	9.9%	8.8%	8.3%	8.2%		8.8%	8.3%	8.2%			
Vending machine services	10.3%	13.3%	9.0%	14.5%	10.1%	13.6%	8.3%	21.7%	10.4%	15.1%	9.6%		10.4%	15.1%	9.6%			
Support services	0.9%	3.5%	6.1%	-0.4%	1.5%	5.4%	6.0%	2.0%	5.8%	6.2%	3.4%		5.8%	6.2%	3.4%			

Source: Company data

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

Demand for facilities management service companies with significant, well-qualified human resources increased as labor shortages in the building maintenance industry became increasingly pronounced. Buildings also became larger and more multi-purposed. As a result, Aeon Delight marked its fifth



consecutive year of cumulative Q3 sales and profit growth, booking its highest profits to date.

However, the company seems to be struggling to meet its full-year operating profit forecast. During Q3, operating profit reached 70.6% of the company's annual target. In comparison, the ratios were 72.6% and 76.6% for Q3 FY02/14 and Q3 FY02/13, respectively. (The company benefitted from increased demand during Q4 FY02/14, prior to the consumption tax increase.) Operating profit progress may be slow because gross profit margins at the Facilities Management and the Cleaning Services segments may struggle to meet annual targets. (Facilities Management comprised 21.0% of the company's overall operating profit for FY02/14; Cleaning Services, 25.5%).

View the [full report](#).



## Anritsu Corp (6754)

Recognized global leader in mobile communications testing equipment.

On **January 29, 2015**, Anritsu Corp. announced earnings results for Q3 FY03/15 and revised its full-year forecast.

Quarterly Performance (JPYmm)	FY03/13				FY03/14				FY03/15				FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% 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>23,839</b>	<b>28,656</b>	<b>71.5%</b>	<b>100,500</b>	<b>68.8%</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%	3.4%	-6.8%		-1.3%		2.6%
Gross Profit	11,809	13,462	11,164	14,532	11,857	14,208	12,588	16,300	11,836	13,405	12,723					
YoY	12.8%	3.8%	-7.8%	6.3%	0.4%	5.5%	12.8%	12.2%	-0.2%	-5.7%	1.1%					
GPM	54.7%	54.6%	52.2%	53.8%	53.0%	55.3%	54.6%	53.0%	53.4%	51.9%	53.4%					
Other Income/Expenses	7,843	8,722	8,341	10,349	9,391	10,349	10,026	11,066	10,414	10,202	10,068					
YoY	2.2%	5.5%	7.6%	-10.3%	19.7%	18.7%	20.2%	6.9%	10.9%	-1.4%	0.4%					
SG&A / Sales	36.3%	35.4%	39.0%	38.3%	42.0%	40.3%	43.5%	36.0%	47.0%	39.5%	42.2%					
<b>Operating Profit</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>2,655</b>	<b>3,820</b>	<b>65.6%</b>	<b>11,100</b>	<b>51.6%</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%	3.6%	-27.0%		-21.4%		-0.1%
OPM	18.4%	19.2%	13.2%	15.5%	11.0%	15.0%	11.1%	17.0%	6.4%	12.4%	11.1%	13.3%		11.0%		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	2,992	3,597	69.0%	11,600	56.4%	14,200
YoY	43.2%	12.2%	-18.1%	92.8%	-24.3%	-14.0%	-20.4%	6.3%	-49.6%	-5.7%	9.8%	-27.3%		-18.5%		-0.3%
RPM	16.4%	18.3%	16.0%	17.2%	12.0%	15.1%	11.8%	16.1%	6.1%	14.2%	12.6%	12.6%		11.5%		13.6%
<b>Net Income</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>2,062</b>	<b>1,947</b>	<b>74.0%</b>	<b>7,500</b>	<b>58.5%</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%	16.5%	-40.1%		-19.5%		2.0%
NPM	11.7%	17.6%	11.6%	16.8%	7.2%	10.4%	7.7%	10.6%	3.7%	10.4%	8.6%	6.8%		7.5%		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.

During Q3, demand for measuring equipment for the mobile market remained strong, particularly in Asia. However, demand from the network and infrastructure market and the electronics market was weak. The company received orders worth JPY73.8bn (-4.2% YoY). Sales were JPY71.8bn (+1.0% YoY), operating profit was JPY7.3bn (-18.1% YoY), pretax profit was JPY8.0bn (-13.9% YoY), and net income was JPY5.6bn (-8.4% YoY).

Heightened competition is prompting mobile market participants to pull out or restructure operations and causing customers to restrain investments. Hence, orders in the Japanese market are falling below Anritsu's expectations. Accordingly, the company has again revised its full-year results forecast downward, following a similar revision in October 2014. At the same time, the company announced plans to retire 5,840,900 shares of treasury stock (4.06% of the total outstanding) on February 16, 2015.

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 **January 29, 2015**, Apamanshop Holding Co., Ltd announced Q1 results for FY09/15.

Quarterly Performance (JPYmn)	FY09/14				FY09/15				FY09/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	8,872	9,962	8,928	8,893	8,862	-	-	-	22.9%	38,700
YoY	-1.4%	2.3%	-1.9%	1.0%	-0.1%	-	-	-		5.6%
GP	2,199	2,856	2,608	2,558	2,398	-	-	-		
YoY	0.3%	10.6%	1.4%	-0.3%	9.0%	-	-	-		
GPM	24.8%	28.7%	29.2%	28.8%	27.1%	-	-	-		
SG&A	1,911	1,967	2,161	2,074	2,104	-	-	-		
YoY	-0.2%	8.9%	10.1%	8.1%	10.1%	-	-	-		
SG&A / Sales	21.5%	19.7%	24.2%	23.3%	23.7%	-	-	-		
OP	288	888	447	485	294	-	-	-	12.3%	2,400
YoY	4.3%	14.3%	-26.7%	-25.0%	2.1%	-	-	-		13.9%
OPM	3.2%	8.9%	5.0%	5.5%	3.3%	-	-	-		6.2%
RP	126	762	189	362	113	-	-	-	6.3%	1,800
YoY	-	12.6%	-58.7%	18.7%	-10.3%	-	-	-		25.1%
RPM	1.4%	7.6%	2.1%	4.1%	1.3%	-	-	-		4.7%
NI	929	248	-80	385	-82	-	-	-	-	1,000
YoY	-	-86.8%	-	-43.8%	-	-	-	-		-32.5%
NPM	10.5%	2.5%	-	4.3%	-	-	-	-		2.6%

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

Source: Company data

Operating profit rose by JPY6mn, to JPY294bn (+2.2% YoY). This was because gross profits increased in the Brokerage and Property Management businesses, as well as the company's non-core operations, offsetting some SG&A expenses.

Reasons for the increase in profits:

- Higher gross profits in the Brokerage businesses: plus JPY111mn
- Higher gross profit in the Property Management business: plus JPY47mn
- Higher gross profit at non-core businesses: plus JPY41mn

Reasons for the decrease in profits

- Higher SG&A expenses: plus JPY192mn

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 **January 30, 2015**, ArtSpark Holdings Inc. announced a loss on the valuation of investment securities and revisions to full-year earnings forecasts for FY12/14.

#### Full-year earnings forecasts for FY12/14 (previous forecast in parentheses)

- Sales: JPY3.8bn (JPY3.8bn)
- Operating profit: JPY99mn (JPY63mn)
- Recurring profit: JPY93mn (JPY36mn)
- Net income: JPY59mn (JPY26mn)
- EPS: JPY8.9 (JPY3.9)

The reason cited for the revised performance outlook is a Q4 increase in highly profitable royalty revenue in the UI/UX segment. Operating expenses, meanwhile, are generally in line with the company's earlier expectations. ArtSpark accordingly expects the higher topline results to lift operating profit and recurring profit above previously forecast levels.

At the same time, in Q4 FY12/14 ArtSpark declared impairment losses stemming from a loss on revaluation of its group's shareholdings in two undisclosed companies. The company consequently booked JPY26mn in extraordinary losses, and expects net income of JPY59bn.

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 **January 28, 2015**, AS ONE Corporation announced earnings results for Q3 FY03/15.

Income statement (JPYmn)	FY03/13				FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	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>12,689</b>	<b>16,664</b>	<b>68.5%</b>	<b>52,930</b>
Scientific instruments	6,243	6,152	6,829	8,407	6,538	6,822	7,481	8,914	6,543	6,705	7,430			
Industrial instruments	2,352	2,332	2,394	2,361	2,290	2,400	2,440	2,719	2,449	2,468	2,570			
Healthcare	2,729	2,564	2,640	3,124	2,661	2,581	2,714	3,632	2,701	2,710	2,688			
<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>	<b>0.4%</b>	<b>9.2%</b>		<b>3.4%</b>
Scientific instruments	-0.3%	-3.2%	2.0%	4.1%	4.7%	10.9%	9.5%	6.0%	0.1%	-1.7%	-0.7%			
Industrial instruments	-1.8%	-4.6%	-2.4%	-7.6%	-2.6%	2.9%	1.9%	15.2%	7.0%	2.8%	5.3%			
Healthcare	12.4%	13.1%	15.3%	4.6%	-2.5%	0.7%	2.8%	16.3%	1.5%	5.0%	-0.9%			
<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>	<b>3,814</b>			
<b>GPM</b>	<b>31.0%</b>	<b>30.7%</b>	<b>31.3%</b>	<b>28.8%</b>	<b>30.9%</b>	<b>30.3%</b>	<b>30.1%</b>	<b>28.7%</b>	<b>30.8%</b>	<b>30.2%</b>	<b>30.1%</b>			
SG&A	2,235	2,591	2,281	2,213	2,308	2,241	2,409	2,425	2,269	2,293	2,620			
YoY	3.2%	21.6%	7.6%	-10.2%	3.3%	-13.5%	5.6%	9.6%	-1.7%	2.3%	8.8%			
SG&A/Sales	19.7%	23.5%	19.2%	15.9%	20.1%	19.0%	19.1%	15.9%	19.4%	19.3%	20.7%			
<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>1,194</b>	<b>2,157</b>	<b>63.9%</b>	<b>5,970</b>
YoY	-4.3%	-37.7%	1.3%	7.4%	-2.6%	66.8%	-3.4%	9.3%	6.8%	-3.2%	-14.0%	10.5%		0.9%
OPM	11.3%	7.2%	12.1%	12.9%	10.8%	11.3%	11.0%	12.8%	11.4%	10.9%	9.4%	12.9%		11.3%
<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>	<b>41</b>	<b>-16</b>		<b>80</b>
Financial income	-1	-4	-5	-0	4	-9	-9	-4	-0	-9	-5			
Gains on foreign exchan	10	2	-21	7	-2	-0	-5	6	-	-	-			
Gains on real estate inv	-7	-7	-11	-2	5	4	16	16	29	33	32			
Other non-operating pr	4	-4	5	-5	17	-35	4	4	2	1	14			
<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>1,234</b>	<b>2,140</b>	<b>64.6%</b>	<b>6,050</b>
YoY	14.4%	-18.0%	0.3%	10.2%	-1.1%	64.2%	-0.8%	10.5%	7.2%	1.7%	-11.4%	8.5%		2.0%
<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>795</b>	<b>1,299</b>	<b>65.9%</b>	<b>3,810</b>
YoY	17.6%	-14.2%	25.7%	14.7%	-3.0%	65.3%	-0.3%	8.8%	12.6%	6.9%	-7.3%	11.4%		6.2%

Source: Company data

### Strong sales of smartphones, automotive parts

The company continued to increase sales of electronic components for smartphones and automobiles during Q3 as it did in Q1 and Q2.

### Universities and public research organizations cautious about spending

However, sales of scientific instruments declined 0.7% YoY during Q3 as universities and public research organizations remained cautious about increasing spending on analysis and measuring devices, even though the rate of decline was smaller than in Q2, when sales fell 1.7% YoY.

### Demand for hospital supplies slows because of a delay in building construction

Sales of hospital supplies, which increased 5.0% YoY in Q2 as more medical facilities were built, declined 0.9% YoY in Q3 in part because the construction of a new building was delayed in the fall.

### November catalog spurs demand; research organizations may increase spending

AS ONE has left its full-year earnings forecast unchanged. Company executives stated that demand for scientific instruments, which was sluggish for a while, started to recover around December 2014, one month after the company released a comprehensive product catalog. The company expects that research organizations will accelerate spending of allocated funds toward the end of this fiscal year.

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 **January 28, 2015**, Axell Corporation announced earnings results for Q3 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	3,381	-	84.7%	11,000
YoY	-23.3%	-53.4%	-8.0%	-42.3%	5.5%	3.5%	3.6%	-	-	-0.4%
GP	1,190	1,209	1,696	1,111	1,569	895	1,491	-	-	4,700
YoY	-41.4%	-25.0%	-6.1%	-6.8%	31.8%	-26.0%	-12.1%	-	-	-9.7%
GPM	37.7%	48.0%	51.9%	52.8%	47.2%	34.3%	44.1%	-	-	42.7%
SG&A	668	833	883	884	681	687	720	-	-	3,100
YoY	10.6%	-7.8%	23.0%	-23.6%	1.9%	-17.5%	-18.5%	-	-	-5.1%
SG&A / Sales	21.2%	33.0%	27.0%	42.0%	20.5%	26.3%	21.3%	-	-	28.2%
R&D	404	578	522	586	415	213	773	-	65.3%	1,950
YoY	20.2%	-1.7%	35.9%	-30.8%	2.7%	-63.1%	48.1%	-	-	-6.7%
SG&A / Sales	12.8%	22.9%	16.0%	27.9%	12.5%	8.2%	22.9%	-	-	17.7%
OP	521	377	813	227	888	208	771	-	116.7%	1,600
YoY	-63.5%	-46.8%	-25.3%	530.6%	70.4%	-44.8%	-5.2%	-	-	-17.4%
OPM	16.5%	15.0%	24.9%	10.8%	26.7%	8.0%	22.8%	-	-	14.5%
RP	518	378	817	227	890	213	773	-	117.3%	1,600
YoY	-63.8%	-46.8%	-25.4%	548.6%	71.8%	-43.7%	-5.4%	-	-	-17.5%
RPM	16.4%	15.0%	25.0%	10.8%	26.8%	8.2%	22.9%	-	-	14.5%
NI	338	234	257	169	634	147	552	-	121.2%	1,100
YoY	-63.9%	-51.5%	-64.7%	-	87.6%	-37.2%	114.8%	-	-	10.2%
NPM	10.7%	9.3%	7.9%	8.0%	19.1%	5.6%	16.3%	-	-	10.0%
Unit sales of graphics LSIs ('000)	32	31	48	30	42	20	43	-	-	126

Source: Company data

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

Due to the dissolution of a subsidiary, the company will shift to non-consolidated accounting beginning in FY03/15.

Figures in the above table are consolidated for FY03/14 and previous years, and non-consolidated for FY03/15 forecasts.

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. 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 a shift to non-consolidated accounting, a revision to its FY03/15 full-year earnings forecasts, and a revision to its FY03/15 year-end dividend.

New Zone Corporation, a wholly-owned subsidiary of the company, was dissolved as of December 1, 2014, and is currently undergoing liquidation. As a result, beginning at the end of FY03/15, the company will shift to non-consolidated accounting. This has also resulted in the company withdrawing its previously stated FY03/15 full-year consolidated earnings forecast, and issuing a non-consolidated earnings forecast in its place.

### Revised FY03/15 full-year earnings forecast (previous parent and consolidated forecasts in parentheses)

Sales:	JPY11.0bn	(JPY10.7bn; JPY10.7bn)
Operating profit:	JPY1.6bn	(JPY1.4bn; JPY1.4bn)
Recurring profit:	JPY1.6bn	(JPY1.4bn; JPY1.4bn)
Net income:	JPY1.1bn	(JPY1.0bn; JPY950mn)

### Reasons for the revision

Sales were revised upward by JPY300mn to JPY11.0bn, a 2.8% increase over the previous parent forecast. The unit sales forecast of mainstay Graphic LSIs for pachinko and pachislot machines remains unchanged, but changes to the product lineup are estimated to result in sales falling short of the target. Conversely, sales of LED driver LSIs for the same market are estimated to exceed plans due to strong



demand from certain clients.

The gross profit forecast remains unchanged from the previous forecast, at JPY4.7bn. Gross profit margin is estimated to fall by 1.2pp compared to the previous forecast due to a larger portion of sales being generated by low margin products.

SG&A expenses were revised downward by JPY200mn to JPY3.1bn (a 6.1% decrease) due to a revision to the company's R&D expense plans.

Expenses associated with the dissolution and liquidation of New Zone Corporation are planned to be booked as an extraordinary loss in the amount of JPY30mn.

Revision to FY03/15 year-end dividend

Taking into the effects of the earnings forecast revision, the company plans to increase its FY03/15 year-end dividend by JPY5 per share, to JPY30 per share. As a result, total dividends for FY03/15 are planned to be JPY55 per share (a 62.0% dividend payout ratio for the parent).

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 **January 9, 2015**, Bell-Park Co., Ltd. announced December 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	41,293	34,307	33,474	31,146	<b>462,473</b>
YoY	-15.8%	-4.7%	4.8%	-28.2%	-29.7%	-0.4%	13.5%	7.5%	21.4%	-9.2%	-15.2%	-14.1%	
ex-low ARPU handsets	28,160	27,016	57,329	18,514	17,990	16,624	20,118	20,380	26,813	25,171	24,460	25,747	<b>308,322</b>
(YoY)	24.8%	35.9%	41.8%	-20.2%	-25.2%	-12.8%	-5.1%	-16.8%	17.1%	9.8%	-2.5%	-0.8%	
Replacement	34,016	31,893	48,944	22,325	23,426	22,687	29,112	28,791	57,084	60,363	65,875	44,028	<b>468,544</b>
YoY	-8.9%	23.3%	5.7%	-32.4%	-41.9%	-14.4%	0.2%	-4.3%	55.0%	30.9%	34.4%	8.2%	
<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>98,377</b>	<b>94,670</b>	<b>99,349</b>	<b>75,174</b>	<b>931,017</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>38.8%</b>	<b>12.9%</b>	<b>12.3%</b>	<b>-2.3%</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](#).



## 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 **January 28, 2015**, Benefit One Inc. announced earnings results for Q3 FY03/15.

Quarterly performance (JPY mn)	FY03/13				FY03/14				FY03/15				FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	(**)Q4	% of FY	FY Est.	% of FY
Sales	3,886	4,290	4,526	4,908	4,552	4,884	5,283	5,637	4,850	5,082	5,568	7,179	8,000	66.0%	23,500	68.3%
YoY	13.4%	17.9%	20.0%	19.2%	17.1%	13.8%	16.7%	14.9%	6.5%	4.1%	5.4%	27.4%	41.9%		15.4%	11.4%
GP	1,544	1,345	1,855	1,944	1,768	1,526	2,102	2,142	1,936	1,819	2,241					
GPM	39.7%	31.4%	41.0%	39.6%	38.8%	31.2%	39.8%	38.0%	39.9%	35.8%	40.2%					
SG&A	1,075	934	953	994	1,218	1,050	1,005	1,095	1,340	1,177	1,163					
YoY	11.2%	12.3%	17.8%	21.1%	13.3%	12.4%	5.5%	10.2%	10.0%	12.1%	15.7%					
OP	469	411	901	950	549	476	1,097	1,047	596	641	1,078	1,336	1,305	64.0%	3,620	63.4%
YoY	27.8%	4.8%	4.6%	11.6%	17.1%	15.8%	21.8%	10.2%	8.6%	34.7%	-1.7%	27.6%	24.6%		14.2%	15.2%
OPM	12.1%	9.6%	19.9%	19.4%	12.1%	9.7%	20.8%	18.6%	12.3%	12.6%	19.4%	18.6%	16.3%		15.4%	16.1%
RP	470	406	888	950	530	456	1,102	1,057	600	637	1,085	1,320	1,278	64.5%	3,600	63.8%
YoY	26.7%	5.2%	2.9%	6.5%	12.8%	12.3%	24.1%	11.3%	13.2%	39.7%	-1.5%	24.9%	20.9%		14.5%	15.8%
RPM	12.1%	9.5%	19.6%	19.4%	11.6%	9.3%	20.9%	18.8%	12.4%	12.5%	19.5%	18.4%	16.0%		15.3%	16.1%
NI	281	240	541	561	302	263	692	635	368	397	681		804	64.3%	2,250	
YoY	31.9%	8.1%	10.0%	7.9%	7.5%	9.6%	27.9%	13.2%	21.9%	51.0%	-1.6%	26.6%			18.9%	
NPM	7.2%	5.6%	12.0%	11.4%	6.6%	5.4%	13.1%	11.3%	7.6%	7.8%	12.2%		10.1%		9.6%	

For cumulative Q3 FY03/15, earnings were pushed up by mainstay Benefit Services. New businesses continued to contribute to earnings, as the Personal business saw members increase, and the Incentive business acquired new customers.

### “Tokuhodai” service offered by Softbank BB and Softbank Mobile

On January 21, 2015, Softbank BB and Softbank mobile announced that they would begin offering a “Tokuhodai” service beginning February 4, 2015. Considering the customer count of Softbank BB and Softbank Mobile, Benefit One’s Personal business is expected to benefit.

For Softbank BB (JPY500/month): This service targets users of broadband services such as Yahoo! BB (Yahoo broadband) and Softbank Air. “Tokuhodai” members receive special services offered by Benefit One.

Softbank Mobile (JPY590/month): A new service for Softbank smartphone users. Members can get gifts and support for Softbank smartphones, offered by Benefit One and other companies.

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 **January 27, 2015**, Canon Marketing Japan Inc. (CMJ) announced earnings results for full-year FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.
Sales	150,210	159,222	159,190	188,593	182,697	145,658	150,750	180,327	98.7%	668,400
YoY	-7.9%	-0.5%	+3.1%	+3.8%	+21.6%	-8.5%	-5.3%	-4.4%		+1.7%
GP	49,276	53,927	55,215	61,791	61,046	53,667	54,882	63,941		
YoY	-8.7%	-1.4%	+5.8%	+3.0%	+23.9%	-0.5%	-0.6%	+3.5%		
GPM	32.8%	33.9%	34.7%	32.8%	33.4%	36.8%	36.4%	35.5%		
SG&A	48,873	50,263	50,913	53,148	51,814	50,387	51,421	54,826		
YoY	-3.1%	-0.3%	+1.6%	+0.1%	+6.0%	+0.2%	+1.0%	+3.2%		
SG&A / Sales	32.5%	31.6%	32.0%	28.2%	28.4%	34.6%	34.1%	30.4%		
OP	403	3,663	4,302	8,644	9,231	3,280	3,462	9,114	104.1%	24,100
YoY	-88.6%	-14.3%	+106.6%	+25.2%	-	-10.5%	-19.5%	+5.4%		+41.7%
OPM	0.3%	2.3%	2.7%	4.6%	5.1%	2.3%	2.3%	5.1%		3.6%
RP	536	4,331	4,473	8,870	9,369	4,083	3,686	9,415	104.1%	25,500
YoY	-85.4%	-13.7%	+95.8%	+24.4%	-	-5.7%	-17.6%	+6.1%		+40.0%
RPM	0.4%	2.7%	2.8%	4.7%	5.1%	2.8%	2.4%	5.2%		3.8%
NI	-35	2,008	2,711	5,483	5,707	2,144	1,851	6,328	111.3%	14,400
YoY	-	-26.4%	+143.6%	+14.8%	-	+6.8%	-31.7%	+15.4%		+41.6%
NPM	-	1.3%	1.7%	2.9%	3.1%	1.5%	1.2%	3.5%		2.2%

Source: Company data

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

From FY12/13 onward, some sales promotion costs previously booked under SG&A are directly deducted from sales.

From FY12/13 onward, some sales promotion costs previously booked under SG&A are directly deducted from sales.

Year-on-year comparisons for FY12/13 have been retroactively adjusted to reflect the change in accounting methods.

Despite the rush to beat the consumption tax hike in Q1 FY12/14 and the pullback in demand following the tax hike in Q2, CMJ saw significant year-on-year growth in profits. This was due to efforts to promote new products and to suggest solutions; profitable products, services and solutions; and improved productivity.

Compared to revised forecasts, announced in October 2014, sales were expected to miss targets at each segment, especially the Business Solution and Imaging System segments. These two segments outperformed operating profit forecasts, making up for the weak performance of the Industrial and Medical segment. Thus operating profit was JPY987mn above the JPY24.1bn target. Recurring profit and net income also outperformed forecasts.

View the [full report](#).

## Chiyoda Co., Ltd. (8185)

Retailer specializing in low-price shoes.

On **January 9, 2014**, Chiyoda announced Q3 FY02/15 results.

## Quarterly trends and results

(JPYmn)	FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% of FY	FY Est.
Sales	<b>40,237</b>	<b>35,806</b>	<b>37,252</b>	<b>37,028</b>	<b>39,297</b>	<b>35,423</b>	<b>35,856</b>	<b>36,847</b>	<b>39,458</b>	<b>33,964</b>	<b>33,969</b>	<b>38,139</b>	<b>73.8%</b>	145,530
Shoes	30,506	27,074	27,350	26,734	29,914	26,985	26,978	26,796	30,402	25,656	24,886	28,286	74.1%	109,230
Apparel	9,730	8,733	9,901	10,294	9,383	8,438	8,878	10,050	9,056	8,308	9,082	9,854	72.9%	36,300
YoY	2.4%	-4.3%	-4.0%	-4.0%	-2.3%	-1.1%	-3.7%	-0.5%	0.4%	-4.1%	-5.3%	3.5%		-1.3%
Shoes	2.6%	-3.5%	-3.3%	-3.0%	-1.9%	-0.3%	-1.4%	0.2%	1.6%	-4.9%	-7.8%	5.6%		-1.3%
Apparel	1.6%	-6.7%	-5.8%	-6.4%	-3.6%	-3.4%	-10.3%	-2.4%	-3.5%	-1.5%	2.3%	-2.0%		-1.2%
GP	<b>19,847</b>	<b>17,159</b>	<b>18,707</b>	<b>17,728</b>	<b>19,821</b>	<b>17,160</b>	<b>17,773</b>	<b>17,287</b>	<b>19,717</b>	<b>16,115</b>	<b>16,676</b>	<b>18,803</b>	<b>73.6%</b>	<b>71,311</b>
Consolidated	15,070	13,090	13,741	12,995	15,178	13,219	13,531	13,008	15,336	12,323	12,386	13,997	74.1%	54,042
Machouse	4,777	4,069	4,966	4,733	4,643	3,941	4,242	4,279	4,381	3,792	4,290	4,806	72.2%	17,269
YoY	4.8%	-2.2%	-0.6%	-0.3%	-0.1%	0.0%	-5.0%	-2.5%	-0.5%	-6.1%	-6.2%	8.8%		-1.0%
Consolidated	5.0%	-1.7%	-0.1%	0.3%	0.7%	1.0%	-1.5%	0.1%	1.0%	-6.8%	-8.5%	7.6%		-1.6%
Machouse	4.1%	-3.7%	-1.9%	-1.8%	-2.8%	-3.1%	-14.6%	-9.6%	-5.6%	-3.8%	1.1%	12.3%		1.0%
GPM	49.3%	47.9%	50.2%	47.9%	50.4%	48.4%	49.6%	46.9%	50.0%	47.4%	49.1%	49.3%		49.0%
Consolidated	37.5%	36.6%	36.9%	35.1%	38.6%	37.3%	37.7%	35.3%	38.9%	36.3%	36.5%	36.7%		37.1%
Machouse	11.9%	11.4%	13.3%	12.8%	11.8%	11.1%	11.8%	11.6%	11.1%	11.2%	12.6%	12.6%		11.9%
SG&A	<b>15,608</b>	<b>14,989</b>	<b>15,587</b>	<b>14,940</b>	<b>15,679</b>	<b>15,265</b>	<b>15,624</b>	<b>14,942</b>	<b>15,848</b>	<b>15,170</b>	<b>15,210</b>	<b>15,586</b>	<b>74.8%</b>	<b>61,814</b>
Consolidated	11,644	11,156	11,461	11,033	11,741	11,388	11,514	10,902	11,571	11,144	11,121	11,309	74.9%	45,145
Machouse	3,964	3,833	4,126	3,907	3,938	3,877	4,110	4,040	4,277	4,026	4,089	4,277	74.3%	16,669
YoY	-1.5%	-2.2%	-1.1%	-2.9%	0.5%	1.8%	0.2%	0.0%	1.1%	-0.6%	-2.6%	4.3%		0.5%
Consolidated	-0.2%	-1.7%	-0.3%	-1.4%	0.8%	2.1%	0.5%	-1.2%	-1.4%	-2.1%	-3.4%	3.7%		-0.9%
Machouse	-5.0%	-3.7%	-3.5%	-7.1%	-0.7%	1.1%	-0.4%	3.4%	8.6%	3.8%	-0.5%	5.9%		4.4%
SG&A/sales	38.8%	41.9%	41.8%	40.3%	39.9%	43.1%	43.6%	40.6%	40.2%	44.7%	44.8%	40.9%		42.5%
OP	<b>4,238</b>	<b>2,171</b>	<b>3,119</b>	<b>2,788</b>	<b>4,141</b>	<b>1,896</b>	<b>2,149</b>	<b>2,345</b>	<b>3,868</b>	<b>946</b>	<b>1,465</b>	<b>3,217</b>	<b>66.1%</b>	<b>9,496</b>
Shoes	3,458	1,876	2,276	1,953	3,245	1,939	2,069	2,096	3,765	1,082	1,281	2,768	68.9%	8,896
Apparel	812	237	839	827	704	64	132	240	103	-232	199	530	11.7%	600
YoY	36.8%	-1.4%	2.4%	16.8%	-2.3%	-12.7%	-31.1%	-15.9%	-6.6%	-50.1%	-31.8%	37.2%		-9.8%
Shoes	29.4%	1.4%	-1.0%	10.3%	-6.2%	3.4%	-9.1%	7.3%	16.0%	-44.2%	-38.1%	32.1%		-4.8%
Apparel	95.2%	-4.0%	6.9%	34.3%	-13.3%	-73.0%	-84.3%	-71.0%	-85.4%	-	50.8%	120.8%		-47.4%
OPM	10.5%	6.1%	8.4%	7.5%	10.5%	5.4%	6.0%	6.4%	9.8%	2.8%	4.3%	8.4%		6.5%
Shoes	8.6%	5.2%	6.1%	5.3%	8.3%	5.5%	5.8%	5.7%	9.5%	3.2%	3.8%	7.3%		6.1%
Apparel	2.0%	0.7%	2.3%	2.2%	1.8%	0.2%	0.4%	0.7%	0.3%	-	0.6%	1.4%		0.4%
RP	<b>4,437</b>	<b>2,388</b>	<b>3,308</b>	<b>2,975</b>	<b>4,255</b>	<b>1,978</b>	<b>2,247</b>	<b>2,547</b>	<b>4,001</b>	<b>1,075</b>	<b>1,569</b>	<b>3,346</b>	<b>66.5%</b>	<b>9,991</b>
YoY	37.3%	0.0%	4.0%	17.1%	-4.1%	-17.2%	-32.1%	-14.4%	-6.0%	-45.7%	-30.2%	31.4%		-9.4%
RPM	11.0%	6.7%	8.9%	8.0%	10.8%	5.6%	6.3%	6.9%	10.1%	3.2%	4.6%	8.8%		6.9%
NI	<b>2,404</b>	<b>1,391</b>	<b>1,420</b>	<b>1,936</b>	<b>2,221</b>	<b>1,084</b>	<b>1,187</b>	<b>1,355</b>	<b>2,302</b>	<b>463</b>	<b>750</b>	<b>1,641</b>	<b>68.2%</b>	<b>5,156</b>
Quarterly NI	389.6%	13.0%	-21.3%	47.4%	-7.6%	-22.1%	-16.4%	-30.0%	3.6%	-57.3%	-36.8%	21.1%		-11.8%
NPM	6.0%	3.9%	3.8%	5.2%	5.7%	3.1%	3.3%	3.7%	5.8%	1.4%	2.2%	4.3%		3.5%

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

Source: Company Data

The operating environment was challenging for shoe and apparel retailers because of weak personal consumption, an increase in procurement costs and electricity rates, and unstable weather conditions. Against this background, Chiyoda renovated some outlets and changed formats for others in accordance with local characteristics of each store. The company sought to keep up with customer needs, respond to changing trends, and improve its product lineup.

On **January 5, 2014**, the company announced monthly sales data for December 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%	-8.9%	-6.0%	5.0%		
Customer count	6.3%	-10.6%	-7.8%	-11.8%	-8.7%	-3.5%	-11.3%	-12.8%	-8.3%	-1.1%		
Spend per customer	8.1%	2.6%	4.8%	3.0%	4.8%	4.9%	5.6%	4.4%	2.4%	6.1%		

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%	-9.7%	-7.3%	3.8%		
Customer count	7.2%	-10.5%	-7.7%	-12.4%	-9.6%	-4.1%	-12.3%	-13.7%	-9.5%	-2.3%		
Spend per customer	8.2%	2.8%	5.0%	3.2%	5.0%	5.1%	5.7%	4.6%	2.4%	6.1%		

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.

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 **January 14, 2015**, Shared Research updated the report for Q3 FY02/15 after interviewing management.

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	5,542	-	75.4%	23,000
YoY	18.5%	27.1%	3.5%	21.8%	26.8%	-0.1%	16.0%	-		11.6%
Gross Profit	1,639	1,727	1,491	1,534	2,030	1,883	1,672	-		
YoY	25.0%	4.2%	-10.9%	13.6%	23.8%	9.0%	12.1%	-		
GPM	34.1%	30.3%	31.2%	28.8%	33.3%	33.0%	30.2%	-		
SG&A Expenses	1,253	1,371	1,344	1,331	1,451	1,532	1,502	-		
YoY	9.1%	12.6%	-4.3%	8.2%	15.8%	11.8%	11.8%	-		
SG&A / Sales	26.1%	24.0%	28.1%	25.0%	23.8%	26.9%	27.1%	-		
Operating Profit	386	356	147	204	578	350	169	-	78.4%	1,400
YoY	137.2%	-19.1%	-45.3%	68.5%	49.8%	-1.7%	15.4%	-		28.1%
OPM	8.0%	6.2%	3.1%	3.8%	9.5%	6.1%	3.1%	-		6.1%
Recurring Profit	387	356	148	201	584	358	174	-	79.7%	1,400
YoY	136.7%	-19.0%	-52.7%	69.4%	50.9%	0.4%	17.5%	-		28.2%
RPM	8.1%	6.3%	3.1%	3.8%	9.6%	6.3%	3.1%	-		6.1%
Net Income	158	173	63	98	349	180	90	-	88.5%	700
YoY	239.8%	27.4%	-58.8%	20995.7%	121.3%	4.1%	44.1%	-		42.5%
NPM	3.3%	3.0%	1.3%	1.8%	5.7%	3.2%	1.6%	-		3.0%

Source: Company data

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

Forecasts based on most recently released data.

Creek & River once again posted its highest Q3 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 **January 20, 2015**, Shared Research updated comments on Daiseki Co., Ltd.'s earnings results for Q3 FY02/15 after interviewing management at the company and at Daiseki Eco. Solution Co., Ltd.

	FY02/14				FY02/15				FY02/15				FY02/15 % of				
(JPYmm)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 CE	Q2 CE	Q3 CE	Q4 CE	Q1	Q2	Q3	Cml. Q3	FY CE
Sales	10,123	10,191	10,671	11,115	11,278	11,447	11,381	10,894	10,850	11,750	11,350	11,050	103.9%	97.4%	100.3%	75.8%	45,000
YoY	7.3%	16.0%	17.4%	27.7%	11.4%	12.3%	6.7%	-2.0%	7.2%	15.3%	6.4%	-0.6%					6.9%
GP	3,098	3,028	3,183	2,989	3,417	3,382	3,213	2,628	3,190	3,260	3,210	2,980	107.1%	103.7%	100.1%	79.2%	12,640
GPM	30.6%	29.7%	29.8%	26.9%	30.3%	29.5%	28.2%	24.1%	29.4%	27.7%	28.3%	27.0%					28.1%
SG&A	1,248	1,233	1,228	1,290	1,282	1,465	1,435	1,018	1,280	1,300	1,300	1,320	100.2%	112.7%	110.4%	80.4%	5,200
YoY	2.5%	0.7%	3.9%	3.5%	2.7%	18.8%	16.9%	-21.1%	2.6%	5.4%	5.9%	2.3%					4.0%
OP	1,849	1,795	1,956	1,698	2,134	1,917	1,778	1,611	1,910	1,960	1,910	1,660	111.7%	97.8%	93.1%	78.3%	7,440
YoY	12.3%	45.0%	36.7%	56.1%	15.4%	6.8%	-9.1%	-5.1%	3.3%	9.2%	-2.4%	-2.2%					1.9%
OPM	18.3%	17.6%	18.3%	15.3%	18.9%	16.7%	15.6%	14.8%	17.6%	16.7%	16.8%	15.0%					16.5%
RP	1,882	1,835	1,983	1,700	2,155	1,949	1,792	1,614	1,920	1,980	1,920	1,690	112.2%	98.4%	93.3%	78.5%	7,510
RPM	18.6%	18.0%	18.6%	15.3%	19.1%	17.0%	15.7%	14.8%	17.7%	16.9%	16.9%	15.3%					16.7%
NE	1,082	1,018	1,039	803	1,183	1,111	971	815	1,020	1,000	1,060	1,000	116.0%	111.1%	91.6%	80.0%	4,080
YoY	18.3%	46.9%	29.4%	31.0%	9.3%	9.1%	-6.5%	1.5%	-5.7%	-1.8%	2.0%	24.5%					3.5%
NPM	10.7%	10.0%	9.7%	7.2%	10.5%	9.7%	8.5%	7.5%	9.4%	8.5%	9.3%	9.0%					9.1%

	FY02/14				FY02/15								FY02/15 % of				
(JPYmm)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	Q1CE	Q2CE	Q3CE	Q4CE	Q1	Q2	Q3	Cml. Q3	FY CE
Daiseiki Co.																	
Sales	6,287	6,371	6,327	6,088	6,822	6,746	6,701	5,847	6,571	6,651	6,608	6,286	103.8%	101.4%	101.4%	77.6%	26,116
YoY	-1.6%	6.0%	6.7%	11.1%	8.5%	5.9%	5.9%	-4.0%	4.5%	4.4%	4.4%	3.3%	-	-	-	-	4.2%
GP	2,326	2,312	2,303	2,001	2,567	2,578	2,472	1,982	-	-	-	-	-	-	-	-	9,599
GPM	37.0%	36.3%	36.4%	32.9%	37.6%	38.2%	36.9%	33.9%	-	-	-	-	-	-	-	-	36.8%
SG&A	767	761	784	766	767	795	896	813	-	-	-	-	-	-	-	-	3,271
OP	1,559	1,551	1,519	1,235	1,800	1,783	1,576	1,169	1,654	1,658	1,628	1,388	108.8%	107.5%	96.8%	81.5%	6,328
YoY	-4.8%	19.1%	11.9%	28.0%	15.5%	15.0%	3.8%	-5.3%	6.1%	6.9%	7.2%	12.4%	-	-	-	-	7.9%
OPM	24.8%	24.3%	24.0%	20.3%	26.4%	26.4%	23.5%	20.0%	25.2%	24.9%	24.6%	22.1%	-	-	-	-	24.2%
Daiseiki Eco. Solution																	
Sales	2,554	2,253	2,374	3,405	3,095	2,875	3,210	2,630	3,007	2,830	3,026	2,947	102.9%	101.6%	106.1%	77.7%	11,810
YoY	26.2%	28.7%	22.7%	89.0%	21.2%	27.6%	35.2%	-22.8%	17.7%	25.6%	27.5%	-13.4%	-	-	-	-	11.6%
GP	517	456	426	721	616	495	518	606	577	525	588	548	106.8%	94.4%	88.2%	72.9%	2,236
GPM	20.3%	20.3%	18.0%	21.2%	19.9%	17.2%	16.1%	23.1%	19.2%	18.5%	19.4%	18.6%	-	-	-	-	18.9%
SG&A	219	212	171	221	207	217	242	162	209	208	206	205	99.0%	104.4%	117.5%	80.4%	828
OP	299	245	255	499	409	278	276	445	368	317	381	343	111.3%	87.8%	72.4%	68.4%	1,408
YoY	46.1%	155.9%	68.8%	255.6%	37.1%	13.7%	8.1%	-10.8%	23.3%	29.5%	49.4%	-31.3%	-	-	-	-	8.5%
OPM	11.7%	10.9%	10.8%	14.7%	13.2%	9.7%	8.6%	16.9%	12.2%	11.2%	12.6%	11.6%	-	-	-	-	11.9%
Daiseiki MCR																	
Sales	787	756	798	770	687	679	871	1,655	716	968	1,104	1,104	95.9%	70.1%	78.9%	57.5%	3,892
YoY	28.8%	48.8%	30.2%	-27.2%	-12.7%	-10.2%	9.1%	-	-9.0%	28.0%	38.3%	43.4%	-	-	-	-	25.1%
GP	191	149	142	134	112	111	90	-	-	-	-	-	-	-	-	-	72
GPM	24.3%	19.7%	17.8%	17.4%	16.3%	16.3%	10.3%	-	-	-	-	-	-	-	-	-	1.8%
SG&A	92	93	103	89	135	274	121	-	-	-	-	-	-	-	-	-	281
OP	99	56	39	45	-23	-163	-31	8	-60	-76	-49	-24	38.3%	214.5%	63.3%	103.8%	-209
YoY	-	-	1,200.0%	-55.4%	-	-	-	-	-	-	-	-	-	-	-	-	-
OPM	12.6%	7.4%	4.9%	5.8%	-3.3%	-24.0%	-3.6%	-	-8.4%	-7.9%	-4.4%	-2.2%	-	-	-	-	-5.4%
System Kikou																	
Sales	469	810	950	732	594	1,091	575	240	425	1,153	416	506	139.8%	94.6%	138.2%	90.4%	2,500
YoY	-17.4%	40.1%	45.9%	64.5%	26.7%	34.7%	-39.5%	-67.2%	-9.4%	42.3%	-56.2%	-30.9%	-	-	-	-	-15.6%
GP	23	103	233	91	76	153	82	136	-	-	-	-	-	-	-	-	447
GPM	4.9%	12.7%	24.5%	12.4%	12.8%	14.0%	14.3%	56.7%	-	-	-	-	-	-	-	-	17.9%
SG&A	73	71	72	112	72	80	73	68	-	-	-	-	-	-	-	-	293
OP	-50	32	161	-21	4	73	9	68	8	124	6	16	50.0%	58.9%	150.0%	55.8%	154
YoY	-	3,100.0%	1,363.6%	-	-	128.1%	-94.4%	-	-	287.5%	-96.3%	-	-	-	-	-	26.2%
OPM	-10.7%	4.0%	16.9%	-2.9%	0.7%	6.7%	1.6%	28.3%	1.9%	10.8%	1.4%	3.2%	-	-	-	-	6.2%

\*Q4 FY02/15 figures are taken from subtracting cumulative Q3 figures from full-year estimate. Likewise for the table below.

Source: Company data

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

Note: DES stands for Daiseki Eco. Solution, MCR for Daiseki MCR, and SKK for System Kikou.

The operating environment for the company's primary operations—industrial waste disposal and recycling—failed to improve during Q3 FY02/15. Domestic industrial production did not recover noticeably while the prices of crude oil and metals declined. Sales and profits, however, were robust at parent company Daiseki, which disposes of industrial waste. The company also reported solid monthly orders data for December and January. But consolidated results came out in line with targets, due to a higher CoGS-to-sales ratio at subsidiary Daiseki Eco. Solution (DES) and setbacks to the operation of a





new factory (Daiseiki MCR). On a quarterly basis, operating profit in Q3 (September-November) fell year-on-year, underperforming the company's target.

On **January 9, 2015**, the company announced earnings results for Q3 FY02/15. The company also raised its year-end dividend forecast to JPY13 a share from JPY11.

On **the same day**, the company announced that it would appoint Hiroyuki Ito (who currently serves as president) as chairman, effective March 1, 2015. Vice President Hidetaka Hashira will become president.

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 **January 30, 2015**, Digital Garage Inc. announced a revision to its full-year FY06/15 earnings and dividends forecasts.

Revised full-year FY06/12 earnings and dividend forecast (previous forecast in parentheses)

Sales:	JPY4.0bn	(unchanged)
Operating profit:	JPY450mn	(unchanged)
Recurring profit:	JPY670mn	(unchanged)
Net income:	JPY520mn	(JPY400mn)
EPS:	JPY110.63	(JPY85.11)
DPS:	JPY25	(JPY7)

Due to the transfer of shares of Kakaku.com, Inc. on December 19, 2014, the company has recorded an extraordinary profit, and net income is projected to exceed the previously announced forecast. For the same reason, the year-end dividend is planned to be JPY20, an increase of JPY18 from the previously announced commemorative dividend of JPY2 to mark the 20th anniversary of the company's founding. As a result, full-year dividends per share will be JPY25 (ordinary dividend of JPY5; commemorative dividend of JPY20).

View the [full report](#).



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

Innovative and iconoclastic general discount retailer with a nationwide presence.

On **January 9, 2015**, Don Quijote announced sales figures for December 2014.

(YoY)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Total Stores</b>												
Sales	9.1%	11.2%	12.3%	16.2%	16.1%	10.9%						
# of Stores	220	221	220	221	222	225						
<b>Comparable Stores</b>												
Sales	1.4%	2.3%	5.0%	8.3%	7.1%	4.3%						
# of Customers	1.7%	0.6%	3.5%	5.2%	3.8%	0.0%						
Avg. Spend per Customer	-0.2%	1.7%	1.5%	2.9%	3.1%	4.2%						
# of Comparable Stores	196	196	196	195	196	200						
Electric Appliances	-1.0%	3.1%	14.8%	15.8%	10.2%	13.8%						
Household Goods	8.3%	10.7%	13.8%	15.9%	17.2%	11.0%						
Foods	21.0%	21.6%	24.0%	25.8%	23.4%	17.7%						
Watches & Fashion Merchandise	5.1%	5.4%	7.6%	9.1%	10.9%	5.3%						
Sporting & Leisure Goods	3.9%	3.5%	10.0%	12.0%	10.3%	5.5%						
Other Products	14.1%	70.0%	-43.7%	13.6%	28.8%	12.4%						

(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 **January 27, 2015**, Dream Incubator Inc. (DI) announced earnings results for Q3 FY03/15.

Quarterly Earnings (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	2,909	-
YoY		12.0%	17.4%	19.5%	22.8%	37.4%	13.1%	37.2%	-
GP		912	1,209	1,102	1,588	1,431	1,720	1,642	-
YoY		2.5%	17.2%	32.6%	65.8%	56.9%	42.3%	49.0%	-
GPM		48.3%	48.4%	52.0%	61.4%	55.1%	60.9%	56.4%	-
SG&A		780	821	888	1,180	1,142	1,098	1,149	-
YoY		7.6%	16.0%	23.5%	49.4%	46.4%	33.7%	29.4%	-
SG&A/Sales		41.3%	32.9%	41.9%	45.6%	44.0%	38.9%	39.5%	-
OP		132	387	214	408	288	623	493	-
YoY		-19.7%	19.1%	91.1%	144.3%	118.2%	61.0%	130.4%	-
OPM		7.0%	15.5%	10.1%	15.8%	11.1%	22.1%	16.9%	-
RP		154	383	228	336	286	639	519	-
YoY		-0.9%	20.1%	103.6%	94.2%	85.7%	66.8%	127.6%	-
RPM		8.2%	15.3%	10.8%	13.0%	11.0%	22.6%	17.8%	-
NI		86	355	160	253	215	495	362	-
YoY		7.8%	47.9%	233.3%	-16.5%	150.0%	39.4%	126.3%	-
NPM		4.6%	14.2%	7.5%	9.8%	8.3%	17.5%	12.4%	-
Cml.		Cml. Q1	Cml. Q2	Cml. Q3	Cml. Q4	Cml. Q1	Cml. Q2	Cml. Q3	Cml. Q4
Sales		1,889	4,385	6,505	9,092	2,595	5,419	8,328	-
YoY		12.0%	15.0%	16.4%	18.2%	37.4%	23.6%	28.0%	-
GP		912	2,121	3,223	4,811	1,431	3,151	4,793	-
YoY		2.5%	10.4%	17.1%	29.6%	56.9%	48.6%	48.7%	-
GPM		48.3%	48.4%	49.5%	52.9%	55.1%	58.1%	57.6%	-
SG&A		780	1,601	2,489	3,669	1,142	2,240	3,389	-
YoY		7.6%	11.7%	15.7%	24.7%	46.4%	39.9%	36.2%	-
SG&A/Sales		41.3%	36.5%	38.3%	40.4%	44.0%	41.3%	40.7%	-
OP		132	519	733	1,141	288	911	1,404	-
YoY		-19.5%	6.1%	22.0%	48.6%	118.2%	75.5%	91.5%	-
OPM		7.0%	11.8%	11.3%	12.5%	11.1%	16.8%	16.9%	-
RP		154	537	765	1,101	286	925	1,444	-
YoY		-0.6%	13.3%	30.5%	45.1%	85.7%	72.3%	88.8%	-
RPM		8.2%	12.2%	11.8%	12.1%	11.0%	17.1%	17.3%	-
NI		86	441	601	854	215	710	1,072	-
YoY		7.5%	37.8%	63.3%	27.3%	150.0%	61.0%	78.4%	-
NPM		4.6%	10.1%	9.2%	9.4%	8.3%	13.1%	12.9%	-

Source: Company data

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

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 posted a significant profit increase in the Consulting, Insurance, and Venture Capital segments.

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 **January 20, 2015**, Emergency Assistance Japan Co., Ltd. (EAJ) announced a Memorandum of Understanding (MoU) with the Abu Dhabi National Oil Company regarding the joint offering of medical services.

On January 18, in the presence of Minister of Economy, Trade and Industry Yoichi Miyazawa, EAJ signed the MoU with the Abu Dhabi National Oil Company (ADNOC), the state-owned oil company of the United Arab Emirates (UAE).

Per the MoU, ADNOC will contract EAJ to provide medical services to its employees and their families in Japan. The two companies will also collaborate to offer medical services in Abu Dhabi, including dispatching Japanese physicians. EAJ is focusing on referring Japanese physicians to visitors coming to Japan, and is establishing connections with physicians and medical institutions throughout Japan and the rest of the world. In the operations laid out in the MoU, the company will take advantage of its expertise in offering services to inbound travelers to Japan, and its network of medical institutions.

According to the company, this MoU marks the success of its efforts to offer joint medical services to the Emirate of Abu Dhabi, for which it received a grant from the Ministry of Economy, Trade and Industry.

On **January 20, 2015**, the company announced revisions to full-year earnings forecasts for FY12/14.

FY12/14 Forecasts (JPYmn)	FY12/13			FY12/14 Est. (2015/1/20)			FY12/14 Est. (2014/2/14)		
	1H Act.	2H Act.	FY Act.	1H Est.	2H Est.	FY Est.	1H Est.	2H Est.	FY Est.
<b>Sales</b>	<b>995</b>	<b>989</b>	<b>1,984</b>	<b>1,120</b>	<b>1,078</b>	<b>2,198</b>	<b>1,060~1,150</b>	<b>1,070~1,400</b>	<b>2,220~2,460</b>
YoY	0.6%	9.4%	4.8%	12.5%	9.1%	10.8%	6.5%~15.6%	8.2%~41.6%	11.9%~24.0%
CoGS	793	756	1,549	924			-	-	-
<b>Gross Profit</b>	<b>202</b>	<b>233</b>	<b>435</b>	<b>196</b>			-	-	-
YoY	-18.1%	-10.2%	-14.1%	-2.9%			-	-	-
GPM	20.3%	23.5%	21.9%				-	-	-
SG&A	189	-189	-	213			-	-	-
SG&A / Sales	19.0%	-19.1%	-	19.0%			-	-	-
<b>Operating Profit</b>	<b>13</b>	<b>23</b>	<b>36</b>	<b>-17</b>	<b>-14</b>	<b>-31</b>	<b>-67~-5</b>	<b>20~177</b>	<b>15~110</b>
YoY	-78.0%	-74.2%	-75.8%	-	-	-	-	-11.4%~684.5%	-58.1%~207.5%
OPM	1.3%	2.3%	1.8%	-1.5%	-1.3%	-1.4%	-	-	-
<b>Recurring Profit</b>	<b>5</b>	<b>20</b>	<b>25</b>	<b>-23</b>	<b>-15</b>	<b>-38</b>	<b>-72~-10</b>	<b>18~175</b>	<b>8~103</b>
YoY	-87.4%	-76.9%	-80.3%	-	-	-	-	-10.3%~772.6%	-68.5%~305.7%
RPM	0.5%	2.0%	1.3%	-2.0%	-1.4%	-1.7%	-	-	-
<b>Net Income</b>	<b>2</b>	<b>12</b>	<b>14</b>	<b>-15</b>	<b>-30</b>	<b>-45</b>	<b>-77~-12</b>	<b>12~127</b>	<b>0~50</b>
YoY	-91.6%	-75.7%	-81.1%	-	-	-	-	-0.7%~950.9%	-100%~250.6%

Source: Company data

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

### Reasons for the revisions

EAJ expected an increase in workload due to large contracts from Sompo Japan Nipponkoa Insurance from September 2014. In preparation, the company hired and trained staff with global backgrounds, expanded its connections with medical institutions, and invested in IT to boost its assistance infrastructure. The increase in sales, however, fell behind expectations. The company also enhanced medical centers overseas in preparation for the above workload from Sompo Japan Nipponkoa Insurance, resulting in higher administrative expenses—a problem exacerbated by the weak yen.

The recurring loss is also expected to increase owing to foreign exchange losses—the result of delays to the payment of administrative expenses for overseas medical centers.





In light of these revisions

Although EAJ has revised its full-year earnings forecasts downward, its businesses are expanding. It expects year-on-year sales growth of 10.8%, as demand for its services continues to increase. The company also plans to build an efficient infrastructure for offering its services, as part of ongoing enhancements to the structure of its business.

The company has maintained its year-end dividend per share forecast of JPY10. According to the company, it considers the ongoing distribution of dividends a cornerstone of its management policy. Furthermore, according to the company, the payment of a dividend will have a negligible effect on its cash flow, which it expects to be able to cancel out through business growth.

View the [full report](#).



### Fields Corp. (2767)

---

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

On **January 14, 2015**, Fields Corporation announced that Nanashow Corp. will conduct a nationwide launch of its pachislot machine BERSERK, part one. The new machine will be installed in pachinko halls in Japan beginning in March 2015.

View the [full report](#).



### FreeBit Co., Ltd. (3843)

FreeBit provides Internet-based infrastructure services that it terms Smart Infrastructure services.

On **January 27, 2015**, Freebit Co., Ltd. announced a new group structure tailored toward achieving the targets in its medium-term management plan, SILK VISION 2016.

The new structure will come into effect on April 1, 2015. The company will lay out the responsibilities of the parent company and establish FreeBit Investment Co., Ltd., which will plan and invest in new businesses, mainly aimed at revolutionizing daily life and production. The company will also divest subsidiary Dream Train Internet Inc. of the smartphone carrier business (freebit mobile), which will be operated as a separate entity, FreeBit Mobile Co., Ltd.

The company also changed its corporate slogan to “never stop inventing,” and unveiled a new logo.

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 **January 5, 2015**, GCA Savvian announced tentative plans for a special dividend and current conditions on its stock repurchase program, both under the goal of returning 100% of its profits to shareholders.

In addition to a 30% dividend payout ratio, the company aims to utilize 70% of its earnings for stock repurchasing. As such, GCA intends to return 100% of its profits to shareholders.

In order to return 100% of profits to shareholders, the company planned to repurchase JPY1.0bn of treasury stock after approval by the board of directors on May 13, 2014. However, the total amount of treasury stock purchased was JPY640mn, falling short of this goal. As a result, JPY139mn of the remaining amount shall be distributed to shareholders as a special dividend with a record date of December 31, 2014. JPY220mn of the remaining amount shall be carried over until the next large scale buyback.

GCA Savvian aims to pay out 30% of its consolidated net income per share, based upon the number of outstanding shares at the end of the period. Year-end dividends are this amount minus an interim dividend per share of JPY5. Special dividends shall be added on to FY12/14 year-end dividends.

#### Share buyback program

Type of stock to be bought: Common stock

Acquisition period: May 14, 2014 through December 31, 2014

Number of shares acquired: 720,000 shares

Total value of acquired shares: JPY640mn

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 **January 22, 2015**, Shared Research updated comments on Gulliver International Co., Ltd.'s earnings results for Q3 FY02/15 after interviewing management.

Quarterly Performance (JPYmm)	FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% 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	42,992	55,377	68.0%	173,000
YoY	4.3%	-1.9%	14.7%	16.0%	18.0%	15.8%	19.5%	19.0%	-15.1%	-5.0%	-5.0%	35.9%		2.1%
Gross Profit	7,736	7,927	8,819	9,407	9,053	8,710	9,494	9,297	9,391	9,411	10,446	11,752	71.3%	41,000
YoY	-17.7%	-4.9%	14.2%	24.9%	17.0%	9.9%	7.7%	-1.2%	3.7%	8.0%	10.0%	26.4%		12.2%
GPM	20.0%	24.4%	23.3%	27.5%	19.8%	23.1%	21.0%	22.8%	24.2%	26.3%	24.3%	21.2%		23.7%
SG&A Expenses	7,038	7,035	7,090	7,649	7,157	7,049	7,139	8,115	7,915	8,160	8,546	7,879	75.8%	32,500
YoY	8.2%	7.2%	6.3%	9.3%	1.7%	0.2%	0.7%	6.1%	10.6%	15.8%	19.7%	-2.9%		10.3%
SG&A / Sales	18.2%	21.6%	18.7%	22.3%	15.7%	18.7%	15.8%	19.9%	20.4%	22.8%	19.9%	14.2%		18.8%
Operating Profit	697	892	1,730	1,758	1,896	1,661	2,355	1,182	1,476	1,251	1,899	3,874	54.4%	8,500
YoY	-76.0%	-49.5%	64.6%	231.7%	172.0%	86.2%	36.1%	-32.8%	-22.2%	-24.7%	-19.4%	227.7%		19.8%
OPM	1.8%	2.7%	4.6%	5.1%	4.1%	4.4%	5.2%	2.9%	3.8%	3.5%	4.4%	7.0%		4.9%
Recurring Profit	747	971	1,759	1,775	1,913	1,745	2,354	1,189	1,507	1,251	1,907	3,835	54.9%	8,500
YoY	-74.3%	-45.0%	66.4%	200.3%	156.1%	79.7%	33.8%	-33.0%	-21.2%	-28.3%	-19.0%	222.5%		18.0%
RPM	1.9%	3.0%	4.6%	5.2%	4.2%	4.6%	5.2%	2.9%	3.9%	3.5%	4.4%	6.9%		4.9%
Net Income	348	520	1,084	1,028	1,227	1,071	1,409	653	910	735	1,120	2,335	54.2%	5,100
YoY	-77.2%	-64.9%	77.7%	519.3%	252.6%	106.0%	30.0%	-36.5%	-25.8%	-31.4%	-20.5%	257.6%		17.0%
NPM	0.9%	1.6%	2.9%	3.0%	2.7%	2.8%	3.1%	1.6%	2.3%	2.1%	2.6%	4.2%		2.9%

Source: Company data

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

### Existing revenue driver—Gulliver stores—face tougher conditions than expected

In Q3, the company achieved 68.0% of its full-year sales target and 54.4% of its full-year operating profit target. It is behind where it was at the same point in FY02/13 (76.1% and 65.4% respectively). Gulliver stores generate the bulk of revenues, but they faced more difficult conditions than expected, as in 1H.

### Replacement car customers—one third of the total—down as domestic new car sales fall

According to the company, there are three types of customer that visit existing Gulliver stores to sell cars, each accounting for about one third of the total: those who will buy a new car, those who will buy a used car, and those who will no longer own a car. As in 1H, customers visiting Gulliver stores to trade-in their cars for new vehicles fell significantly in Q3, as the domestic new car market dropped off due to the pullback after the consumption tax hike. According to the company, there was no decline in the other two types of customer—those trading in their cars for used vehicles and those who will no longer own a car.

On **January 20, 2015**, the company announced the acquisition of Nakamitsu Motors Co., Ltd., operator of BMW and Mini dealerships in Chiba, and its parent company, Nakamitsu International Co., Ltd.

The shares are scheduled to be transferred on January 30, 2015, for an undisclosed acquisition price. The company will make the acquisition through wholly owned subsidiary Motoren Global, after lending it the necessary capital.

Nakamitsu Motors is the largest BMW and Mini dealership business in Chiba by store count, with nine new car showrooms (five BMW; four Mini), and three BMW Premium Selection stores, which sell used cars approved by BMW. Nakamitsu Motors has built a stable, loyal customer base over many years, helping it sell over 31,000 BMW cars through 2013 and generate a steady stream of profits. But Gulliver plans to increase Nakamitsu Motors' profitability by developing it within the Gulliver group.





In Shared Research's view, Gulliver's track record of operating high performing new car dealerships probably worked to its advantage in this acquisition. If the dealerships in Chiba generate robust earnings like the company's Asahikawa BMW store, it may offer Gulliver opportunities for further expansion when other BMW dealerships are the subject of mergers and acquisitions.

In Shared Research's view, Gulliver's expanding network of new car dealerships offers it a range of synergies, including sharing garages, opportunities for purchasing quality used cars, and potential used car proposals to customers. We await further developments in this area.

Wholly owned subsidiary Motoren Global will operate the Asahikawa store and the Nakamitsu Motors' stores (Gulliver will operate a Volvo Matsuyama dealership directly). The company plans to consolidate Motoren Global in FY02/16, bringing all new car dealerships under the scope of group results.

#### Nakamitsu Motors and Nakamitsu International performance and assets

Nakamitsu Motors (JPYmn)	FY03/12	FY03/13	FY03/14	Nakamitsu International (JPYmn)	FY08/12	FY08/13	FY04/14
Sales	9,744	9,482	10,101	Sales		5	9
Operating profit	201	185	244	Operating profit	0	5	9
OPM	2.1%	2.0%	2.4%	OPM	-	-	-
Recurring profit	134	120	182	Recurring profit	-3	2	7
RPM	1.4%	1.3%	1.8%	RPM	-	40.0%	77.8%
Net income	93	43	106	Net income	-4	2	7
Net margin	1.0%	0.5%	1.0%	Net margin	-	40.0%	77.8%
Net assets	414	458	565	Net assets	-108	-105	-86
Total assets	4,327	4,073	3,877	Total assets	60	60	61

Source: Company data

On **January 13, 2015**, the company announced earnings results for Q3 FY02/15 and monthly sales data for December 2014.

#### Total car sales at directly managed stores (units)

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
FY02/11	19,904	15,358	11,992	11,222	11,841	9,602	12,874	12,044	10,829	7,675	11,367	15,100	149,808
YoY	27.5%	31.4%	5.0%	6.0%	-5.8%	-12.4%	9.8%	-19.1%	-14.6%	-11.8%	-7.1%	-3.1%	0.8%
FY02/12	19,156	13,401	10,709	12,284	12,482	9,822	12,344	12,426	10,497	8,987	10,059	14,122	146,289
YoY	-3.8%	-12.7%	-10.7%	9.5%	5.4%	2.3%	-4.1%	3.2%	-3.1%	17.1%	-11.5%	-6.5%	-2.3%
FY02/13	20,685	15,420	10,900	11,670	11,594	11,443	12,220	13,794	13,661	8,285	11,925	17,156	158,753
YoY	8.0%	15.1%	1.8%	-5.0%	-7.1%	16.5%	-1.0%	11.0%	30.1%	-7.8%	18.6%	21.5%	8.5%
FY02/14	23,223	15,921	12,456	12,884	13,123	12,198	13,416	17,181	15,462	10,716	13,258	18,931	178,769
YoY	12.3%	3.2%	14.3%	10.4%	13.2%	6.6%	9.8%	24.6%	13.2%	29.3%	11.2%	10.3%	12.6%
FY02/15	21,580	11,640	9,725	10,374	12,232	13,044	14,136	18,552	15,181	11,070	-	-	137,534
YoY	-7.1%	-26.9%	-21.9%	-19.5%	-6.8%	6.9%	5.4%	8.0%	-1.8%	3.3%	-	-	-6.2%

#### Retail sales at directly managed stores (units)

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
FY02/11	4,476	2,879	2,840	2,807	3,089	2,751	2,909	3,269	2,837	2,360	1,995	3,468	35,680
YoY	6.7%	2.3%	-14.2%	-11.0%	-23.1%	-10.7%	-6.9%	-24.4%	-9.6%	-15.7%	-17.0%	-15.1%	-11.8%
FY02/12	3,618	3,191	2,160	2,315	2,858	2,150	2,406	3,142	2,560	2,493	2,307	3,891	33,091
YoY	-19.2%	10.8%	-23.9%	-17.5%	-7.5%	-21.8%	-17.3%	-3.9%	-9.8%	5.6%	15.6%	12.2%	-7.3%
FY02/13	5,758	3,642	3,080	3,761	4,123	3,270	3,789	4,422	3,583	2,771	2,717	4,353	45,269
YoY	59.1%	14.1%	42.6%	62.5%	44.3%	52.1%	57.5%	40.7%	40.0%	11.2%	17.8%	11.9%	36.8%
FY02/14	6,593	4,327	3,441	3,804	4,109	3,027	3,937	4,962	4,660	3,661	2,785	5,080	50,386
YoY	14.5%	18.8%	11.7%	1.1%	-0.3%	-7.4%	3.9%	12.2%	30.1%	32.1%	2.5%	16.7%	11.3%
FY02/15	7,006	3,028	2,806	3,695	4,087	4,448	4,249	5,030	4,937	3,873	-	-	43,159
YoY	6.3%	-30.0%	-18.5%	-2.9%	-0.5%	46.9%	7.9%	1.4%	5.9%	5.8%	-	-	1.5%

#### Wholesale sales at directly managed stores (units)

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
FY02/11	15,428	12,479	9,152	8,415	8,752	6,851	9,965	8,775	7,992	5,315	9,372	11,632	114,128
YoY	35.2%	40.7%	12.9%	13.2%	2.3%	-13.0%	15.8%	-17.0%	-16.2%	-9.9%	-4.6%	1.2%	5.5%
FY02/12	15,538	10,210	8,549	9,969	9,624	7,672	9,938	9,284	7,937	6,494	7,752	10,231	113,198
YoY	0.7%	-18.2%	-6.6%	18.5%	10.0%	12.0%	-0.3%	5.8%	-0.7%	22.2%	-17.3%	-12.0%	-0.8%
FY02/13	14,927	11,778	7,820	7,909	7,471	8,173	8,431	9,372	10,078	5,514	9,208	12,803	113,484
YoY	-3.9%	15.4%	-8.5%	-20.7%	-22.4%	6.5%	-15.2%	0.9%	27.0%	-15.1%	18.8%	25.1%	0.3%
FY02/14	16,630	11,594	9,015	9,080	9,014	9,171	9,479	12,219	10,802	7,055	10,473	13,851	128,383
YoY	11.4%	-1.6%	15.3%	14.8%	20.7%	12.2%	12.4%	30.4%	7.2%	27.9%	13.7%	8.2%	13.1%
FY02/15	14,574	8,612	6,919	6,679	8,145	8,596	9,887	13,522	10,244	7,197	-	-	94,375
YoY	-12.4%	-25.7%	-23.3%	-26.4%	-9.6%	-6.3%	4.3%	10.7%	-5.2%	2.0%	-	-	-9.3%

#### Store count

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Term-end
FY02/11	420	419	418	419	419	423	423	422	419	420	421	421	421
Directly managed	290	288	288	288	287	288	288	288	286	286	286	286	286
Franchisee	130	131	130	131	132	135	135	134	133	134	135	135	135
FY02/12	421	417	416	418	415	415	417	418	419	419	417	415	415
Directly managed	286	284	284	286	287	287	289	288	291	291	289	288	288
Franchisee	135	133	132	132	128	128	128	130	128	128	128	127	127
YoY (directly managed)	-4	-4	-4	-2	±0	-1	+1	±0	+5	+5	+3	+2	+2
FY02/13	415	415	413	416	414	414	413	411	411	413	412	412	412
Directly managed	288	291	290	293	293	293	292	292	292	294	293	294	294
Franchisee	127	124	123	123	121	121	121	119	119	119	119	118	118
YoY (directly managed)	+2	+7	+6	+7	+6	+6	+3	+4	+1	+3	+4	+6	+6
FY02/14	411	412	404	404	404	407	409	411	412	408	413	417	417
Directly managed	294	296	294	294	295	297	298	302	303	298	302	304	304
Franchisee	117	116	110	110	109	110	111	109	109	110	111	113	113
YoY (directly managed)	+6	+5	+4	+1	+2	+4	+6	+10	+11	+4	+9	+10	+10
FY02/15	421	421	421	422	424	426	432	439	444	448	-	-	-
Directly managed	308	308	312	313	315	316	321	332	337	342	-	-	-
Franchisee	113	113	109	109	109	110	111	107	107	106	-	-	-
YoY (directly managed)	+14	+12	+18	+19	+20	+19	+23	+30	+34	+44	-	-	-

Source: Company data

Total car sales at directly managed stores = Direct customer retail sales and wholesale sales at auctions, etc.

Retail sales at directly managed stores = as mentioned above, units sold directly to customers

View the [full report](#).

**Hakuto Co., Ltd. (7433)**

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

On **January 30, 2015**, Hakuto Co., Ltd. announced earnings results for Q3 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	34,920		-	-
YoY		18.8%	19.7%	26.3%	10.5%	-2.9%	4.2%	-0.7%			
GP		4,664	4,761	4,701	4,969	4,439	5,104	5,028			
YoY		12.5%	10.0%	12.3%	11.5%	-4.8%	7.2%	7.0%			
GPM		15.1%	14.7%	13.4%	14.5%	14.8%	15.1%	14.4%			
SG&A		3,750	3,911	3,908	3,483	3,699	3,743	3,958			
YoY		9.2%	10.8%	10.4%	-0.8%	-1.4%	-4.3%	1.3%			
SG&A / Sales		12.2%	12.1%	11.1%	10.1%	12.4%	11.1%	11.3%			
OP		914	850	793	1,486	739	1,362	1,069		-	-
YoY		28.7%	6.3%	23.0%	57.0%	-19.1%	60.2%	34.8%			
OPM		3.0%	2.6%	2.3%	4.3%	2.5%	4.0%	3.1%			
RP		1,039	845	878	1,456	859	1,375	1,160		-	-
YoY		27.3%	3.7%	21.7%	34.5%	-17.3%	62.7%	32.1%			
RPM		3.4%	2.6%	2.5%	4.2%	2.9%	4.1%	3.3%			
NI		669	529	388	750	913	898	704		-	-
YoY		10.6%	37.4%	-45.2%	144.6%	36.5%	69.8%	81.4%			
NPM		2.2%	1.6%	1.1%	2.2%	3.1%	2.7%	2.0%			
Cumulative		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	98,533		69.4%	142,000
YoY		18.8%	19.3%	21.7%	18.6%	-2.9%	0.7%	0.2%			7.1%
GP		4,664	9,425	14,126	19,095	4,439	9,543	14,571			
YoY		12.5%	11.2%	11.6%	11.6%	-4.8%	1.3%	3.2%			
GPM		15.1%	14.9%	14.4%	14.4%	14.8%	15.0%	14.8%			
SG&A		3,750	7,661	11,569	15,052	3,699	7,442	11,400			
YoY		9.2%	10.0%	10.1%	7.4%	-1.4%	-2.9%	-1.5%			
SG&A / Sales		12.2%	12.1%	11.8%	11.3%	12.4%	11.7%	11.6%			
OP		914	1,764	2,557	4,043	739	2,101	3,170		75.5%	4,200
YoY		28.7%	16.8%	18.7%	30.4%	-19.1%	19.1%	24.0%			3.9%
OPM		3.0%	2.8%	2.6%	3.0%	2.5%	3.3%	3.2%			3.0%
RP		1,039	1,884	2,762	4,218	859	2,234	3,394		78.9%	4,300
YoY		27.4%	15.6%	17.5%	22.9%	-17.2%	18.6%	22.8%			1.9%
RPM		3.4%	3.0%	2.8%	3.2%	2.9%	3.5%	3.4%			3.0%
NI		669	1,198	1,586	2,336	913	1,811	2,515		89.8%	2,800
YoY		10.6%	21.0%	-6.6%	16.5%	36.5%	51.1%	58.6%			19.9%

Source: Company data

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

**Electronic Devices and Components**

The North American automotive market was robust, and a growing number of automobiles featuring driver assistance systems led to strong demand for components used in automotive equipment. However, sales performance declined for optical transmission components as investment remained at low levels in the North American telecommunications infrastructure equipment market, and demand remained weak for components used in LCD televisions. As a result, sales for the segment overall were down, but higher sales in profitable areas such as office automation components and solar power generation equipment yielded an increase in segment operating profit.

**Electronic and Electric Equipment**

As the global need for refined semiconductor packages grows, the company won an order from a Taiwanese semiconductor manufacturing firm for the latest ultra-precision lithographic exposure equipment for printed circuit boards. In Japan, the company sold LED-manufacturing equipment, a pelletron accelerator used in nuclear physics and carbon-dating, and a cyclotron accelerator for chemical production.

**Industrial Chemicals**

Sales of chemical products for the paper and pulp industry fell because major clients reduced their output beginning in the summer of 2014. During FY03/15, the company also sold a subsidiary that produces industrial chemicals, causing sales to fall year-on-year. However, segment operating profit increased, owing to strong sales of polymerization-inhibitor for the petrochemical industry and coolant treatment chemicals.

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 **January 15, 2015**, Harmonic Drive Systems Inc. (HDSI) announced quarterly orders and sales data for Q3 FY03/15 (parent level).

Quarterly sales and orders (parent) (JPYmn)	FY03/13				FY03/14				FY03/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<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>	<b>5,804</b>	
Semiconductor production equipment	544	417	325	404	483	538	635	572	525	538		
Flat panel displays	229	201	191	315	462	364	355	318	245	366		
Industrial robot applications	1,687	1,700	1,220	1,276	1,278	1,629	1,521	1,628	2,606	2,491		
Gear heads (for electric motor makers)	331	267	220	261	285	377	350	373	323	318		
Machine tools	311	277	334	310	304	280	351	350	359	391		
Oil-Drilling Equipment	243	232	282	86	285	273	255	180	376	403		
Others	1,095	1,143	1,187	1,063	1,315	1,211	1,383	1,218	1,147	1,271		
<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>	<b>19.6%</b>	
Semiconductor production equipment	-18.4%	-28.1%	-30.4%	-30.9%	-11.2%	29.0%	95.4%	41.6%	8.7%	0.0%		
Flat panel displays	-58.1%	-35.0%	-8.2%	62.4%	101.7%	81.1%	85.9%	1.0%	-47.0%	0.5%		
Industrial robot applications	-8.5%	-13.7%	-14.6%	-5.6%	-24.2%	-4.2%	24.7%	27.6%	103.9%	52.9%		
Gear heads (for electric motor makers)	-11.0%	-23.9%	-20.9%	-16.1%	-13.9%	41.2%	59.1%	42.9%	13.3%	-15.6%		
Machine tools	-8.3%	-21.3%	9.2%	-8.0%	-2.3%	1.1%	5.1%	12.9%	18.1%	39.6%		
Oil-Drilling Equipment	120.9%	77.1%	67.9%	-53.5%	17.3%	17.7%	-9.6%	109.3%	31.9%	47.6%		
Others	-12.0%	-7.2%	15.6%	-8.5%	20.1%	5.9%	16.5%	14.6%	-12.8%	5.0%		
<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>	<b>5,815</b>	
Semiconductor production equipment	491	351	337	449	510	597	629	565	558	510		
Flat panel displays	243	183	239	379	471	381	289	276	433	334		
Industrial robot applications	1,853	1,370	1,349	1,179	1,478	1,609	1,463	2,685	2,854	1,946		
Gear heads (for electric motor makers)	335	225	239	241	344	375	354	351	340	344		
Machine tools	272	304	320	311	271	319	364	334	401	424		
Oil-Drilling Equipment	354	180	132	377	223	178	174	370	397	495		
Others	1,181	1,094	1,145	1,137	1,349	1,231	1,261	1,382	1,274	1,189		
<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>	<b>28.2%</b>	
Semiconductor production equipment	-22.6%	-22.0%	-36.1%	-22.0%	3.9%	70.1%	86.6%	25.8%	9.4%	-14.6%		
Flat panel displays	-48.3%	-27.1%	47.5%	89.5%	93.8%	108.2%	20.9%	-27.2%	-8.1%	-12.3%		
Industrial robot applications	-11.0%	-16.2%	18.5%	-23.8%	-20.2%	17.4%	8.5%	127.7%	93.1%	20.9%		
Gear heads (for electric motor makers)	-17.9%	-28.8%	-13.7%	-26.1%	2.7%	66.7%	48.1%	45.6%	-1.2%	-8.3%		
Machine tools	-13.7%	-9.5%	1.3%	-5.5%	-0.4%	4.9%	13.8%	7.4%	48.0%	32.9%		
Oil-Drilling Equipment	200.0%	-10.9%	230.0%	61.8%	-37.0%	-1.1%	31.8%	-1.9%	78.0%	178.1%		
Others	-3.5%	3.2%	15.8%	-1.7%	14.2%	12.5%	10.1%	21.5%	-5.6%	-3.4%		

Source: Company data

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

View the [full report](#).





### Hearts United Group Co., Ltd. (3676)

A debugging business established as a holding company of Digital Hearts.

On **January 16, 2015**, Hearts United Group Co., Ltd. announced the name and the establishment of a joint venture with ZMP Inc. to provide testing services for the automotive industry, including debugging and data collection. The partnership was announced on November 4, 2014.

**Details of the joint venture (finalized details are underlined):**

Name: ZEG Co., Ltd.

Representative: President and Representative Director Hisashi Taniguchi

Business details: Testing services for the auto industry such as debugging and data collection

Capital: JPY30mn

Establishment date: January 16, 2015

Financial year end: December

Ownership: HUG: 49.0%, ZMP: 51.0%.

View the [full report](#).

**Intelligent Wave Inc. (4847)**

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

On **January 28, 2015**, Intelligent Wave Inc. (IWI) announced revisions to 1H and full-year earnings forecasts for FY06/15.

Earnings forecasts for 1H FY06/15

- Sales: JPY2.8bn (previous forecast: JPY2.8bn)
- Operating profit: JPY183mn (previous forecast: JPY75mn)
- Recurring profit: JPY183mn (previous forecast: JPY80mn)
- Net income: JPY245mn (previous forecast: JPY50mn)
- EPS: JPY9.31 (previous forecast: JPY1.90).

Full-year earnings forecasts for FY06/15

- Sales: JPY6.4bn (unchanged from previous forecast)
- Operating profit: JPY380mn (unchanged from previous forecast)
- Recurring profit: JPY400mn (unchanged from previous forecast)
- Net income: JPY380mn (previous forecast: JPY250mn)
- EPS: JPY14.43 (previous forecast: JPY9.49).

IWI raised its operating profit and recurring profit forecasts upward because it expects relatively high-margin packaged software sales to outperform initial forecasts, amid robust sales growth across the board. The company also revised its net income forecast as tax expenses fell by JPY130mn—the result of tax deductions in line with losses on the valuation of investment securities booked in previous years.

The company revised its full-year net income forecast in line with the lower tax expenses. But some of the packaged software sales mentioned above were brought forward from 2H. So the company has maintained its full-year sales forecast. It has also maintained its full-year operating profit and recurring profit forecasts.

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 **January 9, 2015**, Ito En announced monthly sales data for December 2014.

Monthly Sales (non-consolidated estimates; % change YoY)						FY04/15				Jan.	Feb.	Mar.	Apr.	Total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.						
<b>Total Sales</b>	-2.7%	0.5%	-3.9%	-9.4%	-3.8%	0.1%	-2.6%	-1.2%						-3.4%
Tea Leaf	-1.4%	1.0%	-0.3%	-0.8%	2.3%	3.2%	0.1%	4.2%						0.6%
Beverages	-2.7%	0.5%	-4.1%	-9.8%	-3.9%	-0.3%	-2.4%	-1.4%						-3.7%
<b>Breakdown by Beverage Category</b>														
Japanese Tea Beverages	2.5%	0.2%	-0.9%	-10.2%	-3.1%	1.7%	1.4%	1.1%						-1.4%
Chinese Tea Beverages	-9.4%	-0.5%	-2.7%	-12.3%	-15.4%	-0.7%	-12.4%	-6.1%						-7.4%
Vegetable Beverages	-19.9%	-10.9%	-13.0%	-16.2%	-10.8%	-5.4%	-10.7%	-11.6%						-11.9%
Fruit Beverages	17.9%	18.9%	-10.0%	-13.9%	57.6%	11.9%	6.3%	-5.0%						4.5%
Coffee Beverages	9.7%	23.9%	4.8%	16.3%	17.1%	10.2%	-4.4%	10.9%						10.4%
Black Tea Beverages	7.1%	2.7%	-5.8%	-7.0%	-21.9%	-25.7%	-0.6%	-29.0%						-12.3%
Functional Beverages	-32.8%	-15.3%	-14.2%	-16.1%	-13.7%	-0.3%	-7.2%	-15.2%						-15.7%
Mineral Water	-13.7%	-8.2%	-14.2%	-13.4%	-16.8%	-9.8%	-9.3%	-4.1%						-12.2%
Monthly Sales (non-consolidated estimates; % change YoY)						FY04/14				Jan.	Feb.	Mar.	Apr.	Total
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.						
<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](#).



## J Trust Co Ltd (8508)

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

On **January 21, 2014**, J Trust Co., Ltd. announced that the Tokyo District Court has ruled in favor of the company in recent lawsuits.

The Tokyo District Court fully backed J Trust's argument regarding a lawsuit for damages filed against the company by A&P Financial Co., Ltd. (Lawsuit A) and another lawsuit for damages filed by Yoon Choi, representative director of A&P (Lawsuit B). The court dismissed all the claims of the plaintiffs, according to a statement released by J Trust.

### Outline and details of the lawsuits

On December 28, 2011, J Trust concluded a sponsorship agreement with Takefuji Corporation, a corporation under the Reorganization and Rehabilitation Act, (current TFK Corporation; hereinafter, "Takefuji") to support the reconstruction of Takefuji's business. On June 19, 2012, A&P filed a lawsuit against J Trust, the company's directors, and trustees of Takefuji with Tokyo District Court, claiming that A&P suffered damages by alleged joint tort during the process of sponsor selection.

A&P demanded compensation for damages in the amount of JPY20,215,971,862 plus 5% (annual rate) of the said compensation for the period between December 28, 2011 and the date of completing payment of the said compensation (Lawsuit A). Additionally, Yoon Choi, representative director of A&P, filed a lawsuit against J Trust, the company's directors, and trustees of Takefuji. The plaintiff demanded compensation for damages in the amount of JPY15,298,462,080 plus 5% (annual rate) of the said compensation for the period between December 28, 2011 and the date of completing payment of the said compensation as the second claim (Lawsuit B). J Trust's argument was as follows: A&P, the former sponsor of Takefuji, failed to pay for part of Takefuji's business based on agreement between Takefuji and A&P, and therefore, the agreement was cancelled. J Trust signed a new agreement afterward. J Trust asserts that it did not commit joint tort in the process of selecting a sponsor for Takefuji and has strongly demanded the dismissal of the plaintiffs' claim.

On **January 19, 2015**, the company announced the acquisition of shares in Standard Chartered Savings Bank Korea Co., Ltd. (making it a subsidiary) and a change to the new subsidiary's name.

The company acquired all shares in Standard Chartered Savings Bank Korea (SC Savings Korea) held by Standard Chartered Korea Limited.

### Reasons for the acquisition

In the near future, J Trust plans to merge SC Savings Korea with Chinae Savings Bank, an existing subsidiary in Korea. This merger will expand the company's share of the Korean savings bank business to about 70%, and allow it to boost its salesforce and offer services nationwide. The company expects an increase in transactions, more efficient advertising, higher brand recognition, and the ability to recruit talented individuals from across Korea. The company also plans to use its debt management and collection expertise to generate higher revenues from SC Savings Korea's existing debt holdings.

As firm growth continues in Asian markets, J Trust expects that SC Savings Korea's global operations expertise and international human resources—cultivated during its time as a subsidiary of Standard Chartered, an international financial institution—will enhance its expansion in the region.

Following the acquisition, the company also changed the new subsidiary's name to JT Savings Bank Co., Ltd.



#### Overview of the new subsidiary (as of FY06/14)

- Name: Standard Chartered Savings Bank Korea Co., Ltd.
- New name: JT Savings Bank Co., Ltd.
- Business: savings banking
- Capital: KRW99.9bn (about JPY10.0bn)
- Established: December 28, 2006

#### SC Savings Korea recent assets and performance

(JPYmn)	FY06/12	FY06/13	FY06/14
Net assets	6,868	5,588	5,614
Total assets	55,450	52,019	35,806
Revenue	9,510	8,680	5,928
Operating Profit	212	-1,183	31
Net income	258	-1,280	26

Source: Company data  
KRW/JPY0.1

#### Overview of the acquisition (KRW/JPY0.1)

- Ordinary shares: JPY5.2bn
- Advisory fees: approx. JPY32mn
- Total: approx. JPY5.2bn

The company will maintain its earnings forecasts for FY03/15, having already factored the acquisition into forecasts announced on August 13, 2014.

View the [full report](#).

## JIN Co., Ltd. (3046)

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

On **January 14, 2015**, JIN Co., Ltd. announced earnings results for Q1 FY08/15.

Quarterly Performance (JPYmn)	FY08/13				FY08/14				FY08/15		FY08/15		FY08/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	(*)Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales	7,800	9,861	9,182	9,711	8,169	9,463	9,623	8,895	8,146	9,764	45.5%	17,910	20.1%	40,450
YoY	85.3%	86.9%	63.6%	29.3%	4.7%	-4.0%	4.8%	-8.4%	-0.3%	3.2%		1.6%		11.9%
Gross Profit	5,909	7,479	6,943	7,113	5,918	6,770	7,115	6,391	6,198	7,022	46.9%	13,220	20.7%	30,000
YoY	83.4%	91.0%	60.1%	28.3%	0.1%	-9.5%	2.5%	-10.2%	4.7%	3.7%		4.2%		14.5%
GPM	75.8%	75.8%	75.6%	73.3%	72.4%	71.5%	73.9%	71.9%	76.1%	71.9%		73.8%		74.2%
SG&A Expenses	4,532	4,892	5,868	5,930	5,669	6,047	5,909	5,597	5,959	6,661	47.2%	12,620	22.4%	26,600
YoY	49.1%	59.8%	55.3%	31.8%	25.1%	23.6%	0.7%	-5.6%	5.1%	10.2%		7.7%		14.6%
SG&A / Sales	58.1%	49.6%	63.9%	61.1%	69.4%	63.9%	61.4%	62.9%	73.2%	68.2%		70.5%		65.8%
Operating Profit	1,378	2,587	1,076	1,183	249	723	1,206	794	240	360	39.9%	600	7.0%	3,400
YoY	658.7%	203.3%	93.3%	13.4%	-81.9%	-72.0%	12.2%	-32.9%	-3.9%	-50.2%		-38.3%		14.4%
OPM	17.7%	26.2%	11.7%	12.2%	3.1%	7.6%	12.5%	8.9%	2.9%	3.7%		3.4%		8.4%
Recurring Profit	1,302	2,405	904	1,258	219	702	1,223	785	193	387	33.4%	580	5.8%	3,350
YoY	664.1%	193.8%	60.1%	26.0%	-83.2%	-70.8%	35.3%	-37.6%	-11.7%	-45.0%		-37.1%		14.4%
RPM	16.7%	24.4%	9.8%	13.0%	2.7%	7.4%	12.7%	8.8%	2.4%	4.0%		3.2%		8.3%
Net Income	766	1,388	502	764	70	316	759	100	48	212	18.6%	260	2.5%	1,900
YoY	1,039.3%	294.2%	146.3%	63.7%	-90.9%	-77.2%	51.3%	-86.9%	-30.9%	-33.1%		-32.7%		52.6%
NPM	9.8%	14.1%	5.5%	7.9%	0.9%	3.3%	7.9%	1.1%	0.6%	2.2%		1.5%		4.7%

Source: Company data

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

In Q1, the pullback from the consumption tax hike continued to affect the domestic eyewear retail market (corrective lenses). To revitalize its image, the company coined Magnify Life as its new corporate slogan as part of efforts to respond to changes in the eyewear market and solidify a foundation for global growth.

As the company's performance struggled, two key issues became apparent:

- Products: Poor selection due to heavy reliance on high sales volume products, routine price reductions;
- Stores: Opportunity losses stemming from overemphasis on store efficiency.

JIN viewed solving the above two issues as paramount to its future success, and after internal debate on the company's core values, JIN introduced Magnify Life, its new brand vision.

On **January 5, 2015**, the company released monthly sales data for December 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%	-10.2%	-20.8%								

Source: Company data, SR Inc. Research

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 **January 5, 2015**, Kenedix, Inc. announced the opening of an office in Singapore.

Building an infrastructure for investment in real estate overseas is an important part of Kenedix's medium-term management plan. The company plans to use its representative office in Singapore as an operating base for Asia, providing opportunities for global growth and expansion in the ASEAN region. According to the company, the opening of this office will have no effect on consolidated earnings for FY12/14, and the effect on earnings for FY12/15 will be negligible.

#### New office details

- Name: Kenedix, Inc. Singapore Representative Office
- Address: 34 Floor, 77 Robinson Road, Singapore 068896
- Business: Research on markets, real estate companies, and other subjects; collecting data and identifying business opportunities
- Opening: January 2015

View the [full report](#).



## Kenko.com Inc. (3325)

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

On **January 29, 2015**, Kenko.com announced revisions to its full-year FY12/14 earnings forecasts.

### Forecast revisions

Sales: JPY20.8bn (previous forecast: JPY22.0bn)

Operating loss: JPY320mn (previous forecast: operating profit of JPY10mn)

Despite efforts to expand web-based sales of medications and measures to improve efficiency, sales targets were revised down because the effects of the consumption tax hike lasted longer than expected.

The company worked to improve profitability through improved sales promotions and logistics, and reduced fixed SG&A expenses. But operating profit is expected to be lower than initially forecast due to lower sales and increased costs accompanying revisions to the Pharmaceutical Affairs Law.

On **January 8, 2015**, the company announced that it began sales of Category I medications on its Rakuten 24 website.

Rakuten 24, an ecommerce website offering about 60,000 items operated by Kenko.com, started selling Category I medications from January 8, 2015. In addition to daily necessities and food items, Rakuten 24 now sells Category I medications such as RiUP X5 and Loxonin S.

Kenko.com has been able to sell safe medications online for many years on its main store and its Rakuten Ichiba store. It has been selling Category II and III medications on its Rakuten 24 website from September 2014. The company aims to use its experience selling medications online as it begins selling Category I medications through Rakuten 24.

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 **January 30, 2015**, Lasertec Corp. released 1H FY06/15 results. The company also raised its full-year and dividend forecasts.

Quarterly Performance (JPYmn)		FY06/13				FY06/14				FY06/15		FY06/15		FY06/15		FY06/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY	FY Est. (New)	% of FY	FY Est. (Old)	% of FY	FY Est. (Old)
<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>4,433</b>	<b>39.5%</b>	<b>15,000</b>	<b>41.2%</b>	<b>15,000</b>		
Semiconductor Related Systems		3,231	2,319	1,663	1,874	507	3,597	789	5,584	97	3,682			33.3%	11,340		
Others		78	195	320	182	48	374	251	704	1,222	249			79.1%	1,860		
Services		370	375	398	393	416	534	387	417	428	502			51.7%	1,800		
YoY		144.0%	-14.8%	-19.0%	-45.6%	-73.6%	56.0%	-40.1%	173.8%	80.0%	-1.6%		72.6%		10.2%		
Semiconductor Related Systems		199.7%	-11.7%	5.9%	-46.9%	-84.3%	55.1%	-52.6%	198.0%	-80.8%	2.3%				8.2%		
Others		-65.5%	-57.4%	-67.3%	-71.2%	-38.3%	91.8%	-21.7%	286.4%	2,442.1%	-33.5%				35.1%		
Services		81.2%	22.2%	2.1%	15.9%	12.4%	42.4%	-2.9%	6.2%	2.9%	-6.0%				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>6,845</b>			<b>54.0%</b>	<b>17,000</b>		
Semiconductor Related Systems		1,681	1,383	585	2,794	790	5,260	2,304	3,532	1,778	2,713			38.5%	11,680		
Others		186	230	184	124	196	821	181	1,289	202	3,660			109.7%	3,520		
Services		347	402	409	440	406	505	451	453	362	472			46.3%	1,800		
YoY		58.0%	-76.1%	-45.3%	32.8%	-37.1%	226.8%	149.4%	57.1%	68.2%	3.9%				5.0%		
Semiconductor Related Systems		59.8%	-82.2%	-63.4%	42.5%	-53.0%	280.3%	293.6%	26.4%	125.0%	-48.4%				-1.7%		
Others		21.6%	-38.0%	8.0%	-28.5%	5.3%	256.4%	-1.3%	936.3%	3.1%	345.8%				41.6%		
Services		76.9%	25.0%	5.9%	11.7%	17.1%	25.7%	10.5%	3.1%	-11.0%	-6.5%				-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>9,983</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	6,167				5,794		
Others		261	297	160	102	250	697	628	1,212	192	3,603				2,872		
Services		164	191	201	248	239	210	274	310	244	214				310		
YoY		17.6%	-52.1%	-61.3%	-37.5%	-13.4%	47.1%	141.3%	58.8%	57.2%	44.8%				-66.9%		
Semiconductor Related Systems		65.7%	-48.9%	-62.2%	-39.5%	-15.8%	42.6%	140.3%	34.9%	64.9%	3.0%				-75.1%		
Others		-82.6%	-79.1%	-73.8%	-33.2%	-4.3%	134.9%	291.4%	1,083.0%	-23.4%	417.0%				3.1%		
Services		34.6%	40.0%	51.8%	32.9%	45.6%	9.9%	36.3%	25.1%	2.2%	2.0%				-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>	<b>1,765</b>						
YoY		140.1%	-4.4%	-11.3%	-79.5%	-85.8%	43.6%	-49.1%	544.4%	254.4%	-19.1%						
GPM		51.4%	52.6%	59.6%	21.5%	27.7%	48.4%	50.6%	50.6%	54.5%	39.8%						
SG&A		839	762	806	798	778	827	962	901	866	845						
YoY		-1.2%	-3.9%	-11.9%	-11.7%	-7.3%	8.5%	19.5%	12.9%	11.4%	2.2%						
SG&A / Sales		22.8%	26.4%	33.8%	32.6%	80.1%	18.3%	67.5%	13.4%	49.6%	19.1%						
<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>1,664</b>	<b>29.3%</b>	<b>3,800</b>	<b>54.7%</b>	<b>3,200</b>		
YoY		-	-4.9%	-10.5%	-	-	78.8%	-	-	-	22.8%		543.1%		3.3%		
OPM		28.5%	26.2%	25.8%	-11.1%	-52.4%	30.1%	-16.9%	37.2%	5.0%	37.5%				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>1,643</b>	<b>30.3%</b>	<b>3,800</b>	<b>55.5%</b>	<b>3,200</b>		
YoY		-	19.7%	11.4%	-	-	52.9%	-	-	-	14.6%		275.7%		1.2%		
RPM		27.6%	32.5%	31.8%	-7.0%	-52.7%	31.8%	-19.9%	37.6%	7.6%	37.1%				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>1,100</b>	<b>28.7%</b>	<b>2,400</b>	<b>55.0%</b>	<b>2,150</b>		
YoY		-	17.8%	15.1%	-	-	57.2%	-	-	-	17.6%		276.4%		9.2%		
NPM		17.6%	20.6%	18.9%	-3.3%	-33.6%	20.8%	-17.4%	24.0%	4.7%	24.8%		16.0%		14.3%		

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

Source: Company data

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

## Market environment

In the semiconductor industry, the company's primary market, strong demand from smartphone manufacturers led to investments in the miniaturization of 14/16nm node technology. In other areas, investments in photomasks, which are used in the production of high-resolution smartphone panels, surged. Meanwhile, the market for solar-power equipment and rechargeable lithium-ion batteries expanded even as product prices continued to fall.

## First-half results

Against this background, new orders totaled JPY9.2bn (+15.1% YoY), with consolidated sales of JPY6.2bn (+12.8% YoY). Operating profit reached JPY1.8bn (+106.8% YoY).

Outstanding orders totaled JPY10.0bn as of the end of Q2, exceeding the company's latter-half sales target of JPY8.8bn. Production increased 0.4% YoY during the fiscal first half to JPY5.9bn. Work in progress, a component of current assets, totaled JPY3.9bn, an increase of JPY300mn from a year earlier.

## Full-year earnings, dividend forecasts raised (year-end DPS raised from JPY34 to JPY38)

Lasertec raised its full-year earnings forecast. (The first-half forecast was raised on January 23.) The company also announced that it would pay a year-end dividend of JPY38 a share, compared with the JPY34 previously forecast. The company stated that it was benefitting from a weak yen, changes in product composition, and controls on fixed costs.



On **January 23, 2015**, the company announced upward revisions to its 1H FY06/15 earnings forecasts.

Earnings forecasts (JPYmn)	1H FY06/14 Actual	1H FY06/15 Est.		Vs. previous forecast	YoY
		As of Aug 2014	As of Jan 2015		
Sales	5,476	5,600	6,179	10.3%	12.8%
Operating profit	846	500	1,751	250.2%	107.0%
OPM	15.4%	8.9%	28.3%	217.4%	83.4%
Recurring profit	922	500	1,775	255.0%	92.5%
Net income	609	300	1,182	294.0%	94.1%

Source: Company data

#### Reasons for the revisions

The company expects sales to outperform initial forecasts, as revenue from exports is expected to increase due to fluctuations in forex rates, and as it expects some product sales to be frontloaded to 1H. Changes in product mix, controls on fixed costs, higher sales (especially export sales in foreign currencies), as well as forex gains have led the company to revise profit forecasts.

The company may revise its FY06/15 full-year consolidated earnings and dividend forecasts, and plans to announce its decision on January 30, 2015, when it releases 1H earnings results.

View the [full report](#).

## Mac-House Co., Ltd. (7603)

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

On **January 9, 2015**, Mac-House Co., Ltd. announced earnings results for Q3 FY02/15.

Quarterly Performance (JPYmn)	FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% 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>9,083</b>	<b>9,853</b>	<b>72.9%</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%	2.3%	-2.0%		-1.2%
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>	<b>4,290</b>	<b>4,806</b>	72.2%	17,269
YoY	4.1%	-3.8%	-1.9%	-1.8%	-2.8%	-3.1%	-14.6%	-9.6%	-5.6%	-3.8%	1.1%	12.3%		1.0%
GPM	49.1%	46.6%	50.2%	46.0%	49.5%	46.7%	47.8%	42.6%	48.4%	45.6%	47.2%	48.8%		47.6%
SG&A	3,964	3,833	4,126	3,907	3,938	3,877	4,110	4,040	4,277	4,026	4,089	4,277	74.3%	16,669
YoY	-5.0%	-3.7%	-3.5%	-7.1%	-0.7%	1.1%	-0.4%	3.4%	8.6%	3.8%	-0.5%	5.9%		4.4%
SG&A / Sales	40.7%	43.9%	41.7%	38.0%	42.0%	45.9%	46.3%	40.2%	47.2%	48.5%	45.0%	43.4%		45.9%
<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>199</b>	<b>530</b>	<b>11.7%</b>	<b>600</b>
YoY	95.0%	-4.0%	6.9%	34.3%	-13.3%	-73.0%	-84.3%	-71.0%	-85.4%	-	50.8%	120.8%		-47.4%
OPM	8.3%	2.7%	8.5%	8.0%	7.5%	0.8%	1.5%	2.4%	1.1%	-	2.2%	5.4%		1.7%
RP	858	268	883	893	747	88	140	276	164	-203	229	510	27.1%	700
YoY	105.4%	-3.6%	9.0%	47.4%	-12.9%	-67.2%	-84.1%	-69.1%	-78.0%	-	63.6%	84.8%		-44.0%
RPM	8.8%	3.1%	8.9%	8.7%	8.0%	1.0%	1.6%	2.7%	1.8%	-	2.5%	5.2%		1.9%
NI	528	148	499	1,295	428	20	32	69	45	-224	66	303	-59.5%	190
YoY	-	-8.1%	-38.6%	11.5%	-19.0%	-86.5%	-93.6%	-94.7%	-89.5%	-	106.3%	339.1%		-65.4%
NPM	5.4%	1.7%	5.0%	12.6%	4.6%	0.2%	0.4%	0.7%	0.5%	-	0.7%	3.1%		0.5%
Store Count	479	477	483	476	486	481	486	482	486	480	482	482		482
Openings	6	3	11	1	12	5	12	2	18	5	13	17		30
Closures	-9	-5	-5	-8	-2	-10	-7	-6	-14	-11	-11	-19		-30

Source: Company data

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

Company estimates for Q4 FY02/15 calculated by subtracting cumulative Q3 estimates from full-year estimates.

Consumers remained cautious because personal income failed to increase significantly during the period. Competition escalated in the low- and mid-range casual apparel market as major domestic companies and foreign retailers opened more stores. The industry continued to face challenging operating environment also because of an increase in procurement costs. Against this background, Mac-House made efforts go beyond selling jeans to create stores that feature both apparel and lifestyle accessories.

On **January 5, 2015**, the company announced monthly sales data for December 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%	-0.8%	-0.5%		
Cust. count	-2.7%	-3.1%	-0.3%	-0.9%	-1.6%	0.1%	8.8%	0.6%	-6.3%	-1.9%		
Spend / cust.	-1.8%	-3.8%	-1.0%	-0.2%	0.2%	1.1%	0.1%	3.3%	5.9%	1.4%		

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%	-1.4%	-1.5%		
Cust. count	-0.8%	-1.4%	0.3%	-0.7%	-1.9%	-0.1%	9.4%	0.5%	-5.9%	-1.8%		
Spend / cust.	-2.5%	-4.5%	-1.7%	-1.1%	-0.7%	0.3%	-0.7%	2.3%	4.8%	0.3%		

Source: Company data

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

View the [full report](#).



**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 **January 28, 2015**, Matsui Securities Co., Ltd. announced earnings results for Q3 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	9,129	-
YoY	228.9%	137.1%	103.0%	0.6%	-43.1%	-2.4%	-0.5%	-
Net operating revenues	12,800	8,799	8,900	8,239	7,238	8,392	8,837	-
YoY	238.4%	146.1%	106.2%	-0.0%	-43.5%	-4.6%	-0.7%	-
Commissions	9,925	6,052	5,977	5,395	4,406	5,349	5,835	-
YoY	308.8%	164.0%	95.6%	-15.6%	-55.6%	-11.6%	-2.4%	-
Net interest income	2,868	2,745	2,919	2,842	2,829	3,040	2,998	-
YoY	111.8%	114.1%	132.0%	51.5%	-1.4%	10.7%	2.7%	-
SG&A	3,213	2,771	2,825	2,839	2,604	2,718	2,778	-
YoY	33.5%	22.4%	22.5%	3.5%	-19.0%	-1.9%	-1.7%	-
SG&A / Operating revenues	25.1%	31.5%	31.7%	34.5%	36.0%	32.4%	31.4%	-
Operating profit	9,587	6,028	6,075	5,400	4,633	5,675	6,059	-
YoY	596.7%	359.5%	202.4%	-1.8%	-51.7%	-5.9%	-0.3%	-
OPM	74.9%	68.5%	68.3%	65.5%	64.0%	67.6%	68.6%	-
Recurring profit	9,625	6,041	6,106	5,403	4,694	5,682	6,096	-
YoY	585.1%	358.3%	203.6%	-2.0%	-51.2%	-5.9%	-0.2%	-
RPM	75.2%	68.7%	68.6%	65.6%	64.9%	67.7%	69.0%	-
Net income	5,802	3,633	3,682	3,183	2,928	3,541	4,376	-
YoY	495.7%	345.2%	201.8%	-6.8%	-49.5%	-2.5%	18.8%	-
NPM	45.3%	41.3%	41.4%	38.6%	40.5%	42.2%	49.5%	-

Source: Company data

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

Aggregate equity trading value at the Tokyo and Nagoya stock exchanges fell 12% YoY; total equity trading value by individuals fell 28%. Trading by individuals accounted for 23% of total market transactions, down from 28% a year earlier. Turnover fell owing to a pullback from Q3 FY03/14, when anticipation of Prime Minister Abe's economic policies (Abenomics) and the Bank of Japan's monetary easing buoyed stock prices and led to a corresponding increase in turnover.

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. The company also focused on customer service. For example, it improved the feature for placing orders in its Netstock High Speed trading tool, and promoted services for minors—in view of the establishment of tax-free Nippon Individual Savings Accounts (NISA) for children, which is scheduled to begin in 2016. But total equity trading value at the company fell 12% YoY, in line with the broader fall in the equity trading value of individuals.

On **the same day**, the company announced its scheduled year-end dividend for FY03/15.

At its shareholder meeting subsequent to the close of FY03/15, the company plans to submit a proposal to distribute dividends of JPY20 per share as its year-end dividend for FY03/15. Matsui also distributed a midterm dividend of JPY20 per share, bringing its total dividends for the year to JPY40 per share.

On **January 1, 2015**, the company announced the recording of gains on the sale of investment securities as extraordinary income.



Upon the sale of a portion of the investment securities held by the company, Matsui plans to book extraordinary income (gains on the sale of investment securities) of JPY927mn during Q3 FY03/15. The company has not disclosed earnings forecasts, as business results in the securities business—its main area of business—are heavily affected by overall market conditions.

View the [full report](#).

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

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

On **January 21, 2015**, MEDINET Co., Ltd. announced the approval of a patent in the US and China for a "Method for the Simultaneous Induction of CTL and  $\gamma\delta$ T Cells."

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

Invention name: Method for the Simultaneous Induction of CTL and  $\gamma\delta$ T Cells  
Patent holder: MEDINET Co., Ltd.

The company hopes this patent will lead to further technological innovation that will contribute to new products, including the development of regenerative medicine using this technology, and its application in advanced medical treatments.

The approval of this patent will have negligible effect on MEDINET's earnings results for FY09/15.

On **January 19, 2015**, the company announced that it has completed the evaluation of patented technology for amplifying dendritic cells and has begun development for clinical use.

The company announced a licensing agreement with Dनावेक Corporation in May 2014 for patented technology to amplify dendritic cells. Upon completion of the first technology evaluation stage, the company confirmed that the technology could be replicated. The next step will be to develop the technology for clinical use.

This technology offers a method for producing large quantities of dendritic cells of consistent quality. The company intends to further develop this technology by combining it with its own dendritic cell technology. MEDINET evaluated the technology—including its ability to be replicated—and confirmed that it produced more dendritic cells than conventional treatment methods in healthy, normal subjects. As a result, the company has decided to develop the technology for commercialization.

The company has already factored related expenses into its full-year earnings forecasts for FY09/15; it expects the effect on earnings to be minimal, but will disclose any necessary information as soon as possible.

View the [full report](#).



## **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.

On **January 19, 2015**, Nagase & Co., Ltd. announced changes to its executive management, including a new president.

### Reasons for the changes

The company will make the changes to enhance group management and increase corporate value. The executives will assume their new posts in April, and assist with the formulation of the company's next medium-term management plan.

### Overview of the changes

- |   |  |
|---|--|
| ▪Chairman and representative director:  | Hiroshi Nagase (incumbent president and representative director) |
| ▪Director and vice-chairman:            | Reiji Nagase (incumbent representative director)                 |
| ▪Representative director and president: | Kenji Asakura (incumbent director)                               |
| ▪Representative director:               | Mitsuro Naba (incumbent director)                                |

View the [full report](#).

**NAIGAI TRANS LINE LTD. (9384)**

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

On **January 27, 2015**, Naigai Trans Line Ltd. announced revisions to full-year earnings forecasts for FY12/14.

Full-year earnings forecasts for FY12/14

- Sales: JPY20.1bn (previous forecast: JPY19.0bn)
- Operating profit: JPY1.1bn (previous forecast: JPY1.1bn)
- Recurring profit: JPY1.2bn (previous forecast: JPY1.1bn)
- Net income: JPY190mn (previous forecast: JPY100mn).

Reasons for the revisions

On July 15, 2014, the company announced downward revisions to consolidated earnings forecasts. This was due to higher SG&A expenses, as the company booked provisions for doubtful accounts in line with delays to collections of accounts receivable at subsidiary NTL-LOGISTICS (INDIA) PRIVATE LIMITED. The company also booked extraordinary losses due to goodwill amortization and provisions for losses on litigation. But the company now expects sales, operating profit, recurring profit, and net income to outperform previous forecasts, in light of robust sales from Q3 onward, and a reversal of provisions for losses on litigation following the settlement of the lawsuit brought against the company.

View the [full report](#).



## NanoCarrier Co. (4571)

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

On **January 29, 2015**, NanoCarrier Co. announced that it had obtained a substance patent for pH-Sensitive Micelles in China.

The State Intellectual Property Office of the People's Republic of China (SIPO) has granted NanoCarrier an additional Notice of Allowance, following the company's application for a substance patent for pH-Sensitive Micelle formulations. These micelles selectively release drugs into cells depending on intracellular pH levels.

According to the company, this patent broadens the scope of its patent rights already acquired in China. It will thus allow the company to eliminate a broader range of products imitating those that they are currently developing in collaboration with partners in China, and contribute to a greater level of exclusivity for its business.

This patent covers Epirubicin Micelle (NC-6300 (K-912)), which the company is developing in collaboration with Kowa Company, Ltd. This product is currently in Phase I Clinical Trials for its use in the treatment of solid tumors.

In addition to NC-6300 (K-912), this substance patent also covers platform technology applicable to a variety of low molecular mass medications produced by combining micelle polymers with pH-sensitivity. In this way, the company expects that it will form the basis of new pharmaceutical products.

The company maintains a strong appetite for new research and development, as it looks to develop new products for future growth. It is striving to develop pharmaceutical products of real worth by combining technologies that control the release of drugs, such as pH-sensitivity, with ADCM (Antibody/Drug-conjugated Micelle), the company's next-generation drug-delivery system technology.

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 **January 30, 2015**, NS Tool Co., Ltd. announced earnings results for Q3 FY03/15.

Quarterly Performance (JPYmn)	FY03/13				FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 (*)	Q4	% of FY	FY Est.
<b>Sales</b>	<b>1,570</b>	<b>1,533</b>	<b>1,482</b>	<b>1,413</b>	<b>1,538</b>	<b>1,531</b>	<b>1,632</b>	<b>1,718</b>	<b>1,736</b>	<b>1,813</b>	<b>1,921</b>	<b>1,531</b>	<b>78.1%</b>	<b>7,000</b>
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	-	-	-	-		
<b>Sales (new categories*)</b>														
End Mills (up to 6mm)					1,112	1,093	1,144	1,219	1,214	1,328	1,385			
End Mills (over 6mm)					194	195	219	216	218	227	251			
End Mills (Others)					124	142	152	167	184	141	168			
Other Products					105	101	114	114	118	115	115			
YoY (*)	7.7%	5.1%	-0.4%	2.6%	-2.0%	-0.1%	10.1%	21.6%	12.9%	18.4%	17.7%			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%	21.1%			
End Mills (over 6mm)	-5.5%	0.5%	-5.6%	6.0%	2.1%	5.4%	18.4%	22.6%	12.4%	16.4%	14.6%			
End Mills (Others)	10.1%	16.8%	27.9%	16.6%	15.9%	8.6%	10.4%	39.1%	48.4%	-0.7%	10.5%			
Other Products	-7.7%	6.7%	-6.5%	-11.1%	-2.8%	-9.8%	12.9%	19.8%	12.4%	13.9%	0.9%			
<b>Composition (*)</b>														
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%	72.1%			
End Mills (over 6mm)	12.1%	12.1%	12.5%	12.5%	12.6%	12.7%	13.4%	12.6%	12.6%	12.5%	13.1%			
End Mills (Others)	16.0%	18.1%	19.5%	17.9%	18.9%	19.7%	19.6%	20.5%	10.6%	7.8%	8.7%			
Other Products	6.9%	7.3%	6.8%	6.8%	6.8%	6.6%	7.0%	6.7%	6.8%	6.3%	6.0%			
Smaller diameter ratio					72.4%	71.4%	70.2%	71.0%	70.0%	73.3%	72.2%			
Domestic sales	1,255	1,216	1,165	1,112	1,210	1,243	1,329	1,366	1,389	1,391	1,474			
Overseas sales	314	316	316	300	327	287	301	353	346	421	446			
China, Hong Kong, Taiwan	121	131	126	103	107	95	65	129	106	170	176			
Asia (ex. above)	88	93	91	89	106	90	102	104	112	123	111			
EU	85	66	76	81	90	73	101	93	93	90	119			
US, other	18	24	22	25	22	28	32	30	33	37	37			
<b>YoY</b>														
Domestic	9.3%	3.5%	-5.7%	0.0%	-3.6%	2.2%	14.1%	22.8%	14.8%	11.9%	10.9%			
Overseas	1.6%	11.7%	25.9%	13.6%	4.1%	-9.2%	-4.7%	17.7%	5.8%	46.7%	48.2%			
China, Hong Kong, Taiwan					-11.6%	-27.5%	-48.4%	25.2%	-0.9%	78.9%	170.8%			
Asia (ex. above)					20.5%	-3.2%	12.1%	16.9%	5.7%	36.7%	8.8%			
EU					5.9%	10.6%	32.9%	14.8%	3.3%	23.3%	17.8%			
US, other					22.2%	16.7%	45.5%	20.0%	50.0%	32.1%	15.6%			
<b>Gross Profit</b>	<b>777</b>	<b>716</b>	<b>699</b>	<b>652</b>	<b>722</b>	<b>740</b>	<b>779</b>	<b>836</b>	<b>885</b>	<b>902</b>	<b>954</b>			
YoY	18.5%	-0.3%	-7.5%	6.8%	-7.1%	3.3%	11.4%	28.2%	22.7%	22.0%	22.5%			
GPM	49.5%	46.7%	47.1%	46.2%	46.9%	48.3%	47.7%	48.7%	51.0%	49.8%	49.7%			
<b>SG&amp;A Expenses</b>	<b>470</b>	<b>472</b>	<b>529</b>	<b>451</b>	<b>493</b>	<b>488</b>	<b>498</b>	<b>528</b>	<b>502</b>	<b>570</b>	<b>589</b>			
YoY	10.7%	13.0%	25.7%	-12.4%	4.8%	3.4%	-5.8%	17.1%	1.8%	16.8%	18.3%			
SG&A / Sales	30.0%	30.8%	35.7%	31.9%	32.0%	31.9%	30.5%	30.7%	28.9%	31.4%	30.7%			
Personnel	-	-	-	-	275	279	276	333	279	352	316			
Other	-	-	-	-	217	208	222	194	221	217	272			
<b>Operating Profit</b>	<b>307</b>	<b>244</b>	<b>170</b>	<b>201</b>	<b>229</b>	<b>252</b>	<b>280</b>	<b>308</b>	<b>384</b>	<b>332</b>	<b>365</b>	<b>199</b>	<b>84.5%</b>	<b>1,280</b>
YoY	32.6%	-18.8%	-49.3%	109.4%	-25.4%	3.2%	65.2%	53.0%	67.6%	32.0%	30.2%			19.7%
OPM	19.6%	15.9%	11.4%	14.3%	14.9%	16.4%	17.2%	17.9%	22.1%	18.3%	19.0%			18.3%
<b>Recurring Profit</b>	<b>320</b>	<b>248</b>	<b>177</b>	<b>206</b>	<b>247</b>	<b>253</b>	<b>286</b>	<b>321</b>	<b>405</b>	<b>347</b>	<b>368</b>	<b>210</b>	<b>84.2%</b>	<b>1,330</b>
YoY	31.2%	-20.4%	-51.0%	78.2%	-22.9%	2.0%	62.0%	55.4%	64.1%	36.9%	28.7%			20.1%
RPM	20.4%	16.2%	11.9%	14.6%	16.1%	16.5%	17.5%	18.7%	23.3%	19.1%	19.2%			19.0%
<b>Net Income</b>	<b>185</b>	<b>146</b>	<b>98</b>	<b>98</b>	<b>142</b>	<b>181</b>	<b>175</b>	<b>196</b>	<b>256</b>	<b>227</b>	<b>249</b>	<b>88</b>	<b>89.3%</b>	<b>820</b>
YoY	33.6%	-18.4%	-54.3%	3,648.0%	-23.4%	24.2%	78.5%	100.4%	80.1%	25.4%	42.4%			18.0%
NPM	11.8%	9.5%	6.6%	6.9%	9.2%	11.8%	10.7%	11.4%	14.7%	12.5%	13.0%			11.7%

Source: Company data

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.

**Robust earnings, on track to outperform targets**

NS Tool booked its highest sales to date, and over JPY1.0bn in recurring profit for the first time in seven years. Sales and operating profit stood at 78.1% and 84.5% of full-year targets respectively. But the company has decided not to make any revisions, partly because it may spend more on promotions and bonuses in Q4, as it celebrates sixty years since its founding.

**Demand from smartphone and automotive manufacturers continues to drive earnings**

Sales were up 16.4% YoY over cumulative Q3 to JPY5.5bn, and 17.7% YoY over the three-month period (October-December) to JPY1.9bn. Smartphone manufacturers drove demand related to electrical components, while testing of new car models and robust auto sales in the US drove demand from the automotive sector.

**GPM remains high; profits up significantly despite higher SG&A costs due to exhibitions**

Gross profit margin improved by 2.5pp YoY to 50.1%, due to higher sales of small-diameter end mills—which provide higher margins—and higher factory utilization rates. SG&A expenses were up by JPY182mn (+12.3%) YoY, as the company hired more managers, participated in the Japan International Machine Tool Fair (JIMTOF 2014), and issued a new general catalog. But the SG&A-to-sales ratio was down by 1.1pp, to 30.4%.

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 **January 21, 2015**, Shared Research updated comments on Onward Holdings Co., Ltd.'s earnings results for Q3 FY02/15 after interviewing management.

Quarterly Performance (JPYmn)	FY02/13				FY02/14(*)				FY02/15				FY02/15 Rev.		FY02/15 Prev.	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% of FY	FY 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>72,361</b>	<b>60,358</b>	<b>73,303</b>	<b>73,985</b>	<b>73,561</b>	<b>58,564</b>	<b>75,595</b>	<b>70,180</b>	<b>74.7%</b>	<b>277,900</b>	<b>72.8%</b>	<b>285,500</b>
YoY	10.1%	1.9%	2.5%	11.8%	6.8%	12.9%	3.8%	10.0%	1.7%	-3.0%	3.1%	-5.1%		-0.8%		3.8%
Gross Profit	33,886	23,863	36,649	30,092	35,719	27,046	36,571	31,401	36,541	26,019	36,609	30,231	76.6%	129,400	73.6%	134,800
YoY	11.4%	3.2%	1.4%	18.3%	-	-	-	-	2.3%	-3.8%	0.1%	-3.7%		-1.0%		3.7%
<b>GPM</b>	<b>50.1%</b>	<b>44.8%</b>	<b>52.0%</b>	<b>44.9%</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>48.4%</b>	<b>43.1%</b>		<b>46.6%</b>		<b>47.2%</b>
SG&A Expenses	27,669	26,923	29,102	29,604	29,170	29,943	29,621	31,803	30,577	29,405	31,066	31,052	74.6%	122,100	73.6%	123,700
YoY	7.5%	2.8%	10.3%	14.5%	5.4%	11.2%	1.8%	7.4%	4.8%	-1.8%	4.9%	-2.4%		1.3%		-4.8%
SG&A / Sales	40.9%	50.5%	41.3%	44.2%	40.3%	49.6%	40.4%	43.0%	41.6%	50.2%	41.1%	44.2%		43.9%		43.3%
<b>Operating Profit</b>	<b>6,216</b>	<b>-3,059</b>	<b>7,547</b>	<b>488</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>5,544</b>	<b>-821</b>	<b>111.2%</b>	<b>7,300</b>	<b>73.2%</b>	<b>11,100</b>
YoY	32.9%	-	-22.8%	-	3.3%	-	-	-	-8.9%	-	-20.2%	-		-28.4%		20.6%
OPM	9.2%	-	10.7%	0.7%	9.0%	-	9.5%	-	8.1%	-	7.3%	-		2.6%		3.9%
<b>Recurring Profit</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>5,807</b>	<b>-2,806</b>	<b>5,719</b>	<b>-420</b>	<b>105.1%</b>	<b>8,300</b>	<b>70.9%</b>	<b>12,300</b>
YoY	12.2%	-	-17.4%	45.3%	19.2%	-	-11.7%	-79.3%	-19.2%	-	-19.5%	-		-32.0%		12.2%
RPM	8.9%	-	11.4%	2.5%	10.0%	-	9.7%	0.5%	7.9%	-	7.6%	-		3.0%		4.3%
<b>Net Income</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>3,528</b>	<b>-1,826</b>	<b>4,121</b>	<b>-1,123</b>	<b>123.9%</b>	<b>4,700</b>	<b>116.5%</b>	<b>5,000</b>
YoY	30.4%	-	-3.9%	-	36.4%	-	-0.2%	-	-8.1%	-	0.4%	-		0.9%		15.9%
NPM	4.2%	-	5.8%	-	5.3%	-	5.6%	-	4.8%	-	5.5%	-		1.7%		1.8%

Source: Company data

Estimates for Q4 (\*\*)Q4 calculated by subtracting Q3 results from full-year earnings forecasts.

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: mainstay womenswear business underperformed; Birz Group slow to pick up

Sales grew across domestic businesses, despite difficult conditions such as poor weather and declining consumer appetites. But profits were down as mainstay womenswear sales at Onward Kashiya—the company's core operating subsidiary—underperformed expectations, and results were slow to pick up at the Birz Group.

### Sales lower than expected in Europe, but business restructuring to be completed in FY02/15

Overseas, the company continued restructuring its European businesses. As a result, Onward Luxury Group posted an operating profit of JPY275mn, up JPY209mn YoY, while the operating loss at JOSEPH Group narrowed to JPY46mn, down JPY91mn YoY. Businesses in Asia, however, took longer to recover than planned, leading to poor results overall.

### Operating profit forecast lowered by JPY3.8bn, from JPY11.1bn to JPY7.3bn

The company thus lowered its full-year earnings forecasts for FY02/15, as shown below. Primary components of the lower forecast include (amount of impact in parentheses):

- Delayed recovery of results at Birz Group (JPY500mn)
- Lower sales in European operations (JPY500mn)
- Write-downs and lower sales at Onward Kashiya (JPY2.2bn; previous forecast of JPY12.2bn vs. revised forecast of JPY10.0bn)

The remainder of the lower forecast was caused by factors such as the company's business in Asia. This was the second downward revision including the one made on October 3, 2014, and Shared Research understands the updated forecast to be conservative.

View the [full report](#).

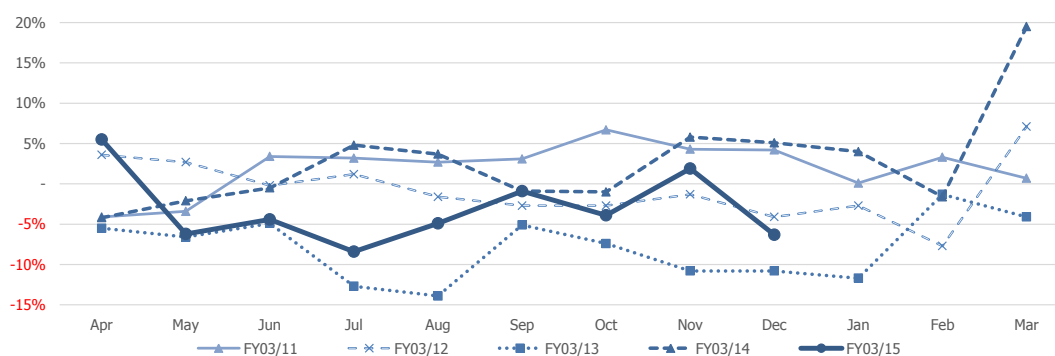
**Paris Miki Holdings Inc. (7455)**

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

On **January 5, 2015**, Paris Miki Holdings announced December 2014 sales figures.

**Monthly comparable-store sales**

Existing Stores	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY03/10	-4.4%	-7.2%	-9.3%	-4.8%	-3.3%	-3.7%	-6.8%	-7.8%	1.9%	1.0%	-5.4%	-4.7%
FY03/11	-4.1%	-3.4%	3.4%	3.2%	2.7%	3.1%	6.7%	4.3%	4.2%	0.1%	3.3%	0.7%
FY03/12	3.6%	2.7%	-0.2%	1.2%	-1.6%	-2.7%	-2.7%	-1.3%	-4.1%	-2.7%	-7.7%	7.1%
FY03/13	-5.5%	-6.6%	-4.9%	-12.7%	-13.9%	-5.1%	-7.4%	-10.8%	-10.8%	-11.7%	-1.3%	-4.1%
FY03/14	-4.2%	-2.1%	-0.5%	4.8%	3.7%	-0.9%	-1.0%	5.8%	5.1%	4.0%	-1.6%	19.5%
FY03/15	5.5%	-6.2%	-4.4%	-8.4%	-4.9%	-0.9%	-3.9%	1.9%	-6.3%			



Source: Company data

View the [full report](#).



### Pigeon Corp. (7956)

Manufacturer of baby bottles, nipples, and other baby goods, seeking a greater global presence.

On **January 13, 2015**, Pigeon Corp., announced that a Chinese subsidiary will become a management company in the form of a regional headquarter, accompanied by an increase in investment and a name change.

Pigeon aims to strengthen foundations for further growth in China, as well as to improve supervision of group operations. On December 9, 2014, it received permission from the Shanghai Municipal Commission of Commerce to make its wholly owned subsidiary, Pigeon (Shanghai) Co., Ltd., a management company in the form of a regional headquarter of a transnational corporation. To do this, Pigeon will change the Chinese name of the subsidiary and increase investment in the subsidiary.

In addition to existing sales and import/export operations, the company expects these changes to help optimize group structure—by consolidating the funds and financial management of regional group companies and offering support for various operations—as well as strengthen risk management.

#### Overview of the Chinese subsidiary

New name: Beiqin Guanli (Shanghai) Co. Ltd.; no change to English name, Pigeon (Shanghai) Co., Ltd.

Expected time frame for name change and increased investment: Mid-January 2015—mid-February

New capital: USD2.0mn (previous capital: USD950,000), Chinese company wholly financed by Pigeon

Details: Sells products for expecting and nursing mothers, as well as baby goods

View the [full report](#).

## Round One Corp. (4680)

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

On **January 9, 2015**, Round One Corporation released monthly sales data for December 2014.

Monthly Sales Trends FY03/15												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Sales (JPYmm)	6,408	7,024	5,913	6,134	9,318	6,321	5,793	6,071	6,960			
Bowling	2,001	2,064	1,688	1,686	2,649	1,756	1,624	1,660	2,045			
Game	2,686	3,070	2,652	2,894	3,955	2,898	2,661	2,777	3,067			
Karaoke	641	711	625	650	927	645	569	595	775			
SPO-CHA	878	956	745	700	1,531	805	730	834	849			
Other	199	221	201	202	254	216	207	203	223			
Total Sales YoY	-3.3%	0.1%	-6.0%	-0.6%	8.4%	-4.4%	3.7%	9.9%	-4.4%			
Bowling	-13.2%	-14.7%	-20.4%	-12.3%	-2.4%	-16.8%	-9.5%	-3.9%	-8.6%			
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%	11.9%	16.7%	-2.5%			
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%	5.7%	10.9%	-4.9%			
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%	9.3%	21.8%	-3.6%			
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%	2.0%	5.8%	9.0%			
Comparable Store Sales YoY	-3.3%	0.1%	-6.0%	-0.6%	8.4%	-4.4%	2.0%	7.3%	-6.4%			
Bowling	-13.2%	14.7%	-20.4%	-12.3%	-2.4%	-16.8%	-10.6%	-5.6%	-10.0%			
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%	10.0%	13.4%	-4.9%			
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%	4.5%	9.0%	-6.5%			
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%	5.4%	18.2%	-6.4%			
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%	1.7%	5.3%	8.7%			
Monthly Sales Trends FY03/14												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Sales (JPYmm)	6,625	7,015	6,291	6,168	8,597	6,611	5,586	5,522	7,284	8,596	6,146	8,548
Bowling	2,306	2,420	2,122	1,922	2,713	2,110	1,795	1,727	2,237	2,708	1,965	2,908
Game	2,598	2,763	2,571	2,719	3,502	2,756	2,379	2,380	3,145	3,621	2,580	3,239
Karaoke	630	667	627	639	838	631	538	537	816	824	601	812
SPO-CHA	862	918	738	668	1,278	881	668	684	880	1,205	802	1,355
Other	227	245	231	219	264	231	203	192	204	235	197	231
Total Sales YoY	-2.2%	-7.1%	0.2%	-6.7%	-1.9%	-5.5%	-8.5%	-3.1%	2.9%	0.6%	-4.0%	2.1%
Bowling	-4.9%	-7.3%	-3.9%	-12.3%	-7.2%	-12.1%	-10.9%	-7.2%	-7.7%	-13.2%	-14.5%	-7.5%
Game	-4.7%	-11.4%	0.5%	-2.7%	1.7%	-2.0%	-8.6%	-2.9%	9.9%	9.2%	2.5%	11.1%
Karaoke	3.2%	2.5%	3.2%	-5.2%	1.8%	-8.0%	-9.0%	-2.3%	2.0%	3.2%	0.3%	5.3%
SPO-CHA	10.7%	0.4%	10.2%	-6.7%	-1.4%	3.7%	-0.3%	8.9%	16.9%	15.5%	5.9%	6.0%
Other	-3.5%	-4.7%	-2.4%	-7.5%	-4.2%	-7.5%	-8.2%	-8.2%	-13.2%	-11.9%	-15.3%	-11.9%
Comparable Store Sales YoY	-7.1%	-8.9%	-2.0%	-8.8%	-3.7%	-7.7%	-10.7%	-5.5%	1.8%	0.6%	-4.0%	2.1%
Bowling	-8.6%	-8.9%	-5.7%	-14.1%	-8.6%	-14.2%	-13.2%	-9.5%	-9.0%	-13.2%	-14.5%	-7.5%
Game	-10.0%	-13.9%	-2.5%	-5.4%	-0.9%	-4.8%	-11.3%	-5.9%	8.6%	9.2%	2.5%	11.1%
Karaoke	-1.7%	0.4%	1.0%	-7.2%	-0.1%	-10.3%	-11.3%	-4.9%	0.4%	3.2%	0.3%	5.3%
SPO-CHA	-3.9%	0.4%	10.2%	-6.7%	-1.4%	3.7%	-0.3%	8.9%	16.9%	15.5%	5.9%	6.0%
Other	-7.4%	-7.0%	-4.6%	-9.9%	-6.5%	-10.1%	-10.9%	-10.3%	-13.6%	-11.9%	-15.3%	-11.9%

Source: Company data

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 **January 6, 2015**, Ryohin Keikaku Co., Ltd. announced earnings results for Q3 FY02/15.

Quarterly performance (JPYmm)	FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(*)	% of FY	FY Est.
Operating revenue	49,431	41,948	48,803	48,168	55,076	49,071	58,184	58,288	66,704	56,882	66,917	62,195	75.4%	252,700
YoY	9.3%	3.3%	5.2%	4.9%	11.4%	17.0%	19.2%	21.0%	21.1%	15.9%	15.0%	6.7%		14.5%
Gross profit	23,183	19,909	22,901	21,383	25,454	22,958	26,665	26,587	30,848	27,801	30,929	30,021	74.9%	119,600
YoY	10.7%	8.2%	6.9%	2.7%	9.8%	15.3%	16.4%	24.3%	21.2%	21.1%	16.0%	12.9%		17.6%
GPM	46.9%	47.5%	46.9%	44.4%	46.2%	46.8%	45.8%	45.6%	46.2%	48.9%	46.2%	48.3%		47.3%
SG&A expenses	17,372	16,217	17,221	18,214	19,725	18,965	20,191	21,866	24,223	22,789	24,735	22,351	76.2%	94,100
YoY	6.2%	1.5%	6.0%	3.7%	13.5%	16.9%	17.2%	20.1%	22.8%	20.2%	22.5%	2.2%		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%	37.0%	35.9%		37.2%
Operating profit	5,811	3,692	5,680	3,168	5,728	3,994	6,473	4,720	6,624	5,012	6,193	7,670	69.9%	25,500
YoY	26.9%	52.2%	9.9%	-3.0%	-1.4%	8.2%	14.0%	49.0%	15.6%	25.5%	-4.3%	62.5%		21.9%
OPM	11.8%	8.8%	11.6%	6.6%	10.4%	8.1%	11.1%	8.1%	9.9%	8.8%	9.3%	12.3%		10.1%
Recurring profit	6,023	3,719	6,042	3,976	6,553	4,093	6,902	5,499	6,645	5,160	8,527	5,268	79.4%	25,600
YoY	24.3%	50.5%	15.1%	11.5%	8.8%	10.1%	14.2%	38.3%	1.4%	26.1%	23.5%	-4.2%		11.1%
RPM	12.2%	8.9%	12.4%	8.3%	11.9%	8.3%	11.9%	9.4%	10.0%	9.1%	12.7%	8.5%		10.1%
Net income	2,502	2,257	3,530	2,681	3,893	2,619	4,460	6,123	3,655	3,275	5,546	2,922	81.0%	15,400
YoY	-10.9%	60.1%	20.1%	58.4%	55.6%	16.0%	26.3%	128.4%	-6.1%	25.0%	24.3%	-52.3%		-9.9%
NPM	5.1%	5.4%	7.2%	5.6%	7.1%	5.3%	7.7%	10.5%	5.5%	5.8%	8.3%	4.7%		6.1%

Source: Company data

Reversal of allowance for sales returns is subtracted from gross profit.

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

Sales and profits were up year-on-year. Ryohin Keikaku booked its highest profits to date, as sales from directly managed domestic stores and the Asian region grew. For the three months of Q3 (September-November), sales grew 15.0% YoY, but operating profit fell by 4.3% YoY. The company maintained its full-year earnings targets.

Domestic gross profit margin fell because the company maintained its tax-inclusive pricing following the consumption tax hike. But overall gross profit margin was up 0.8pp YoY at 47.0%, as higher margins in overseas businesses made up for the fall in domestic margins.

At the parent level, gross profit margin fell from 42.7% in Q3 FY02/14 to 38.8%, owing to forex movements, a significant increase in exports to overseas stores (overseas wholesale revenue), and price changes following the consumption tax hike.

On the same day, the company announced monthly sales data for December 2014.

#### Year-on-year sales growth

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%	-2.2%	0.7%	-2.2%		
Directly managed total	28.4%	2.1%	5.6%	8.2%	6.6%	3.9%	7.0%	4.7%	7.5%	2.3%		
Licensed Stores (Inc. Seiyu) (comparable)	20.5%	-2.2%	0.7%	5.0%	-1.3%	-1.5%	1.1%	-3.0%	-1.6%	-7.0%		
Licensed Stores (Inc. Seiyu) total	21.7%	-1.9%	2.0%	3.8%	0.0%	1.3%	0.4%	-3.1%	2.1%	-4.2%		
Instore (comparable)	21.9%	-2.2%	1.4%	5.0%	1.2%	-0.9%	1.7%	-2.4%	0.3%	-3.2%		
Instore total	27.0%	1.3%	4.9%	7.3%	5.3%	3.4%	5.8%	3.2%	6.5%	1.1%		
<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>	<b>8.6%</b>	<b>12.2%</b>	<b>6.4%</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%	-2.2%	0.7%	-2.2%		
Apparel	11.4%	6.8%	5.0%	6.5%	5.9%	0.6%	9.5%	-0.2%	2.6%	3.4%		
Household Goods	31.8%	-8.7%	-1.9%	3.2%	2.8%	-0.6%	-1.3%	-1.0%	2.2%	-3.9%		
Food	2.8%	1.9%	6.5%	8.3%	-16.1%	-7.0%	-9.4%	-17.9%	-16.6%	-16.7%		
Customers Traffic	3.0%	-0.3%	3.6%	3.2%	0.9%	0.0%	-2.2%	-6.3%	-3.7%	-5.3%		
Spending per Customer	18.7%	-1.9%	-2.0%	1.7%	0.9%	-0.8%	4.1%	4.3%	4.6%	3.2%		

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

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](#).



### **SATO Holdings Corp. (6287)**

---

Provider of comprehensive solutions based on auto-ID technology.

On **January 8, 2015**, SATO Holdings Corp. announced the start of operations of SATO International Co., Ltd., a new group company established to accelerate overseas growth. (Details of the establishment announced on October 28, 2014.)

SATO aims for overseas sales to reach JPY60.0bn in FY03/21 (40% of total group sales), and for an eventual overseas sales ratio of 70%.

View the [full report](#).

## SMS Co., Ltd. (2175)

SMS provides recruitment services and managing professional community websites.

On **January 30, 2015**, SMS Co., Ltd. announced earnings results for Q3 FY03/15.

Quarterly Performance (cumulative) (JPYmn)		FY03/14				FY03/15				FY03/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	Est.
Sales		3,823	6,420	8,720	12,046	4,390	7,493	10,667		68.1%	15,658
YoY		18.1%	18.0%	17.8%	18.3%	14.8%	16.7%	22.3%			30.0%
GP		3,634	6,051	8,122	11,094	4,075	6,904	9,811			
YoY		18.9%	17.9%	16.7%	17.0%	12.1%	14.1%	20.8%			
GPM		95.0%	94.2%	93.1%	92.1%	92.8%	92.1%	92.0%			
SG&A		2,300	4,713	7,030	9,363	2,837	5,604	8,463			
YoY		14.0%	16.3%	16.5%	18.4%	23.3%	18.9%	20.4%			
SG&A / Sales		60.2%	73.4%	80.6%	77.7%	64.6%	74.8%	79.3%			
OP		1,333	1,338	1,092	1,730	1,238	1,299	1,348		70.8%	1,904
YoY		28.5%	23.9%	18.4%	10.2%	-7.2%	-2.9%	23.4%			10.0%
OPM		34.9%	20.8%	12.5%	14.4%	28.2%	17.3%	12.6%			12.2%
RP		1,552	1,646	1,457	2,340	1,506	1,657	1,799		70.6%	2,549
YoY		36.0%	31.8%	24.3%	17.6%	-2.9%	0.7%	23.4%			8.9%
RPM		40.6%	25.6%	16.7%	19.4%	34.3%	22.1%	16.9%			16.3%
NI		1,022	1,081	932	1,380	1,211	1,296	1,379		80.7%	1,709
YoY		39.2%	35.5%	25.5%	12.5%	18.5%	19.8%	47.9%			23.8%
NPM		26.7%	16.8%	10.7%	11.5%	27.6%	17.3%	12.9%			10.9%

Quarterly Performance (JPYmn)		FY03/14				FY03/15			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales		3,823	2,598	2,300	3,326	4,390	3,103	3,174	-
YoY		18.1%	17.9%	17.2%	19.7%	14.8%	19.4%	38.0%	-
GP		3,634	2,417	2,071	2,971	4,075	2,829	2,908	-
YoY		18.9%	16.4%	13.5%	17.7%	12.1%	17.0%	40.4%	-
GPM		95.0%	93.1%	90.1%	89.3%	92.8%	91.2%	91.6%	-
SG&A		2,300	2,412	2,318	2,333	2,837	2,767	2,859	-
YoY		14.0%	18.6%	16.9%	24.4%	23.3%	14.7%	23.4%	-
SG&A / Sales		60.2%	92.9%	100.8%	70.1%	64.6%	89.2%	90.1%	-
OP		1,333	5	-246	638	1,238	62	48	-
YoY		28.5%	-88.9%	-	-1.5%	-7.2%	-	-	-
OPM		34.9%	0.2%	-	19.2%	28.2%	2.0%	1.5%	-
RP		1,552	94	-189	883	1,506	151	141	-
YoY		36.0%	-12.9%	-	8.0%	-2.9%	60.3%	-174.9%	-
RPM		40.6%	3.6%	-	26.5%	34.3%	4.9%	4.5%	-
NI		1,022	59	-149	448	1,211	85	83	-
YoY		39.2%	-6.7%	-	-7.5%	18.5%	43.1%	-155.9%	-
NPM		26.7%	2.3%	-	13.5%	27.6%	2.7%	2.6%	-

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

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). Thus, net income totaled JPY1.4bn (+47.9% YoY).

On **the same day**, the company announced a dividend forecast revision and a share buyback plan.

#### Dividend forecast revision

The company announced that it would pay a year-end dividend of JPY7 a share for FY03/15 in response to strong earnings, an increase of JPY2 from a year earlier.

#### Share buyback

Type of shares: common shares

Number of shares: up to 350,000, or 0.8% of the total outstanding shares

Acquisition value: up to JPY400mn

Acquisition period: February 2, 2015-March 31, 2015

Method: purchase from the market

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 January 30, 2015, Shared Research Inc. 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	4,045	97.5%	14,251
YoY	-18.0%	5.8%	24.9%	8.4%	19.8%	-9.8%	-12.1%	20.0%		5.2%
Gross Profit	671	908	908	753	870	892	880	889		
YoY	-3.7%	18.6%	28.5%	24.9%	29.7%	-1.7%	-3.1%	18.0%		
GPM	25.8%	25.5%	22.7%	22.3%	27.9%	27.7%	25.0%	22.0%		
SG&A Expenses	304	391	310	430	304	428	408	488		
YoY	5.5%	27.9%	7.3%	24.3%	-0.1%	9.3%	31.7%	13.5%		
SG&A / Sales	11.7%	11.0%	7.7%	12.8%	9.7%	13.3%	11.6%	12.1%		
Operating Profit	367	516	598	323	566	464	472	401	97.5%	1,951
YoY	-10.1%	12.4%	43.2%	25.8%	54.5%	-10.1%	-21.1%	24.0%		8.2%
OPM	14.1%	14.5%	14.9%	9.6%	18.2%	14.4%	13.4%	9.9%		13.7%
Recurring Profit	230	372	449	179	415	326	310	234	96.7%	1,330
YoY	-12.5%	15.2%	59.6%	47.4%	80.4%	-12.3%	-30.9%	31.0%		8.1%
RPM	8.9%	10.4%	11.2%	5.3%	13.3%	10.1%	8.8%	5.8%		9.3%
Net Income	136	208	292	109	253	192	188	140	96.4%	802
YoY	-8.7%	21.6%	75.3%	107.9%	86.2%	-7.8%	-35.4%	28.4%		7.7%
NPM	5.2%	5.8%	7.3%	3.2%	8.1%	6.0%	5.3%	3.5%		5.6%
EBITDA	408	569	664	420	643	558	580	574	101.7%	2,316
YoY	-8.9%	13.6%	44.7%	32.1%	57.6%	-2.0%	-12.6%	36.6%		12.4%

Source: Company data  
 Figures may differ from company  
 EBITDA = operating profit + dep

### Pre-owned condominium business

Rental income increased as the company acquired more properties. However, income from property sales fell due to a pullback after the rush to beat the consumption tax hike.

### Investment business

The company continued investing in real estate to generate future revenues, thus acquiring more properties, driving up rental income, and selling these properties. The result: higher sales.

### Advisory service business

Sales and operating profit increased year-on-year, in line with higher brokerage commissions to clients outside the group.

On the same day, the company announced a medium-term management plan.

In January 2015, Star Mica announced a medium-term management plan. The company plans to continue generating rental revenues from properties held over the medium and long term, but it also plans to use its expertise in adding value to properties in a new real estate renovation business, which will be able to quickly generate earnings. The company intends thus both to scale up its operations, and to increase capital efficiency and return on equity. It aims to hit sales of JPY20bn, operating profit of JPY3bn, and ROE of 10% by FY11/17.



Medium-term plan (JPYmn)	FY11/14 Act.	FY11/15 Target	FY11/17 Target
Sales	13,900	14,870	20,000
EBITDA	2,350	2,610	3,350
Operating Profit	1,900	2,100	3,000
Recurring Profit	1,280	1,400	2,230
Investment	41,300	45,200	53,000
Properties for Sale	31,100	33,500	40,000
Tangible Fixed Assets	10,100	11,600	13,000
ROE	6.9%	7.4%	10.0%

Source: Company data

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

On **January 16, 2015**, Shared Research updated the report following interviews with management.

Quarterly Performer (JPYmn)	FY02/13				FY02/14				FY02/15				FY02/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(*)	% 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	213,824	260,503	71.6%	916,000
YoY	6.5%	-1.3%	2.3%	-0.9%	3.2%	4.1%	1.7%	6.2%	4.8%	-1.8%	0.4%	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	198,825	245,682	71.3%	856,000
YoY	6.6%	-1.6%	2.2%	-1.5%	3.2%	3.8%	1.4%	6.2%	4.6%	-2.0%	0.1%	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	50,716	61,368	71.6%	216,100
YoY	7.2%	-1.9%	0.9%	-2.4%	2.2%	1.9%	0.8%	4.3%	2.3%	-2.6%	-0.0%	2.8%		0.7%
GPM	26.2%	25.8%	25.7%	25.3%	26.0%	25.3%	25.5%	24.8%	25.4%	25.2%	25.5%	25.0%		25.2%
SG&A	58,574	60,547	59,482	60,566	59,999	61,941	59,725	62,304	60,743	61,239	60,088	62,030	74.6%	244,100
YoY	2.9%	1.1%	0.0%	-4.2%	2.4%	2.3%	0.4%	2.9%	1.2%	-1.1%	0.6%	-0.4%		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%	30.2%	25.2%		28.5%
OP	5,884	4,240	4,251	11,092	6,094	5,062	5,317	12,626	7,535	4,679	5,627	14,159	55.8%	32,000
YoY	68.7%	-24.0%	28.1%	27.3%	3.6%	19.4%	25.1%	13.8%	23.6%	-7.6%	5.8%	12.1%		10.0%
OP / Operating Revenue	3.0%	2.1%	2.2%	4.9%	3.0%	2.5%	2.7%	5.2%	3.6%	2.3%	2.8%	5.8%		3.7%
RP	6,374	5,366	5,445	12,681	7,715	5,777	6,151	13,707	8,552	5,650	6,358	14,440	58.7%	35,000
YoY	47.0%	-16.8%	36.5%	32.4%	21.0%	7.7%	13.0%	8.1%	10.8%	-2.2%	3.4%	5.3%		4.9%
RP / Operating Revenue	3.3%	2.7%	2.8%	5.6%	3.9%	2.8%	3.1%	5.7%	4.1%	2.8%	3.2%	5.9%		4.1%
NI	3,860	2,744	2,501	7,435	4,016	3,598	2,995	8,107	4,551	5,028	3,453	8,468	60.6%	21,500
YoY	125.6%	-25.1%	71.3%	83.2%	4.0%	31.1%	19.8%	9.0%	13.3%	39.7%	15.3%	4.5%		14.9%
NPM	2.0%	1.4%	1.3%	3.3%	2.0%	1.7%	1.5%	3.4%	2.2%	2.5%	1.7%	3.4%		2.5%

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

Source: Company data

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

The operating environment for cumulative Q3 FY02/15 was tougher than expected. The domestic economy was slow to recover as personal spending remained weak after the consumption tax increase. Takashimaya strengthened efforts to expand sales and streamline operations in the face of this challenge. As a result, the company posted operating revenue of JPY655.5bn, an increase of 1.1% from a year earlier. Operating profit rose 8.3% on the year to JPY17.8bn. For the three-month period through November, operating revenue and operating profit rose 0.4% and 5.8% on the year, respectively.

On **January 5, 2015**, the company released monthly store sales data for December 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%	-0.4%	0.7%	-0.9%		
Domestic Department Stores	31.7%	-13.5%	-6.5%	-4.9%	-4.3%	0.0%	-0.4%	-0.5%	0.5%	-1.1%		
Corporate Business	55.4%	-21.1%	-17.9%	-15.6%	1.2%	-5.3%	-3.6%	-1.3%	-11.4%			
Cross-Media Business	5.4%	-33.8%	-36.0%	-25.2%	-12.8%	-3.4%	-11.7%	1.0%	-10.7%			

Source: Company data

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

View the [full report](#).



## Takihyo Co., Ltd. (9982)

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

On **January 20, 2015**, Shared Research updated comments on Takihyo Co., Ltd.'s earnings results for Q3 FY02/15 after interviewing management.

Quarterly Performance (JPYmn)		FY02/13				FY02/14				FY02/15				FY02/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(*)	% 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>22,118</b>	<b>23,848</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%	-6.7%	29.8%		3.3%
GP		4,695	3,660	5,020	3,424	4,110	3,522	4,897	3,486	4,068	3,270	4,773	-		
YoY		31.6%	17.5%	3.7%	-1.9%	-12.5%	-3.8%	-2.5%	1.8%	-1.0%	-7.2%	-2.5%	-		
GPM		25.0%	22.3%	23.1%	19.4%	20.9%	19.9%	20.7%	19.0%	21.0%	19.6%	21.6%	-		
SG&A		3,650	3,317	3,515	3,573	3,736	3,408	3,550	3,399	3,512	3,247	3,437	-		
YoY		13.2%	6.4%	8.0%	7.3%	2.4%	2.7%	1.0%	-4.9%	-6.0%	-4.7%	-3.2%	-		
SG&A / Sales		19.4%	20.2%	16.2%	20.3%	19.0%	19.3%	15.0%	18.5%	18.1%	19.5%	15.5%	-		
<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>1,336</b>	<b>186</b>	<b>27.5%</b>	<b>2,100</b>
YoY		203.9%	-	-5.2%	-	-64.3%	-66.4%	-10.5%	-	48.8%	-80.0%	-0.8%	116.3%		9.3%
OPM		5.6%	2.1%	6.9%	-	1.9%	0.7%	5.7%	0.5%	2.9%	0.1%	6.0%	0.8%		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>1,407</b>	<b>27</b>	<b>31.7%</b>	<b>2,100</b>
YoY		192.0%	-	-4.3%	-	-57.7%	-	-10.0%	-	33.6%	-41.9%	2.9%	-68.2%		4.5%
RPM		5.7%	2.1%	7.0%	-	2.3%	0.6%	5.8%	0.5%	3.1%	0.4%	6.4%	0.1%		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>521</b>	<b>35</b>	<b>44.4%</b>	<b>1,000</b>
YoY		-	-	-3.1%	-	-54.0%	-50.0%	-5.8%	-	58.3%	-81.0%	-39.0%	-		-13.2%
NPM		3.1%	1.0%	4.2%	-	1.4%	0.4%	3.6%	-	2.2%	0.1%	2.4%	0.1%		1.2%
<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				

\*Figures for Q4 FY02/15 were calculated by subtracting cumulative Q1 through Q3 results from full-year company forecasts.

Source: Company data

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

Earnings performance appears to be similar to 1H FY02/15, with operating profit in line with the full-year earnings target. Takihyo continued to reduce expenses as sales fell.

Sales for cumulative Q3 FY02/15 were JPY58.2bn, down 4.7% YoY. However, operating profit rose 4.3% to JPY1.9bn after the company adopted the following three measures: establishing new production facilities in the ASEAN countries and inland China; raising product prices; and reducing distribution costs, which comprise about 30% of its SG&A expenses.

The company sought to further improve its profitability as the yen continued to decline. Measures to expand sales routes are also beginning to take effect.

View the [full report](#).



### Tamagawa Holdings Co., Ltd. (6838)

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

On **January 29, 2015**, Tamagawa Holdings Co., Ltd. announced that it would acquire additional land for its geothermal power operations.

#### Purpose

Tamagawa Holdings, which plans to launch a geothermal power generation business, has already acquired land in Beppu City, Oita Prefecture, to build a 125kW plant. The construction is currently underway to providing electricity as early as possible. The company has decided to acquire six additional plots to build plants with a total capacity of 750kW. As a result, the group will have seven plots for a total capacity of 875kW. A 125kW geothermal plant generates electricity equivalent to a 1MW solar power plant. Thus, the company will have power plants with a combined generation capacity of a 7MW solar power plant.

#### The choice of Beppu City

The company will build binary cycle power plants that use underground steam to rotate turbines. Binary power plants generate electricity through a medium that has a lower boiling point than water. There is no need for the company to seek a new energy source because it will use a power source already being used for a hot spring nearby. Thus, the company will be able to start operations within a short period of time at a relatively low cost. Most of the steam taken from the underground reservoir will be returned to its source. Therefore, the plant will have little impact on the environment.

In addition, the company has determined that the location is suitable for geothermal power generation because another binary cycle power plant is operating nearby.

#### Overview of the land

- Location: Beppu City, Oita Prefecture
- Size: 2,100sqm
- Output: 750kW (One plot accommodates a 125kW geothermal plant, equivalent to a 1MW solar plant. Thus, six plots of land would allow for power generation equivalent to a 6MW solar plant.)
- Electricity price: JPY40/kWh (fixed for 15 years)
- Expected annual revenue: JPY250mn
- Expected initial year output: 6,800,000kWh
- Transfer date: January 30, 2015

On **January 22, 2015**, Shared Research updated comments on the company following interviews with management.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	1H Est.	% of FY Est.	FY Est.
Sales	914	906	918	1,433	835	1,089			91.9%	2,092	42.4%	4,534
YoY	23.9%	6.3%	-3.4%	26.7%	-8.7%	20.1%				14.9%		23.5%
GP	253	293	301	350	261	356						
YoY	51.0%	24.7%	-9.6%	12.2%	3.0%	21.3%						
GPM	27.7%	32.4%	32.8%	24.4%	31.2%	32.7%						
SG&A	164	167	200	190	204	201						
YoY	10.2%	4.5%	14.1%	-0.7%	24.0%	20.0%						
SG&A / Sales	17.9%	18.5%	21.8%	13.2%	24.4%	18.5%						
OP	89	126	101	161	57	155			105.6%	201	42.0%	506
YoY	371.9%	68.0%	-35.9%	32.5%	-35.8%	23.2%				-6.6%		35.5%
OPM	9.8%	13.9%	11.0%	11.2%	6.9%	14.2%				9.6%		11.2%
RP	95	124	100	159	56	154			107.1%	196	42.9%	489
YoY	847.7%	69.1%	-36.6%	19.1%	-40.8%	24.1%				-10.5%		30.5%
RPM	10.4%	13.7%	10.9%	11.1%	6.8%	14.1%				9.4%		10.8%
NI	90	101	114	131	26	94			94.0%	128	26.7%	450
YoY	939.0%	22.0%	-26.8%	42.6%	-71.1%	-6.6%				-32.9%		32.4%
NPM	9.8%	11.1%	12.5%	9.2%	3.1%	8.7%				6.1%		9.9%

Source: Company data

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

### Electronics and Telecoms Equipment

In Q1 FY03/15 (April-June), mobile telecoms companies changed construction plans, resulting in a slow start for base station-related capex. But orders began growing year-on-year in Q2 (July-September), and overall base station-related sales for 1H were up 11.2% YoY. Sales related to public expenditure for defense facilities and public wireless facilities were up 52.1% and 16.3% YoY, respectively. The company's focus on proposals for high-end products paid off, as these high-margin products contributed JPY696mn to sales (+67.7% YoY).

### Solar System Sales

Although the company worked to make sales operations more efficient, there were shipment delays as clients pushed back construction commencement dates.

On **January 16, 2015**, the company announced the completion of payments related to the issuance of warrants (with an option to adjust the exercise price).

The payments related to warrants announced on December 26, 2014.

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 **January 30, 2015**, TOKAI Holdings Corporation announced earnings results for Q3 FY03/15.

Quarterly Performance (JPYmn)		FY03/14				FY03/15				FY03/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		43,038	41,277	48,644	56,028	44,302	42,972	48,707	-	-	-
YoY		-0.7%	2.5%	2.9%	10.3%	2.9%	4.1%	0.1%	-	-	-
GP		15,842	14,906	17,897	19,696	16,513	15,272	17,772	-	-	-
YoY		-3.5%	-3.5%	-0.4%	3.8%	4.2%	2.5%	-0.7%	-	-	-
GPM		36.8%	36.1%	36.8%	35.2%	37.3%	35.5%	36.5%	-	-	-
SG&A		15,194	15,143	15,112	15,500	14,855	15,114	14,721	-	-	-
YoY		3.4%	3.8%	1.7%	-1.5%	-2.2%	-0.2%	-2.6%	-	-	-
SG&A / Sales		35.3%	36.7%	31.1%	27.7%	33.5%	35.2%	30.2%	-	-	-
OP		648	-237	2,785	4,196	1,657	159	3,050	-	-	-
YoY		-62.3%	-	-10.7%	29.3%	155.7%	-	9.5%	-	-	-
OPM		1.5%	-	5.7%	7.5%	3.7%	0.4%	6.3%	-	-	-
RP		549	-246	2,656	4,054	1,547	38	2,932	-	-	-
YoY		-63.2%	-	-4.9%	30.1%	181.8%	-	10.4%	-	-	-
RPM		1.3%	-	5.5%	7.2%	3.5%	0.1%	6.0%	-	-	-
NI		149	-503	1,274	1,678	713	-488	1,594	-	-	-
YoY		-72.7%	-	-11.3%	27.3%	378.5%	-	25.1%	-	-	-
NPM		0.3%	-	2.6%	3.0%	1.6%	-	3.3%	-	-	-
Cumulative		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		43,038	84,315	132,959	188,987	44,302	87,274	135,981	-	69.1%	196,900
YoY		-0.7%	0.8%	1.6%	4.0%	2.9%	3.5%	2.3%	-	-	4.2%
GP		15,842	30,748	48,645	68,341	16,513	31,785	49,557	-	-	-
YoY		-3.5%	-3.5%	-2.4%	-0.7%	4.2%	3.4%	1.9%	-	-	-
GPM		36.8%	36.5%	36.6%	36.2%	37.3%	36.4%	36.4%	-	-	-
SG&A		15,194	30,337	45,449	60,949	14,855	29,969	44,690	-	-	-
YoY		3.4%	3.6%	3.0%	1.8%	-2.2%	-1.2%	-1.7%	-	-	-
SG&A / Sales		35.3%	36.0%	34.2%	32.3%	33.5%	34.3%	32.9%	-	-	-
OP		648	411	3,196	7,392	1,657	1,816	4,866	-	54.9%	8,870
YoY		-62.3%	-84.0%	-43.8%	-17.3%	155.7%	341.8%	52.3%	-	-	20.0%
OPM		1.5%	0.5%	2.4%	3.9%	3.7%	2.1%	3.6%	-	-	4.5%
RP		549	303	2,959	7,013	1,547	1,585	4,517	-	54.3%	8,320
YoY		-63.2%	-85.9%	-40.2%	-13.0%	-63.2%	423.1%	52.7%	-	-	18.6%
RPM		1.3%	0.4%	2.2%	3.7%	3.5%	1.8%	3.3%	-	-	4.2%
NI		149	-354	920	2,598	713	225	1,819	-	48.6%	3,740
YoY		-72.9%	-	-47.9%	-15.8%	378.5%	-	97.7%	-	-	44.0%
NPM		0.3%	-	0.7%	1.4%	1.6%	0.3%	1.3%	-	-	1.9%

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

Source: Company data

Sales increased due to a rising subscriber count in the aqua and broadband businesses. Profits increased significantly—the result of lower marketing and customer acquisition costs in the aqua business due to more efficient sales, coupled with higher productivity and other streamlining initiatives in the LP gas business.

View the [full report](#).





## Verite Co., Ltd. (9904)

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

On **January 9, 2015**, Verite Co. announced December 2014 sales figures.

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%	-15.7%	-17.4%				-15.6%	-15.0%
Customer Count	-38.7%	-24.9%	-18.2%	-19.7%	-19.3%	-15.9%	-14.4%	-15.4%	-19.5%				-16.9%	-21.1%
Sales Per Customer	18.0%	13.2%	9.0%	13.2%	3.7%	5.0%	1.6%	-0.4%	2.5%				1.5%	7.7%
Stores	81	81	81	80	80	80	83	83	84				80	84
<b>Comparable Stores</b>														
Sales	-21.8%	-8.6%	-11.1%	-2.3%	-9.7%	-10.6%	-10.7%	-11.7%	-11.6%				-11.4%	-10.7%
Customer Count	-33.6%	-23.9%	-17.4%	-18.1%	-17.4%	-14.9%	-14.9%	-12.2%	-15.5%				-14.4%	-18.8%
Sales Per Customer	17.7%	20.1%	7.7%	19.3%	9.3%	5.1%	4.9%	0.6%	4.6%				3.5%	10.0%
Stores	76	79	79	80	79	79	79	80	80				79	80
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.

View the [full report](#).





## WirelessGate Inc (9419)

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

On **January 29, 2015**, WirelessGate, Inc. announced changes to its executive management (a resignation), and the tentative appointment of two directors.

At a meeting of the board of directors on January 29, 2015, the company confirmed that representative director Yoichi Matsumoto will step down from his post, effective January 29, 2015.

### Changes to executive management

	New title	Current title
Yoichi Matsumoto	Director	Representative director

Source: Company data

Mr. Matsumoto is expected to step down from his post as director following the shareholders' meeting on March 27, 2015.

The company also announced the tentative appointment of two directors, including one non-executive director.

Minoru Harada will revert to a director. Mr. Harada is a joint founder alongside CEO Takehiro Ikeda, and representative director of subsidiary Wireless Marketing Lab Co., Ltd. He is also expected to assume the post of chief alliance officer (CAO), responsible for partnerships with Fon and other companies.

Under the new management structure, the company intends to move swiftly to expand and generate revenues from the low-price SIM, IoT/M2M, and Wi-Fi environment enabler businesses.

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 **January 30, 2015**, Yellow Hat Ltd. announced earnings results for Q3 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	41,702	-	77.4%	125,082
YoY	-6.8%	-0.4%	1.6%	19.9%	-1.6%	7.2%	6.0%	-		3.7%
GP	7,805	8,479	10,802	9,918	8,201	9,001	11,988	-		
YoY	3.2%	1.1%	9.9%	17.2%	5.1%	6.2%	11.0%	-		
GPM	29.5%	31.3%	27.4%	35.7%	31.5%	31.0%	28.7%	-		
SG&A	6,681	6,648	7,140	7,703	7,162	7,560	8,511	-		
YoY	-1.1%	0.8%	2.6%	12.6%	7.2%	13.7%	19.2%	-		
SG&A / Sales	25.3%	24.5%	18.1%	27.7%	27.5%	26.0%	20.4%	-		
OP	1,123	1,832	3,662	2,214	1,038	1,441	3,477	-	70.2%	8,479
YoY	40.4%	2.2%	27.7%	37.1%	-7.6%	-21.3%	-5.1%	-		-4.0%
OPM	4.2%	6.8%	9.3%	8.0%	4.0%	5.0%	8.3%	-		6.8%
RP	1,435	2,021	3,877	2,587	1,311	1,593	3,702	-	70.2%	9,404
YoY	19.0%	1.7%	28.8%	33.1%	-8.6%	-21.2%	-4.5%	-		-5.2%
RPM	5.4%	7.5%	9.9%	9.3%	5.0%	5.5%	8.9%	-		7.5%
NI	1,028	1,766	2,383	2,119	1,038	1,118	2,358	-	71.0%	6,356
YoY	-66.4%	539.9%	35.2%	119.6%	1.0%	-36.7%	-1.0%	-		-12.9%
NPM	3.9%	6.5%	6.1%	7.6%	4.0%	3.8%	5.7%	-		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 in demand 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 **January 15, 2015**, Yumeshin Holdings released quarterly sales and hiring data for Q1 FY09/15 (October – December).

Quarterly Sales FY09/15	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
<b>Sales (Million Yen)</b>		<b>3,367</b>											<b>3,367</b>
(YoY)		28.6%											
<b>Hired Numbers of Construction Staffing</b>													
<b>Est.</b>		305			405			455			435		1,600
<b>Act.</b>		269											269
<b>(Difference)</b>		-36											-36

Source: Company data, SR Inc. Research

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

View the [full report](#).



### About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting continuously updated third party view of the business fundamentals, independent of investment biases. Shared Research can be found on the web at <http://www.sharedresearch.jp>.

#### Current Client Coverage of Shared Research Inc.:

Accretive Co., Ltd.	Gamecard-Joyco Holdings, Inc.	Onward Holdings Co., Inc.
AEON DELIGHT Co.	GCA Savvian Corporation	Paris Miki Holdings Inc.
Ai Holdings Corp.	Grandy House Corp.	NS Tool Co.
AnGes MG Inc.	Gulliver International Co., Ltd.	NTT Urban Development Corporation
Anicom Holdings, Inc.	Hakuto Co., Ltd.	Pigeon Corp.
Anritsu Corporation	Happinet Corporation	Resorttrust, Inc.
Apamanshop Holdings Co., Ltd.	Harmonic Drive Systems Inc.	Round One Corp.
ArtSpark Holdings Inc.	Hearts United Group Co., Ltd.	Ryohin Keikaku Co., Ltd.
AS ONE Corporation	Infomart Corp.	Sanix Incorporated
Axell Corporation	Intelligent Wave Inc.	Sanrio Co., Ltd.
Azbil Corporation	Itochu Enex Co., Ltd.	SATO Holdings Corp.
Bell-Park Co., Ltd.	ITO EN, Ltd.	SBS Holdings, Inc.
Benefit One Inc.	J Trust Co., Ltd	Ship Healthcare Holdings Inc.
Canon Marketing Japan Inc.	Japan Best Rescue Co., Ltd.	SMS Co., Ltd.
Chiyoda Co., Ltd.	JIN Co., Ltd.	SOURCENEXT Corporation
Comsys Holdings Corporation	Kenedix, Inc.	Star Mica Co., Ltd.
Creek & River Co., Ltd.	Kenko.com Inc.	SymBio Pharmaceuticals Limited
Daiseki Corp.	KLab Inc.	Takashimaya Co., Ltd.
DIC Corporation	LAC Co., Ltd.	Takihyo Co., Ltd.
Digital Garage Inc.	Lasertec Corp.	Tamagawa Holdings Co., Ltd
Don Qijote Holdings Co., Ltd.	MAC-HOUSE Co.	3-D Matrix, Ltd.
Dream Incubator Inc.	Matsui Securities co., Ltd.	TOKAI Holdings Corp.
Elecom Co.	Medinet Co., Ltd.	Verite Co., Ltd.
EMERGENCY ASSISTANCE JAPAN Co.	MIRAIT Holdings Corp.	WirelessGate, Inc.
en-Japan Inc.	NAGASE & CO., LTD	Yellow Hat Ltd.
FerroTec Corp.	NAIGAI TRANS LINE LTD.	Yumeshin Holdings
Fields Corp.	NanoCarrier Ltd.	ZAPPALLAS, INC.
FreeBit Co., Ltd.	Nippon Parking Development Co., Ltd.	ZIGExN Co., Ltd.

Attention: If you would like to see firms you invest in on this list, ask them to become our client, or sponsor a report yourself.

### Disclaimer

This document is provided for informational purposes only. No investment opinion or advice is provided, intended, or solicited. Shared Research, Inc. offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. Shared Research, Inc. shall not be held responsible for any damage caused by the use of this report.

The copyright of this report and the rights regarding the creation and exploitation of the derivative work of this and other Shared Research Reports belong to Shared Research, Inc. This report may be reproduced or modified for personal use; distribution, transfer, or other uses of this report are strictly prohibited and a violation of the copyright of this report. SR Inc. officers and employees may currently, or in the future, have a position in securities of the companies mentioned in this report, which may affect this report's objectivity

#### Japanese Financial Instruments and Exchange Law (FIEL) Disclaimer

The full versions of company reports have been prepared by Shared Research Inc. ("SR") under contract with the companies described in this report ("the Companies"). Opinions and views presented are SR's where so stated. Such opinions and views attributed to the Companies are interpretations made by SR. SR represents that if this report is deemed to include an opinion by SR that could influence investment decisions in the Companies, such opinion may be in exchange for consideration or promise of consideration from the Companies to SR.

#### Contact Details

<http://www.sharedresearch.jp>

Email: [info@sharedresearch.jp](mailto:info@sharedresearch.jp)

3-31-12 Sendagi ,  
Bunkyo-ku Tokyo, Japan  
Phone: +81 (0)3 5834-8787