

Shared Research Monthly Wrap – March 2015

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Monthly musings

Market view from Sendagi

Greetings from Sendagi. Professor Oleg is taking a brief sabbatical this month. In his virtual absence, I have the esteemed honor of spearheading our monthly musings. . .

It has been a long, cold winter. I hope you are enjoying the early spring in Japan, or elsewhere. After a busy February, last week was a rather quiet start to March. I did visit Park24, which has a very interesting car-sharing business. More on it below. I'd like to review our key attractions from January and February (in order of significance): Kaneka, NEG, the Titaniums, Sony, Tokyu Construction, Accordia Golf, Freund, and Nissha Printing.

Kaneka (4118): wiggling out

Positive impression. A big swing in energy costs and forex are both providing tailwinds. Synthetic fibers for wigs in Africa cannot be produced quickly enough.

Despite a downward revision in Q3, the stock has outperformed the market over the past month owing to higher expectations for profits next year. Going forward, the firm should benefit from lower oil prices as it consumes naphtha for its chemicals, functional plastics, and expandable plastics divisions. Furthermore, Kaneka gets a strong tailwind from the weaker yen, particularly in its synthetic fiber division's Kanekalon (hair wigs) and Kanecaron (carpets) products, mainly exported from Japan.

Scenario analysis

What if Kaneka beats expectations next year? As it is highly geared into oil prices and the local currency, it wouldn't be unreasonable to imagine a JPY37bn–40bn OP for FY/16, which is well above the JPY33bn consensus. JPY47bn in OP was the firm's all-time high in 2006 when the stock reached the JPY1,600 level, nearly double today's share price.

NEG (5214): the glass is half full

Positive impression. LCD glass demand/supply balance looks to improve as 4K TV demand fuels growth. NEG production cost cuts from overseas LCD plants are contributing to margins. Glass fiber is performing well with forex benefits. Investors' glass is half empty.

Toho Titanium (5727), Osaka Titanium (5726): lustrous, light, and strong

Positive impression. Please note that **Titanium names could be in play this month following a USD1.5bn takeover by Alcao of RTI in the US this week.** After a visit to Toho Titanium, I believe that there is a high probability of recovery in profits for next year, which confirmed our takeaway from a visit to Osaka Titanium in December. We should see decent top line growth powered by airplane demand. Further, inventories are almost all cleared out, and utilization may increase from April, which should expand profit margins. Lastly, the non-titanium business is going well in both MLCC materials and polypropylene, and should continue the upward trajectory next year. Q3 OP recovered slightly to JPY0.1bn from a loss of JPY0.2bn last year on an 18% YoY increase in sales. This was the first quarterly profit in two years (eight quarters).

Bullish factors:



- § Growth in titanium usage per aircraft
- § Growth in raw aircraft demand, helped by cheap fuel prices
- § Completed titanium inventory clear-out, utilization to improve going forward
- § Profitable and growing non-titanium businesses
- § Forex: +JPY0.1bn per JPY1 move against the dollar.
- § Toho Titanium, the “little brother” of Osaka Titanium, with about 1/3 less the capacity in its core titanium product

Sony (6758): the song remains the same

Positive impression. We are still positively inclined to the name. Last year it was our top call. In the past year, the stock has gone up 74%, outperforming TPX by 49%. 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 restructure announcements.

Tokyu Construction (1720): going vertical

Positive impression. The firm's order book is full with a book-to-bill ratio of 1.51x in the first nine months of this year. Tokyu has two large building projects in Shibuya, which are about 30% of its JPY267bn in orders. The main growth issue appears to be lack of capacity. The company hinted that revenues next year will be on par with this year due to lack of construction engineers, but the firm is unwilling to take on too many contracted workers.

Accordia Golf (2131): below par

Positive impression. Golf business is volatile in the summer and winter due to typhoons and snow. December and January existing golf course sales were down 5% and 6% YoY, respectively, but February appears to be up. We find the firm's position in a secular growth area as attractive. Valuation is 14x FY3/16 EPS, 1.7x PBR.

Freund (6312): be my friend

Positive impression. Freund, or friend in German, is a micro-cap yet consistently profitable pharma gear maker with JPY11bn market cap and JPY4bn in net cash. Valuation looks appealing at 15x PE for FY02/16 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.

Nissha Printing (7915): tablet cannibals

Negative impression. Delays of Apple's large screen (12.9") iPad hit the wires this week. We believe that this delay may materially impact Nissha Printing's earnings next year. We visited Nissha two weeks ago in Kyoto, and had a neutral impression. The firm has benefitted from high yen exposure and pull-ins at its large USA client, raising earnings in its touch panel business for tablets this year. Continued growth next year is a question mark. Tablets are about 90% of total touch panel volume, and thus going forward, volume growth should be rather pedestrian. Global tablet unit shipments fell 4% to 68mn in 2014 from



71mn in 2013, falling year-on-year each quarter in 2014.

FFRI (3692): malware beware

Positive impression. The firm is a high growth provider of IT security solutions, which includes stalking of malware. FFRI floated its shares last September and the stock has climbed to over three times the IPO price of JPY1,450, commanding a 257x PE valuation-estimated EPS. Earnings are poised to soar as consumer and overseas sectors remain untapped. Penetration rate in Japan, where the firm enjoys a virtual monopoly, is under 1%. This year's sales target of JPY863mn implies 31% YoY growth and appears to be a low hurdle.

Finally, please see the key points from my meeting last week with the parking lot specialists:

Park24 (4666): you can drive my car

Positive impression. Park24, with its brand "Times," runs parking lots and offers car sharing services. The core parking business was hit last year by rising consumption taxes, which dragged down consumption and general driving activity. **Parking lot sales and profits should recover in 2015 as the tax effect resides, and as lower gasoline prices encourage driving.** The firm is also investing heavily in car sharing by adding cars every year; this business turned profitable for the first time last year. The large market share and infrastructure advantage is undoubtedly attractive. The long-term goal of JPY2bn in OP appears rather conservative, but I believe there is an upside to this projection.

Parking business

Sales rose 2% YoY in Q1 as new parking lots opened up, but OP fell 20% YoY as parking usage rates slipped after the consumption tax hike. Parking lot usage rates improved QoQ to 44.1% in the Q1 from 43.2% in Q4, but fell YoY from 44.7% in Q1 last year. Occupancy rates and driving activity was strong going into the tax hike in April 2014, but fell sharply after March 2014. It takes about four months for a new parking lot to breakeven.

Mobility business

Mobility has three main areas: rental cars, car sharing, and road service. Although rental car revenue is higher than car sharing at JPY24bn for this year, car sharing is the key growth prospect and has recently yielded a profit after many years of losses. Car sharing is projected to have JPY14bn in sales and JPY0.5bn in OP for FY10/15. The firm envisions JPY2bn in OP by FY10/17 and is investing heavily in adding more shared cars to the installed base of 10,000+ cars. Number two player Orix has 2,000 cars. Park24, Orix, and other rivals own their car sharing fleets. In Japan, "car sharing" means you rent a car from a company for a short time, usually a few hours, followed by a monthly charge. In Tokyo, the price of JPY206 per 15 minutes makes car sharing more economical than a rental car company, which typically charges JPY5,000 for a minimum of 6 hours. The monthly fee is free for businesses and JPY1,000 for individuals. Sharing of individuals' cars seen in western countries at the likes of Uber or Lyft is highly regulated in Japan, and probably won't become mainstay.

Orix Auto, the second-biggest operator, has two payment plans. One charges JPY2,000 per month and JPY200 per 15 minutes, with an additional charge of JPY15 per km. The other plan has no standing monthly fee but usage is priced at JPY300 for 15 minutes, plus JPY15 per km. Car sharing for Park24 became profitable in 2014. The firm generates JPY100,000 per car per month, and typically rents compact cars such as the Toyota Aquos or Mazda Demio.

Outlook

The firm expects long term profit growth of 10% driven by car sharing. The parking business should also



continue growing after last year's consumption tax interruption, and lower gasoline prices should encourage driving. The next tax hike in 2017 is a mid-term risk for the parking business.

Valuation

The stock has underperformed TOPIX by 14% in the past year, although it has closed the gap in recent months after a downward revision in September 2014. PE valuation is generally at a premium to the market as the company has a dominant share in car sharing, which is considered high growth. Currently PE is 28x this year's forecast and 25x next year's forecast. PBR of 5.1x is near the company's historical high.

All the best,

David



MONTHLY WRAP – March 2015



TOPIX100 Portfolio

Return Comparison (%)	
TPX100	7.49
Portfolio	8.03
TPX100 Points	
2015/2/12	954.2
2015/3/13	1025.49

Start Date	Current Date
2015/2/12	2015/3/13

Weight Rel. To TPX100	
BIG OW	4.4
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	Toyota Motor Corp	MW	5.2	8.3	6594	Nidec Corp	UW	-6.0	0.0
8306	Mitsubishi UFJ Financial G	BOW	12.5	18.7	9983	Fast Retailing Co Ltd	MW	4.8	0.7
9984	SoftBank Corp	UW	-1.0	0.0	9531	Tokyo Gas Co Ltd	MW	4.7	0.7
7267	Honda Motor Co Ltd	MW	6.4	2.7	6326	Kubota Corp	UW	10.2	0.0
8316	Sumitomo Mitsui Financial G	OW	12.7	3.7	2502	Asahi Group Holdings Ltd	UW	-2.1	0.0
8411	Mizuho Financial Group Inc	OW	9.9	3.2	4523	Eisai Co Ltd	UW	15.7	0.0
9432	Nippon Telegraph & Telephone	UW	2.7	0.0	1605	Inpex Corp	BOW	1.6	2.8
9433	KDDI Corp	UW	4.5	0.0	3402	Toray Industries Inc	MW	2.6	0.6
4502	Takeda Pharmaceutical Co Ltd	UW	5.7	0.0	8601	Daiwa Securities Group Inc	MW	8.5	0.6
4503	Astellas Pharma Inc	UW	8.9	0.0	4661	Oriental Land Co Ltd/Japan	UW	23.1	0.0
7751	Canon Inc	OW	4.4	2.6	4578	Otsuka Holdings Co Ltd	UW	0.8	0.0
2914	Japan Tobacco Inc	UW	3.9	0.0	4755	Rakuten Inc	MW	24.3	0.6
6954	FANUC Corp	UW	21.9	0.0	2503	Kirin Holdings Co Ltd	UW	3.2	0.0
6758	Sony Corp	OW	-0.3	2.4	3407	Asahi Kasei Corp	UW	4.6	0.0
6501	Hitachi Ltd	UW	2.6	0.0	1925	Daiwa House Industry Co Ltd	OW	9.4	0.9
8802	Mitsubishi Estate Co Ltd	MW	11.7	1.5	7974	Nintendo Co Ltd	OW	15.6	0.9
3382	Seven & I Holdings Co Ltd	UW	9.7	0.0	7269	Suzuki Motor Corp	OW	0.5	0.9
9022	Central Japan Railway Co	UW	16.0	0.0	7261	Mazda Motor Corp	UW	2.3	0.0
9020	East Japan Railway Co	MW	6.7	1.3	8308	Resona Holdings Inc	OW	-1.1	0.9
8058	Mitsubishi Corp	MW	11.4	1.3	9735	Secom Co Ltd	UW	7.3	0.0
8801	Mitsui Fudosan Co Ltd	MW	9.1	1.3	5411	JFE Holdings Inc	OW	7.0	0.8
8766	Tokio Marine Holdings Inc	MW	4.9	1.3	8630	Sompo Japan Nipponkoa HD	OW	15.9	0.8
6752	Panasonic Corp	UW	11.4	0.0	8053	Sumitomo Corp	OW	7.2	0.8
9437	NTT DOCOMO Inc	UW	6.7	0.0	8035	Tokyo Electron Ltd	UW	5.8	0.0
4063	Shin-Etsu Chemical Co Ltd	MW	-1.1	1.2	6702	Fujitsu Ltd	OW	9.6	0.8
7201	Nissan Motor Co Ltd	MW	15.3	1.2	8113	Unicharm Corp	UW	-2.2	0.0
5108	Bridgestone Corp	OW	7.9	1.7	4568	Daiichi Sankyo Co Ltd	UW	7.8	0.0
4452	Kao Corp	UW	13.6	0.0	9202	ANA Holdings Inc	OW	3.7	0.7
7270	Fuji Heavy Industries Ltd	MW	0.7	1.1	9021	West Japan Railway Co	UW	9.8	0.0
6981	Murata Manufacturing Co Ltd	UW	28.6	0.0	8002	Marubeni Corp	UW	5.9	0.0
6902	Denso Corp	MW	1.7	1.1	6988	Nitto Denko Corp	MW	2.5	0.5
8031	Mitsui & Co Ltd	OW	5.0	1.6	2802	Ajinomoto Co Inc	UW	16.4	0.0
6503	Mitsubishi Electric Corp	MW	6.5	1.0	5802	Sumitomo Electric Industries	OW	9.3	0.7
5401	Nippon Steel & Sumitomo Metal	OW	10.7	1.5	1878	Daito Trust Construction	UW	3.5	0.0
6861	Keyence Corp	UW	14.1	0.0	5020	JX Holdings Inc	OW	4.4	0.7
8604	Nomura Holdings Inc	OW	10.6	1.5	1928	Sekisui House Ltd	MW	13.2	0.4
6301	Komatsu Ltd	UW	2.7	0.0	8267	Aeon Co Ltd	OW	0.3	0.6
6367	Daikin Industries Ltd	MW	2.8	0.9	5713	Sumitomo Metal Mining Co Ltd	MW	5.4	0.4
7741	Hoya Corp	OW	8.4	1.3	8795	T&D Holdings Inc	OW	12.7	0.6
8750	Dai-ichi Life Insurance	OW	2.0	1.2	7202	Isuzu Motors Ltd	UW	9.0	0.0
7011	Mitsubishi Heavy Industries	MW	6.9	0.8	9532	Osaka Gas Co Ltd	UW	2.5	0.0
8591	ORIX Corp	BOW	15.0	3.6	9064	Yamato Holdings Co Ltd	UW	9.6	0.0
8001	ITOCHU Corp	BOW	4.4	3.6	8332	Bank of Yokohama Ltd/The	UW	5.0	0.0
6502	Toshiba Corp	UW	-1.5	0.0	9502	Chubu Electric Power Co Inc	OW	-4.8	0.5
6273	SMC Corp/Japan	UW	16.2	0.0	9503	Kansai Electric Power Co Inc	OW	-1.0	0.5
4901	FUJIFILM Holdings Corp	BOW	1.5	3.4	4188	Mitsubishi Chemical HD	OW	20.7	0.5
8309	Sumitomo Mitsui Trust HD	OW	12.1	1.1	4911	Shiseido Co Ltd	UW	14.9	0.0
8830	Sumitomo R & D	UW	9.7	0.0	7752	Ricoh Co Ltd	OW	9.1	0.4
8725	MS&AD Insurance Group HD	OW	13.6	1.1	7912	Dai Nippon Printing Co Ltd	UW	4.4	0.0
6971	Kyocera Corp	BOW	9.9	3.1	1963	JGC Corp	OW	0.2	0.3

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



February 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 **February 16, 2015**, 3-D Matrix Ltd. (3DM) announced that the US Food and Drug Administration (FDA) had granted a wound-healing agent (TDM-511) premarket approval, following the submission of a 510(k) notification.

US subsidiary 3-D Matrix Inc. submitted the 510(k) on October 23, 2014, informing the FDA that the company intended to sell TDM-511 as a medical device. The FDA granted premarket approval on February 13, 2015 (US time).

According to the company, the FDA granted approval for the company to market the device in light of equivalencies between TDM-511 and wound-healing agents already approved in the US. TDM-511 is a gel composed of self-assembling nanofibers that, when applied to skin (the epidermis or dermis), preserves moisture and creates conditions conducive to skin-tissue regeneration. From a cosmetic standpoint, this product rarely leaves scars. Furthermore, TDM-511 does not use animal or plant compounds, and contains no antiseptics likely to cause allergic reactions or irritate the skin. As a prescription (Rx) device, it may be used under the supervision of a physician for healing wounds from the epidermis to the dermis, including pressure sores, leg ulcers, diabetic ulcers, and surgical wounds. The approval also covers the product's use in over-the-counter (OTC) applications to heal light to moderate skin wounds, including cuts, excoriation, wounds, and first-degree burns.

This approval covers wound-healing applications classed as skin-tissue regeneration, such as burns and sores. The company plans to extend the range of applications to include cosmetic surgery (such as hyaluronic acid injections) and skin cancer when used together with anti-cancer agents.

This approval is not accounted for in 3DM's full-year earnings forecasts for FY04/15, or in the operating revenue target given in the company's medium-term management plan. In the event that this approval will have a material effect on earnings results, the company will disclose such information as soon as possible.

On **the same day**, the company announced the temporary cessation of clinical trials of endoscopic mucosal resection aid "mucous membrane protuberance material (TDM-641)."

On December 11, 2014, the company launched domestic clinical trials to evaluate and verify the safety and efficacy of TDM-641 when used in endoscopic procedures such as endoscopic mucosal resection (EMR) and endoscopic submucosal dissection (ESD). The company has now resolved, however, to submit a report on the safety measures and findings of the clinical trials of this medical device to the Pharmaceuticals and Medical Devices Agency (PDMA) and temporarily end the clinical trials as of February 17, 2015.

The company expected a certain level of efficacy based on preclinical data, but it has been unable to demonstrate this level of efficacy in the new domestic clinical trials. The company has thus resolved to voluntarily call a temporary end to the clinical trials, in order to focus on product development and trial methods that will more clearly demonstrate TDM-641's efficacy.

As the company looks to market this product, it will consider how to develop TDM-641 in a way that ensures its superiority as a medical device is verifiable. The company plans to coordinate with physicians leading the clinical trials as it develops the product, with the aim of restarting clinical trials.



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The temporary cessation of the domestic clinical trials of TDM-641 will have a negligible effect on 3DM's full-year earnings forecasts for FY04/15.

View the [full report](#).



Accretive Co., Ltd. (8423)

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

On **February 16, 2015**, Shared Research updated the report after interviewing management.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Operating Revenue	712	720	759	742	726	821	901		77.6%	3,154
YoY	7.1%	6.1%	1.4%	3.6%	2.0%	14.1%	18.7%			7.6%
Funding Costs (Interest Expense)	53	52	51	45	43	42	40			
YoY	-29.6%	-32.3%	-32.9%	-26.4%	-20.1%	-20.1%	-21.3%			
GPM	7.5%	7.2%	6.7%	6.0%	5.9%	5.1%	4.4%			
SG&A Expenses	387	361	367	507	373	414	444			
YoY	9.5%	5.0%	-29.9%	37.4%	-3.8%	14.9%	20.9%			
SG&A / Sales	54.4%	50.1%	48.4%	68.3%	51.3%	50.5%	49.3%			
Operating Profit	272	307	341	190	311	365	417		85.7%	1,276
YoY	15.3%	18.9%	127.8%	-33.6%	14.5%	19.0%	22.4%			15.0%
OPM	38.1%	42.6%	44.9%	25.7%	42.8%	44.5%	46.3%			40.5%
Recurring Profit	274	336	346	187	308	402	422		87.1%	1,300
YoY	9.6%	3.4%	123.0%	-25.0%	12.5%	19.6%	22.1%			13.8%
RPM	38.5%	46.7%	45.5%	25.3%	42.4%	48.9%	46.8%			41.2%
Net Income	244	374	303	255	270	368	361		81.1%	1,232
YoY	5.3%	37.2%	162.2%	9.4%	10.6%	-1.7%	19.2%			4.7%
NPM	34.3%	52.0%	39.9%	34.4%	37.2%	44.8%	40.1%			39.1%

Source: Company data

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

Note: Figures represent most recent company forecasts.

Transaction volume and operating revenue increased in the medical and nursing care industry due to the contribution of subsidiary Accretive Medical Service Co., Ltd., consolidated in FY03/14. The company also expanded its outsourcing business such as contracts from subsidiary Storecrews Co., Ltd. to provide cash register services.

View the [full report](#).



AnGes MG, Inc. (4563)

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

On **February 6, 2015**, AnGes MG, Inc. 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 FY	FY Est.
Sales	126	189	76	100	83	92	107	628	101.1%	900
YoY	84.3%	-14.2%	3.8%	21.3%	-34.3%	-51.4%	40.5%	528.3%		
Operating expenses	454	493	390	517	559	651	1,120	853		
YoY	-21.7%	-25.5%	-19.3%	2.4%	23.0%	32.0%	187.5%	65.1%		
OP	-328	-305	-313	-417	-476	-560	-1,013	-225		-2,400
YoY	-	-	-	-	-	-	-	-		
OPM	-	-	-	-	-	-	-	-		
RP	-337	-292	-317	-437	-437	-562	-1,122	-274		-2,400
YoY	-	-	-	-	-	-	-	-		
RPM	-	-	-	-	-	-	-	-		
NI	-367	-286	-319	-438	-439	-530	-1,122	-279		-2,400
YoY	-	-	-	-	-	-	-	-		
NPM	-	-	-	-	-	-	-	-		

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

Source: Company data

The company booked an operating loss of JPY2.3bn (operating loss of JPY1.4bn in FY12/13). Recurring loss was JPY2.4bn (recurring loss of JPY1.4bn in FY12/13). The company booked JPY61mn in grant income from the New Energy and Industrial Technology Development Organization (NEDO). The company also reported share issuance expenses of JPY137mn (up JPY115mn YoY) as a non-operating cost, due to the issuance of new shares in a rights offering. Net loss was JPY2.4bn (net loss of JPY1.4bn in FY12/13).

On **the same day**, the company announced "2025 Vision," a new management plan.

2025 Vision aims for the company to become a specialist in gene medicine known throughout the world via progress in development of drugs such as the HGF gene therapy drug and NF-κB decoy oligonucleotide. At the same time, AnGes MG will aim to seek out new markets through implementation of its gene medicines with the goal of generating over JPY50bn in annual sales.

As a first step in implementing "2025 Vision," the company will target 2019 to achieve profitability. This will be accomplished by milestone payments from progress in the global development of the HGF gene therapy drug for critical limb ischaemia, and sales of the HGF gene therapy drug and NF-κB decoy oligonucleotide for atopic dermatitis in the Japanese market.



Development schedule (as of February 2015)

Project	Indication	Region	2015	2016	2017	2018	2019
HGF	Critical limb ischaemia	Japan	Apply for conditional approval	Receive conditional approval, begin sales, apply for general approval			
HGF	Critical limb ischaemia	US EU S.America	Global phase III				US: Apply US: Approval EU: Apply
HGF	Lymphedema	Japan	Phase I/II (Primary)	Move to next development stage; expand use to secondary stages, enter licensing agreements, etc.			
NF-κB decoy oligonucleotide ointment	Atopic dermatitis	Japan	Phase III	Apply	Approval, begin sales		
NF-κB decoy oligonucleotide PTA balloon catheter	Vascular restenosis	Japan	Clinical trials	Apply	Approval, begin sales		
NF-κB decoy oligonucleotide	Lumbar disc disorders	US	Phase I/II				Move to next development stage, enter licensing agreements, etc.
CIN therapeutic vaccine	Cervical precancerous lesion	Japan	Researcher-led clinical trials	Move to next development stage, enter licensing agreements, etc.			

Licensing activities

AnGes MG will strengthen activities to acquire partners both within Japan and overseas. The company will seek to reduce development costs by transferring development and sales rights of its products to partners and capture revenue through methods such as upfront payments, milestone payments, and sales commissions to solidify its revenue and profit streams. Key products that will be open to licensing will be sales of HGF for critical limb ischaemia in the European and Asia markets, HGF for lymphedema, NF-κB decoy oligonucleotide for non-dermatologic indications, and CIN therapeutic vaccines.

On **February 2, 2015**, the company announced a revision to its FY12/14 full-year earnings forecasts.

Revised FY12/14 earnings forecast (previous forecast in parentheses)

Sales:	JPY900mn	(JPY750mn-850mn)
Operating loss:	JPY2.4bn	(operating loss of JPY2.6bn-2.4bn)
Recurring loss:	JPY2.4bn	(recurring loss of JPY2.6bn-2.4bn)
Net loss:	JPY2.4bn	(net loss of JPY2.6bn-2.4bn)

Reasons for revision

Sales were robust for Naglazyme, a drug for mucopolysaccharidosis VI (MPS VI). When the company records inventories as a result of producing bulk drug substances utilizing development cooperation payments from partner firms, the development cooperation payments are first recorded as advances received. Revenue is booked upon delivery of the bulk drug substances (including impairment and valuation losses). During FY12/14, the company recorded delivery and valuation losses of bulk drug substance inventory, causing sales from R&D to exceed initial company estimates.

R&D expenses for current pipeline activities did not deviate significantly from initial targets, causing figures for operating loss, recurring loss, and net loss to be in line with forecasts.

View the [full report](#).



Ai Holdings Corp. (3076)

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

On **February 23, 2015**, Ai Holdings Corp. announced a business alliance between its consolidated subsidiary Graphtec Corp. and Nippon Kayaku Co. Ltd.

The company's wholly owned subsidiary Graphtec Corp. and Nippon Kayaku Co. Ltd. (TSE1: 4272) agreed to a business alliance for the development, production, and sale of industrial printers and peripheral devices, as well as consumables.

Reasons for the alliance

In the medium term, Graphtec is aiming to expand the development, production, sales, and maintenance services of its industrial printer business, which incorporates electrographic technologies. It is targeting industrial printers with the technology to print onto label paper and specific media. Nippon Kayaku is exploring growth in development, production, and sales of a dry electrographic toner that uses proprietary chemical materials. The printer developed and sold by Graphtec, the full-color label printer LCX1000, uses Nippon Kayaku's toner. The two companies have agreed to use each other's resources to enhance development, production, and sales.

Main terms of the alliance

- § The two companies will promote business development in the industrial printer market by collaborating on technology, production, and sales.
- § The two companies will provide mutual technical support for technological development by sharing information from the planning stage to create competitive products for the industrial printer market.

Ai Holdings will disclose the effect on earnings as soon as it has acquired more concrete information following the alliance.

On **February 13, 2015**, the company announced 1H earnings results for FY06/15.

Quarterly Performance (JPYmn)	FY06/14				FY06/15				FY06/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	1H Est.
Sales	8,564	9,249	10,870	8,293	9,501	10,177	-	-	99.9%	19,700
YoY	1.0%	21.7%	13.9%	22.6%	10.9%	10.0%	-	-		10.6%
Gross Profit	3,673	3,879	4,795	3,449	4,000	4,316	-	-		
YoY	21.2%	25.5%	29.1%	7.5%	8.9%	11.3%	-	-		
GPM	42.9%	41.9%	44.1%	41.6%	42.1%	42.4%	-	-		
SG&A	2,188	2,356	2,397	2,455	2,399	2,654	-	-		
YoY	17.3%	22.1%	19.3%	8.4%	9.6%	12.6%	-	-		
SG&A / Sales	25.5%	25.5%	22.1%	29.6%	25.2%	26.1%	-	-		
Operating Profit	1,484	1,523	2,398	994	1,600	1,662	-	-	101.9%	3,200
YoY	27.3%	31.3%	40.7%	5.3%	7.8%	9.1%	-	-		6.4%
OPM	17.3%	16.5%	22.1%	12.0%	16.8%	16.3%	-	-		16.2%
Recurring Profit	1,513	1,577	2,423	1,040	2,529	1,760	-	-	104.6%	4,100
YoY	25.8%	27.3%	44.3%	8.4%	67.2%	11.6%	-	-		32.7%
RPM	17.7%	17.1%	22.3%	12.5%	26.6%	17.3%	-	-		20.8%
Net Income	929	994	1,510	610	1,801	1,140	-	-	103.9%	2,830
YoY	21.4%	76.9%	43.5%	2.5%	93.9%	14.7%	-	-		113.3%
NPM	10.8%	10.7%	13.9%	7.4%	19.0%	11.2%	-	-		14.4%

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

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

Source: Company data



Recurring profit was up as the company booked non-operating profit of JPY1.0bn in the form of profits from equity-method affiliates, a result of the inclusion of Nihon Denkei Co., Ltd. as an equity-method affiliate from Q1 FY06/15.

Profits were down in the Measuring and Environmental Testing Devices segment and the Design segment, while sales and profits were up in the mainstay Security Equipment, Card Equipment and Other Office Equipment, and Peripheral Computer Equipment Sales segments, contributing to overall results.

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Anicom Holdings, Inc. (8715)

Largest provider of pet insurance in Japan and a pioneer in the business. Around 80% of Japanese veterinary clinics accept Anicom insurance. Over 70% of new contracts acquired through sales at pet shops.

On **February 20, 2015**, Shared Research updated comments on Anicom Holdings' earnings results for Q3 FY03/15 after interviewing management.

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.
Recurring revenue	3,846	4,093	3,848	4,399	4,394	4,455	4,614	4,903	5,163	5,499	5,823	5,694	74.3%	22,179
YoY	20.2%	23.3%	8.6%	16.3%	14.2%	8.8%	19.9%	11.5%	17.5%	23.4%	26.2%	16.1%		20.8%
Underwriting revenue	3,774	4,025	3,771	4,211	4,327	4,389	4,558	4,813	5,012	5,267	5,557			
Investment revenue	39	32	38	151	30	20	19	39	98	127	174			
Interest and dividend income	31	31	32	19	4	6	4	4	51	51	85			
Gains on the sale of securities	7	1	6	133	26	14	14	35	47	75	90			
Other recurring revenue	32	37	39	35	36	46	37	52	52	106	91			
Recurring expenses	3,614	3,826	3,831	4,077	4,280	4,269	4,502	4,582	4,784	5,205	5,419	5,538	73.6%	20,947
YoY	10.1%	15.5%	11.3%	17.4%	18.4%	11.6%	17.5%	12.4%	11.8%	21.9%	20.4%	20.9%		18.8%
Underwriting expenses	2,609	2,869	2,851	3,121	3,208	3,248	3,475	3,517	3,585	3,960	4,199			
Investment expenses	-	-	-	-	13	5	-	-	4	2	7			
Operation and administration expenses	933	886	904	909	1,010	968	983	1,021	1,148	1,193	1,159			
Other recurring expenses	71	72	75	46	48	47	44	44	46	50	54			
Recurring profit	231	267	18	321	113	187	112	321	379	293	404	156	87.3%	1,232
YoY	-	-3,237.5%	-81.6%	2.9%	-51.1%	-30.0%	522.2%	-	235.4%	56.7%	260.7%	-51.4%		68.1%
RPM	6.0%	6.5%	0.5%	7.3%	2.6%	4.2%	2.4%	6.5%	7.3%	5.3%	6.9%	2.7%		5.6%
Net profit	183	207	36	214	68	118	65	196	251	206	280	85	89.7%	822
YoY	-	-10,250.0%	-77.4%	-45.5%	-62.8%	-43.0%	80.6%	-8.4%	269.1%	74.6%	330.8%	-56.6%		83.7%
NPM	4.8%	5.1%	0.9%	4.9%	1.5%	2.6%	1.4%	4.0%	4.9%	3.7%	4.8%	1.5%		3.7%
Metrics														
Total contracts	408,761	421,197	433,345	446,414	462,343	477,952	491,452	504,969	516,618	526,439	535,906	550,000	68.7%	550,000
New contracts	24,777	24,306	24,523	25,898	28,599	27,841	26,024	26,706	26,398	25,249	24,841	-	73.5%	104,000
Pet shops	14,850	14,679	14,955	16,888	19,096	18,433	17,543	18,930	18,682	17,867	18,372	-	74.2%	74,000
General agents	9,927	9,627	9,568	9,010	9,503	9,408	8,481	7,776	7,716	7,382	6,469	-	71.9%	30,000
Pet shop & General agents	4,410	4,464	4,530	4,752	4,862	4,892	4,865	4,924	5,009	5,423	5,608	-		
Hospitals accepting anicom	5,176	5,220	5,267	5,349	5,408	5,459	5,506	5,599	5,630	5,650	5,696	-	96.0%	5,700
YoY														
Total contracts	14.8%	13.9%	13.1%	12.7%	13.1%	13.5%	13.4%	13.1%	11.7%	10.1%	9.0%	8.9%		8.9%
New contracts	-6.9%	-1.4%	-1.0%	3.6%	15.4%	14.5%	6.1%	3.1%	-7.7%	-9.3%	-4.5%	-		-4.7%
Pet shops	-13.2%	-3.1%	-1.3%	11.6%	28.6%	25.6%	17.3%	12.1%	-2.2%	-3.1%	4.7%	-		
General agents	4.6%	1.4%	-0.5%	-8.7%	-4.3%	-2.3%	-11.4%	-13.7%	-18.8%	-21.5%	-23.7%	-		1.8%
Pet shop & General agents	11.8%	9.1%	9.9%	15.9%	10.2%	9.6%	7.4%	3.6%	3.0%	10.9%	15.3%	-		
Hospitals accepting anicom	6.7%	4.9%	4.9%	4.6%	4.5%	4.6%	4.5%	4.7%	4.1%	3.5%	3.5%	-		
E/I loss ratio	65.5%	73.4%	68.1%	63.1%	69.0%	69.5%	66.3%	62.1%	66.7%	68.9%	64.2%	60.7%		65.5%
Operating expenses / earned premiums	31.6%	29.2%	29.1%	29.3%	30.5%	28.3%	27.7%	27.9%	28.7%	28.3%	26.8%	28.7%		28.4%
Combined ratio	97.1%	102.6%	97.2%	92.4%	99.5%	97.9%	93.9%	90.1%	95.4%	97.2%	91.0%	89.4%		93.9%
Underwriting expenses	2,609	2,869	2,851	3,121	3,208	3,248	3,475	3,517	3,585	3,960	4,199			
Net claims paid	2,157	2,398	2,519	2,391	2,427	2,866	2,748	2,652	2,844	3,092	3,088			
Loss adjustment expenses	146	143	144	148	156	176	166	162	171	188	193			
Net commissions and brokerage fees	204	202	213	234	255	252	251	271	296	303	321			
Provision for reserve for outstanding losses and claims	35	191	-48	-38	232	-83	-7	7	101	100	43			
Provision for underwriting reserves	65	-276	234	386	136	36	319	425	171	277	554			
Prepaid premium	201	92	142	251	248	150	174	270	335	363	376			
Reserve for casualty	-135	-369	92	135	-111	-115	146	153	-163	-86	177			
Revised earnings (*)	95	-98	107	315	-2	58	245	427	116	26	377			
YoY	187.9%	-	282.1%	11.3%	-	-	129.0%	35.6%	-	-55.2%	53.9%			

Loss ratio improves; results exceed previous year and beat forecasts; full-year target raised
Recurring revenue and recurring profit for cumulative Q3 FY03/15 exceeded company forecasts thanks to an improvement in the loss ratio. Shared Research believes that the earnings exceeded the company's revised target for 2H. Recurring profit totaled JPY1.1bn, an increase of 161.2% YoY.

Q3 FY03/15 earnings

Robust performance during Q3 FY03/15 was partly due to increased contract volume and an improvement in the contract renewal rate following a decline in Q2. The revenue base in the pet insurance underwriting business also improved as changes to products and policies in June 2014 had a greater impact than expected, despite the consumption tax hike affecting the loss and expense ratios. The contribution from investment earnings also totaled JPY399mn, 5.8x the amount for Q3 FY03/14.



On **February 6, 2015**, the company also announced that it has obtained approval from the government's Financial Services Agency to sell pet insurance that covers only hospitalization and surgery.

Shared Research believes that Anicom will be able to meet the diverse needs of its clients as a result. The company is likely to expand its product lineup, offer a variety of pricing options to gain a competitive advantage over its rivals. The company stated, however, that it has not yet decided when to start selling such insurance policies.

View the [full report](#)

Anritsu Corp (6754)

Recognized global leader in mobile communications testing equipment.

On **February 19, 2015**, Shared Research updated comments on Anritsu Corp.'s earnings results for Q3 FY03/15 after interviewing management.

Quarterly performance (JPYmn)	FY03/13				FY03/14				FY03/15				FY03/15		FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	(*)Q4	% of FY	FY Est. (New)	% of FY	FY Est. (Old)
Sales	21,602	24,659	21,393	27,029	22,365	25,687	23,055	30,745	22,172	25,833	23,839	28,656	71.5%	100,500	68.8%	104,500
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					
SG&A expenses	5,687	6,161	5,733	6,765	7,021	7,049	7,035	7,516	7,266	7,118	7,355					
R&D expenses	2,227	2,390	2,569	2,970	2,404	3,370	3,018	3,435	3,146	3,286	3,220					
Other income	-90	-21	-15	-185	-37	-76	-45	-363	-49	-295	-617					
Other expenses	18	191	53	802	3	6	16	480	51	92	108					
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 expenses	5.7%	5.3%	5.7%	5.6%	23.5%	14.4%	22.7%	11.1%	3.5%	1.0%	4.5%					
R&D expenses	-3.1%	0.3%	10.2%	13.1%	7.9%	41.0%	17.5%	15.7%	30.9%	-2.5%	6.7%					
% of sales	36.3%	35.4%	39.0%	38.3%	42.0%	40.3%	43.5%	36.0%	47.0%	39.5%	42.2%					
SG&A expenses	26.3%	25.0%	26.8%	25.0%	31.4%	27.4%	30.5%	24.4%	32.8%	27.6%	30.9%					
R&D expenses	10.3%	9.7%	12.0%	11.0%	10.7%	13.1%	13.1%	11.2%	14.2%	12.7%	13.5%					
Operating profit	3,966	4,740	2,823	4,183	2,466	3,859	2,562	5,234	1,422	3,203	2,655	3,820	65.6%	11,100	51.6%	14,100
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%
Pre-tax margin	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%
Net income	2,528	4,337	2,479	4,543	1,621	2,674	1,770	3,252	815	2,676	2,062	1,947	74.0%	7,500	58.5%	9,500
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%
Net margin	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.

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

Forecasts lowered as domestic clients' controls on investment exceed expectations

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—particularly 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 **February 18, 2015**, Shared Research updated the report following interviews with management.

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

Recurring profit was down JPY13mn to JPY113mn (-10.3% YoY) due to a decrease in investment income, primarily a year-on-year decline in profits at SystemSoft. Net loss was JPY82mn (net income of JPY929mn in Q1 FY09/14), down JPY1.0bn YoY, because of the tax effects of merging a subsidiary in the previous year.

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ArtSpark Holdings Inc. (3663)

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

On **February 6, 2015**, ArtSpark Holdings Inc. announced full-year earnings results for FY12/14.

Quarterly Performance (JPYmn)		FY12/13				FY12/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Sales	1,152	706	905	921	813	625	904	1,484	
YoY	-	-3.8%	-8.7%	1.6%	-29.5%	-11.5%	-0.1%	61.1%	
Gross Profit	563	81	217	281	219	110	245	759	
GPM	48.8%	11.5%	24.0%	30.5%	26.9%	17.6%	27.1%	51.1%	
SG&A Expenses	327	300	315	269	285	262	341	346	
YoY	-	-15.6%	-12.3%	-25.9%	-12.9%	-12.5%	8.1%	28.3%	
Operating Profit	236	-218	-98	12	-66	-152	-96	413	
YoY	-	-	-	-	-	-	-	-	
OPM	20.5%	-	-	1.3%	-	-	-	27.9%	
Recurring Profit	232	-204	-102	5	-74	-156	-107	431	
YoY	-	-	-	-	-	-	-	-	
Net Income	203	-186	-107	133	-64	-163	-115	402	
YoY	-	-	-	-	-	-	-	202.9%	
Cumulative Figures		Q1	1H	Q3	2H	Q1	1H	Q3	2H
Sales	1,152	1,859	2,764	3,685	813	1,438	2,342	3,826	
YoY	-	153.1%	60.1%	40.0%	-29.5%	-22.7%	-15.3%	3.8%	
Gross Profit	563	644	861	1,143	219	329	574	1,333	
GPM	48.8%	34.6%	31.2%	31.0%	26.9%	22.9%	24.5%	34.9%	
SG&A Expenses	327	627	942	1,212	285	547	888	1,234	
YoY	-	76.4%	31.8%	12.3%	-12.9%	-12.7%	-5.7%	1.8%	
Operating Profit	236	17	-81	-69	-66	-218	-314	100	
YoY	-	-	-	-	-	-	-	-	
OPM	20.5%	0.9%	-	-	-	-	-	2.6%	
Recurring Profit	232	28	-74	-68	-74	-230	-337	94	
YoY	-	-	-	-	-	-	-	-	
Net Income	203	17	-90	43	-64	-227	-342	60	
YoY	-	-	-	-	-	-	-	40.1%	

Source: Company data

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

In response to the rapid shift in the mobile device market toward smartphones, ArtSpark is restructuring its operations, cutting costs, and increasing margins. It is also expanding the range of its target market in the UI/UX segment and focusing on the Creator Support segment—a result of its investment in growth businesses.

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 **February 24, 2015**, Shared Research updated comments on AS ONE Corporation's earnings results for Q3 FY03/15 after interviewing management.

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.
Sales	11,324	11,048	11,864	13,893	11,488	11,803	12,635	15,266	11,694	11,883	12,689	16,664	68.5%	52,930
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			
YoY	2.2%	-0.2%	3.7%	2.0%	1.5%	6.8%	6.5%	9.9%	1.8%	0.7%	0.4%	9.2%		3.4%
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%			
Gross profit	3,512	3,392	3,718	3,999	3,552	3,575	3,797	4,377	3,597	3,584	3,814			
GPM	31.0%	30.7%	31.3%	28.8%	30.9%	30.3%	30.1%	28.7%	30.8%	30.2%	30.1%			
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%			
Operating profit	1,278	800	1,437	1,785	1,244	1,335	1,389	1,952	1,328	1,292	1,194	2,157	63.9%	5,970
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%
Non-operating profit	5	-12	-32	-0	24	-40	5	21	31	25	41	-16		80
Financial income	-1	-4	-5	-0	4	-9	-9	-4	-0	-9	-5			
Gains on foreign exchange	10	2	-21	7	-2	-0	-5	6	-	-	-			
Gains on real estate investment	-7	-7	-11	-2	5	4	16	16	29	33	32			
Other non-operating profit	4	-4	5	-5	17	-35	4	4	2	1	14			
Recurring profit	1,283	788	1,405	1,785	1,268	1,294	1,393	1,973	1,359	1,316	1,234	2,140	64.6%	6,050
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%
Net income	803	475	860	1,072	779	784	857	1,166	877	839	795	1,299	65.9%	3,810
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

Private universities and public educational institutions remained cautious about spending budgets, impacting results in AS ONE's mainstay scientific instruments business. But if clients delay spending until FY03/16, it will likely result in outperformance in that year.

The company revised prices in November 2014, offsetting the impact of the weak yen. It also has forward contracts locked in through Q4, so it does not expect forex movements to have any significant impact on results in the next quarter. The company may change prices again in FY03/16.

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 **February 27, 2015**, Axell Corporation announced the completion of the liquidation of its subsidiary, New Zone Corporation. The effect on Axell's FY03/15 earnings is expected to be negligible.

Details

Name: New Zone Corporation
 Business description: development and sales of semi-conductors and electronic equipment
 Date established: December 1, 2010
 Date dissolved: December 1, 2014
 Major shareholder, ownership: Axell Corporation, 100%

On **February 3, 2015**, Shared Research updated the report following interviews with management.

Cumulative Quarterly Performance (JPYmn)				FY03/14				FY03/15				FY03/15	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4				% of FY	FY Est.
Sales	3,154	5,675	8,940	11,043	3,326	5,936	9,317	-				84.7%	11,000
YoY	-23.3%	-40.4%	-31.6%	-33.9%	5.5%	4.6%	4.2%	-				-0.4%	
GP	1,190	2,399	4,095	5,206	1,569	2,464	3,955	-				4,700	
YoY	-41.4%	-34.1%	-24.9%	-21.6%	31.8%	2.7%	-3.4%	-				-9.7%	
GPM	37.7%	42.3%	45.8%	47.1%	47.2%	41.5%	42.4%	-				42.7%	
SG&A	668	1,501	2,384	3,268	681	1,368	2,088	-				3,100	
YoY	10.6%	-0.4%	7.1%	-3.4%	1.9%	-8.9%	-12.4%	-				-5.1%	
SG&A / Sales	21.2%	26.4%	26.7%	29.6%	20.5%	23.0%	22.4%	-				28.2%	
R&D	404	982	1,504	2,090	415	843	1,273	-				65.3%	1,950
YoY	20.2%	6.3%	15.0%	-3.0%	2.7%	-14.2%	-15.4%	-				-6.7%	
SG&A / Sales	12.8%	17.3%	16.8%	18.9%	12.5%	14.2%	13.7%	-				17.7%	
OP	521	898	1,711	1,938	888	1,096	1,867	-				116.7%	1,600
YoY	-63.5%	-57.9%	-46.9%	-40.6%	70.4%	22.0%	9.1%	-				-17.4%	
OPM	16.5%	15.8%	19.1%	17.5%	26.7%	18.5%	20.0%	-				14.5%	
RP	518	896	1,713	1,940	890	1,103	1,876	-				117.3%	1,600
YoY	-63.8%	-58.2%	-47.1%	-40.7%	71.8%	23.1%	9.5%	-				-17.5%	
RPM	16.4%	15.8%	19.2%	17.6%	26.8%	18.6%	20.1%	-				14.5%	
NI	338	572	829	998	634	781	1,333	-				121.2%	1,100
YoY	-63.9%	-59.7%	-61.4%	-51.8%	87.6%	36.5%	60.8%	-				10.2%	
NPM	10.7%	10.1%	9.3%	9.0%	19.1%	13.2%	14.3%	-				10.0%	
Unit sales of graphics LSIs ('000)	320	640	1,120	1,420	420	620	1,040	-				82.5%	126
Quarterly Performance (JPYmn)				FY03/14				FY03/15					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
Sales	3,154	2,521	3,265	2,103	3,326	2,610	3,381	-					
YoY	-23.3%	-53.4%	-8.0%	-42.3%	5.5%	3.5%	3.6%	-					
GP	1,190	1,209	1,696	1,111	1,569	895	1,491	-					
YoY	-41.4%	-25.0%	-6.1%	-6.8%	31.8%	-26.0%	-12.1%	-					
GPM	37.7%	48.0%	51.9%	52.8%	47.2%	34.3%	44.1%	-					
SG&A	668	833	883	884	681	687	720	-					
YoY	10.6%	-7.8%	23.0%	-23.6%	1.9%	-17.5%	-18.5%	-					
SG&A / Sales	21.2%	33.0%	27.0%	42.0%	20.5%	26.3%	21.3%	-					
R&D	404	578	522	586	415	428	430	-					
YoY	20.2%	-1.7%	35.9%	-30.8%	2.7%	-26.0%	-17.6%	-					
SG&A / Sales	12.8%	22.9%	16.0%	27.9%	12.5%	16.4%	12.7%	-					
OP	-2,739	377	813	227	-1,050	208	771	-					
YoY	-	-46.8%	-25.3%	530.6%	-	-44.8%	-5.2%	-					
OPM	-	15.0%	24.9%	10.8%	-	8.0%	22.8%	-					
RP	518	378	817	227	890	213	773	-					
YoY	-63.8%	-46.8%	-25.4%	548.6%	71.8%	-43.7%	-5.4%	-					
RPM	16.4%	15.0%	25.0%	10.8%	26.8%	8.2%	22.9%	-					
NI	338	234	257	169	634	147	552	-					
YoY	-63.9%	-51.5%	-64.7%	-	87.6%	-37.2%	114.8%	-					
NPM	10.7%	9.3%	7.9%	8.0%	19.1%	5.6%	16.3%	-					
Unit sales of graphics LSIs ('000)	320	310	480	300	420	200	430	-					

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., the pachinko and pachislot machines market—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.

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Azbil Corporation (6845)

Japan's largest supplier of automatic control systems for HVAC in commercial buildings. Provides a variety of air conditioning-management, energy-saving, and other services using its measurement and control technologies.

On **February 4, 2015**, Azbil 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		
Sales		48,577	62,709	58,356	78,774	51,060	64,639	60,867		-	-
YoY		2.9%	8.9%	11.6%	11.6%	5.1%	3.1%	4.3%			
GP		15,758	21,658	20,008	29,125	16,285	23,206	21,800			
GPM		32.4%	34.5%	34.3%	37.0%	31.9%	35.9%	35.8%			
SG&A		17,281	17,678	18,418	19,268	17,820	18,081	18,804			
YoY		7.9%	13.8%	14.1%	14.8%	3.1%	2.3%	2.1%			
OP		-1,523	3,980	1,589	9,857	-1,534	5,124	2,996		-	-
YoY		64.6%	-11.0%	-10.9%	22.0%	-	28.7%	88.5%			
OPM		-	6.3%	2.7%	12.5%	-	7.9%	4.9%			
RP		-991	3,752	2,274	9,564	-1,500	5,980	4,194		-	-
YoY		-	-12.4%	-7.0%	8.5%	-	59.4%	84.4%			
NI		-942	1,962	1,612	5,037	-1,272	3,442	1,866		-	-
YoY		-	-20.5%	48.4%	-12.1%	-	75.4%	15.8%			
Cumulative		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales		48,577	111,286	169,642	248,416	51,060	115,699	176,566		69.2%	255,000
YoY		2.9%	6.2%	8.0%	9.2%	5.1%	4.0%	4.1%			2.7%
GP		15,758	37,416	57,424	86,549	16,285	39,491	61,291			
GPM		32.4%	33.6%	33.9%	34.8%	31.9%	34.1%	34.7%			
SG&A		17,281	34,959	53,377	72,645	17,820	35,901	54,705			
YoY		7.9%	10.8%	11.9%	12.7%	3.1%	2.7%	2.5%			
OP		-1,523	2,457	4,046	13,903	-1,534	3,590	6,586		43.9%	15,000
YoY		-	-30.7%	-24.1%	3.7%	-	46.1%	62.8%			7.9%
OPM		-	2.2%	2.4%	5.6%	-	3.1%	3.7%			5.9%
RP		-991	2,761	5,035	14,599	-1,500	4,480	8,674		56.7%	15,300
YoY		-	-16.5%	-12.5%	0.2%	-	62.2%	72.2%			4.8%
RPM		-	2.5%	3.0%	5.9%	-	3.9%	4.9%			6.0%
NI		-942	1,020	2,632	7,669	-1,272	2,170	4,036		47.5%	8,500
YoY		-	-31.6%	2.1%	-7.7%	-	112.7%	53.4%			10.8%

Source: Company data

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

Building Automation

In the domestic market, there was considerable investment in construction due to the economic recovery and an increasing demand for energy efficiency, in line with rising electricity prices. Amid these conditions, sales increased year-on-year from new buildings, existing buildings, and services. Overseas, sales increased in Asia, where the company is expanding into Singapore and other local markets, but decreased in China and Thailand. Overall sales from overseas markets were on par with Q3 FY03/14. R&D expenses and information system renewal expenses increased, but segment profit increased. This was the result of growth in domestic sales from new buildings, increased sales from high-margin existing buildings and services, and efforts to improve the profitability of construction work.

Advanced Automation

Some domestic manufacturers moved production back to Japan, in view of the weak yen. But overall the recovery in domestic manufacturing capex was limited, as clients continued to transfer manufacturing facilities overseas. Sales of control products for equipment manufacturers, however, increased, due to better market conditions and large orders. Conditions remained tough for field instruments and system products for plants, but the company secured sales on par with Q3 FY03/14, due to growth in operations in the gas supply chain market, triggered by energy switch-overs, and firm demand for maintenance services. As a result, overall domestic sales increased. Overseas, sales in Asia decreased in certain



countries, owing to political unrest, regime changes, and the impact of large orders booked in the previous year. But overall overseas sales increased due to steady growth across all regions and the impact of newly consolidated subsidiaries. As in the Building Automation segment, general expenses increased, but segment profit increased significantly due to higher sales to equipment manufacturers in both domestic and overseas markets.

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 **February 13, 2015**, Bell-Park Co., Ltd. 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 FY	FY Est.
Sales	22,553	18,992	18,854	23,828	26,116	15,410	21,492	28,467	105.9%	86,400
YoY	15.1%	22.8%	20.9%	0.1%	15.8%	-18.9%	14.0%	19.5%		-
Gross Profit	4,520	3,840	3,847	4,287	5,957	3,730	4,109	4,279		
YoY	16.2%	16.7%	25.5%	17.6%	31.8%	-2.9%	6.8%	-0.2%		
GPM	20.0%	20.2%	20.4%	18.0%	22.8%	24.2%	19.1%	15.0%		
SG&A Expenses	3,311	3,040	3,305	3,598	4,475	3,648	3,794	3,788		
YoY	16.1%	15.7%	31.0%	30.0%	35.1%	20.0%	14.8%	5.3%		
SG&A / Sales	14.7%	16.0%	17.5%	15.1%	17.1%	23.7%	17.7%	13.3%		
Operating Profit	1,209	800	542	689	1,483	82	314	491	107.2%	2,210
YoY	16.5%	20.7%	-0.1%	-21.7%	22.6%	-89.8%	-42.0%	-28.7%		-
OPM	5.4%	4.2%	2.9%	2.9%	5.7%	0.5%	1.5%	1.7%		2.6%
Recurring Profit	1,285	846	531	764	1,465	72	399	557	114.3%	2,180
YoY	18.5%	33.8%	2.0%	-20.7%	14.0%	-91.5%	-24.8%	-27.1%		-
RPM	5.7%	4.5%	2.8%	3.2%	5.6%	0.5%	1.9%	2.0%		2.5%
Net Income	709	476	283	411	795	-22	262	298	117.9%	1,130
YoY	16.1%	32.8%	-1.9%	-21.8%	12.2%	-	-7.4%	-27.6%		-
NPM	3.1%	2.5%	1.5%	1.7%	3.0%	-	1.2%	1.0%		1.3%

Source: Company data

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

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

In the mobile market, the company's primary area of operations, competition had been heating up until March 2014, with cash being offered to those switching carriers. However, the market suddenly cooled in April. Bell-Park also saw an increase in sales with the introduction of new iPhone models in September 2014. The company focused on handset sales and improved customer service.

On **February 5, 2015**, the company announced January monthly sales estimate.

Monthly Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015													
New	32,035												32,035
YoY	-14.6%												
ex-low ARPU handsets (YoY)	27,283												27,283
Replacement	41,853												41,853
YoY	23.0%												
Total	73,888												73,888
YoY	3.3%												
Monthly Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014													
New	37,521	37,268	84,090	30,311	31,067	29,803	36,075	36,118	41,293	34,307	33,474	30,924	462,251
YoY	-15.8%	-4.7%	4.8%	-28.2%	-29.7%	-0.4%	13.5%	7.5%	21.4%	-9.2%	-15.2%	-14.7%	
ex-low ARPU handsets (YoY)	28,160	27,016	57,329	18,514	17,990	16,624	20,118	20,380	26,813	25,171	24,460	25,547	308,122
Replacement	34,016	31,893	48,944	22,325	23,426	22,687	29,112	28,791	57,084	60,363	65,875	44,047	468,563
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%	
Total	71,537	69,161	133,034	52,636	54,493	52,490	65,187	64,909	98,377	94,670	99,349	74,971	930,814
YoY	-12.6%	6.4%	5.2%	-30.0%	-35.5%	-7.0%	7.2%	1.9%	38.8%	12.9%	12.3%	-2.6%	

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 **February 25, 2015** Shared Research updated the report after interviewing management.

Quarterly performance (JPYmn)	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%		

Personal business expands, driving earnings

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. In February 2015, the company launched a major project jointly with Softbank BB and Softbank Mobile. This new service may become a second pillar of operations for the company.

Progress toward full-year target hampered by project delays; seeking to catch up in Q4

Benefit One appears to be struggling to meet its annual earnings forecasts; as of the end of Q3, the company achieved only 64.0% and 63.4% of its full-year and 1H operating profit targets, respectively. This is due to delays in the execution of some projects. Sales were also sluggish at the incentive business, which operates employee reward programs for client companies. (The incentive business generates sales when employees of client companies use reward points to buy products or services.) During the latest Q3 period, employees did not convert as many points as they did a year earlier.

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 **February 23, 2015**, Shared Research Inc. updated comments on Canon Marketing Japan Inc. (CMJ) after interviewing management.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1HEst.
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 FY12/14 onward, some cost of sales are booked under SG&A expenses, and 2013 figures are being adjusted.

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 **February 4, 2015**, Shared Research updated comments on Chiyoda after interviewing management of subsidiary Mac-House.

On **February 2, 2015**, the company announced monthly sales data for January 2015.

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%	-3.3%	
Customer count	6.3%	-10.6%	-7.8%	-11.8%	-8.7%	-3.5%	-11.3%	-12.8%	-8.3%	-1.0%	-6.2%	
Spend per customer	8.1%	2.6%	4.8%	3.0%	4.8%	4.9%	5.6%	4.4%	2.4%	6.1%	3.0%	
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%	-4.2%	
Customer count	7.2%	-10.5%	-7.7%	-12.4%	-9.6%	-4.1%	-12.3%	-13.7%	-9.5%	-2.2%	-7.1%	
Spend per customer	8.2%	2.8%	5.0%	3.2%	5.0%	5.1%	5.7%	4.6%	2.4%	6.1%	3.1%	

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](#).



Comsys Holdings Corporation (1721)

Major telecommunications construction company, with over fifty years of history

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

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.	% of FY	FY Est.
Sales	60,293	80,284	77,787	112,977	66,555	77,732	76,016	124,697	63.9%	345,000
YoY	5.7%	6.8%	4.1%	3.5%	10.4%	-3.2%	-2.3%	10.4%		4.1%
GP	8,032	11,273	11,442	15,023	9,728	11,706	10,793	-		
YoY	25.6%	16.0%	17.2%	-2.2%	21.1%	3.8%	-5.7%	-		
GPM	13.3%	14.0%	14.7%	13.3%	14.6%	15.1%	14.2%	-		
SG&A	4,401	4,278	4,312	5,209	5,208	5,081	4,978	-		
YoY	-7.5%	-6.5%	5.7%	-1.1%	18.3%	18.8%	15.4%	-		
SG&A / Sales	7.3%	5.3%	5.5%	4.6%	7.8%	6.5%	6.5%	-		
OP	3,630	6,995	7,131	9,814	4,519	6,625	5,816	12,040	58.5%	29,000
YoY	122.2%	36.1%	25.5%	-2.8%	24.5%	-5.3%	-18.4%	22.7%		5.2%
OPM	6.0%	8.7%	9.2%	8.7%	6.8%	8.5%	7.7%	9.7%		8.4%
RP	3,793	7,179	7,198	9,908	4,676	6,632	6,036	12,156	58.8%	29,500
YoY	102.5%	37.6%	26.6%	-2.3%	23.3%	-7.6%	-16.1%	22.7%		5.1%
RPM	6.3%	8.9%	9.3%	8.8%	7.0%	8.5%	7.9%	9.7%		8.6%
NI	2,386	3,777	4,569	5,657	2,808	4,057	3,620	7,515	58.3%	18,000
YoY	125.7%	36.8%	38.4%	-8.2%	17.7%	7.4%	-20.8%	32.8%		9.8%
NPM	4.0%	4.7%	5.9%	5.0%	4.2%	5.2%	4.8%	6.0%		5.2%

Source: Company data

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

Company forecasts are based on the most recent figures.

By business, segments in telecommunications such as the NTT Engineering and NCC Engineering segments came in below company forecasts regarding orders and sales, but were able to maintain profit levels on par with expectations. The reason for underperformance in orders and sales was a lack of demand for access construction projects in the NTT Engineering segment. It appears that such subdued demand had a limited effect on profits as margins for access construction projects are thin. Other segments all produced results that generally adhered to forecasts.

Orders and sales in the IT Solutions and Social Systems segments also came in below company forecasts due to delays in receiving orders and completing construction. Rationalization measures for newly consolidated companies were also behind schedule, causing profits to fall behind forecasts as well.

View the [full report](#).



DIC Corporation (4631)

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

On **February 13, 2015**, DIC Corporation announced earnings results for full-year FY12/14.

Quarterly performance (JPYmn)	FY12/13			FY12/14				FY12/14	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4		
Sales	186,503	198,452	320,692	201,564	206,821	206,143	215,550		
YoY	5.9%	14.2%	-	-	-	-	-		
Gross Profit	39,535	41,735	66,344	42,041	42,277	42,304	45,662		
GPM	21.2%	21.0%	20.7%	20.9%	20.4%	20.5%	21.2%		
SG&A Expenses	29,164	29,325	48,944	32,644	31,867	32,436	34,261		
YoY	9.9%	12.8%	-	-	-	-	-		
Operating Profit	10,371	12,410	17,400	9,397	10,410	9,868	11,401		
YoY	7.2%	38.5%	-	-	-	-	-		
OPM	5.6%	6.3%	5.4%	4.7%	5.0%	4.8%	5.3%		
Recurring Profit	9,710	10,949	16,464	8,410	9,961	10,110	11,444		
YoY	15.3%	34.8%	-	-	-	-	-		
Net Income	4,665	6,017	16,089	5,140	5,179	6,119	8,756		
YoY	-24.5%	14.4%	-	-	-	-	-		
Cumulative	Q1	Q2	Q3	Q1	Q2	Q3	Q4	% of FY	FY CE
Sales	186,503	384,955	705,647	201,564	408,385	614,528	830,078	98.8%	840,000
YoY	5.9%	10.0%	-	-	-	-	-		-
Gross Profit	39,535	81,270	147,614	42,041	84,318	126,622	172,284		
GPM	21.2%	21.1%	20.9%	20.9%	20.6%	20.6%	20.8%		
SG&A Expenses	29,164	58,489	107,433	32,644	64,511	96,947	131,208		
YoY	9.9%	11.4%	-	-	-	-	-		
Operating Profit	10,371	22,781	40,181	9,397	19,807	29,675	41,076	102.7%	40,000
YoY	7.2%	22.3%	-	-	-	-	-		-
OPM	5.6%	5.9%	5.7%	4.7%	4.9%	4.8%	4.9%		4.8%
Recurring Profit	9,710	20,659	37,123	8,410	18,371	28,481	39,925	105.1%	38,000
YoY	15.3%	24.9%	-	-	-	-	-		-
Net Income	4,665	10,682	26,771	5,140	10,319	16,438	25,194	114.5%	22,000
YoY	-24.5%	-6.6%	-	-	-	-	-		-

Source: Company data

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

In FY12/14, consolidated sales were JPY830.1bn (+5.9% from the corresponding period of the previous year, owing to a change in accounting periods; +1.4% excluding forex impact) due to increased shipments and the weak yen. But operating profit fell to JPY41.1bn (-6.9%; -9.7% ex. forex) owing to high materials costs. Recurring profit was down 2.3%, at JPY39.9bn. Net income fell to JPY25.2bn (-12.4%).

The economic recovery continued in North America and Europe. In Asia, growth slowed in China and Southeast Asia, but there were signs of recovery of demand in India in the second half of the year. Demand remained weak in the domestic economy, due to the protracted pullback from the rush to beat the consumption tax hike.

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 **February 19, 2015**, Digital Garage Inc. announced a business and capital alliance with Kodansha Ltd.

Digital Garage and Kodansha will enter into this alliance to market Japanese content globally and invest in and nurture new businesses. The two companies will roll out a content business both in Japan and overseas, combining Kodansha's content skill and experience with Digital Garage's expertise in discovering and incubating promising businesses using state-of-the-art online technology, as cultivated in its Incubation segment.

This agreement covers three main points:

§The two companies will establish a joint venture to make strategic investments in digital businesses, mainly in Japan. (Planned date of establishment: May 2015; Digital Garage stake: 66%; Kodansha stake: 34%.)

§Digital Garage will invest in Kodansha's US affiliate, as the companies prepare to roll out a global contents business. (Digital Garage will acquire a 19% stake in Kodansha Advanced Media LLC, a subsidiary of Kodansha USA, Inc.)

§Kodansha will invest in Digital Garage, in order to strengthen the relationship between the two companies. (Kodansha will acquire at least 0.5% of Digital Garage's outstanding shares on the open market.)

On **February 13, 2015**, the company announced 1H FY06/15 results.

Quarterly results (JPYmn)		FY06/14				FY06/15				FY06/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		% of FY	FY Est.
Sales	7,273	8,350	8,271	9,857	8,127	9,760	-	-		-	-
YoY	37.0%	-2.2%	27.6%	29.1%	11.7%	16.9%					
GP	1,393	2,102	1,725	2,997	1,873	2,863					
YoY	32.6%	1.9%	28.6%	51.6%	34.5%	36.2%					
GPM	19.1%	25.2%	20.9%	30.4%	23.0%	29.3%					
SG&A	1,306	1,376	1,351	1,576	1,475	1,522					
YoY	18.6%	-10.6%	13.5%	23.3%	12.9%	10.6%					
SG&A / Sales	18.0%	16.5%	16.3%	16.0%	18.2%	15.6%					
OP	87	726	374	1,421	398	1,341	-	-		-	-
YoY	-	38.5%	147.4%	103.6%	359.4%	84.8%					
OPM	1.2%	8.7%	4.5%	14.4%	4.9%	13.7%					
RP	474	1,214	811	1,944	1,174	2,291	-	-		-	-
YoY	183.4%	21.3%	12.7%	63.1%	147.7%	88.7%					
RPM	6.5%	14.5%	9.8%	19.7%	14.4%	23.5%					
NI	389	1,037	447	974	781	2,727	-	-		-	-
YoY	82.3%	48.0%	-65.5%	92.0%	100.5%	163.0%					
NPM	5.4%	12.4%	5.4%	9.9%	9.6%	27.9%					
Cumulative		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		7,273	15,623	23,894	33,752	8,127	17,887	-	-	44.7%	40,000
YoY		37.0%	12.8%	17.5%	20.7%	11.7%	14.5%				18.5%
GP		1,393	3,494	5,220	8,217	1,873	4,736				
YoY		32.6%	12.2%	17.2%	27.8%	34.5%	35.5%				
GPM		19.1%	22.4%	21.8%	24.3%	23.0%	26.5%				
SG&A		1,306	2,682	4,033	5,609	1,475	2,997				
YoY		18.6%	1.6%	5.3%	9.8%	12.9%	11.7%				
SG&A / Sales		18.0%	17.2%	16.9%	16.6%	18.2%	16.8%				
OP		87	812	1,187	2,608	398	1,739	-	-	38.7%	4,500
YoY		-	71.8%	90.2%	97.2%	359.4%	114.1%				72.5%
OPM		1.2%	5.2%	5.0%	7.7%	4.9%	9.7%				11.3%
RP		474	1,687	2,498	4,442	1,174	3,464	-	-	51.7%	6,700
YoY		183.4%	44.5%	32.4%	44.3%	147.7%	105.3%				50.8%
RPM		6.5%	10.8%	10.5%	13.2%	14.4%	19.4%				16.8%
NI		389	1,426	1,873	2,847	781	3,507	-	-	67.5%	5,200
YoY		82.3%	56.1%	-15.2%	4.8%	100.5%	145.9%				82.6%
NPM		5.4%	9.1%	7.8%	8.4%	9.6%	19.6%				13.0%

Source: Company data

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

Forecasts based on most recently announced figures.



All three business segments demonstrated year-on-year growth in sales and profits. The rise in recurring profit was in part due to investment income from the company's minority shareholdings (under the equity method) totaling JPY906mn, as well as JPY708mn in foreign currency gains as a result of the reevaluation of assets denominated in foreign currencies. Net income increased after the company sold some its shares in Kakaku.com, Inc. (TSE1: 2371), an affiliate, as part of a buyback program.

On **February 12, 2015**, the company announced enhancements to its Japanese expansion business for overseas internet services.

In this business, the company assists with the Japanese rollout of promising internet services operated by US startups. As the first of its enhancements to this business, Digital Garage has now formed a business alliance with Chartbeat, Inc. (New York), operator of a website analytics service. This business alliance is part of the collaboration between Digital Garage and Betaworks Studio, LLC, the US startup support studio from which Chartbeat was spun off. Digital Garage announced an investment in Betaworks and an accompanying business alliance in February 2014.

Chartbeat measures and monetizes website access in real-time. It tracks the second-by-second engagement of website visitors, allowing website operators to easily identify their most engaging articles and advertisements in real-time. About 50,000 website operators worldwide have adopted Chartbeat, including the BBC, The New York Times, and TIME.

Through this business alliance, Digital Garage will support Chartbeat's business expansion in Japan by localizing its product, providing customer support, and acting as a local sales representative. Digital Garage expects Chartbeat to be adopted by major media outlets operating various news websites, as in the US.

Digital Garage's App Works, an internal team formed in November 2014 to lead product and business development of Internet services, will spearhead this collaborative effort with Chartbeat. App Works will continue to work with Betaworks to introduce other startups with a track record in the US to the Japanese market, and develop its own services targeting domestic smartphone users.

View the [full report](#).



Don Quijote Co., Ltd. (7532)

Innovative and iconoclastic general discount retailer with a nationwide presence.

On **February 10, 2015**, Don Quijote announced sales figures for January 2015.

(YoY)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Total Stores												
Sales	9.1%	11.2%	12.3%	16.2%	16.1%	10.9%	13.6%					
# of Stores	220	221	220	221	222	225	225					
Comparable Stores												
Sales	1.4%	2.3%	5.0%	8.3%	7.1%	4.3%	6.7%					
# of Customers	1.7%	0.6%	3.5%	5.2%	3.8%	0.0%	1.2%					
Avg. Spend per Customer	-0.2%	1.7%	1.5%	2.9%	3.1%	4.2%	5.4%					
# of Comparable Stores	196	196	196	195	196	200	203					
Electric Appliances	-1.0%	3.1%	14.8%	15.8%	10.2%	13.8%	18.1%					
Household Goods	8.3%	10.7%	13.8%	15.9%	17.2%	11.0%	15.2%					
Foods	21.0%	21.6%	24.0%	25.8%	23.4%	17.7%	19.1%					
Watches & Fashion Merchandise	5.1%	5.4%	7.6%	9.1%	10.9%	5.3%	6.9%					
Sporting & Leisure Goods	3.9%	3.5%	10.0%	12.0%	10.3%	5.5%	6.1%					
Other Products	14.1%	70.0%	-43.7%	13.6%	28.8%	12.4%	5.4%					

(YoY)												
(Fiscal Year Ending)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Stores												
Sales	6.6%											
# of Stores	217											
Comparable Stores												
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.



On **February 5, 2015**, the company announced 1H FY06/15 results.

Quarterly Performance (JPY mn)	FY06/13				FY06/14				FY06/15		FY06/15		FY06/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Sales	140,379	149,265	138,426	140,307	146,514	156,808	158,454	150,648	163,861	178,363	103.4%	331,000	52.0%	658,000
YoY	4.1%	5.1%	5.4%	6.3%	4.4%	5.1%	14.5%	7.4%	11.8%	13.7%			9.1%	7.4%
Gross profit	37,010	39,176	36,888	36,733	39,880	41,195	40,627	39,316	44,235	47,399	103.5%	88,500	52.2%	175,500
YoY	6.2%	6.0%	10.2%	7.3%	7.8%	5.2%	10.1%	7.0%	10.9%	15.1%			9.2%	9.0%
GPM	26.4%	26.2%	26.6%	26.2%	27.2%	26.3%	25.6%	26.1%	27.0%	26.6%			26.7%	26.7%
SG&A expenses	28,766	28,747	29,423	30,502	29,740	30,831	32,193	33,962	33,779	34,444	100.6%	67,800	48.8%	139,900
YoY	6.3%	4.4%	7.2%	8.2%	3.4%	7.2%	9.4%	11.3%	13.6%	11.7%			11.9%	10.4%
SG&A / Sales	20.5%	19.3%	21.3%	21.7%	20.3%	19.7%	20.3%	22.5%	20.6%	19.3%			20.5%	21.3%
Operating profit	8,244	10,429	7,465	6,231	10,140	10,364	8,434	5,354	10,456	12,955	113.1%	20,700	64.1%	36,500
YoY	6.0%	10.5%	23.4%	2.9%	23.0%	-0.6%	13.0%	-14.1%	3.1%	25.0%			1.0%	6.4%
OPM	5.9%	7.0%	5.4%	4.4%	6.9%	6.6%	5.3%	3.6%	6.4%	7.3%			6.3%	5.5%
Recurring profit	8,366	10,709	7,653	6,473	10,433	10,702	8,681	5,671	10,822	13,222	113.4%	21,200	64.1%	37,500
YoY	13.0%	18.4%	20.0%	0.3%	24.7%	-0.1%	13.4%	-12.4%	3.7%	23.5%			0.3%	5.7%
RPM	6.0%	7.2%	5.5%	4.6%	7.1%	6.8%	5.5%	3.8%	6.6%	7.4%			6.4%	5.7%
Net income	5,069	6,708	4,556	4,808	6,416	6,608	5,740	2,707	6,141	7,553	109.6%	12,500	62.8%	21,800
YoY	-24.0%	27.5%	14.7%	22.1%	26.6%	-1.5%	26.0%	-43.7%	-4.3%	14.3%			-4.0%	1.5%
NPM	3.6%	4.5%	3.3%	3.4%	4.4%	4.2%	3.6%	1.8%	3.7%	4.2%			3.8%	3.3%

Source: Company data

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

Segment Performance (JPY mn)	FY06/13				FY06/14				FY06/15		FY06/15		FY06/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of 1H	1H Est.	% of FY	FY Est.
Retail														
Sales	135,221	143,767	133,043	134,899	141,100	151,223	152,831	144,922	157,999	172,362				
Electric appliances	13,142	15,901	14,123	12,607	12,816	15,279	14,737	11,637	12,884	16,462				
Miscellaneous household foods	30,862	33,256	30,204	31,227	32,872	35,990	34,912	32,429	36,011	40,519				
Foods	39,009	41,430	40,592	40,839	40,998	44,723	47,974	46,924	48,773	52,843				
Watches & fashion merchandise	31,812	36,013	30,908	31,744	32,632	36,649	32,303	30,810	34,099	39,065				
Sporting & leisure goods	10,206	7,584	6,885	8,348	10,685	7,982	7,356	8,566	11,208	8,627				
DIY goods	4,582	4,112	4,458	4,042	4,828	4,212	4,532	4,223	4,626	4,092				
Overseas	3,113	3,201	3,609	3,808	3,927	4,105	8,703	7,910	7,861	8,252				
Others	2,495	2,270	2,264	2,284	2,342	2,284	2,314	2,423	2,537	2,503				
YoY	4.3%	5.0%	5.4%	6.1%	4.3%	5.2%	14.9%	7.4%	12.0%	14.0%				
Electric appliances	-7.4%	3.7%	0.0%	1.6%	-2.5%	-3.9%	4.3%	-7.7%	0.5%	7.7%				
Miscellaneous household foods	4.8%	5.9%	7.3%	9.8%	6.5%	8.2%	15.6%	3.8%	9.5%	12.6%				
Foods	5.1%	4.4%	4.9%	5.0%	5.1%	7.9%	18.2%	14.9%	19.0%	18.2%				
Watches & fashion merchandise	11.2%	9.5%	9.4%	7.7%	2.6%	1.8%	4.5%	-2.9%	4.5%	6.6%				
Sporting & leisure goods	8.4%	3.7%	9.1%	8.5%	4.7%	5.2%	6.8%	2.6%	4.9%	8.1%				
DIY goods	-2.4%	-6.5%	-3.8%	-0.8%	5.4%	2.4%	1.7%	4.5%	-4.2%	-2.8%				
Overseas	-0.8%	4.0%	12.4%	8.4%	26.1%	28.2%	141.1%	107.7%	100.2%	101.0%				
Others	-17.9%	-19.7%	-21.1%	-11.8%	-6.1%	0.6%	2.2%	6.1%	8.3%	9.6%				
% of Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				
Electric appliances	9.7%	11.1%	10.6%	9.3%	9.1%	10.1%	9.6%	8.0%	8.2%	9.6%				
Miscellaneous household foods	22.8%	23.1%	22.7%	23.1%	23.3%	23.8%	22.8%	22.4%	22.8%	23.5%				
Foods	28.8%	28.8%	30.5%	30.3%	29.1%	29.6%	31.4%	32.4%	30.9%	30.7%				
Watches & fashion merchandise	23.5%	25.0%	23.2%	23.5%	23.1%	24.2%	21.1%	21.3%	21.6%	22.7%				
Sporting & leisure goods	7.5%	5.3%	5.2%	6.2%	7.6%	5.3%	4.8%	5.9%	7.1%	5.0%				
DIY goods	3.4%	2.9%	3.4%	3.0%	3.4%	2.8%	3.0%	2.9%	2.9%	2.4%				
Overseas	2.3%	2.2%	2.7%	2.8%	2.8%	2.7%	5.7%	5.5%	5.0%	4.8%				
Others	1.8%	1.6%	1.7%	1.7%	1.7%	1.5%	1.5%	1.7%	1.6%	1.5%				
Operating profit	6,331	8,448	5,592	4,957	8,291	8,764	6,039	1,287	6,486	8,468				
YoY	6.5%	21.1%	28.9%	4.3%	31.0%	3.7%	8.0%	-74.0%	-21.8%	-3.4%				
OPM	4.7%	5.9%	4.2%	3.7%	5.9%	5.8%	4.0%	0.9%	4.1%	4.9%				
Rent														
Sales	3,950	4,204	4,076	4,140	4,086	4,262	4,250	4,493	4,448	4,524				
YoY	-0.7%	7.9%	5.6%	11.2%	3.4%	1.4%	4.3%	8.5%	8.9%	6.1%				
Operating profit	1,338	1,454	1,212	983	1,252	1,320	2,651	1,282	2,853	3,188				
YoY	3.8%	-29.5%	-16.4%	8.3%	-6.4%	-9.2%	118.7%	30.4%	127.9%	141.5%				
OPM	33.9%	34.6%	29.7%	23.7%	30.6%	31.0%	62.4%	28.5%	64.1%	70.5%				
Others														
Sales	1,208	1,294	1,307	1,269	1,328	1,323	1,373	1,233	1,414	1,477				
YoY	-4.2%	3.9%	3.6%	11.2%	9.9%	2.2%	5.0%	-2.8%	6.5%	11.6%				
Operating profit	552	513	649	275	566	681	1,254	1,039	1,190	1,414				
YoY	13.1%	-13.3%	123.0%	-41.7%	2.5%	32.7%	93.2%	277.8%	110.2%	107.6%				
OPM	45.7%	39.6%	49.7%	21.7%	42.6%	51.5%	91.3%	84.3%	84.2%	95.7%				
Adjustments to operating profit	23	14	12	16	31	-401	-1,510	1,746	-73	-115				

Source: Company data

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

Preparations and careful planning turn a disaster into blessings; sales to foreign visitors rise

Don Quijote has overcome the consumption tax increase through careful preparations and planning to win new customers and expand operations. As a result, earnings improved for Q4 FY06/14 and Q1 FY06/15. During Q2, the company attracted foreign visitors by increasing the number of duty-free items.

Sales remained strong even after the consumption tax increase. The company also benefitted from increasing sales to visitors from foreign countries. Comparable-store sales rose 6.3% during Q2 from a year earlier, compared with 2.8% for Q1.

Operating profit reaches a record thanks to a three-tier pricing strategy; expenses offset by sales

The company's three-tier pricing strategy (see Q1 FY06/15 details) has led to an improvement in its



product composition and increased sales of value-added items. Expenses rose because the yen remained weak, but they were offset by increased sales. Gross profit margin was 26.8%, an increase of 0.1pp both from a year earlier and from an earlier estimate. SG&A-to-sales ratio was 20.0%, unchanged from a year earlier, as expenses related to the opening of 15 stores and the consolidation of Marukai were absorbed by better sales. As a result, operating profit reached a record JPY23.4bn, an increase of 14.2% from a year earlier.

On **the same day**, the company announced that Takao Yasuda, chairman and CEO, will step down.

Yasuda will also resign as a director of domestic group companies, focus on overseas operations as top advisor and founding chairman

The company, along with its Q2 earnings results, announced that founder Takao Yasuda, chairman and CEO, would step down. Yasuda will also resign as a director of Don Quijote's domestic group companies. He will focus on foreign operations as top adviser and "founding chairman" as the company prepares to expand outside Japan.

Completes the process of delegating responsibilities that spurred growth

Yasuda stated that he would step down while he was still physically and mentally fit. This is necessary, according to Yasuda, in order for the company to continue to grow on a long-term basis. Yasuda stated that it would be best him to retire now that the company was set to post an increase in sales and profits for 26 years in a row and that the company had just overcome the consumption tax increase. Yasuda added that he had also completed the process of delegating management responsibilities.

Yasuda urges company executives to emulate him, study Genryu, a book on management philosophy

Yasuda urged Don Quijote executives to emulate him and study Genryu, a book of management philosophy published by the company in April 2011 (a revised edition was published in September 2013). Don Quijote will become a formidable company if it produces more managers like Yasuda, he said.

Improvement of 'management metabolism' may become company tradition

Yasuda has complete trust in Koji Ohara, president and COO. Yasuda stated that Ohara would be instrumental as the next CEO in ensuring the company's growth. However, Yasuda urged Ohara to find a successor of his own while he is still physically and mentally fit. The improvement of the company's management metabolism would then become a tradition that leads to prosperity, Yasuda said.

View the [full report](#).

Elecom Co. (6750)

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

On **February 25, 2015**, Shared Research updated comments on Elecom Co. after interviewing management.

Quarterly Performance (JPYmn)													FY03/15	
	FY03/13				FY03/14				FY03/15				% of FY	FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	15,289	14,901	17,615	14,836	14,936	15,099	19,391	19,680	17,741	17,925	21,366	17,969	76.0%	75,000
YoY	5.2%	3.9%	0.1%	-7.6%	-2.3%	1.3%	10.1%	32.6%	18.8%	18.7%	10.2%	-8.7%	8.5%	
GP	5,061	4,889	6,005	4,865	5,150	5,101	6,772	5,292	5,850	5,968	6,499	6,267	74.5%	24,583
YoY	-0.0%	-5.4%	-6.0%	-7.9%	1.8%	4.3%	12.8%	8.8%	13.6%	17.0%	-4.0%	18.4%	10.2%	
GPM	33.1%	32.8%	34.1%	32.8%	34.5%	33.8%	34.9%	26.9%	33.0%	33.3%	30.4%	34.9%	32.8%	
SG&A	3,761	3,498	3,740	3,756	3,647	3,694	3,926	4,087	4,037	3,975	4,313	4,358	73.9%	16,683
YoY	6.0%	-5.5%	-3.5%	-5.5%	-3.0%	5.6%	5.0%	8.8%	10.7%	7.6%	9.9%	6.6%	8.7%	
SG&A / Sales	24.6%	23.5%	21.2%	25.3%	24.4%	24.5%	20.2%	20.8%	22.8%	22.2%	20.2%	24.3%	22.2%	
OP	1,300	1,391	2,264	1,109	1,503	1,408	2,846	1,205	1,812	1,993	2,186	1,909	75.8%	7,900
YoY	-14.1%	-5.2%	-9.9%	-15.5%	15.6%	1.2%	25.7%	8.7%	20.6%	41.6%	-23.2%	58.5%	13.5%	
OPM	8.5%	9.3%	12.9%	7.5%	10.1%	9.3%	14.7%	6.1%	10.2%	11.1%	10.2%	10.6%	10.5%	
RP	1,289	1,298	1,916	1,004	1,312	1,795	1,975	1,539	1,764	1,546	2,346	1,544	78.6%	7,200
YoY	-7.7%	-4.4%	-18.2%	-2.6%	1.8%	38.3%	3.1%	53.3%	34.4%	-13.9%	18.8%	0.3%	8.7%	
RPM	8.4%	8.7%	10.9%	6.8%	8.8%	11.9%	10.2%	7.8%	9.9%	8.6%	11.0%	8.6%	9.6%	
NI	510	864	1,112	613	622	1,205	1,188	1,029	949	1,031	1,434	636	84.3%	4,050
YoY	4.9%	75.6%	-3.2%	-48.3%	22.0%	39.4%	6.8%	67.8%	52.5%	-14.4%	20.7%	-38.1%	0.2%	
NPM	3.3%	5.8%	6.3%	4.1%	4.2%	8.0%	6.1%	5.2%	5.3%	5.8%	6.7%	3.5%	5.4%	

Quarterly Performance (JPYmn)													FY03/15	
	FY03/13				FY03/14				FY03/15				% of FY	FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
New segments	15,289	14,901	17,615	14,836	14,936	15,099	19,391	19,680	17,741	17,925	21,366	17,969	76.0%	75,000
PC accessories	5,661	5,323	6,986	5,684	5,322	5,042	6,763	6,356	5,552	5,109	6,542	6,582	72.3%	23,785
Smartphone-related applications	2,850	3,331	3,690	3,143	3,886	3,950	4,614	3,875	4,402	5,138	5,997	2,202	87.6%	17,739
Peripherals	3,575	3,206	3,609	3,060	3,232	3,794	4,999	6,427	5,361	4,931	5,748	5,711	73.7%	21,751
Others	3,203	3,040	3,329	2,951	2,496	2,312	3,015	3,022	2,425	2,745	3,078	3,477	70.3%	11,725
YoY	5.2%	3.9%	0.1%	-7.6%	-2.3%	1.3%	10.1%	32.6%	18.8%	18.7%	10.2%	-8.7%	-	8.5%
PC accessories					-6.0%	-5.3%	-3.2%	11.8%	4.3%	1.3%	-3.3%	3.6%	1.3%	
Smartphone-related applications					36.4%	18.6%	25.0%	23.3%	13.3%	30.1%	30.0%	-43.2%	8.7%	
Peripherals					-9.6%	18.3%	38.5%	110.0%	65.9%	30.0%	15.0%	-11.1%	17.9%	
Others					-22.1%	-23.9%	-9.4%	2.4%	-2.8%	18.7%	2.1%	15.1%	8.1%	

SG&A breakdown (JPYmn)													FY03/15	
	FY03/13				FY03/14				FY03/15				% of FY	FY Est.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
SG&A	3,761	3,498	3,740	3,756	3,647	3,694	3,926	4,087	4,037	3,975	4,313	4,358	73.9%	16,683
Logistics	836	811	893	817	760	734	744	987	844	788	831			
Sales expenses	688	585	658	670	689	785	751	666	838	766	1,070			
Personnel	1,426	1,355	1,371	1,408	1,405	1,381	1,409	1,675	1,411	1,494	1,450			
Admin.	810	746	818	861	790	795	922	859	942	928	962			
YoY	6.0%	-5.5%	-3.5%	-5.5%	-3.0%	5.6%	5.0%	8.8%	10.7%	7.6%	9.9%	6.6%	8.7%	
Logistics	-3.2%	-6.7%	-4.5%	-11.7%	-9.1%	-9.5%	-16.7%	20.8%	11.1%	7.4%	11.7%			
Sales expenses	-3.1%	-15.0%	-11.9%	0.3%	0.1%	34.2%	14.1%	-0.6%	21.6%	-2.4%	42.5%			
Personnel	12.5%	-0.4%	0.7%	-3.4%	-1.5%	1.9%	2.8%	19.0%	0.4%	8.2%	2.9%			
Admin.	15.1%	-4.7%	-1.8%	-6.7%	-2.5%	6.6%	12.7%	-0.2%	19.2%	16.7%	4.3%			
Sales ratio	24.6%	23.5%	21.2%	25.3%	24.4%	24.5%	20.2%	20.8%	22.8%	22.2%	20.2%	24.3%	22.2%	
Logistics	5.5%	5.4%	5.1%	5.5%	5.1%	4.9%	3.8%	5.0%	4.8%	4.4%	3.9%			
Sales expenses	4.5%	3.9%	3.7%	4.5%	4.6%	5.2%	3.9%	3.4%	4.7%	4.3%	5.0%			
Personnel	9.3%	9.1%	7.8%	9.5%	9.4%	9.1%	7.3%	8.5%	8.0%	8.3%	6.8%			
Admin.	5.3%	5.0%	4.6%	5.8%	5.3%	5.3%	4.8%	4.4%	5.3%	5.2%	4.5%			

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

Q4 FY03/15 figures are the difference between full-year estimates and cumulative Q3 results.

Source: Company data

Strong sales, but weak profitability following the yen ' s plunge

Sales were strong for Q3 FY03/15 (+15.4% YoY for cumulative Q3, +10.2% YoY for the three-month period of Q3). However, operating profit fell 23% YoY during the three-month Q3 period because of a decline in gross profit margin associated with the yen ' s plunge against the US dollar, and an increase in sales expenses (such as those related to customer support).

Measures against the weak yen may help prevent further decline in gross profit

The company worked to mitigate the impact of the weak yen by focusing on marginal profit, accelerating development of products that could withstand the exchange rate of USD/JPY120, and hedging currency risks using forward contracts. However, import costs increased by JPY2.2bn YoY during cumulative Q3 (calculated based on the difference between the company ' s currency settlement rate and the actual exchange rate). The impact of the weak yen may not disappear in Q4. Even so, the company expects that



the initiatives mentioned above will restrain gross profit margin from deteriorating significantly.

Recurring profit may be on course to meet the full-year target

Sales and recurring profit exceeded Q1 and Q2 forecasts. For Q3, sales appear to be in line with the target, while recurring profit outperformed the estimate. Shared Research believes that Elecom is on course to meet its full-year recurring profit goal of JPY7.2bn unless the yen plunges suddenly in late February or after. Recurring profit may benefit from a reduction in loss provisions.

Targeting higher sales and profits for FY03/16; network equipment, tablets key to growth

Elecom will probably target an increase in sales and profits for FY03/16, with an emphasis on network equipment and tablets. Shared Research is observing Elecom ' s efforts to increase its market share of wireless LAN routers and Linux NAS devices.

Gross profit margin deteriorated in Q3 because of the yen's plunge. However, the company could absorb a significant amount of losses if the decline were more gradual, as was the case for 1H. The company would be able to better manage marginal costs and develop products that could withstand a weaker yen. We think that the company's gross profit will likely recover during FY03/16 and return to the level seen during 1H FY03/15.

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 **February 17, 2015**, Emergency Assistance Japan Co., Ltd. (EAJ) announced a reduction in its capital reserve and transfer to other capital surplus. Details will be discussed at the twelfth annual shareholders' meeting scheduled for March 25, 2015 (proposed to be effective March 25, 2015).

Purpose

Based on Article 448, Paragraph 1 of the Companies Act, the company will reduce its capital reserves and transfer the amount to other capital surplus. This is to prepare for flexibility in capital strategies necessary in the changing operating environment.

Overview

Out of the JPY123.5mn in capital reserves (as of December 31, 2014), the company will reduce the amount to JPY83.5mn. The JPY40.0mn reduction will be transferred to other capital reserves.

Future outlook

This transfer is for capital reserves—recorded under net assets on the balance sheet—to be accounted for in other capital surplus. The company stated that this will not change the value of its net assets, nor will it affect earnings.

On **February 13, 2015**, the company announced earnings results for full-year FY12/14.

Quarterly Performance (JPYmn)					FY12/12				FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	554	435	448	456	548	447	473	515	627	493	524	556					100.1%	2,198
Medical Assistance	469	349	360	364	457	360	386	423	527	390	419	442						
Lifestyle Assistance	84	86	88	92	91	87	87	92	100	103	105	114						
YoY	-	-	-	-	-1.0%	2.7%	5.7%	12.9%	14.3%	10.3%	10.8%	7.9%						10.8%
Medical Assistance					-2.6%	3.2%	7.4%	16.3%	15.2%	8.2%	8.6%	4.5%						
Lifestyle Assistance					7.9%	0.6%	-1.1%	-0.2%	9.7%	19.2%	20.9%	23.3%						
GP	138	109	122	137	114	88	106	127	105	91	109	113						
YoY	-	-	-	-	-17.6%	-18.6%	-13.0%	-7.8%	-7.6%	3.2%	2.9%	-11.0%						
GPM	24.9%	24.9%	27.2%	30.1%	20.7%	19.8%	22.4%	24.6%	16.8%	18.5%	20.8%	20.3%						
SG&A	84	102	93	78	93	96	106	104	109	104	114	116						
YoY	-	-	-	-	10.0%	-6.0%	13.3%	33.3%	17.6%	8.0%	8.3%	10.9%						
SG&A / Sales	15.2%	23.5%	20.8%	17.2%	16.9%	21.5%	22.3%	20.3%	17.4%	21.0%	21.8%	20.8%						
OP	54	6	29	59	21	-8	0	22	-4	-12	-5	-3					-	-31
Medical Assistance	96	69	83	91	64	48	69	74	50	37	53	51						
Lifestyle Assistance	27	24	22	29	30	22	15	25	31	28	26	35						
Intragroup/company-level	-70	-86	-77	-61	-74	-78	-83	-77	-85	-77	-84	-89						
YoY					-61.1%	-	-98.7%	-62.4%	-21.9%	-23.5%	-22.5%	-31.0%						
Medical Assistance					-33.1%	-30.8%	-17.1%	-18.5%	-21.9%	-23.5%	-22.5%	-31.0%						
Lifestyle Assistance					10.4%	-6.3%	-32.8%	-16.0%	2.0%	24.5%	71.7%	41.8%						
OPM	9.7%	1.5%	6.4%	12.9%	3.8%	-1.7%	0.1%	4.3%	-0.6%	-2.5%	-1.0%	-0.6%						
Medical Assistance	17.3%	15.9%	18.6%	19.9%	11.7%	10.7%	14.6%	14.4%	8.0%	7.4%	10.2%	9.2%						
Lifestyle Assistance	4.9%	5.5%	4.9%	6.4%	5.5%	5.0%	3.1%	4.8%	4.9%	5.6%	4.9%	6.3%						
RP	53	-11	25	62	18	-13	-1	21	-6	-16	-8	4					-	-38
YoY	-	-	-	-	-65.8%	-	-	-65.3%	-	-	-	-79.3%						
RPM	9.6%	-2.5%	5.6%	13.5%	3.3%	-2.9%	-0.3%	4.2%	-1.0%	-3.3%	-1.5%	0.8%						
NI	32	-6	15	35	12	-9	1	11	-5	-10	-5	-15					-	-45
YoY	-	-	-	-	-63.6%	-	-93.7%	-67.9%	-	-	-	-						
NPM	5.7%	-1.4%	3.4%	7.6%	2.1%	-2.1%	0.2%	2.2%	-0.8%	-2.1%	-0.9%	-2.8%						

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

Source: Company data

Forward investment continues to increase

Amid mixed market conditions, EAJ posted annual sales of JPY1.8bn (+10.9% YoY). Operating costs rose as the company hired and trained staff with skills for the global marketplace (in preparation for the additional expected workload stemming from a large-scale order in September from Sampo Japan Nipponkoa Insurance Inc. [subsidiary of Sampo Japan Nipponkoa Holdings, Inc.; TSE1: 8630]),



expanded its network of medical institutions, and invested in IT to bolster its infrastructure of assistance centers (including capex on high-performance communications equipment and improvements to core systems). The combination of increased operating costs and the weak yen led to increased expenses overall.

The company continued making upfront investments in the international medical exchange support services business, a future growth area. The company also spent upfront on promotions for corporate security assistance products.

CoGS was JPY1.8bn (+15.0% YoY) and SG&A expenses were JPY443mn (+11.1% YoY). The company booked an operating loss of JPY24mn (operating profit of JPY35mn in FY12/13).

Delays in large-scale projects

Though large-scale project orders from Sompo Japan Nipponkoa remain delayed, capital spending to cope with higher order volume accelerated. According to the company, such orders will begin to have a larger effect on results toward the end of 2015.

Two effects of a weaker yen

As of FY12/13, costs incurred in foreign currencies were approximately USD5.5mn, and Shared Research estimates that this figure increased to about USD7.0mn in FY12/14 as a result of forward investment. As a result, the effect of a weaker yen is significant.

Weaker yen creates a chance to strengthen corporate structure

Although the company is mindful of the weakening yen, it plans to use it as an opportunity to strengthen its profitability structure through cost-cutting measures. EAJ's new NEO management system, installed during FY12/14, allows it greater flexibility in the medical assistance segment, and will play a role in combatting a weak yen. NEO will make it possible to reduce overseas staff and increase domestic employees, but optimizing the workforce will require time.

Sales growth into FY12/15 despite fewer outbound tourists due to fear of terrorist attacks

Shared Research understands that a higher volume of projects from Sompo Japan Nipponkoa and growth in the lifestyle assistance segment is likely to yield a year-on-year increase in sales. However, it should be noted that there are concerns over a rise in overseas costs due to the weak yen (an increase of nearly USD8.0mn by company estimates) and a fall in the number of Japanese travelers overseas due to the yen's depreciation and worries about terrorist attacks.

View the [full report](#).



MONTHLY WRAP – March 2015

en-japan Inc. (4849)

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

On **February 25, 2015**, Shared Research updated comments on en-japan Inc. after interviewing management.

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.
Sales		3,297	3,138	3,801	3,327	3,652	3,835	4,595	4,674	4,590	4,615	4,772	5,223	72.8%	19,200
YoY		16.0%	-0.8%	10.0%	-0.1%	10.7%	22.2%	20.9%	40.5%	25.7%	20.3%	3.9%	11.7%		14.6%
Gross Profit		2,824	2,687	3,300	2,820	3,219	3,401	4,096	4,118	4,125	4,154	4,262	4,813	72.3%	17,354
YoY		19.0%	-0.3%	11.2%	0.2%	14.0%	26.5%	24.1%	46.0%	28.1%	22.2%	4.1%	16.9%		17.0%
GPM		85.7%	85.6%	86.8%	84.8%	88.2%	88.7%	89.1%	88.1%	89.9%	90.0%	89.3%	92.2%		90.4%
SG&A Expenses		2,101	2,129	2,265	2,353	2,506	2,497	2,918	3,470	3,144	3,396	3,448	3,415	74.5%	13,404
YoY		9.6%	7.6%	9.9%	-0.1%	19.3%	17.3%	28.8%	47.5%	25.5%	36.0%	18.2%	-1.6%		17.7%
SG&A / Sales		63.7%	67.8%	59.6%	70.7%	68.6%	65.1%	63.5%	74.2%	68.5%	73.6%	72.3%	65.4%		69.8%
Personnel		1,211	1,256	1,284	1,275	1,434	1,442	1,598	1,570	1,788	1,804	1,887	1,906	74.2%	7,385
Advertising / Promotional		395	370	464	567	476	472	636	1,051	543	626	623	1,062	62.8%	2,854
Others		494	502	515	511	594	583	683	849	812	967	937	448	85.8%	3,164
Operating Profit		724	558	1,034	467	713	903	1,177	648	981	758	814	1,398	64.6%	3,950
YoY		58.0%	-22.1%	14.1%	1.5%	-1.4%	61.8%	13.8%	38.6%	37.5%	-16.1%	-30.9%	115.8%		14.8%
OPM		21.9%	17.8%	27.2%	14.0%	19.5%	23.6%	25.6%	13.9%	21.4%	16.4%	17.0%	26.8%		20.6%
Recurring Profit		782	576	1,045	437	902	925	1,274	647	1,018	903	921	1,128	71.6%	3,970
YoY		51.9%	3.2%	14.3%	-0.0%	15.3%	60.6%	21.9%	47.9%	12.9%	-2.4%	-27.7%	74.4%		5.9%
RPM		23.7%	18.4%	27.5%	13.1%	24.7%	24.1%	27.7%	13.8%	22.2%	19.6%	19.3%	21.6%		20.7%
Net Income		468	338	653	86	1,771	546	772	-300	597	581	536	526	76.5%	2,240
YoY		67.2%	44.3%	31.0%	-	278.6%	61.4%	18.1%	-	-66.3%	6.3%	-30.5%	-		-19.7%
NPM		14.2%	10.8%	17.2%	2.6%	48.5%	14.2%	16.8%	-6.4%	13.0%	12.6%	11.2%	10.1%		11.7%
Hiring Business (*)															
Sales		3,187	3,065	3,726	3,255	3,531	3,705	4,438	4,497	4,443	4,471	4,579	4,607	74.5%	18,100
YoY		-	-	-	-	10.8%	20.9%	19.1%	38.2%	25.8%	20.7%	3.2%	2.4%		245.7%
Gross Profit		2,755	2,631	3,242	2,767	3,111	3,279	3,947	3,962	3,988	4,017	4,088	-		-
GPM		86.4%	85.8%	87.0%	85.0%	88.1%	88.5%	88.9%	88.1%	89.8%	89.8%	89.3%	-		-
Operating Profit		745	550	1,022	456	696	876	1,135	601	976	784	804	1,161	68.8%	3,725
OPM		23.4%	17.9%	27.4%	14.0%	19.7%	23.6%	25.6%	13.4%	22.0%	17.5%	17.6%	25.2%		20.6%
Sales Breakdown															
Recruitment Advertising		1,856	1,758	1,774	1,771	1,929	2,213	2,226	2,476	2,298	2,422	2,519	2,851	71.7%	10,090
Recruitment Consulting		1,079	1,117	1,156	1,126	1,292	1,182	1,149	1,320	1,576	1,528	1,435	1,351	77.1%	5,890
Overseas Subsidiaries		-	-	-	-	81	132	316	306	323	449	510	428	75.0%	1,710
New Graduate Hiring Business		222	168	776	316	190	133	687	336	197	44	28	-103	162.0%	166
Others		30	24	26	47	42	51	60	61	57	38	90	59	75.8%	244
YoY		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recruitment Advertising		-	-	-	-	3.9%	25.9%	25.5%	39.8%	19.1%	9.4%	13.2%	15.1%	-	14.0%
Recruitment Consulting		-	-	-	-	19.7%	5.8%	-0.6%	17.2%	22.0%	29.3%	24.9%	2.3%	-	19.1%
Overseas Subsidiaries		-	-	-	-	-	-	-	-	298.8%	240.2%	61.4%	39.9%	-	104.1%
New Graduate Hiring Business		15.0%	-4.0%	20.9%	-10.0%	-14.4%	-20.8%	-11.5%	6.3%	3.7%	-66.9%	-95.9%	####	-	-87.7%
Others		-	-	-	-	40.0%	112.5%	130.8%	29.8%	35.7%	-25.5%	50.0%	-3.3%	-	-
Education and Evaluation Business:															
Sales		81	70	73	70	126	145	172	193	159	158	213	620	46.1%	1,150
Gross Profit		61	53	56	53	111	130	156	168	144	143	185	-	-	-
GPM		75.3%	75.7%	76.7%	75.7%	88.1%	89.7%	90.7%	87.1%	90.6%	90.5%	86.9%	-	-	-
Operating Profit		20	4	11	8	16	28	42	46	4	-26	11	236	-5.0%	225
OPM		24.7%	5.7%	15.1%	11.4%	12.7%	19.3%	24.4%	23.8%	2.5%	-16.5%	5.1%	38.1%	-	19.6%
en-japan inc.															
Sales		2,567	2,380	3,001	2,682	2,652	2,802	3,339	3,246	2,960	2,958	3,094	4,168	68.4%	13,180
YoY		10.8%	-4.3%	3.6%	-1.6%	3.3%	17.7%	11.3%	21.0%	11.6%	5.6%	-7.3%	28.4%		9.5%
Operating Profit		598	434	935	502	625	793	1,083	516	772	600	752	1,326	61.6%	3,450
OPM		23.3%	18.2%	31.2%	18.7%	23.6%	28.3%	32.4%	15.9%	26.1%	20.3%	24.3%	31.8%		26.2%
EWJ (en world japan K.K)															
Sales		734	762	807	653	886	859	871	1,037	1,268	1,175	1,075	402	89.7%	3,920
YoY		38.8%	12.6%	43.9%	6.4%	20.7%	12.7%	7.9%	58.8%	43.1%	36.8%	23.4%	-61.2%		7.3%
Operating Profit		166	163	141	7	200	186	104	167	355	192	86	67	90.4%	700
OPM		22.6%	21.4%	17.5%	1.1%	22.6%	21.7%	11.9%	16.1%	28.0%	16.3%	8.0%	16.7%		17.9%
Overseas subsidiaries															
Sales		-	-	-	-	81	132	316	306	323	449	510	428	75.0%	1,710
Operating Profit		-	-	-	-	-51	-37	41	38	-32	82	55	20	84.0%	125
OPM		-	-	-	-	-63.0%	-28.0%	13.0%	12.4%	-9.9%	18.3%	10.8%	4.7%		7.3%

Source: Company data

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

Note: En-japan changed reporting segments in FY03/15 (the mid-career hiring and new graduate hiring segments have been combined to form the hiring segment). For readers' convenience, Shared Research uses the simple sum of the mid-career hiring and new graduate hiring segments for the hiring segment prior to FY03/14. Data for the education and evaluation segment are unchanged.

*Q4 FY03/15 figures are calculated by subtracting cumulative Q3 earnings from full-year company forecasts.

Profit decline is due to the closing of recruitment sites for new graduates

In the mainstay Hiring Business, sales were up year-on-year in recruitment advertising, recruitment consulting, and overseas subsidiaries. However, following the closing of its recruitment sites for new



graduates, which had been contributing significantly to sales and profits (particularly in Q3), overall operating profit saw an 8.7% YoY decline to JPY2.6bn.

[en] Career Change, [en] world Japan show strong performance

The main service of recruitment advertising, [en] Career Change, saw robust results due to an overhaul of the company's recruitment websites in 1H. In recruitment consulting, [en] world Japan (EWJ) saw another quarter of double-digit growth in Q3, as it responds to the hiring demands of globalizing companies in Japan. Overseas subsidiaries saw significant year-on-year growth in revenues and an improvement in operating profit from earnings of subsidiaries in Vietnam and Thailand, as well as a subsidiary in India that started contributing in Q3.

On **February 9, 2015**, the company announced earnings results for Q3 FY03/15.

In the mainstay Hiring Business, sales were up year-on-year in recruitment advertising, recruitment consulting, and overseas subsidiaries. The main service of recruitment advertising, [en] Career Change, saw robust results due to an overhaul of the company's recruitment websites in 1H. In recruitment consulting, [en] world Japan saw another quarter of double-digit growth in Q3, as it responds to the hiring demands of globalizing companies in Japan. Overseas subsidiaries saw significant year-on-year growth in revenues and an improvement in operating profit from earnings of subsidiaries in Vietnam and Thailand, as well as a subsidiary in India that started contributing in Q3.

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Ferrotec Corp. (6890)

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

On **February 12, 2015**, Ferrotec Corp. 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.
Sales	9,503	10,545	9,102	9,274	9,538	10,691	11,356	13,160	14,130	15,108	14,501	12,261	78.1%	56,000
YoY	-49.5%	-37.7%	-35.2%	-10.1%	0.4%	1.4%	24.8%	41.9%	48.1%	41.3%	27.7%	-6.8%		25.2%
Gross Profit	2,023	1,612	1,776	1,566	2,322	2,718	2,585	3,195	3,166	3,512	3,309	2,892	77.5%	12,878
YoY	-64.2%	-63.4%	-54.9%	-38.4%	14.8%	68.6%	45.6%	104.1%	36.3%	29.2%	28.0%	-9.5%		19.0%
GPM	21.3%	15.3%	19.5%	16.9%	24.3%	25.4%	22.8%	24.3%	22.4%	23.2%	22.8%	23.6%		23.0%
SG&A Expenses	2,494	3,295	2,269	2,527	2,380	2,501	2,496	2,645	2,575	2,903	2,906	2,494	77.1%	10,878
YoY	-23.6%	2.3%	-23.2%	-14.7%	-4.5%	-24.1%	10.0%	4.7%	8.2%	16.1%	16.4%	-5.7%		8.5%
SG&A / Sales	26.2%	31.2%	24.9%	27.2%	25.0%	23.4%	22.0%	20.1%	18.2%	19.2%	20.0%	20.3%		19.4%
Operating Profit	-471	-1,683	-493	-961	-58	217	89	550	591	609	403	397	80.1%	2,000
YoY	-	-	-	-	-	-	-	-	-	180.1%	355.0%	-27.8%		150.6%
OPM	-5.0%	-16.0%	-5.4%	-10.4%	-0.6%	2.0%	0.8%	4.2%	4.2%	4.0%	2.8%	3.2%		3.6%
Recurring Profit	-554	-2,157	-448	-306	480	50	-83	815	190	644	809	-143	109.5%	1,500
YoY	-	-	-	-	-	-	-	-	-60.4%	1,179.8%	-	-		18.8%
RPM	-5.8%	-20.5%	-4.9%	-3.3%	5.0%	0.5%	-0.7%	6.2%	1.3%	4.3%	5.6%	-1.2%		2.7%
Net Income	-664	-5,493	-1,513	1,137	418	276	-134	831	-44	399	532	-86	110.8%	800
YoY	-	-	-	-	-	-	-	-26.9%	-	44.6%	-	-		-42.5%
NPM	-7.0%	-52.1%	-16.6%	12.3%	4.4%	2.6%	-1.2%	6.3%	-0.3%	2.6%	3.7%	-0.7%		1.4%

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

Source: Company data

Excluding the wider operating loss in the Photovoltaic segment, results were robust in Q3 (October-December). Operating profit continued increasing in the Equipment-related and Electronic Device segments, marking three consecutive quarters of growth.

Cumulative Q3 results confirmed the recovery in sales. Ferrotec also reported operating profit of JPY1.6bn (+547.0% YoY), with the Equipment-related and Electronic Device segments driving earnings. Operating profit margin was 3.7%, hit by the wider operating loss in the Photovoltaic segment, but boosted by higher sales and cost-cutting measures that the company has been implementing since FY03/14. Although still low, this may demonstrate that the company is steadily becoming profitable once again.

Recurring profit increased 267.4% YoY to JPY1.6bn, as the weak yen resulted in gains on foreign exchange—a reversal of the losses on foreign exchange seen in 1H.

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Fields Corp. (2767)

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

On **February 3, 2015**, Fields 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	5,748	30,637	17,819	60,700	7,459	12,882	8,976		29.3%	100,000
YoY	-72.8%	284.3%	-4.3%	0.5%	29.8%	-58.0%	-49.6%			-13.0%
GP	2,027	11,621	5,709	14,455	2,790	4,130	3,593			
YoY	-63.6%	256.7%	-8.5%	-20.6%	37.6%	-64.5%	-37.1%			
GPM	35.3%	37.9%	32.0%	23.8%	37.4%	32.1%	40.0%			
SG&A	5,856	5,615	5,849	6,700	5,300	5,698	6,115			
YoY	10.9%	3.9%	5.7%	-0.7%	-9.5%	1.5%	4.5%			
SG&A / Sales	101.9%	18.3%	32.8%	11.0%	71.1%	44.2%	68.1%			
OP	-3,829	6,005	-140	7,755	-2,509	-1,568	-2,522		-	5,000
YoY	-	-	-	-32.4%	-	-	-			-48.9%
OPM	-	19.6%	-	12.8%	-	-	-			5.0%
RP	-3,759	5,903	-78	7,699	-2,254	-1,818	-1,561		-	5,000
YoY	-	-	-	-31.5%	-	-	-			-48.8%
RPM	-	19.3%	-	12.7%	-	-	-			5.0%
NI	-2,290	3,724	-207	4,143	-1,502	-1,007	-706		-	2,500
YoY	-	-	-	-23.2%	-	-	-			-53.4%
NPM	-	12.2%	-	6.8%	-	-	-			2.5%

Source: Company data

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

Due to changes to the company's sales schedule, Fields sold one type of pachinko machine during the October-December quarter, *CR ayumi hamasaki 2*. (During the same period of the previous year, the company sold one type of pachinko machine and one type of pachislot machine.) During cumulative Q3 (April-December), the company sold two types of pachinko machines, compared to four types during cumulative Q3 FY03/14. In pachislot machines, the company sold one type of machine, as opposed to three types during the April-December period in 2014. As a result, Fields booked sales of 118,000 pachinko machines (-20,000 YoY) and 35,000 pachislot machines (-57,000 YoY), demonstrating lower total unit sales year-on-year.

On **the same day**, the company announced that nationwide sales have begun for *Pachinko Ultra Battle Retsuden*, a new pachinko machine manufactured by OK Co., Ltd. The new machine is scheduled to be installed in pachinko halls beginning in March 2015.

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FreeBit Co., Ltd. (3843)

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

On **February 18, 2015**, Freebit Co., Ltd. announced a capital and business alliance, the issuance of new shares by third-party allotment, and changes to major shareholders; changes to executive management; the transfer of a business at a subsidiary due to a company split, a change to the successor subsidiary by capital increase through the third-party allotment of new shares, and a change to the name of the successor subsidiary.

Capital and business alliance, issuance of new shares by third-party allotment and changes to major shareholders

As of February 18, 2015, the company has resolved to enter into a business and capital alliance with Culture Convenience Club Co., Ltd. (CCC) and CCC mobile Inc. (CCC mobile). The company has also resolved to issue new shares to CCC and CCC mobile by third-party allotment. Major shareholders in the company are expected to change as a result of this third-party allotment.

The business and capital alliance

Freebit, CCC, and CCC mobile have entered into this business and capital alliance in order to benefit from synergies between their respective businesses. Freebit brings infrastructure plus technology and development skills as a business-to-business (B2B) mobile virtual network enabler (MVNE), along with expertise as a provider of vertically integrated business-to-consumer (B2C) mobile services (freebit mobile). The CCC Group brings cultural infrastructure including the TSUTAYA brand, entertainment content, the T Points reward system, and the T-Site brand.

This alliance with the CCC Group places a new emphasis on attracting more users for Freebit, which had been considering increasing network capacity and procuring devices as it looked toward rapid growth in new users. The company plans to invest in infrastructure in line with business growth as a result of this alliance. It also plans to attract more new users from among the CCC Group's membership.

The company plans to build a close relationship with CCC and CCC mobile in the mobile business, which it expects to lead to business growth over the medium to long term. As a result, it will issue new shares to CCC and CCC mobile by third-party allotment.

The issue of new shares by third-party allotment

Payment date:	March 12, 2015
New shares:	3,000,000 common shares (30,000 voting units)
Issue price:	JPY979/share
Funds raised:	JPY2.9bn
	(Net proceeds of roughly JPY2.9bn after expenses related to the issuance of new shares of JPY26mn)
Offering, allocation method:	Third-party allocation of new shares
	2,500,000 shares to be allocated to CCC (25,000 voting units)
	500,000 shares to be allocated to CCC mobile (5,000 voting units)

**Use of the funds raised**

Use	Amount	Payment schedule
Start-up and working capital for Freebit Investment Co., Ltd., an investment company	Start-up capital: JPY600mn	March 2015
	Working capital: JPY400mn	April 2015 - April 2018
Investment in line with growth in the MVNE business	System architecture investment for boosting network capacity: JPY711mn	May 2015 - April 2019
	Device procurement: JPY1.2bn	May 2015 - April 2018

Source: Company data

Changes to executive management

At a meeting of the board of directors held on February 18, 2015, the company resolved to make changes to its executive management.

Reasons for the changes

Improving the management structure is an important issue facing the company as it looks to achieve the targets set out in its medium-term plan, SILK VISION 2016, announced on January 27, 2015. The company has thus made changes to executive management, effective February 18, 2015.

Changes to executive management

Name	New title	Former title
Atsuki Ishida	Representative director and chairman	Representative director and president
Nobuaki Tanaka	Representative director and president	Director and vice president

Source: Company data

Transfer of a business at a subsidiary due to a company split, change to the successor subsidiary by capital increase through third-party allotment of new shares, and change to successor subsidiary name

Effective March 1, 2015, Freebit will transfer the smartphone carrier business from consolidated subsidiary Dream Train Internet Inc. (DTI) to consolidated subsidiary FreeBit Mobile Co., Ltd. due to an absorption-type company split. At a meeting of the board of directors held on February 18, 2015, the company also resolved to issue new shares in FreeBit Mobile to CCC by third-party allotment. The company's stake in FreeBit Mobile will change from 100% to 49%, and thus FreeBit Mobile will no longer be a consolidated subsidiary, and will become an equity-method affiliate. FreeBit Mobile also plans to change its name to Tone mobile on March 1, 2015 as part of the absorption-type company split. According to the company, these corporate actions are part of its strategic alliance with the CCC Group, aimed at growing the smartphone carrier business.

Capital increase at FreeBit Mobile through the third-party allotment of new shares

Payment date:	March 12, 2015
New shares:	10,200 common shares
Issue price:	JPY104,705/share
Funds raised:	JPY1.1bn
Offering, allocation method:	Third-party allocation of new shares All new shares to be allocated to CCC

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Gamecard-Joyco Holdings, Inc. (6249)

Dominant pachinko machine prepaid-card system provider.

On **February 17, 2015**, Shared Research updated comments on Gamecard-Joyco Holdings, Inc. after interviewing management.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	8,684	8,645	9,861	7,002	6,127	6,458	7,749	-	79.4%	25,600
YoY	-14.0%	-13.6%	-10.6%	-16.7%	-29.4%	-25.3%	-21.4%	-		-25.1%
Gross Profit	2,813	2,836	2,905	2,426	2,456	2,490	2,379	-		
YoY	-15.3%	-7.3%	-9.9%	6.4%	-12.7%	-12.2%	-18.1%	-		
GPM	32.4%	32.8%	29.5%	34.6%	40.1%	38.6%	30.7%	-		
SG&A Expenses	1,834	2,076	2,272	3,034	1,855	2,361	1,889	-		
YoY	-11.6%	-5.2%	1.8%	11.5%	1.1%	13.7%	-16.9%	-		
SG&A / Sales	21.1%	24.0%	23.0%	43.3%	30.3%	36.6%	24.4%	-		
Operating Profit	979	760	633	-608	601	129	489	-	304.8%	400
YoY	-21.5%	-12.4%	-36.3%	-	-38.6%	-83.0%	-22.7%	-		-77.3%
OPM	11.3%	8.8%	6.4%	-	9.8%	2.0%	6.3%	-		1.6%
Recurring Profit	1,006	777	662	-596	616	134	501	-	312.8%	400
YoY	-20.0%	-9.5%	-32.9%	-	-38.8%	-82.8%	-24.3%	-		-78.4%
RPM	11.6%	9.0%	6.7%	-	10.1%	2.1%	6.5%	-		1.6%
Net Income	616	444	274	-434	352	70	281	-	703.0%	100
YoY	-13.0%	-26.4%	-55.2%	-	-42.9%	-84.2%	2.6%	-		-88.9%
NPM	7.1%	5.1%	2.8%	-	5.7%	1.1%	3.6%	-		0.4%

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

Source: Company data

Pachinko halls are increasingly cutting costs, and are cautious when making capex decisions such as new store openings and remodeling existing stores. This is especially true for new equipment purchases. Among pachinko hall operators, the dominant trend appears to be to pass on the consumption tax hike burden to the customer, but Gamecard-Joyco struggled as it lagged behind competitors in introducing systems in response to this trend. Unit sales of equipment were thus significantly lower year-on-year in Q3. There were fewer contracts to compete for, and prices fell in the face of stiff competition, leading to lower equipment sales year-on-year. Difficult conditions led to a lower number of member halls and pressure from competitors to drive down market prices, resulting in lower sales from card and system-usage fees, and a decline in overall sales and profits.

On **February 5, 2015**, the company announced a revision to full-year earnings forecasts for FY03/15.

The company lowered its full-year sales forecast for FY03/15 from JPY30.0bn to JPY25.6bn.

Reasons for the revision

Pachinko hall operators have taken a cautious stance toward new store openings and capex, including renovations. The company was also slow to introduce machines with ball (token) subtraction systems, which pachinko hall operators have gradually adopted as a way of passing through the recent increase in consumption tax to consumers. This resulted in a significant decline in unit sales, and the company thus expects sales to underperform initial forecasts.

The company expects that gross profit will also underperform initial forecasts, owing to lower sales. The decline in unit sales, however, also appears likely to lead to lower promotional expenses and a reduction in certain R&D expenses. The company thus projects that SG&A expenses will fall and profits will be in line with initial targets. For this reason, the company has maintained its initial forecasts for operating profit, recurring profit, and net income.

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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 **February 12, 2015**, GCA Savvian announced earnings results for full-year FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(Fund non-consolidated)								
Sales	1,485	2,110	3,359	2,621	2,190	1,737	5,680	3,412
YoY	-30.8%	7.7%	24.4%	-4.7%	47.5%	-17.7%	69.1%	30.2%
OP	-68	251	1,119	438	179	168	2,218	1,027
YoY	-	4.6%	141.2%	10.6%	-	-33.1%	98.2%	134.5%
OPM	-	11.9%	33.3%	16.7%	8.2%	9.7%	39.0%	30.1%
NI	-24	174	683	292	88	82	1,346	744
YoY	-	79.4%	178.8%	-51.8%	-	-52.9%	97.1%	154.8%
NPM	-	8.2%	20.3%	11.1%	4.0%	4.7%	23.7%	21.8%
(Fund consolidated)								
Revenues	10,719	4,739	3,091	3,832	2,190	1,737	5,680	3,412
YoY	346.4%	118.5%	-5.2%	28.5%	-79.6%	-63.3%	83.8%	-11.0%
Gross Profit	3,026	820	1,336	1,056	639	541	2,736	1,496
YoY	162.7%	-7.6%	-11.6%	-38.8%	-78.9%	-34.0%	104.8%	41.7%
SG&A	443	475	499	633	460	372	518	469
YoY	6.2%	5.3%	-8.9%	-43.2%	3.8%	-21.7%	3.8%	-25.9%
OP	2,583	345	836	423	179	168	2,218	1,027
YoY	251.9%	-20.9%	-13.3%	-30.9%	-93.1%	-51.3%	165.3%	142.8%
RP	2,616	372	838	480	156	166	2,225	1,049
YoY	231.1%	-11.2%	-12.3%	-23.8%	-94.0%	-55.4%	165.5%	118.5%
NI	5	145	686	289	88	82	1,346	744
YoY	-98.3%	46.5%	173.3%	-52.4%	1660.0%	-43.4%	96.2%	157.4%

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

Source: Company data

Consolidated figures for FY12/13 include investment business limited partnerships (funds). However, these partnerships are no longer included in consolidated results in FY12/14. When compared on the same basis (consolidated, without funds), revenues were up 36.0% YoY, operating profit was up 106.4%, and net income was up 100.9%.

On **the same day**, the company also announced that it would pay a dividend for shareholders of record as of December 31, 2014.

Dividend

Dividend per share:JPY27

(JPY21.67 in regular dividend and JPY5.33 in special dividend)

(Recent dividend forecast: JPY5 per share)

Total payments: JPY704mn

Effective date: March 10, 2015

As a result, the company will pay an annual dividend of JPY32 a share for FY12/14 (compared with JPY13 a year earlier).

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Grandy House Corp. (8999)

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

On **February 2, 2015**, Grandy House Corp. announced earnings results for Q3 FY03/15.

Quarterly Performance (JPYmm)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	9,097	9,327	9,265	9,571	8,041	9,891	9,124	-	71.2%	38,000
YoY	11.7%	15.4%	15.2%	15.7%	-11.6%	6.0%	-1.5%	-		2.0%
Gross Profit	1,733	1,781	1,799	1,739	1,429	1,713	1,629	-		
YoY	11.5%	19.9%	19.4%	15.2%	-17.6%	-3.8%	-9.4%	-		
Gross Profit Margin	19.1%	19.1%	19.4%	18.2%	17.8%	17.3%	17.9%	-		
SG&A	973	1,088	1,023	1,036	1,002	1,134	1,021	-		
YoY	9.4%	11.0%	9.6%	10.6%	3.0%	4.2%	-0.1%	-		
SG&A / Sales ratio	10.7%	11.7%	11.0%	10.8%	12.5%	11.5%	11.2%	-		
Operating Profit	759	694	776	703	426	579	607	-	73.3%	2,200
YoY	14.4%	37.1%	35.3%	22.7%	-43.8%	-16.5%	-21.7%	-		-25.0%
Operating Profit Margin	8.3%	7.4%	8.4%	7.3%	5.3%	5.9%	6.7%	-		5.8%
Recurring Profit	789	721	797	727	459	595	631	-	72.0%	2,340
YoY	19.3%	34.9%	32.8%	22.0%	-41.8%	-17.5%	-20.9%	-		-22.9%
Recurring Profit Margin	8.7%	7.7%	8.6%	7.6%	5.7%	6.0%	6.9%	-		6.2%
Net Income	477	447	475	364	272	369	393	-	70.8%	1,460
YoY	24.3%	54.9%	32.2%	10.5%	-43.1%	-17.4%	-17.4%	-		-17.2%
Net Margin	5.2%	4.8%	5.1%	3.8%	3.4%	3.7%	4.3%	-		3.8%

Source: Company data

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

Difficult conditions for orders continued. The prolonged impact of the consumption tax hike meant that new housing starts fell year-on-year for 10 months in a row until December 2014. This was despite policies easing the financial burden for home buyers, such as expanded tax cuts for mortgages in the face of the consumption tax hike and other financial support, and home loan interest rates that are at their lowest levels in history.

Grandy House focused on expanding its sales area and taking a greater share of the market. Although the effects of the consumption tax hike on home demand eased from summer 2014 onward, recovery in the consumer mindset was weak, leading to cautious clients requiring more time to finalize contracts.

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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 **February 12, 2015**, Gulliver International Co., Ltd. announced monthly sales data for January 2015.

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	13,215	-	150,749
YoY	-7.1%	-26.9%	-21.9%	-19.5%	-6.8%	6.9%	5.4%	8.0%	-1.8%	3.3%	-0.3%	-	-5.7%

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	3,176	-	46,335
YoY	6.3%	-30.0%	-18.5%	-2.9%	-0.5%	46.9%	7.9%	1.4%	5.9%	5.8%	14.0%	-	2.3%

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	10,039	-	104,414
YoY	-12.4%	-25.7%	-23.3%	-26.4%	-9.6%	-6.3%	4.3%	10.7%	-5.2%	2.0%	-4.1%	-	-8.8%

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	454	-	-
Directly managed	308	308	312	313	315	316	321	332	337	342	347	-	-
Franchisee	113	113	109	109	109	110	111	107	107	106	107	-	-
YoY (directly managed)	+14	+12	+18	+19	+20	+19	+23	+30	+34	+44	+45	-	-

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

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Hakuto Co., Ltd. (7433)

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

On **February 10, 2015**, Shared Research updated comments on Hakuto Co., Ltd.'s earnings results for Q3 FY03/15 after interviewing management.

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.

For cumulative Q3 FY03/15, revenues were down year-on-year in Electronic Devices and Components and Industrial Chemicals. However, revenue was up year-on-year in Electronic and Electric Equipment from the sale of large-scale orders, and sales for cumulative Q3 FY03/15 were JPY98.5bn (+0.2% YoY).

Gross profit was JPY14.6bn (+3.2% YoY) and SG&A expenses were JPY11.4bn (-1.5% YoY). As a result, operating profit was JPY3.2bn (+24.0% YoY) and recurring profit was JPY3.4bn (+22.8% YoY). Net income was JPY2.5bn (+58.6% YoY) after the sale of shares in a subsidiary during Q1.

The company achieved 69.4% of its full-year sales target (74.1% in Q3 FY03/14), 75.5% of its operating profit target (63.2% in Q3 FY03/14), 78.9% of its recurring profit target (65.5% in Q3 FY03/14), and 89.8% of its net income target (67.9% in Q3 FY03/14). Progress toward its full-year sales target was behind Q3 FY03/14, but it was closer to achieving its full-year profit targets than the previous year.

The company made strong progress toward profit targets because sluggish sales mostly affected low-margin products, meaning the impact on profits was limited. Rising sales of high-margin electronic and electric appliances also pushed up GPM. When it announced earnings results for 1H, the company mentioned that it was on track to outperform full-year profit targets—it appears this trend is continuing.

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Happinet Corporation (7552)

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

On **February 10, 2015**, Happinet Corp. announced Q3 FY03/15 earnings results.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	36,172	51,199	78,090	41,406	40,039	53,398	80,890		81.1%	215,000
YoY	-2.0%	30.2%	27.0%	6.0%	10.7%	4.3%	3.6%			3.9%
Gross Profit	5,020	5,763	8,023	5,233	5,559	6,457	8,701			
YoY	-3.5%	15.5%	10.7%	3.4%	10.7%	12.0%	8.5%			
GPM	13.9%	11.3%	10.3%	12.6%	13.9%	12.1%	10.8%			
SG&A	4,416	4,815	5,551	5,368	4,728	4,925	5,915			
YoY	-0.5%	1.4%	5.2%	5.9%	7.1%	2.3%	6.6%			
SG&A / Sales	12.2%	9.4%	7.1%	13.0%	11.8%	9.2%	7.3%			
Operating Profit	604	947	2,472	-135	831	1,531	2,787		103.0%	5,000
YoY	-21.1%	292.9%	25.2%	-	37.6%	61.7%	12.7%			28.6%
OPM	1.7%	1.8%	3.2%	-	2.1%	2.9%	3.4%			2.3%
Recurring Profit	614	965	2,483	-145	863	1,550	2,806		104.4%	5,000
YoY	-23.6%	260.1%	23.9%	-	40.6%	60.6%	13.0%			27.6%
RPM	1.7%	1.9%	3.2%	-	2.2%	2.9%	3.5%			2.3%
Net Income	260	1,115	1,248	-157	928	886	2,181		114.1%	3,500
YoY	-49.9%	486.8%	-3.0%	-	256.9%	-20.5%	74.8%			41.9%
NPM	0.7%	2.2%	1.6%	-	2.3%	1.7%	2.7%			1.6%

Source: Company data

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

Toys

Products featuring Bandai properties such as Yokai Watch and Kamen Rider Gaim showed strong sales, contributing to higher sales and profits.

Visual and Music

The packaged product market was weak due to the proliferation of online distribution. High-margin original products also contributed to revenues, but there was a lack of hit titles, leading to subdued year-on-year operating profit.

Videogames

Sales of packaged products continue to be weak due to the proliferation of mobile and online games. Although the company's sales were lower year-on-year due to a lack of hit titles, the consolidation of subsidiaries and reduced inventory eliminations caused profits to rise.

Amusement

Sales increased due to contributions from products featuring popular characters. Profits were down as the sales composition of high-margin digital card games declined.

On **the same day**, the company announced a revision to its FY03/15 year-end dividend.

Happinet Corp. plans to raise its year-end dividend amount by JPY13.5, to JPY15 per share. As a result, annual dividends for FY03/15 will total JPY28.5 per share, a year-on-year increase of JPY3.75 per share. This will be subject to shareholder approval at the shareholder meeting to be held in late June 2015.

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Harmonic Drive Systems (6324)

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

On **February 10, 2015**, Harmonic Drive Systems Inc. (HDSI) announced Q3 FY03/15 earnings results.

Quarterly Performance (JPYmm)	FY03/13				FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	*Q4	% of FY	FY Est.
Sales	4,957	4,890	4,158	4,126	4,969	5,443	5,475	5,197	6,155	6,545	6,493	6,807	73.8%	26,000
YoY	-11.8%	-10.9%	-8.0%	-9.0%	0.2%	11.3%	31.7%	26.0%	23.9%	20.2%	18.6%	31.0%		23.3%
Gross Profit	2,119	2,070	1,665	1,515	2,172	2,430	2,436	2,080	2,797	3,237	2,977			
YoY	-12.5%	-12.4%	-3.8%	-15.0%	2.5%	17.4%	46.3%	37.3%	28.8%	33.2%	22.2%			
GPM	42.7%	42.3%	40.1%	36.7%	43.7%	44.6%	44.5%	40.0%	45.4%	49.5%	45.9%			
SG&A Expenses	976	996	1,037	924	1,079	1,118	1,102	1,151	1,189	1,213	1,312			
YoY	-4.3%	0.2%	6.7%	-5.6%	10.6%	12.3%	6.3%	24.6%	10.2%	8.4%	19.1%			
SG&A / Sales	19.7%	20.4%	24.9%	22.4%	21.7%	20.5%	20.1%	22.1%	19.3%	18.5%	20.2%			
Operating Profit	1,143	1,074	628	591	1,093	1,312	1,334	929	1,608	2,025	1,665	2,052	72.1%	7,350
YoY	-18.4%	-21.6%	-17.2%	-26.5%	-4.3%	22.1%	112.2%	57.3%	47.1%	54.4%	24.9%	120.7%		57.5%
OPM	23.1%	22.0%	15.1%	14.3%	22.0%	24.1%	24.4%	17.9%	26.1%	30.9%	25.6%	30.1%		28.3%
Recurring Profit	1,183	1,025	698	670	1,196	1,362	1,364	902	1,796	2,091	1,805	2,038	73.6%	7,730
YoY	-20.8%	-28.3%	-22.1%	15.9%	1.0%	32.8%	95.4%	34.7%	50.2%	53.5%	32.4%	126.1%		60.3%
RPM	23.9%	21.0%	16.8%	16.2%	24.1%	25.0%	24.9%	17.3%	29.2%	31.9%	27.8%	29.9%		29.7%
Net Income	722	481	380	378	759	870	843	522	1,113	1,370	1,176	1,241	74.7%	4,900
YoY	-4.6%	-34.9%	-23.6%	157.4%	5.2%	80.9%	121.8%	37.9%	46.7%	57.5%	39.5%	137.9%		63.7%
NPM	14.6%	9.8%	9.1%	9.2%	15.3%	16.0%	15.4%	10.0%	18.1%	20.9%	18.1%	18.2%		18.8%
Orders	5,361	4,313	4,098	4,414	5,316	5,323	5,282	6,400	7,015	6,008	6,715			
YoY	-12.3%	-8.3%	6.1%	-4.0%	-0.8%	23.4%	28.9%	45.0%	31.9%	12.9%	27.1%			
Order backlog	3,270	2,659	2,582	2,962	3,387	3,321	3,119	4,400	5,224	4,677	5,005			

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

Source: Company data

*Q4 FY03/15 figures are calculated by subtracting cumulative Q3 results from full-year company forecasts.

The market environment was generally favorable, supported primarily by the electronics sector in Asian countries—primarily China—in which there was active investment in automation and power saving initiatives.

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Hearts United Group Co., Ltd. (3676)

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

On **February 27, 2015**, Hearts United Group Co., Ltd. announced the acquisition of shares by a consolidated subsidiary and a merger between the subsidiary and the acquired company.

Consolidated subsidiary Network 21 Co., Ltd. resolved at a board of directors meeting held on February 27, 2015, to acquire all shares of System Kohboh Tokyo Co., Ltd. (SKT), and consolidate it as a second-tier subsidiary of the company (a subsidiary of Network 21). The board of directors also resolved to merge Network 21 and SKT, with Network 21 as the surviving company and SKT as the absorbed company.

Similar to Network 21, SKT is primarily involved in the system development business, and has particular strength in development of open systems, which is an area of high demand for Network 21's system inspection operations. Combining the businesses of the two companies will enable service improvement and business expansion in system development support services for large-scale system integrators, which is an area of specialty for SKT. The company also maintains that an additional benefit will be the acceleration of growth in the system inspections field, a part of its mainstay debugging business. According to the company, this transaction will not have a material effect on full-year consolidated earnings results.

On **February 25, 2015**, Shared Research updated comments on the company's earnings results for Q3 FY03/15 after interviewing management.

Quarterly Performance FY03/13 (JPYmn)					FY03/14				FY03/15				FY03/15 % of FY		FY03/15 FY Est.	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Sales	1,346	1,633	1,953	1,955	2,118	2,541	2,901	2,577	3,103	3,096	3,557	3,744	72.3%	13,500	65.0%	15,002
Debugging	1,286	1,561	1,814	1,704	1,868	2,276	2,560	2,071	2,282	2,242	2,618	2,825		9,967	67.5%	10,584
Consumer games	563	642	849	619	699	903	1,009	768	775	916	982	-				
Digital solutions	362	447	549	582	618	763	819	809	833	862	1,060	-				
Amusement	362	473	413	503	551	611	732	495	674	464	576	-				
Media	-	-	55	120	124	135	125	99	120	116	137	130	74.2%	502	70.5%	528
Others	60	72	84	130	126	129	217	407	393	415	449	522	70.6%	1,779	47.3%	2,655
									309	323	353	267	78.7%	1,252	79.8%	1,234
YoY													33.2%		48.0%	
Debugging	40.7%	-8.4%	17.5%	40.5%	45.3%	45.8%	41.1%	21.5%	22.2%	-1.5%	2.3%	36.4%				
Consumer games	46.2%	-34.2%	3.1%	18.1%	24.1%	40.6%	18.8%	24.0%	10.8%	1.5%	-2.6%	-				
Digital solutions	36.8%	59.7%	79.4%	104.6%	70.8%	70.6%	49.1%	39.0%	34.8%	13.0%	29.4%	-				
Amusement	37.3%	5.4%	-0.2%	24.6%	52.1%	29.1%	77.2%	-1.7%	22.4%	-24.0%	-21.3%	-				
Media	-	-	-	-	-	-	125.7%	-17.5%	-3.9%	-14.2%	9.6%	30.8%				
Others	-	11,479.8%	775.3%	5,682.1%	109.0%	80.7%	159.5%	213.2%	145.4%	149.5%	62.7%	-34.4%				
Gross profit	431	565	692	661	733	910	1,066	775	954	938	1,116	-				
GPM	32.1%	34.6%	35.4%	33.8%	34.6%	35.8%	36.8%	30.1%	30.7%	30.3%	31.4%	-				
SG&A	305	339	341	370	403	381	464	457	632	537	612	-				
YoY	24.3%	23.5%	24.2%	25.3%	31.9%	12.5%	36.1%	23.3%	57.1%	40.8%	31.9%	-				
SG&A/Sales	22.7%	20.7%	17.4%	18.9%	19.0%	15.0%	16.0%	17.7%	20.4%	17.3%	17.2%	-				
Operating profit	126	226	351	291	330	529	603	319	321	402	504	558	68.8%	1,785	55.2%	2,223
Debugging	324	430	523	465	546	713	874	499	545	572	613	-				
Media	-	-	18	9	10	20	9	-4	1	-1	21	-				
Others	-37	-28	-21	-13	-30	-15	-9	8	-123	-84	-37	-				
Eliminations	-161	-175	-169	-171	-196	-186	-275	-184	-111	-101	-109	-				
YoY	99.2%	-43.7%	20.3%	278.0%	161.5%	133.9%	71.6%	9.8%	-2.6%	-24.1%	-16.3%		0.2%		24.9%	
Debugging	-	-	-	77.2%	68.3%	65.9%	66.9%	7.4%	19.3%	-8.6%	-8.3%					
Media	-	-	-	-	-	-	-49.1%	-	-92.0%	-	122.3%					
Others	-	-	-	-	-	-	-	-	-	-	-					
OPM	9.4%	13.8%	18.0%	14.9%	15.6%	20.8%	20.8%	12.4%	10.4%	13.0%	14.2%	14.9%	13.2%		14.8%	
Debugging	25.2%	27.5%	28.9%	27.3%	29.2%	31.3%	34.1%	24.1%	23.9%	25.5%	23.4%	-				
Media	-	-	33.2%	7.8%	7.7%	15.0%	7.5%	-3.9%	0.6%	-0.6%	15.2%	-				
Others	-60.8%	-39.7%	-25.5%	-9.9%	-23.7%	-11.6%	-4.0%	1.9%	-31.2%	-20.2%	-8.2%	-				
									2.8%	4.9%	4.5%	-				
Recurring profit	132	224	349	290	328	531	601	328	318	401	501	541	69.3%	1,762	55.5%	2,201
YoY	105.7%	-43.7%	29.6%	291.2%	147.9%	136.7%	72.1%	13.0%	-3.0%	-24.5%	-16.6%	65.0%		-1.5%		23.1%
Net income	76	121	196	187	178	324	353	232	135	206	256	346	63.3%	944	49.4%	1,210
YoY	113.1%	-42.1%	40.2%	230.7%	136.0%	167.8%	80.3%	24.1%	-24.1%	-36.4%	-27.5%	49.3%		-13.2%		11.3%

Forecasts lowered due to poor conditions in the amusement industry; other results robust

Sales increased 29.0% YoY to JPY9.8bn, due to the contributions of two newly acquired subsidiaries (Premium Agency [JPY925mn] and Network 21 Co., Ltd. [JPY943mn]), and growth in the Debugging



segment, particularly in digital solutions.

But operating profit fell 16.0% YoY to JPY1.2bn, owing to a loss of JPY197mn at newly consolidated subsidiary Premium Agency (including goodwill amortization of JPY53mn). The company also hired more personnel, purchased debugging equipment, and increased office space.

The company also made downward revisions to full-year earnings forecasts, in light of weak sales to amusement machine manufacturers—the result of worsening conditions across the industry. Excluding sales to this sector, results were robust in both the digital solutions (DS) and consumer games (CS) units in the mainstay Debugging segment.

On **February 2, 2015**, the company announced earnings results for Q3 FY03/15, a change to its dividend policy, full-year earnings forecast revisions, and upward revisions to its dividend forecast.

View the [full report](#).

Infomart Corp. (2492)

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

On **February 13, 2015**, Infomart announced earnings results for full-year FY12/14.

Quarterly Performance (JPYmn)	FY12/12				FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	876	918	966	1,024	1,006	1,060	1,110	1,163	1,157	1,207	1,267	1,349	95.5%	5,212
YoY	12.3%	13.4%	14.2%	15.3%	14.9%	15.5%	14.9%	13.6%	15.1%	13.8%	14.1%	16.0%		20.1%
GP	558	593	631	696	679	718	742	710	886	924	979	1,046	94.6%	4,053
YoY	8.9%	11.5%	8.2%	12.7%	21.6%	21.0%	17.7%	2.1%	30.5%	28.8%	31.8%	47.3%		42.3%
GPM	63.8%	64.6%	65.3%	67.9%	67.5%	67.7%	66.9%	61.1%	76.6%	76.6%	77.3%	77.6%		77.8%
SG&A	401	419	429	414	432	434	442	447	463	507	432	488	93.7%	2,017
YoY	5.2%	7.6%	2.4%	2.1%	7.6%	3.5%	3.1%	7.9%	7.2%	16.8%	-2.2%	9.3%		15.0%
SG&A / Sales	45.8%	45.6%	44.4%	40.4%	42.9%	40.9%	39.8%	38.4%	40.0%	42.0%	34.1%	36.2%		38.7%
OP	157	174	202	282	247	284	300	263	424	418	546	558	95.6%	2,035
YoY	19.9%	22.4%	22.9%	33.5%	57.3%	62.9%	48.5%	-6.5%	71.3%	47.1%	81.9%	111.9%		85.9%
OPM	17.9%	19.0%	20.9%	27.5%	24.6%	26.8%	27.1%	22.6%	36.6%	34.6%	43.1%	41.4%		39.0%
RP	159	169	198	289	253	286	297	270	419	415	556	572	96.8%	2,026
YoY	20.6%	21.2%	21.7%	37.2%	58.8%	69.1%	50.0%	-6.4%	65.7%	44.8%	87.1%	111.6%		83.0%
RPM	18.2%	18.4%	20.5%	28.2%	25.2%	27.0%	26.8%	23.2%	36.2%	34.4%	43.9%	42.4%		38.9%
NI	92	88	47	270	155	167	177	133	244	260	344	330	97.0%	1,214
YoY	26.0%	12.3%	-49.8%	133.6%	69.0%	88.5%	278.2%	-50.8%	56.9%	55.9%	94.9%	148.9%		92.4%
NPM	10.5%	9.6%	4.8%	26.3%	15.4%	15.7%	15.9%	11.4%	21.0%	21.5%	27.2%	24.5%		23.3%

Source: Company data

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

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

Growing use of the ASP Ordering System and the ASP Food Standards Database Sales meant system usage fees increased. As a result, sales reached JPY5.0bn, an increase of JPY641mn, or 14.8% from a year earlier. Operating profit was JPY1.9bn, an increase of JPY851mn, or 77.7% YoY due to higher sales and a significant fall in software amortization costs (CoGS). Growing use of the ASP Ordering System and the ASP Food Standards Database Sales meant system usage fees increased. As a result, sales reached JPY5.0bn, an increase of JPY641mn, or 14.8% from a year earlier. Operating profit was JPY1.9bn, an increase of JPY851mn, or 77.7% YoY due to higher sales and a significant fall in software amortization costs (CoGS). The level of performance seen in Q3 seems to have continued into Q3.

The ASP Sales Promotion & Ordering System segment fell short of the target. This was mostly compensated for by the strong performance of ASP Ordering System and the ASP Food Standards Database Sales. However, Cloud Service and Overseas also failed to meet forecasts. Thus, the company's overall performance slightly missed the mark. Even so, ASP Sales Promotion & Ordering System had a 17.6% sales increase and posted an operating profit of JPY156mn. The company's initial target may have been too ambitious.

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Intelligent Wave Inc. (4847)

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

On **February 26, 2015**, Shared Research updated comments on Intelligent Wave Inc. (IWI) after interviewing management.

Quarterly performance (JPYmn)		FY06/14				FY06/15				FY06/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		% of 1H	1H Est.
Sales	1,279	1,776	1,983	1,521	1,426	1,418	-	-		100.0%	2,844
YoY	40.4%	0.6%	9.4%	10.0%	11.5%	-20.2%					-6.9%
Gross profit	28	465	453	397	392	403					
GPM	2.2%	26.2%	22.8%	26.1%	27.5%	28.5%					
SG&A expenses	298	297	297	304	298	314					
YoY	-0.5%	4.9%	10.9%	1.1%	-0.2%	5.8%					
Operating profit	-270	167	156	93	95	89	-	-		100.4%	183
YoY	-	-	83.5%	29.2%	-	-46.8%					-
OPM	-21.1%	9.4%	7.9%	6.1%	6.6%	6.3%					6.4%
Recurring profit	-268	180	162	110	92	92	-	-		100.5%	183
YoY	-	-	82.8%	-29.4%	-	-48.9%					-
Net income	-246	174	92	67	61	185	-	-		100.1%	245
YoY	-	-	-1.5%	-83.0%	-	6.4%					-
Cumulative		Q1	1H	Q3	2H	Q1	1H	Q3	2H	% of FY	FY Est.
Sales		1,279	3,055	5,038	6,558	1,426	2,845	-	-	44.4%	6,400
YoY		40.4%	14.1%	12.2%	11.7%	11.5%	-6.9%				-2.4%
Gross profit		28	492	945	1,342	392	796				
GPM		2.2%	16.1%	18.8%	20.5%	27.5%	28.0%				
SG&A expenses		298	595	892	1,196	298	612				
YoY		-0.5%	2.1%	4.9%	3.9%	-0.2%	2.8%				
Operating profit		-270	-103	53	146	95	184	-	-	48.3%	380
YoY		-	-	-	-	-	-				161.1%
OPM		-	-	1.1%	2.2%	6.6%	6.5%				5.9%
Recurring profit		-268	-88	74	184	92	184	-	-	46.0%	400
YoY		-	-	-	-	-	-				117.5%
Net income		-246	-72	20	87	61	245	-	-	64.5%	380
YoY		-	-	-	-	-	-				338.1%

Source: Company data

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

Company estimates based on most recent figures (announced on January 28, 2015).

In the credit card industry (IWI's main business area), electronic money became more common and the range of payment methods increased. There were also efforts to attract tourists from overseas. Amid such conditions, negotiations for new capex projects increased. The company seized upon this opportunity to conduct sales activities.

Specifically, sales were robust for the in-house NET+1 software package for connecting to credit card networks and authorizing transactions, and ACE Plus for detecting fraudulent credit card use.

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 **February 6, 2015**, Ito En announced monthly sales data for January 2015.

Monthly Sales (non-consolidated estimates; % change YoY)												FY04/15	
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Total
Total Sales	-2.7%	0.5%	-3.9%	-9.4%	-3.8%	0.1%	-2.6%	-1.2%	0.7%				-3.0%
Tea Leaf	-1.4%	1.0%	-0.3%	-0.8%	2.3%	3.2%	0.1%	4.2%	5.1%				1.0%
Beverages	-2.7%	0.5%	-4.1%	-9.8%	-3.9%	-0.3%	-2.4%	-1.4%	0.6%				-3.4%
Breakdown by Beverage Category													
Japanese Tea Beverages	2.5%	0.2%	-0.9%	-10.2%	-3.1%	1.7%	1.4%	1.1%	5.1%				-0.9%
Chinese Tea Beverages	-9.4%	-0.5%	-2.7%	-12.3%	-15.4%	-0.7%	-12.4%	-6.1%	-0.7%				-6.8%
Vegetable Beverages	-19.9%	-10.9%	-13.0%	-16.2%	-10.8%	-5.4%	-10.7%	-11.6%	-3.5%				-11.2%
Fruit Beverages	17.9%	18.9%	-10.0%	-13.9%	57.6%	11.9%	6.3%	-5.0%	0.7%				4.0%
Coffee Beverages	9.7%	23.9%	4.8%	16.3%	17.1%	10.2%	-4.4%	10.9%	7.5%				8.8%
Black Tea Beverages	7.1%	2.7%	-5.8%	-7.0%	-21.9%	-25.7%	-0.6%	-29.0%	-13.6%				-12.3%
Functional Beverages	-32.8%	-15.3%	-14.2%	-16.1%	-13.7%	-0.3%	-7.2%	-15.2%	-11.1%				-15.5%
Mineral Water	-13.7%	-8.2%	-14.2%	-13.4%	-16.8%	-9.8%	-9.3%	-4.1%	-5.3%				-11.8%
Monthly Sales (non-consolidated estimates; % change YoY)												FY04/14	
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Total
Total Sales	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%
Breakdown by Beverage Category													
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](#).

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.

On **February 17, 2015**, Shared Research Inc. updated comments on Itochu Enex Co., Ltd. after interviewing management.

Income statement (Japanese GAAP: JPYmm)									Income statement (IPRS) (JPYmm)									FY03/15		
FY03/13									FY03/14									FY03/15		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3			
Sales	333,086	321,957	374,753	400,949	330,939	360,213	397,534	417,919	Sales	330,939	360,214	397,534	417,919		335,972	360,665	368,212			
Home-Life	24,765	18,633	27,756	34,039	27,211	24,553	33,412	41,670	Home-Life	27,211	24,553	33,412	41,670		27,359	24,124	29,872			
Car-Life	123,706	128,423	149,916	145,753	134,988	149,943	163,085	164,243	Car-Life	134,988	149,943	163,085	164,243		147,050	172,089	170,606			
Energy Trade	184,356	174,865	197,001	220,604	160,233	175,914	192,074	202,283	Energy Trade	160,233	175,914	192,074	202,283		152,305	154,251	158,586			
Power and Utility	4,163	7,157	6,608	7,683	8,298	9,611	8,861	9,668	Power and Utility	8,298	9,611	8,861	9,668		9,220	10,667	9,087			
YoY	11.4%	-2.0%	-0.3%	-2.4%	-0.6%	11.9%	6.1%	4.2%	YoY						1.5%	0.1%	-7.4%			
Home-Life	5.8%	-6.5%	12.9%	8.2%	9.9%	31.8%	20.4%	22.4%	Home-Life						0.5%	-1.7%	-10.6%			
Car-Life	-4.6%	-5.7%	3.9%	-4.4%	9.1%	16.8%	8.8%	12.7%	Car-Life						8.9%	14.8%	4.6%			
Energy Trade	26.7%	1.7%	-4.6%	-2.7%	-13.1%	0.6%	-2.5%	-8.3%	Energy Trade						-4.9%	-12.3%	-17.4%			
Power and Utility					99.3%	34.3%	34.1%	25.8%	Power and Utility						11.1%	4.7%	2.5%			
Gross profit	15,492	16,494	18,090	19,979	16,196	17,034	17,763	20,461	Gross Profit	16,400	17,165	18,181	19,853		17,155	21,844	22,244			
Home-Life									Home-Life	6,198	6,073	6,645	8,334		5,874	5,901	5,869			
Car-Life									Car-Life	6,983	7,655	8,403	8,251		8,187	11,886	12,973			
Energy Trade									Energy Trade	1,700	1,581	1,890	2,449		1,412	2,156	2,082			
Power and Utility									Power and Utility	1,492	1,851	1,219	797		1,651	1,867	1,292			
GPM	4.7%	5.1%	4.8%	5.0%	4.9%	4.7%	4.5%	4.9%	GPM	5.0%	4.8%	4.6%	4.8%		5.1%	6.1%	6.0%			
Home-Life									Home-Life	22.8%	24.7%	19.9%	20.0%		21.5%	24.5%	19.6%			
Car-Life									Car-Life	5.2%	5.1%	5.2%	5.0%		5.6%	6.9%	7.6%			
Energy Trade									Energy Trade	1.1%	0.9%	1.0%	1.2%		0.9%	1.4%	1.3%			
Power and Utility									Power and Utility	18.0%	19.3%	13.8%	8.2%		17.9%	18.5%	14.2%			
Other expenses									Other expenses	-13.8%	-14.8%	-14.6%	-16.2%		-15.5%	-17.4%	-18.5%			
SG&A expenses	-13,847	-13,680	-14,267	-14,535	-14,213	-14,188	-14,581	-15,034	SG&A expenses	-14,023	-13,935	-14,188	-15,732		-15,586	-17,547	-18,135			
Losses on fixed assets									Losses on fixed assets	-55	-793	72	-684		-208	-100	-287			
Other, net									Other, net	182	-158	-578	152		143	-156	-143			
YoY	0.3%	1.1%	-0.4%	4.0%	2.6%	3.7%	2.2%	3.4%	YoY						12.2%	17.2%	26.4%			
SG&A expenses									SG&A expenses						11.1%	25.9%	27.8%			
Operating profit	1,645	2,815	3,823	5,444	1,983	2,846	3,183	5,427	Profit from operating activities	2,504	2,279	3,487	3,589		1,632	4,340	3,666			
Home-Life	847	-37	866	2,262	667	632	889	2,592												
Car-Life	732	1,006	1,613	1,301	105	767	1,445	700												
Energy Trade	409	2,207	1,726	2,502	284	236	272	1,914												
Power and Utility	107	1,491	322	334	865	1,252	521	421												
YoY	37.6%	34.3%	94.7%	46.4%	20.6%	1.1%	-16.7%	-0.3%	YoY						-34.8%	90.4%	5.1%			
Home-Life	41.6%	-	-	-	4.9%	-21.3%	-	2.6%												
Car-Life	-13.4%	-15.4%	-2.6%	-4.5%	-85.6%	-23.7%	-10.5%	-46.2%												
Energy Trade	91.7%	79.0%	87.0%	208.2%	-30.5%	-89.3%	-84.2%	-23.5%												
Power and Utility					708.9%	-16.0%	61.8%	26.1%												
OPM	0.5%	0.9%	1.0%	1.4%	0.6%	0.8%	0.8%	1.3%	OPM	0.8%	0.6%	0.9%	0.9%		0.5%	1.2%	1.0%			
Home-Life	3.4%	-0.2%	3.1%	6.6%	2.4%	2.6%	2.7%	6.2%												
Car-Life	0.6%	0.8%	1.1%	0.9%	0.1%	0.5%	0.9%	0.4%												
Energy Trade	0.2%	1.3%	0.9%	1.1%	0.2%	0.1%	0.1%	0.9%												
Power and Utility	2.6%	20.8%	4.9%	4.3%	10.4%	13.0%	5.9%	4.4%												
Financial income and costs	134	-136	-63	-108	100	-125	-82	-122	Financial income and costs	39	-174	-137	-184		17	-189	-174			
Equity in earnings (losses) of affiliates	95	-222	136	-37	-8	79	47	411	Equity in earnings (losses) of affiliates	-8	79	-71	528		35	-114	79			
Extraordinary gains and losses									Other gains and losses			1,897	117		-7	-490	-490			
Pre-tax income	1,812	2,188	3,543	3,954	2,356	3,629	2,549	5,624	Pre-tax income	2,535	4,081	3,396	3,816		1,684	4,030	3,081			
Home-Life									Home-Life	940	792	1,006	2,865		544	386	-148			
Car-Life									Car-Life	98	308	1,366	499		-517	1,033	1,866			
Energy Trade									Energy Trade	369	168	153	1,327		180	991	627			
Power and Utility									Power and Utility	887	3,034	406	-186		1,207	1,315	500			
YoY	43.9%	18.1%	100.4%	-2.9%	30.0%	65.9%	-28.1%	42.2%	YoY						-33.6%	-1.2%	-9.3%			
Home-Life									Home-Life						-42.1%	-51.3%	-			
Car-Life									Car-Life						-	235.4%	36.6%			
Energy Trade									Energy Trade						-51.2%	489.9%	309.8%			
Power and Utility									Power and Utility						36.1%	-56.7%	23.2%			
Pre-tax margin	0.5%	0.7%	0.9%	1.0%	0.7%	1.0%	0.6%	1.3%	Pre-tax margin	0.8%	1.1%	0.9%	0.9%		0.5%	1.1%	0.8%			
Home-Life									Home-Life	3.5%	3.2%	3.0%	6.9%		2.0%	1.6%	-0.5%			
Car-Life									Car-Life	0.1%	0.2%	0.8%	0.3%		-0.4%	0.6%	1.1%			
Energy Trade									Energy Trade	0.2%	0.1%	0.1%	0.7%		0.1%	0.6%	0.4%			
Power and Utility									Power and Utility	10.7%	31.6%	4.6%	-1.9%		13.1%	13.1%	5.5%			
Income tax expenses	-1,117	-1,739	-1,346	-1,586	-741	-1,548	-1,164		Income tax expenses	-1,117	-1,739	-1,346	-1,586		-741	-1,548	-1,164			
Net income	1,418	2,342	2,050	2,230	943	2,482	1,917		Net income	1,418	2,342	2,050	2,230		943	2,482	1,917			
Profit attributable to minority interests	-211	-329	-160	-221	-180	-438	-60		Profit attributable to minority interests	-211	-329	-160	-221		-180	-438	-60			
Profit attrib. to owners of parent	1,207	2,013	1,890	2,009	763	2,044	1,857		Profit attrib. to owners of parent	1,207	2,013	1,890	2,009		763	2,044	1,857			
YoY									YoY						-36.8%	1.5%	-1.7%			
Net margin	0.4%	0.6%	0.5%	0.5%	0.3%	0.6%	0.5%		Net margin	0.4%	0.6%	0.5%	0.5%		0.2%	0.6%	0.5%			

Source: Company data

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

Note: Figures for the Energy Trade segment for FY03/13 and earlier are the sum of the Industrial Material and Global Trade segments.

Note: The Power and Utility segment was part of the Industrial Material segment until FY03/13.

Plunge in crude prices hurts inventory value; impact remains neutral

a plunge in crude oil prices has reduced the value of inventory mainly in the Home-Life Division, and led to a JPY2.0bn decline in pre-tax income, according to a Shared Research estimate. However, the impact is neutral. Earnings will probably recover if oil prices remain at the current level or bounce back during FY03/16.

Earnings in line with forecasts excluding the impact of crude prices

Performance would have been in line with forecasts if there had not been a plunge in crude oil prices. The number of customers increased in the Home-Life Division. Sales rose and the profit margin recovered in the Car-Life Division thanks to a decline in gasoline prices. In addition, the Power and Utility Division posted better retail sales and expanded its geographical reach (even though the power output declined because of the regular facility maintenance, and wholesale volume fell because of a decline in market price.)

**Earnings may meet forecasts unless the value of inventory further declines**

The Home-Life Division had a JPY2bn YoY decline in pre-tax income because the Contract Price fell following a plunge in crude oil prices. This negative impact may linger during Q4 in light of the current contract prices, as well as the cost, insurance, and freight (CIF) prices.

However, overall earnings may recover in Q4 as sales usually rise during this period for the Home-Life Division, Car-Life Division, and Energy Trade Division. The Car-Life Division may sell more vehicles and the Energy Trade Division more asphalt. Thus, Shared Research expects that Itochu Enex may meet its full-year target unless crude prices decline further.

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J Trust Co Ltd (8508)

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

On **February 17, 2015**, J Trust Co., Ltd. announced that subsidiary Nihon Hoshou Co., Ltd. had entered into a business partnership to guarantee loans for properties constructed by a major housing manufacturer that combine primary residences with rental accommodation.

Nihon Hoshou has entered into a business partnership with The Saikyo Bank, Ltd. and J Mortgage Bank Co., Ltd. (Flat 35 loan agency; JMB). From February 17, 2015, Nihon Hoshou will guarantee syndicated rental housing loans with Flat 35 for customers who contract the housing manufacturer to build properties that combine primary residences with rental accommodation.

Under this scheme, customers who contract the housing manufacturer to construct properties can access the Japan Housing Finance Agency's "Flat 35" loan through JMB for the primary residence part of the property and Saikyo Bank's rental housing loan (syndicated loan) for the rental accommodation part. Nihon Hoshou will guarantee the rental accommodation portion of the loan.

The company expects domestic demand for rental accommodation to grow, in view of Japan's aging society and increased inheritance tax, which came into effect on January 1, 2015. The company aims to further expand its business by combining Nihon Hoshou's credit screening expertise—accumulated in the non-banking sector—with the brand recognition of Saikyo Bank, the housing manufacturer, and JMB, thus accommodating a broad range of customers' financing requirements in a timely manner.

Overview of the product

Name: Saikyo / Nihon Hoshou Rental Housing Loan
 Financing method: loan on deeds
 Loan amount: JPY1mn-JPY300mn (in increments of JPY100,000)
 Loan term: 1-35 years
 Interest rate: variable interest of 2.45% or more, reviewed semi-annually
 Repayment method: equal monthly payments.

On **February 12, 2015**, the company 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 Est.	FY Est.
Operating Revenue	14,545	14,300	15,172	17,909	15,928	16,051	16,141		69.4%	69,291
YoY	47.4%	-2.0%	-6.3%	19.2%	9.5%	12.2%	6.4%			11.9%
Gross Operating Profit	8,441	7,978	8,237	10,930	8,188	9,348	9,061			
YoY	3.2%	-9.0%	-18.4%	39.0%	-3.0%	17.2%	10.0%			
GPM	58.0%	55.8%	54.3%	61.0%	51.4%	58.2%	56.1%			
SG&A Expenses	6,216	7,971	4,389	3,265	8,546	11,623	9,749			
YoY	50.2%	50.0%	-26.9%	-56.1%	37.5%	45.8%	122.1%			
SG&A / Operating Revenue	42.7%	55.7%	28.9%	18.2%	53.7%	72.4%	60.4%			
Operating Profit	2,225	7	3,847	7,666	-358	-2,274	-689		-	2,656
YoY	-44.9%	-99.8%	-5.9%	1703.8%	-	-	-			-80.7%
OPM	15.3%	0.0%	25.4%	42.8%	-	-	-			3.8%
Recurring Profit	2,262	-601	3,947	7,743	-294	-2,165	2,143		-	2,738
YoY	-41.6%	-	-29.4%	1133.0%	-	-	-			-79.5%
RPM	15.6%	-	26.0%	43.2%	-	-	13.3%			4.0%
Net Income	2,005	-861	1,441	8,560	-395	-3,359	2,612		-	11,239
YoY	-49.8%	-	-73.5%	1928.4%	-	-	-			0.8%
NPM	13.8%	-	9.5%	47.8%	-	-	16.2%			16.2%

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

Source: Company data



Operating revenue increased 9.3% YoY to JPY48.1bn. Installment commissions fell due to a decline in the balance of installment advances paid, mainly for cash advances. The consumption tax hike also resulted in lower sales in the Amusement segment. But in South Korea, operating revenue from the banking business grew because Chinae Savings Bank took over the loans businesses of subsidiaries. In Q1, loan interest at KJI Consumer Finance LLC and HICAPITAL Co., Ltd. also contributed to revenues (in FY03/14, these units were only consolidated on the balance sheet, and did not contribute to group revenues). Revenues were also up in the Real Estate segment because the rush to beat the consumption tax hike meant contracts on some properties were concluded in the previous year but completed and delivered in the current year.

On **the same day**, the company announced a change in the trade name of a subsidiary in Indonesia.

At a meeting of the Board of Directors held on February 12, 2015, J Trust resolved to change the trade name of PT Bank Mutiara Tbk., its consolidated subsidiary in Indonesia, to PT Bank J Trust Indonesia, Tbk. The trade name change is conditional upon the approval of the relevant financial authorities in Indonesia and the adoption of a resolution regarding a change in the articles of incorporation at Bank Mutiara's extraordinary shareholders meeting scheduled for March 30, 2015.

Overview of the subsidiary

Trade name: PT Bank Mutiara Tbk.

Headquarters: Jakarta, Republic of Indonesia

Business: Banking

Capital: IDR10.5tn (approximately JPY103.1bn, as of December 31, 2014)

The company plans to use the "J Trust" brand uniformly in East Asia and the ASEAN region to improve its brand value. It also expects the maximization of the network effect in Asia to contribute to business performance. As a part of this plan, the company has decided to use "J Trust" as a part of Bank Mutiara's trade name.

On **February 3, 2015**, the company announced the transfer of shares in publicly listed subsidiary LCD Global Investments Ltd. (Singapore) (LCD).

Consolidated subsidiary JTRUST ASIA Pte. Ltd. holds a 29.5% stake in equity-method affiliate LCD. However, the company has resolved to accept a voluntary conditional cash offer from AF Global Pte. Ltd. for the shares

As part of efforts to build the foundations for business growth in Asia, the company acquired a 29.5% stake in real estate developer LCD (Singapore) through subsidiary JTRUST ASIA, making it the largest shareholder. The company had also planned to launch a real-estate business in Southeast Asia and other countries, as it formed a strategic alliance with LCD.

However, AF Global, holder of almost the same number of LCD shares as JTRUST ASIA, made the tender offer in order to gain control of LCD. The company decided to accept the offer due to the possible impact of the instability of LCD management on shareholders, and the favorable conditions of the offer, including the tender price. The company also plans to increase corporate value by using the funds from this transfer for future acquisitions in Southeast Asia.

Overview of the offer

Offer period: January 29, 2015-February 26, 2015
(subject to change depending on shareholders' acceptance of the offer)

Offer price: SGD0.33 per share
(JPY28.66 per share at SGD/JPY86.85; same rate used below)



Total price: SGD102,456,817.7 (approx. JPY8.9bn)

The company expects to report gains on the sale of investment securities of about JPY1.0bn as a result of the above action. The company has maintained its earnings forecasts for FY03/15.

On **February 2, 2015**, the company announced a special purpose loan guarantee business alliance between Nihon Hoshou and Saikyo Bank.

From February 2, 2015, J Trust subsidiary Nihon Hoshou will provide guarantees on special purpose loans (for the acquisition of investment real estate in Japan and overseas) issued by Saikyo Bank.

The company entered into this alliance in light of rising demand for investment real estate (condominiums) overseas, particularly in Southeast Asia. Furthermore, only a limited range of financial institutions are able to offer loan products for the acquisition of investment real estate both at home and abroad.

Overview of the guarantee business alliance

Product name:	special purpose loan
Financing method:	loan on deeds
Loan amount:	JPY1mn-JPY20mn (in increments of JPY100,000)
Loan term:	1-10 years (in increments of one month)
Interest rate:	5.0% per annum (fixed)
Repayment method:	Equal monthly payment, equal monthly payment with extra payment at bonus, equal monthly principal payment or equal monthly principal payment with extra payment at bonus (semiannual).

The conditions of the loan, including the amount and term, are subject to change depending on the outcome of credit screening carried out by Saikyo Bank and Nihon Hoshou.

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Japan Best Rescue System Co Ltd (2453)

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

On **February 12, 2015**, Japan Best Rescue System Co., Ltd. (JBR) announced earnings results for Q1 FY09/15.

Quarterly Performance (JPYmn)	FY09/13				FY09/14				FY09/15				FY09/15		FY09/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H 1H Est.	% of 1H 1H Est.	% of FY	FY Est.
Sales	2,059	2,477	2,715	3,154	2,546	3,323	3,071	2,682	2,772				46.5%	5,964	24.1%	11,509
Call Center	160	147	153	163	166	160	156	168	175						26.9%	649
Membership Business	605	981	811	685	749	1,232	1,058	904	922						22.7%	4,065
Corporate Tie-Ups Business	825	765	683	742	855	851	704	756	850						26.1%	3,253
Member Shop Business	46	45	40	42	36	37	37	35	38						25.4%	149
Small Amount Short Term Insurance	352	476	457	424	442	574	536	499	532						23.8%	2,233
Environmental Maintenance	-	-	505	1,036	249	417	532	264	168						26.8%	626
Car Chintai Business and others	30	34	143	155	148	152	184	142	110						23.8%	462
Others	108	101	108	107	104	99	98	100	98						25.1%	389
Eliminations / Company-wide	-65	-72	-186	-199	-203	-198	-235	-186	-120						37.6%	-320
YoY	17.7%	23.7%	51.8%	66.3%	23.6%	34.2%	13.1%	-15.0%	8.9%				1.6%		-1.0%	
Call Center	-8.2%	-5.9%	-2.5%	-4.0%	3.8%	8.8%	2.5%	3.3%	5.5%						-0.2%	
Membership Business	29.3%	41.3%	42.7%	26.1%	23.8%	25.6%	30.4%	31.9%	23.1%						3.1%	
Corporate Tie-Ups Business	-0.5%	-10.2%	0.8%	1.1%	3.7%	11.3%	3.0%	1.8%	-0.6%						2.8%	
Member Shop Business	6.7%	7.3%	-1.9%	0.6%	-20.7%	-18.5%	-7.7%	-15.7%	4.3%						2.6%	
Small Amount Short Term Insurance	72.2%	68.2%	24.7%	31.5%	25.8%	20.4%	17.3%	17.8%	20.3%						8.9%	
Environmental Maintenance	-	-	-	-	-	-	5.4%	-74.6%	-32.6%						-57.2%	
Car Chintai Business and others	-69.4%	-13.6%	314.5%	367.8%	392.2%	346.3%	28.5%	-8.3%	-25.5%						-26.1%	
Others	15,552.6%	14,778.9%	-	-3.7%	-3.2%	-1.9%	-9.3%	-6.4%	-6.2%						-2.9%	
GP	921	1,132	907	708	739	1,072	1,254	922	942							
GPM	44.7%	45.7%	33.4%	22.4%	29.0%	32.2%	40.8%	34.4%	34.0%							
SG&A	774	829	897	978	940	946	893	879	957							
YoY	22.3%	28.8%	28.0%	24.5%	21.4%	14.1%	-0.5%	-10.1%	1.8%							
OP	147	303	9	-270	-201	125	362	43	-15				-7.2%	214	-2.9%	521
Call Center	41	30	28	27	35	38	34	48	50						43.8%	115
Membership Business	130	326	192	159	115	296	216	174	130						16.7%	779
Corporate Tie-Ups Business	67	61	44	19	63	97	70	88	80						30.7%	260
Member Shop Business	-67	-72	-66	-79	-85	-86	-67	-86	-82						23.6%	-347
Small Amount Short Term Insurance	35	53	32	12	34	42	39	16	38						23.9%	157
Environmental Maintenance	-	-	-186	-431	-341	-200	102	-107	-123						124.7%	-99
Car Chintai Business and others	1	-15	46	46	34	16	30	19	-20						21.5%	-92
Others	-1	-12	-1	11	7	16	11	11	13						29.5%	44
Eliminations / Company-wide	-60	-68	-80	-35	-65	-93	-74	-119	-101						34.2%	-295
YoY	7.4%	15.8%	-92.3%	-	-58.6%	3,856.4%	-	-	-						58.2%	
Call Center	-29.6%	-26.6%	32.8%	-37.1%	-13.7%	24.3%	23.4%	79.5%	42.1%						-26.1%	
Membership Business	34.7%	28.6%	28.9%	32.4%	-11.9%	-9.3%	12.4%	9.5%	13.3%						-2.6%	
Corporate Tie-Ups Business	32.4%	-3.7%	76.0%	-52.7%	-6.7%	58.6%	59.8%	356.4%	26.6%						-18.2%	
Member Shop Business	-	-	-	-	-	-	-	-	-						-	
Small Amount Short Term Insurance	-42.2%	24.0%	-34.6%	-43.2%	-1.3%	-21.8%	22.3%	28.3%	9.0%						19.7%	
Environmental Maintenance	-	-	-	-	-	-	-	-	-						-	
Car Chintai Business and others	-92.4%	-	-	-	3,777.3%	-	-34.9%	-58.7%	-						-	
Others	-	-	-	1,524.6%	-	-	-4.2%	75.3%	-						-1.9%	
YoY	7.1%	12.2%	0.3%	-8.6%	-7.9%	3.8%	11.8%	1.6%	-0.6%				3.6%		4.5%	
Call Center	25.7%	20.7%	18.2%	16.4%	21.4%	23.6%	21.9%	28.6%	28.8%						17.7%	
Membership Business	21.5%	33.2%	23.7%	23.2%	15.3%	24.0%	20.4%	19.2%	14.1%						19.2%	
Corporate Tie-Ups Business	8.2%	8.0%	6.5%	2.6%	7.4%	11.4%	10.0%	11.6%	9.4%						8.0%	
Member Shop Business	-146.7%	-161.2%	-163.7%	-188.8%	-233.0%	-233.4%	-179.8%	-243.4%	-216.5%						-232.9%	
Small Amount Short Term Insurance	9.9%	11.2%	7.0%	2.9%	7.8%	7.3%	7.3%	3.1%	7.1%						7.0%	
Environmental Maintenance	-	-	-36.8%	-41.6%	-136.7%	-47.9%	19.1%	-40.8%	-73.5%						-15.8%	
Car Chintai Business and others	2.9%	-45.3%	32.4%	29.8%	23.1%	10.6%	16.4%	13.4%	-18.0%						-19.9%	
Others	-0.6%	-11.8%	-0.6%	10.6%	7.1%	15.9%	11.2%	10.9%	13.3%						11.3%	
RP	127	288	29	-303	-223	10	344	148	-10				-5.4%	196	-2.0%	528
YoY	115.1%	-11.3%	-69.8%	-	-	-96.5%	1,068.5%	-	-						89.5%	
RPM	6.2%	11.6%	1.1%	-9.6%	-8.8%	0.3%	11.2%	5.5%	-0.4%						4.6%	
NI	130	173	-70	-719	-233	-10	195	78	-84				-209.2%	40	-41.6%	201
YoY	9,105.7%	-8.9%	-	-	-	-	-	-	-						545.4%	

Source: Company data

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

Sales by Segment (JPYmn)	FY09/13				FY09/14				FY09/15				FY09/15		FY09/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H 1H Est.	% of 1H 1H Est.	% of FY	FY Est.
Call Center	160	147	153	163	166	160	156	168	175							
Lock Replacement	108	102	100	98	106	104	98	98	110							
Computer Related	23	20	19	22	22	20	18	16	19							
Others	29	25	33	43	38	36	41	55	46							
Membership Business	605	981	811	685	749	1,232	1,058	904	922							
No Worries Residence Support	397	763	576	435	502	873	674	550	573							
Life Depot	121	124	127	140	127	139	129	130	127							
Student Dial 110	40	43	54	55	55	58	66	66	66							
Others	47	51	55	56	65	162	189	158	156							
Corporate Tie-Ups Business	825	765	683	742	855	851	704	756	850							
Aquabulance	468	420	355	413	477	481	402	452	484							
Asahi Glass Ambulance	189	166	151	143	180	173	133	135	146							
Secom Win	20	20	18	22	25	19	15	13	18							
Consigned Call Center Operations	147	160	159	165	173	179	153	155	201							
Member Shop Business	1,547	1,522	1,524	1,566	1,602	1,643	1,715	1,801	1,833							
Francise Stores	444	443	464	471	461	481	493	497	474							
Partner Stores	1,103	1,079	1,060	1,095	1,141	1,162	1,222	1,304	1,359							
Consigned Call Center Operations	191	195	200	209	217	218	222	228	237							

Source: Company data

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



Sales rose 8.9% from a year earlier to JPY2.8bn as the Membership and Small Amount Short Term Insurance segments grew. However, the company posted an operating loss of JPY15mn because of the following reasons: 1) Rising labor costs at subsidiary Binos (the Environmental Maintenance segment); 2) losses linked with a decline in the number of vehicles provided to Binos (the Car Leasing segment).

View the [full report](#).

JIN Co., Ltd. (3046)

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

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

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%
Eyewear specialty store YoY sales														
All	81.2%	94.8%	63.3%	29.4%	3.1%	-6.0%	2.0%	-9.3%	-5.5%			-5.4%		4.4%
Comparable stores	45.6%	57.2%	32.9%	5.1%	-17.6%	-24.5%	-17.7%	-24.6%	-18.5%			-17.8%		-5.7%
Store count	172	175	199	205	231	237	264	267	277	276		276		292
Openings	12	3	25	7	26	8	27	4	12	2		14		30
Closings			-1	-1		-2		-1	-2	-3		-5		-5
Inventory	2,443	2,917	3,266	4,027	4,621	4,559	4,289	2,985	3,362					
Product inventory	2,363	2,854	3,166	3,887	4,435	4,306	4,030	2,785	3,082					
Inventory turnover	113	103	126	128	175	156	161	133	149					
Product inventory turnover	109	100	123	124	169	148	152	124	137					

Source: Company data

Note: Figures for Q2 FY08/15 are calculated by subtracting Q1 results from 1H company forecasts.

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.

On **February 5, 2015**, the company released monthly sales data for January 2015.

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%	-16.4%							

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 **February 27, 2015**, Kenedix, Inc. borrowed funds.

Overview of the loans

Type of loan	Maturity	Amount (JPYmn)
A Corporate loan (unsecured)	3 years	4,500
B Corporate loan (unsecured)	4 years	5,500
C Corporate loan (unsecured)	5 years	8,000
Total		18,000

Source: Company data

Use of funds: repaying existing corporate loans (JPY10.9bn) and working capital for the Asset Management segment.

Lenders: 11 banks.

In addition to the above, the company plans to borrow an additional JPY2bn in the middle of March. This will be a corporate loan maturing in seven years, from a single bank. Following this loan, the company expects total outstanding corporate loans to be about JPY30.6bn.

The company expects to record non-operating expenses of about JPY300mn in FY12/15, as a result of the above loans. But it has maintained its full-year earnings forecasts for FY12/15, announced on February 10, 2015.

On **February 10, 2015**, the company announced full-year earnings results for FY12/14.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	1H	Q1-Q3	Q1-Q4	Q1	1H	Q1-Q3	Q1-Q4	% of FY	FY Est.
Revenue	4,645	8,089	12,081	22,456	5,141	14,488	19,741	26,212	104.8%	25,000
YoY	-1.6%	-18.2%	-11.4%	7.2%	10.7%	79.1%	63.4%	16.7%		11.3%
Gross Profit	2,732	5,126	7,706	11,077	3,315	7,044	9,739	13,519	108.2%	12,500
YoY	19.3%	-4.4%	-0.4%	17.8%	21.3%	37.4%	26.4%	22.0%		12.8%
GPM	58.8%	63.4%	63.8%	49.3%	64.5%	48.6%	49.3%	51.6%		50.0%
SG&A Expenses	889	1,770	2,731	4,162	1,075	2,278	3,457	5,371		5,100
YoY	1.1%	3.7%	8.5%	16.8%	20.9%	28.7%	26.6%	29.0%		22.5%
SG&A / Revenue	19.1%	21.9%	22.6%	18.5%	20.9%	15.7%	17.5%	20.5%		20.4%
Operating Profit	1,843	3,356	4,975	6,914	2,240	4,765	6,281	8,147	110.1%	7,400
YoY	30.6%	-8.2%	-4.7%	18.5%	21.5%	42.0%	26.3%	17.8%		7.0%
OPM	39.7%	41.5%	41.2%	30.8%	43.6%	32.9%	31.8%	31.1%		29.6%
Recurring Profit	1,398	2,633	3,426	4,878	1,989	3,871	5,262	6,406	116.5%	5,500
YoY	137.4%	57.6%	57.4%	109.5%	42.3%	47.0%	53.6%	31.3%		12.8%
RPM	30.1%	32.6%	28.4%	21.7%	38.7%	26.7%	26.7%	24.4%		22.0%
Net Income	1,148	2,093	2,273	1,985	3,310	4,904	5,945	4,844	121.1%	4,000
YoY	-	-	-	-	188.3%	134.3%	161.5%	144.0%		101.5%
NPM	24.7%	25.9%	18.8%	8.8%	64.4%	33.8%	30.1%	18.5%		16.0%

Quarterly Performance (JPYmn)	FY12/13				FY12/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	4,645	3,444	3,992	10,375	5,141	9,347	5,253	6,471
YoY	-1.6%	-33.3%	6.6%	41.6%	10.7%	171.4%	31.6%	-37.6%
Gross Profit	2,732	2,394	2,580	3,371	3,315	3,729	2,695	3,780
YoY	19.3%	-22.1%	8.8%	102.3%	21.3%	55.8%	4.5%	12.1%
GPM	58.8%	69.5%	64.6%	32.5%	64.5%	39.9%	51.3%	58.4%
SG&A Expenses	889	881	961	1,431	1,075	1,203	1,179	1,914
YoY	1.1%	6.4%	18.8%	36.7%	20.9%	36.5%	22.7%	33.8%
SG&A / Revenue	19.1%	25.6%	24.1%	13.8%	20.9%	12.9%	22.4%	29.6%
Operating Profit	1,843	1,513	1,619	1,939	2,240	2,525	1,516	1,866
YoY	30.6%	-32.6%	3.6%	213.8%	21.5%	66.9%	-6.4%	-3.8%
OPM	39.7%	43.9%	40.6%	18.7%	43.6%	27.0%	28.9%	28.8%
Recurring Profit	1,398	1,235	793	1,452	1,989	1,882	1,391	1,144
YoY	137.4%	14.1%	56.7%	861.6%	42.3%	52.4%	75.4%	-21.2%
RPM	30.1%	35.9%	19.9%	14.0%	38.7%	20.1%	26.5%	17.7%
Net Income	1,148	945	180	-288	3,310	1,594	1,041	-1,101
YoY	-	-	-	-	188.3%	68.7%	478.3%	-
NPM	24.7%	27.4%	4.5%	-	64.4%	17.1%	19.8%	-

Source: Company data

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



During FY12/14, Kenedix sold group properties, using the capital generated from these sales and a public offering in FY12/13 to make new investments for future growth.

On **the same day**, the company announced a long-term vision and medium-term management plan.

In the Kenedix Vision 2025 plan, the company lays out the long-term management direction of the group over the next decade. The medium-term plan, Partners in Growth 2017, contains targets for FY12/15-FY12/17.

Per Kenedix Vision 2025, the company aims to achieve AUM of JPY4tn, market cap of JPY2tn (including the market value of REITs for which Kenedix is the main sponsor), and ROE of 15% by 2025.

Per Partners in Growth 2017 (the new medium-term plan), the company aims to achieve stable revenue growth, mainly in the Asset Management business; expand the Real Estate Investment business, primarily through co-investments; and balance financial soundness with the return of profits to shareholders. The company is targeting a base profit of JPY4bn by FY12/17, and an average group ROE of 8% over the three years.

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 **February 13, 2015**, Kenko.com announced earnings results for full-year FY12/14.

Quarterly Performance (JPYmn)	FY03/13				FY12/13 (9 months)			FY12/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4
Sales	4,357	4,400	4,378	4,766	4,653	4,843	4,671	5,360	4,757	5,072	5,632
YoY	9.7%	-2.4%	3.8%	6.7%	6.8%	10.1%	6.7%	12.5%	2.2%	4.7%	20.6%
GP	1,463	1,476	1,449	1,577	1,537	1,619	1,536	1,774	1,595	1,656	1,796
GPM	33.6%	33.5%	33.1%	33.1%	33.0%	33.4%	32.9%	33.1%	33.5%	32.7%	31.9%
SG&A	1,458	1,497	1,510	1,632	1,517	1,595	1,554	1,803	1,722	1,759	1,848
YoY	4.9%	-11.7%	4.8%	7.9%	4.1%	6.5%	2.9%	10.5%	13.5%	10.3%	18.9%
OP	5	-22	-61	-55	19	24	-18	-29	-127	-102	-52
YoY	-	-	-	-	328.4%	-	-	-	-	-	-
OPM	0.1%	-	-	-	0.4%	0.5%	-	-	-	-	-
RP	-31	-21	-72	-60	15	28	-17	-28	-124	-100	-35
YoY	-	-	-	-	-	-	-	-	-	-	-
NI	-47	-20	-79	-310	0	42	-22	-34	-129	-214	-43
YoY	-	-	-	-	-	-	-	-	-	-	-
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4
Sales	4,357	8,758	13,136	17,902	4,653	9,497	14,168	5,360	10,117	15,189	20,820
YoY	9.7%	3.2%	3.4%	4.3%	6.8%	8.4%	7.9%	12.5%	7.4%	6.5%	10.0%
GP	1,463	2,938	4,387	5,964	1,537	3,156	4,692	1,774	3,369	5,025	6,821
GPM	33.6%	33.6%	33.4%	33.3%	33.0%	33.2%	33.1%	33.1%	33.3%	33.1%	32.8%
SG&A	1,458	2,955	4,465	6,097	1,517	3,112	4,666	1,803	3,525	5,284	7,132
YoY	4.9%	-4.3%	-1.4%	1.0%	4.1%	5.3%	4.5%	10.5%	11.9%	11.4%	13.2%
OP	5	-17	-78	-133	19	44	26	-29	-156	-258	-310
YoY	-	-	-	-	328.4%	-	-	-	-	-	-
OPM	0.1%	-	-	-	0.4%	0.5%	0.2%	-	-	-	-
RP	-31	-52	-125	-184	15	43	26	-28	-153	-253	-288
YoY	-	-	-	-	-	-	-	-	-	-	-
NI	-47	-67	-146	-456	0	42	20	-34	-163	-377	-421
YoY	-	-	-	-	-	-	-	-	-	-	-

Source: Company data

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

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

YoY comparisons for FY12/14 are performed against the same calendar period in the previous year.

The company focused on such measures as strengthening web-based sales of medications, execution of efficient sales promotion programs, preparing a profitable platform for the integration of Kenko.com's operations with Rakuten 24 logistics and system (performed in the beginning of FY12/14), and generating sales growth. Sales for the existing Kenko.com business in FY12/14 have faced such difficult circumstances as the lasting impact of the consumption tax hike in April and unseasonal weather. Against this backdrop, robust growth in the Rakuten 24 business has driven year-on-year sales increases. At the profit level, higher sales were unable to offset the effects of lower margins resulting from intense competition, higher logistics costs, and increased SG&A expenses, leading to the recording of losses.

View the [full report](#).

KLab Inc. (3656)

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

On **February 12, 2015**, KLab Inc. announced earnings results for full-year FY12/14.

Quarterly Performance (JPYmn)	FY12/13					FY12/14			
	Q1	Q2	Q3	Q4	Q5	Q1	Q2	Q3	Q4
Sales	3,546	3,573	3,772	4,598	5,504	4,426	5,160	6,355	5,434
YoY	-	-	-	-	-	-	-	-	-
GP	990	660	841	1,136	1,207	1,164	1,548	2,279	1,872
YoY	-	-	-	-	-	-	-	-	-
GPM	27.9%	18.5%	22.3%	24.7%	21.9%	26.3%	30.0%	35.9%	34.4%
SG&A	1,203	1,329	1,039	985	1,503	1,068	948	1,084	1,600
YoY	-	-	-	-	-	-	-	-	-
SG&A / Sales	33.9%	37.2%	27.6%	21.4%	27.3%	24.1%	18.4%	17.1%	29.4%
OP	-212	-669	-198	152	-296	96	600	1,195	272
YoY	-	-	-	-	-	-	-	-	-
OPM	-	-	-	3.3%	-	2.2%	11.6%	18.8%	5.0%
RP	-154	-573	-124	126	-217	106	594	1,300	564
YoY	-	-	-	-	-	-	-	-	-
RPM	-	-	-	2.7%	-	2.4%	11.5%	20.5%	10.4%
NI	-160	-438	-173	51	-1,844	51	490	749	503
YoY	-	-	-	-	-	-	-	-	-
NPM	-	-	-	1.1%	-	1.2%	9.5%	11.8%	9.3%

Source: Company data

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

FY12/13 is an irregular five-quarter year.

FY08/12 results for parent only.

Sales were a record high in part because of the popularity of Love Live! School Idol Festival. The company also returned to profitability as a result of a series of cost-cutting measures.

Major developments for FY12/14:

§Love Live! School Idol Festival has significantly contributed to earnings. Sales surged in Q2 and thereafter in part because of the effects of the second season of the anime broadcast.

§Tales of Astaria and Celestial Craft Fleet also sold well.

§Reduced the number of employees to 830 by the end of March 2014, in line with the initial target. The number further declined to 813, down 153 from the end of December 2013.

§Merged domestic subsidiaries and reduced administrative expenses, such as those related to accounting and human resources.

§Reduced the size of the headquarters office, overseas outposts, and domestic branches, significantly lowering rent payments and other fixed costs.

§Cut outsourcing expenses during FY12/13. Such costs declined 73.4% in Q4 FY12/14 compared with the peak of Q2 FY12/13.

§Posted JPY291.1mn in currency gains (non-operating gains). This occurred after the company reassessed the value of credits denominated in foreign currencies.

§Posted a JPY805.4mn charge to account for a decline in the value of software.

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.

On **February 4, 2015**, LAC 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	7,091	7,575	8,853	9,568	7,321	7,838	8,096			-	-
YoY	3.8%	-4.2%	2.3%	4.1%	3.2%	3.5%	-8.5%				
Gross Profit	1,315	1,421	1,920	2,264	1,530	1,620	1,889				
YoY	0.0%	-16.7%	1.6%	11.6%	16.3%	14.0%	-1.6%				
GPM	18.5%	18.8%	21.7%	23.7%	20.9%	20.7%	23.3%				
SG&A Expenses	1,185	1,164	1,231	1,239	1,171	1,285	1,166				
YoY	-10.7%	-3.2%	4.6%	0.6%	-1.2%	10.3%	-5.3%				
SG&A-to-sales	16.7%	15.4%	13.9%	12.9%	16.0%	16.4%	14.4%				
Operating Profit	130	257	688	1,025	359	335	723			-	-
YoY	-	-48.9%	-3.3%	28.6%	175.8%	30.7%	5.1%				
OPM	1.8%	3.4%	7.8%	10.7%	4.9%	4.3%	8.9%				
Recurring Profit	97	229	657	1,008	340	323	719			-	-
YoY	-	-50.6%	-2.6%	32.0%	250.6%	41.0%	9.3%				
RPM	1.4%	3.0%	7.4%	10.5%	4.6%	4.1%	8.9%				
Net income	1	82	361	563	71	160	491			-	-
YoY	-	-60.1%	-0.7%	52.1%	-	94.0%	35.9%				
Net Margin	0.0%	1.1%	4.1%	5.9%	1.0%	2.0%	6.1%				
Cumulative		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales		7,091	14,666	23,519	33,087	7,321	15,158	23,255		67.8%	34,300
YoY		3.8%	-0.5%	0.6%	1.6%	3.2%	3.4%	-1.1%			3.7%
Gross Profit		1,315	2,736	4,656	6,920	1,530	3,150	5,040			
YoY		0.0%	-9.4%	-5.2%	-0.3%	16.3%	15.1%	8.2%			
GPM		18.5%	18.7%	19.8%	20.9%	20.9%	20.8%	21.7%			
SG&A Expenses		1,185	2,349	3,581	4,820	1,171	2,456	3,622			
YoY		-10.7%	-7.2%	-3.4%	-2.4%	-1.2%	4.5%	1.1%			
SG&A-to-sales		16.7%	16.0%	15.2%	14.6%	16.0%	16.2%	15.6%			
Operating Profit		130	387	1,075	2,100	359	695	1,418		67.5%	2,100
YoY		-	-20.9%	-10.5%	5.1%	175.8%	79.6%	31.9%			0.0%
OPM		1.8%	2.6%	4.6%	6.3%	4.9%	4.6%	6.1%			6.1%
Recurring Profit		97	326	983	1,991	340	663	1,381		68.7%	2,010
YoY		-	-20.9%	-9.5%	7.6%	250.6%	103.4%	40.5%			0.9%
RPM		1.4%	2.2%	4.2%	6.0%	4.6%	4.4%	5.9%			5.9%
Net income		1	83	444	1,007	71	230	721		67.4%	1,070
YoY		-	-53.6%	-18.1%	10.4%	-	178.1%	62.4%			6.2%
Net Margin		0.0%	0.6%	1.9%	3.0%	1.0%	1.5%	3.1%			3.1%

Source: Company data

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

Security Solutions Services

Security Consulting Services saw sales of JPY1.3bn (+3.2% YoY). Sales of some overseas projects declined. However, the company won more orders for emergency response services, training services, and for onsite consulting services, as well as consulting services designed to prevent information leaks.

System Integration Services

Sales at System Development Services reached JPY10.2bn (+10.9% YoY). The company continued to win orders from major banks for new backbone systems, even though some orders originally planned for the 2H had already been executed during 1H. A big project for a public institution that began during FY03/14, as well as orders for non-financial companies, contributed to profits.

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 **February 26, 2015**, Shared Research updated the report following interviews with management.

Quarterly Performance (JPYmn)		FY06/13				FY06/14				FY06/15		FY06/15		FY06/15	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY t. (New)		% of FY st. (Old)	
Sales		3,678	2,889	2,381	2,449	971	4,505	1,426	6,705	1,747	4,433	41.2%	15,000	41.2%	15,000
Semiconductor Related Systems		3,231	2,319	1,663	1,874	507	3,597	789	5,584	97	3,682	37.9%	9,980	33.3%	11,340
Others		78	195	320	182	48	374	251	704	1,222	249	45.5%	3,230	79.1%	1,860
Services		370	375	398	393	416	534	387	417	428	502	52.0%	1,790	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%		10.2%		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%		-4.7%		8.2%
Others		-65.5%	-57.4%	-67.3%	-71.2%	-38.3%	91.8%	-21.7%	286.4%	2,442.1%	-33.5%		134.5%		35.1%
Services		81.2%	22.2%	2.1%	15.9%	12.4%	42.4%	-2.9%	6.2%	2.9%	-6.0%		2.1%		2.6%
Orders		2,214	2,015	1,178	3,358	1,393	6,586	2,937	5,274	2,342	6,845	57.4%	16,000	54.0%	17,000
Semiconductor Related Systems		1,681	1,383	585	2,794	790	5,260	2,304	3,532	1,778	2,713	47.0%	9,560	38.5%	11,680
Others		186	230	184	124	196	821	181	1,289	202	3,660	81.6%	4,730	109.7%	3,520
Services		347	402	409	440	406	505	451	453	362	472	48.8%	1,710	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%		-1.2%		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%		-19.6%		-1.7%
Others		21.6%	-38.0%	8.0%	-28.5%	5.3%	256.4%	-1.3%	936.3%	3.1%	345.8%		90.2%		41.6%
Services		76.9%	25.0%	5.9%	11.7%	17.1%	25.7%	10.5%	3.1%	-11.0%	-6.5%		-5.8%		-0.9%
Order Backlog		5,562	4,688	3,485	4,394	4,815	6,896	8,407	6,976	7,571	9,983		7,976		8,976
Semiconductor Related Systems		5,136	4,201	3,123	4,043	4,326	5,989	7,505	5,454	7,135	6,167		5,034		5,794
Others		261	297	160	102	250	697	628	1,212	192	3,603		2,712		2,872
Services		164	191	201	248	239	210	274	310	244	214		230		310
YoY		17.6%	-52.1%	-61.3%	-37.5%	-13.4%	47.1%	141.3%	58.8%	57.2%	44.8%		-70.6%		-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%		-78.4%		-75.1%
Others		-82.6%	-79.1%	-73.8%	-33.2%	-4.3%	134.9%	291.4%	1,083.0%	-23.4%	417.0%		-2.7%		3.1%
Services		34.6%	40.0%	51.8%	32.9%	45.6%	9.9%	36.3%	25.1%	2.2%	2.0%		-77.7%		-70.0%
GP		1,889	1,520	1,419	526	269	2,182	722	3,392	953	1,765				
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%				
OP		1,050	758	614	-272	-509	1,355	-240	2,491	87	1,664	46.1%	3,800	54.7%	3,200
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%		25.3%		21.3%
RP		1,014	938	757	-172	-511	1,434	-284	2,523	132	1,643	46.7%	3,800	55.5%	3,200
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%		25.3%		21.3%
NI		646	595	451	-82	-326	935	-248	1,608	82	1,100	49.3%	2,400	55.0%	2,150
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

Results exceed forecasts due to weaker yen, improved product mix, and delayed expenses

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).

Profits were particularly strong when compared to initial forecasts of JPY5.6bn in sales and JPY500mn in operating profit. As reasons for operating profit exceeding forecasts by JPY1.3bn, the company cites a weaker yen, an improved product mix, and delays in the recording of expenses—centered on R&D—from 1H to 2H. Each of the three above factors played an approximately equal role.

Underperformance in orders for mask inspection covered by strength in FPD products

Although new orders were higher than the JPY8.0bn recorded during 1H FY06/14, the figure fell short of the company's initial forecast of JPY9.8bn. A major factor was restraint in investment over the full year at large-scale foundries, which led to order estimates of mask inspection systems for these clients in the



company's Semiconductor Systems business to underperform. However, orders were higher for the CLIOS FPD mask inspection system, which covered weak performance in other areas. Interest in CLIOS has been high thanks to capital investment for high-resolution small and medium size FPD panels, along with advances in low temperature polysilicon (LTPS) technology.

View the [full report](#).

Mac-House Co., Ltd. (7603)

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

On **February 2, 2015**, Shared Research updated comments on Mac-House 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 Est.	% of FY	FY Est.
Sales		9,730	8,733	9,901	10,294	9,383	8,438	8,878	10,050	9,056	8,308	9,083	9,853	72.9%	36,300
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%
Gross profit		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		4.1%	-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 expenses		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%
Operating profit		812	237	839	827	704	64	132	240	103	-232	199	530	11.7%	600
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%
Recurring profit		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%
Net income		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
Sales by product															
Menswear		4,752	4,450	4,727	5,349	4,618	4,295	4,197	5,203	4,339	4,242	4,309			
YoY		2,827	2,458	3,085	3,437	2,844	2,397	2,687	3,306	2,599	2,269	2,768			
Tops		1,925	1,992	1,642	1,912	1,774	1,898	1,510	1,897	1,740	1,973	1,541			
Bottoms		2,771	2,370	2,840	2,540	2,698	2,296	2,638	2,366	2,429	1,994	2,422			
Womenswear															
Tops						1,450	1,172	1,453	1,184	1,280	982	1,267			
Bottoms						1,247	1,124	1,185	1,183	1,149	1,012	1,155			
Others		2,205	1,912	2,335	2,404	2,066	1,846	2,043	2,482	2,284	2,073	2,352			
Children's						985	662	1,092	904	1,016	711	1,180			
Others						1,081	1,183	952	1,579	1,268	1,362	1,172			
YoY															
Menswear		4.8%	-6.0%	-6.3%	-5.2%	-2.8%	-3.5%	-11.2%	-2.7%	-6.0%	-1.2%	2.7%			
Tops		5.8%	-3.1%	-4.0%	-3.7%	0.6%	-2.5%	-12.9%	-3.8%	-8.6%	-5.3%	3.0%			
Bottoms		3.4%	-9.3%	-10.2%	-7.8%	-7.8%	-4.7%	-8.0%	-0.8%	-1.9%	4.0%	2.1%			
Womenswear		-1.4%	-8.2%	-5.4%	-1.7%	-2.6%	-3.1%	-7.1%	-6.9%	-10.0%	-13.2%	-8.2%			
Tops										-11.7%	-16.2%	-12.8%			
Bottoms										-7.9%	-10.0%	-2.5%			
Others		-1.1%	-6.3%	-5.2%	-13.6%	-6.3%	-3.5%	-12.5%	3.2%	10.6%	12.3%	15.1%			
Children's										3.1%	7.4%	8.1%			
Others										17.3%	15.1%	23.1%			
All stores year-on-year															
Sales		1.6%	-6.7%	-5.8%	-6.4%	-3.6%	-3.4%	-10.3%	-2.4%	-3.5%	-1.5%	2.3%			
Customer count		-3.2%	-9.3%	-9.7%	-10.3%	-4.9%	-4.2%	-8.3%	2.2%	-0.6%	-1.0%	0.0%			
Average spend		4.9%	2.9%	4.3%	4.3%	1.5%	0.8%	-2.2%	-4.5%	-2.9%	-0.6%	2.3%			
Comparable stores year-on-year															
Sales										-4.1%	-0.6%	3.1%			
Customer count										-2.0%	-0.9%	-0.2%			
Average spend										-2.2%	0.3%	3.2%			
Inventory															
Product inventory		7,146	6,069	8,149	6,541	7,497	6,221	8,392	6,916	8,329	7,209	9,641			
Inventory turnover (days)		153	157	157	172	163	161	162	173	163	176	188			

Source: Company data

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

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

Over the three months of Q3 (September-November), Mac-House booked a year-on-year increase in sales for the first time since Q1 FY02/13. In a bid to secure sales amid tough conditions, however, the company lowered prices on more products, including discounts for mobile members. As a result, GPM stood at 47.2%—down 0.5pp YoY and below the company's 2H target of 48.0%. Operating profit was JPY70mn, despite efforts to limit SG&A expenses.

On the same day, the company announced monthly sales data for January 2015.

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%	-9.2%	
Cust. count	-2.7%	-3.1%	-0.3%	-0.9%	-1.6%	0.1%	8.8%	0.6%	-6.3%	-1.9%	-10.8%	
Spend / cust.	-1.8%	-3.8%	-1.0%	-0.2%	0.2%	1.1%	0.1%	3.3%	5.9%	1.4%	1.7%	
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%	-9.4%	
Cust. count	-0.8%	-1.4%	0.3%	-0.7%	-1.9%	-0.1%	9.4%	0.5%	-5.9%	-1.8%	-9.5%	
Spend / cust.	-2.5%	-4.5%	-1.7%	-1.1%	-0.7%	0.3%	-0.7%	2.3%	4.8%	0.3%	0.1%	

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 **February 27, 2015**, Shared Research updated the report on Matsui Securities Co., Ltd., following interviews with management.

Quarterly performance (cumulative)		FY03/14				FY03/15			
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating revenues		13,152	22,190	31,363	39,883	7,490	16,309	25,438	
YoY		228.9%	184.1%	154.4%	91.8%	-43.1%	-26.5%	-18.9%	
Net operating revenues		12,800	21,599	30,499	38,738	7,238	15,630	24,467	
YoY		238.4%	193.5%	161.3%	94.5	-43.5%	-27.6%	-19.8%	
Commissions		9,925	15,977	21,954	27,349	4,406	9,755	15,590	
YoY		308.8%	238.5%	182.3%	93.1%	-55.6%	-38.9%	-29.0%	
Brokerage commissions		9,634	15,383	21,111	26,180	4,200	9,264	14,804	
YoY		339.7%	265.1%	199.6%	100.3%	-56.4%	-39.8%	-29.9%	
Equity brokerage commissions		8,807	14,083	19,320	23,867	3,807	8,481	13,398	
YoY		364.5%	285.3%	213.8%	105.1%	-56.8%	-39.8%	-30.7%	
Futures, options brokerage commissions		585	891	1,193	1,516	256	530	941	
YoY		165.9%	109.2%	76.2%	41.2%	-56.2%	-40.5%	-21.1%	
Other		291	589	838	1,164	203	489	784	
YoY		22.8%	17.3%	15.6%	7.0%	-30.2%	-17.0%	-6.4%	
Net interest income		2,868	5,613	8,532	11,374	2,829	5,869	8,867	
YoY		111.8%	112.9%	119.1%	97.1%	-1.4%	4.6%	3.9%	
SG&A expenses		3,213	5,984	8,809	11,648	2,604	5,322	8,100	
YoY		33.5%	28.1%	26.3%	19.8%	-19.0%	-11.1%	-8.0%	
SG&A expenses / net operating revenues		25.1%	27.7%	28.9%	30.1%	36.0%	34.0%	33.1%	
Operating profit		9,587	15,615	21,690	27,090	4,633	10,308	16,367	
YoY		596.7%	480.9%	361.8%	165.7%	-51.7%	-34.0%	-24.5%	
OPM		74.9%	72.3%	71.1%	69.9%	64.0%	66.0%	66.9%	
Recurring profit		9,625	15,666	21,772	27,175	4,694	10,376	16,472	
YoY		585.1%	475.3%	359.9%	165.3%	-51.2%	-33.8%	-24.3%	
RPM		75.2%	72.5%	71.4%	70.2%	64.9%	66.4%	67.3%	
Net income		5,802	9,435	13,117	16,300	2,928	6,469	10,845	
YoY		495.7%	427.1%	335.8%	153.6%	-49.5%	-31.4%	-17.3%	
Net margin		45.3%	43.7%	43.0%	42.1%	40.5%	41.4%	44.3%	

Quarterly performance		FY03/14				FY03/15			
(JPYmn)		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%	
Brokerage commissions		9,634	5,749	5,728	5,069	4,200	5,064	5,540	
YoY		339.7%	184.3%	102.2%	-15.9%	-56.4%	-11.9%	-3.3%	
Equity brokerage commissions		8,807	5,276	5,237	4,547	3,807	4,674	4,917	
YoY		364.5%	199.9%	109.4%	-17.0%	-56.8%	-11.4%	-6.1%	
Futures, options brokerage commissions		585	306	302	323	256	274	411	
YoY		165.9%	48.5%	20.3%	-18.6%	-56.2%	-10.5%	36.1%	
Other		291	298	249	326	203	286	295	
YoY		22.8%	12.5%	11.7%	-10.2%	-30.2%	-4.0%	18.5%	
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 expenses		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 expenses / net 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%	
Net margin		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. Some 100 stock were available via this service as of January 23, 2014. 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.

For Q3 FY03/15 (October–December 2014), Matsui's share of total equity trading value amounted to 12.4%. This figure represents an increase of 2.2pp from Q3 FY03/14 but is 0.7pp below the level for Q2 FY03/15. According to Matsui, the reason is that in Q3 FY03/15, prices on the emerging-market stocks that account for the majority of trading by customers of its Margin Trading Service for Day-trades were depressed in comparison with the overall stock market. The company's market share accordingly dipped temporarily. Even so, Matsui explains that its share of equity trading volume is on the rise thanks to the introduction of its Margin Trading Service for Day-trades.

View the [full report](#).



Medinet Co., Ltd. (2370)

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

On **February 18, 2015**, MEDINET Co., Ltd. announced that it received patent approval in Japan for a new monoclonal antibody and use thereof.

The company announced that it received approval in Japan for a new monoclonal antibody from its research on the abrogation of immunosuppression targeting regulatory T cells (Center for Research and Development Strategy, Japan Science and Technology Agency [JST], an incorporated administrative agency).

According to the company, for cell research it is necessary to identify the antigens and antibodies (molecules) on the surface of a cell, but there are still many molecules which remain unidentified, or which have been identified but whose roles remain unknown.

The company has acquired some antibodies from this research, and this new monoclonal antibody recognizes BTN3. As BTN3 is expressed on various lymphocytes, and as it has been discovered that BTN3 expression is down-regulated when lymphocytes are activated, the company applied for a patent to protect its findings in this area..

This monoclonal antibody may be used to confirm the activated state of a processed cell, and therefore can be used for quality assurance of processed cells and cell medicinal products. If more properties are found for BTN3, it may be sold as a research reagent and as a reagent or device for the production of cell medicinal products, contributing to the commercialization of products for regenerative medicine and cell therapy, and medicinal products for regenerative therapy.

Invention name: New Monoclonal Antibody and use thereof
 Patent Holder: MEDINET Co., Ltd.
 Patent publication number: WO0210047117A1

On **February 4, 2015**, the company announced earnings results for Q1 FY09/15.

Quarterly Performance (JPYmn)	FY09/14				FY09/15				FY09/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY Est.
Sales	527	472	419	426	409				20.4%	2,000
YoY	1.9%	-7.2%	-21.8%	-22.3%	-22.4%					
GP	265	234	161	166	147				8.5%	
YoY	9.8%	-2.2%	-41.2%	-39.0%	-44.5%					
GPM	50.2%	49.7%	38.3%	38.9%	35.9%					
SG&A	552	557	559	565	580					
YoY	32.1%	15.1%	9.3%	15.2%	5.2%					
SG&A / Sales	104.8%	118.1%	133.3%	132.5%	142.0%					
OP	-287	-323	-398	-399	-433				-	-1,800
YoY	-	-	-	-	-					
OPM	-	-	-	-	-					
RP	-273	-365	-403	-297	-294				-	-1,800
YoY	-	-	-	-	-					
RPM	-	-	-	-	-					
NI	-283	54	-407	-945	-297				-	-1,810
YoY	-	-	-	-	-					
NPM	-	-	-	-	-					

Source: Company data

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

Contract Cell Manufacturing Business

Since no hospitals or clinics have currently submitted proposals to provide regenerative medicine under the Act on the Safety of Regenerative Medicine, Immuno-Cell Therapy Total Service has become the mainstay for income in this segment. However, sales and profits were down year-on-year as contract



renewal sales to medical institutions fell for the Immuno-Cell Therapy Total Service.

Cell Medicinal Product Business

In the Cell Medicinal Product Business, Medinet is engaged in propriety R&D activities alongside the development of AGS-003, an immuno-cell medical product that is licensed from US-based Argos Therapeutics. In the domestic market, the company is exploring possibilities for cell medicinal products through ongoing clinical trials in partnership with university hospitals. Medinet is keeping close watch on development trends for cell medicinal products both within Japan and abroad, and will proactively seek to acquire pipelines for promising new products. In addition, the company is taking steps to develop a product based on AGS-003 for the domestic market.

Forward investment is underway in this segment, but it is able to record revenue by providing the Immuno-Cell Therapy Total Service to contracted medical institutions that have the advanced equipment in place to conduct evaluations of possible uses for cell medicinal products. During Q1 FY09/15, Medinet reevaluated its R&D and investment budgets, and through appropriate adjustments, segment loss narrowed year-on-year.

View the [full report](#).

MIRAIT Holdings Corp. (1417)

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

On **February 19, 2015**, Shared Research updated comments on MIRAIT Holdings Corp.'s earnings results for Q3 FY03/15 after interviewing management.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 Est.	% of FY	FY Est.
Sales (Completed Construction Contracts)	56,780	62,966	66,072	91,902	56,915	66,223	65,774	96,088	66.3%	285,000
YoY	8.6%	-2.0%	6.4%	-0.5%	0.2%	5.2%	-0.5%	4.6%		2.6%
GP (Completed Construction Contracts)	5,574	6,493	7,361	10,548	6,811	8,611	7,955	-		
YoY	-4.8%	-7.6%	11.3%	7.1%	22.2%	32.6%	8.1%	-		
GPM	9.8%	10.3%	11.1%	11.5%	12.0%	13.0%	12.1%	-		
SG&A Expenses	4,783	4,509	4,603	4,626	4,704	4,775	4,599	-		
YoY	2.3%	0.8%	-0.4%	-2.1%	-1.7%	5.9%	-0.1%	-		
SG&A / Sales	8.4%	7.2%	7.0%	5.0%	8.3%	7.2%	7.0%	-		
Operating Profit	791	1,983	2,758	5,922	2,106	3,837	3,356	3,701	71.5%	13,000
YoY	-32.9%	-22.3%	38.5%	15.7%	166.2%	93.5%	21.7%	-37.5%		13.5%
OPM	1.4%	3.1%	4.2%	6.4%	3.7%	5.8%	5.1%	3.9%		4.6%
Recurring Profit	1,010	2,107	3,094	6,056	2,341	3,917	3,668	3,674	73.0%	13,600
YoY	-27.3%	-25.7%	40.1%	13.6%	131.8%	85.9%	18.6%	-39.3%		10.9%
RPM	1.8%	3.3%	4.7%	6.6%	4.1%	5.9%	5.6%	3.8%		4.8%
Net Income	609	1,137	1,647	3,793	1,559	2,380	4,217	1,044	88.7%	9,200
YoY	-	-7.0%	66.4%	20.3%	156.0%	109.3%	156.0%	-72.5%		28.0%
NPM	1.1%	1.8%	2.5%	4.1%	2.7%	3.6%	6.4%	1.1%		3.2%

Source: Company data. □

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

In the ICT market, wholesale demand increased for fiber-optics amid a maturing market for fixed line broadband services. In the mobile telecoms market, smartphones and tablet devices became more popular. Telecoms carriers—MIRAIT's main clients—focused on promoting higher usage with fixed-fee services. Carriers also built and upgraded high-speed, high-volume mobile networks using LTE and Wi-Fi access points in response to a spike in traffic. The MIRAIT group is facing considerable changes to its business environment, including the liberalization of the electric power market, environmental and energy issues, and increasing demand for new social infrastructure in the run-up to the Tokyo Olympics in 2020.

Amid these conditions, orders increased due to growth in the Multi-carrier segment and Environmental and Social Innovation segment. Despite lower sales in the NTT and ICT Solution segments, sales grew overall, as revenues increased in these two segments.

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 **February 16, 2014**, Shared Research updated the report following interviews with management.

Quarterly Performance (JPY/mm)		FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Sales	171,328	186,882	184,902	180,100	181,337	191,445	199,417	-	-	-	
YoY	2.8%	10.7%	10.6%	10.1%	5.8%	2.4%	7.9%				
GP	22,174	22,741	22,268	21,753	22,224	22,233	24,411				
YoY	6.5%	10.7%	6.8%	6.8%	0.2%	-2.2%	9.6%				
GPM	12.9%	12.2%	12.0%	12.1%	12.3%	11.6%	12.2%				
SG&A	18,005	18,225	18,340	18,577	17,793	18,705	18,140				
YoY	7.8%	10.4%	9.5%	9.0%	-1.2%	2.6%	-1.1%				
SG&A / Sales	10.5%	9.8%	9.9%	10.3%	9.8%	9.8%	9.1%				
OP	4,169	4,516	3,928	3,176	4,431	3,528	6,270	-	-	-	
YoY	1.0%	12.0%	-4.0%	-4.5%	6.3%	-21.9%	59.6%				
OPM	2.4%	2.4%	2.1%	1.8%	2.4%	1.8%	3.1%				
RP	5,106	4,747	4,694	3,358	5,089	4,014	7,221	-	-	-	
YoY	9.6%	18.4%	-9.3%	-17.8%	-0.3%	-15.4%	53.8%				
RPM	3.0%	2.5%	2.5%	1.9%	2.8%	2.1%	3.6%				
NI	3,527	3,685	3,938	513	3,512	3,152	4,424	-	-	-	
YoY	3.5%	-21.3%	26.4%	13.0%	-0.4%	-14.5%	12.3%				
NPM	2.1%	2.0%	2.1%	0.3%	1.9%	1.6%	2.2%				
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY Est.	FY CE	
Sales	171,328	358,210	543,112	723,212	181,337	372,782	572,199	-	75.3%	760,000	
YoY	2.8%	6.8%	8.0%	8.5%	5.8%	4.1%	5.4%			5.1%	
GP	22,174	44,915	67,183	88,936	22,224	44,457	68,868				
YoY	6.5%	8.6%	8.0%	7.7%	0.2%	-1.0%	2.5%				
GPM	12.9%	12.5%	12.4%	12.3%	12.3%	11.9%	12.0%				
SG&A	18,005	36,230	54,570	73,147	17,793	36,498	54,638				
YoY	7.8%	9.1%	9.2%	9.2%	-1.2%	0.7%	0.1%				
SG&A / Sales	10.5%	10.1%	10.0%	10.1%	9.8%	9.8%	9.5%				
OP	4,169	8,685	12,613	15,789	4,431	7,959	14,229	-	84.7%	16,800	
YoY	1.0%	6.4%	2.9%	1.4%	6.3%	-8.4%	12.8%			6.4%	
OPM	2.4%	2.4%	2.3%	2.2%	2.4%	2.1%	2.5%			2.2%	
RP	5,106	9,853	14,547	17,905	5,089	9,103	16,324	-	87.3%	18,700	
YoY	9.7%	13.8%	5.2%	0.0%	-0.2%	-7.5%	12.2%			4.4%	
RPM	3.0%	2.8%	2.7%	2.5%	2.8%	2.4%	2.9%			2.5%	
NI	3,527	7,212	11,150	11,663	3,512	6,664	11,088	-	86.6%	12,800	
YoY	3.5%	-10.9%	-0.5%	0.0%	-0.4%	-7.6%	-0.6%			9.7%	

Source: Company data

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

Compared to Q3 in FY03/14, profits are progressing at a rapid pace, and appear to be at levels that exceed initial company forecasts. According to the company, excluding the effects of exchange rates, the business matches initial goals. But the weaker yen provided a boost to earnings of overseas subsidiaries, causing profits to make stronger-than-expected gains.

The positive effects of a weaker yen on profits seem to be gaining momentum in Q3. The average exchange rate during cumulative Q3 FY03/15 was JPY106.8/USD (JPY99.8/USD during Q3 FY03/14), demonstrating a weaker yen than during 1H, which was JPY103/USD (JPY98.6/USD during 1H FY03/14). As a result, all segments saw quarter-on-quarter improvements in results. However, in the Functional Materials segment, gains were small relative to other segments due to the use of a large proportion of imported materials. Company estimates for the average exchange rate during FY03/15 call for JPY103/USD. Should the yen remain at current levels, it may serve as a factor in the event that earnings results exceed company forecasts.

View the [full report](#).

NAIGAI TRANS LINE LTD. (9384)

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

On **February 10, 2015**, Naigai Trans Line Ltd. announced earnings results for full-year FY12/14.

Quarterly Performance (JPYmm)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	3,465	4,034	4,494	4,803	4,604	5,035	5,031	5,424	100.0%	20,090
YoY	16.2%	15.1%	33.1%	35.5%	32.8%	24.8%	11.9%	12.9%		19.6%
Gross Profit	1,014	1,215	1,270	1,344	1,242	1,431	1,425	1,565		
YoY	6.4%	11.5%	26.2%	26.0%	22.5%	17.8%	12.2%	16.5%		
GPM	29.3%	30.1%	28.3%	28.0%	27.0%	28.4%	28.3%	28.9%		
SG&A Expenses	837	921	960	961	1,006	1,344	1,061	1,107		
YoY	14.2%	11.5%	17.9%	15.4%	20.2%	45.8%	10.5%	15.2%		
SG&A / Sales	24.1%	22.8%	21.4%	20.0%	21.8%	26.7%	21.1%	20.4%		
Operating Profit	176	293	311	361	235	87	364	459	97.1%	1,130
YoY	-19.5%	11.5%	62.4%	162.4%	33.4%	-70.3%	17.1%	26.9%		-1.1%
OPM	5.1%	7.3%	6.9%	7.5%	5.1%	1.7%	7.2%	8.5%		5.6%
Recurring Profit	201	308	330	364	233	87	386	502	102.3%	1,180
YoY	-18.7%	13.0%	66.6%	42.3%	15.9%	-71.9%	16.7%	37.9%		-2.0%
RPM	5.8%	7.6%	7.3%	7.6%	15.7%	1.7%	7.7%	9.3%		5.9%
Net Income	117	191	202	220	125	-533	239	385	113.8%	190
YoY	-20.8%	14.8%	86.1%	503.3%	6.9%	-	18.0%	75.4%		-74.0%
NPM	3.4%	4.7%	4.5%	4.6%	2.7%	-	4.7%	7.1%		0.9%

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

Source: Company data

Japan

At the parent, mainstay export LCL sales volume increased by 2.0% YoY; sales (amount) grew by 3.2% YoY, marking a recovery after a sluggish period.

Overall sales and profits increased on the back of higher import sales at the parent, and the contribution of subsidiary Flying Fish's international transport operations over the full year, following their launch in June 2013. Sales at UCI Airfreight Japan also increased—mainly due to the start of customs clearing operations at Kansai International Airport—while Global Maritime reported higher sales and profits.

Overseas

NTL reported robust sales from overseas operations, particularly in Asia, even as growth slowed in China and various other Asian countries. The weak yen also contributed to year-on-year growth in sales. Profits, however, fell year-on-year owing to provisions for doubtful accounts booked at NTL-INDIA.

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NanoCarrier Co. (4571)

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

On **February 24, 2015**, NanoCarrier Co. announced revisions to its full-year FY03/15 earnings forecasts.

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

Sales:	JPY673mn (JPY560mn)
Operating loss:	JPY1.1bn (JPY1.4bn)
Recurring loss:	JPY285mn (JPY1.0bn)
Net loss:	JPY322mn (JPY1.1bn)

Reasons for the revisions

Sales may exceed previous forecasts, due to expected increases in both upfront fees (see below) and sales of cosmetic materials. The clinical trials of products in the company's development pipeline, and the R&D of next-generation pharmaceuticals such as ADCM (Antibody/Drug-Conjugated Micelle), are also proceeding in line with plans. However, the company expects that R&D and SG&A expenses will be less than initially forecast, due to conservative projections of expenditures related to clinical trials and the relocation of offices. Due to these lower expenses, along with an increase in gross profit from higher sales, the company expects a narrower operating loss than initial forecasts.

NanoCarrier also expects to book forex gains classified as non-operating income, due mainly to the changes in valuation of foreign currency-denominated bank deposits, in line with fluctuations in forex markets (USD). Previous forecasts assumed a forex rate of USD/JPY110, but due to developments in forex markets, the company now assumes a rate of USD/JPY118. This is expected to narrow recurring and net losses.

On **the same day**, the company announced a joint research agreement with Chugai Pharmaceutical Co., Ltd., and the issuance of a third-party allotment of shares to Chugai.

At a director's meeting on February 24, 2015, it was decided that NanoCarrier would enter into a joint research agreement with Chugai Pharmaceutical Co., Ltd. to conduct research on siRNA drugs using NanoCarrier's DDS (drug delivery system) technology. In addition, the company has resolved to conduct a third-party allotment of shares to Chugai.

The two companies have formally agreed to enter a collaboration to develop a first-in-class cancer drug by combining Chugai's specialized antibodies and siRNA with NanoCarrier's active-type NanoFect™ technology. The agreement includes the option for Chugai to have a priority right in acquiring exclusive use of NanoCarrier's patents or the results of this joint research if it wants to develop new drugs or businesses. In return for the option, NanoCarrier will receive a one-time payment from Chugai.

Due in part to the expected one-time option payment from Chugai, the company revised its full-year FY03/15 earnings forecasts.

Details of the third-party allotment of shares to Chugai

Payment date:	March 12, 2015
Shares to be issued:	389,400
Issue price:	JPY1,284/share
Total funds procured:	JPY500mn
Net funds procured:	JPY495mn
Subscription and allocation method:	Issued to Chugai via third-party allotment



Use of funds:

R&D expenses for joint research on siRNA drugs using the company's DDS (drug delivery system) technology

On **February 13, 2015**, NanoCarrier Co. announced earnings results for Q3 FY03/15.

Quarterly Performance (JPYmm)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	150	176	119	28	57	254	47	-	64.1%	560
YoY	1430.2%	96.4%	16.7%	-83.9%	-62.0%	44.7%	-60.1%	-	-	18.6%
GP	98	125	53	14	27	177	9	-	-	-
YoY	-	209.9%	-14.9%	-51.1%	-72.4%	41.2%	-82.9%	-	-	-
GPM	65.2%	71.4%	44.8%	48.9%	47.4%	69.6%	19.2%	-	-	-
SG&A	375	349	336	352	409	303	423	-	-	-
YoY	151.8%	172.2%	114.6%	81.9%	8.9%	-13.3%	25.8%	-	-	-
SG&A / Sales	250.2%	198.7%	283.5%	1266.7%	717.5%	119.1%	894.1%	-	-	-
OP	-277	-224	-283	-339	-382	-126	-414	-	-	-1,428
YoY	-	-	-	-	-	-	-	-	-	-
OPM	-	-	-	-	-	-	-	-	-	-
RP	-190	-246	-197	-462	-461	312	190	-	-	-1,029
YoY	-	-	-	-	-	-	-	-	-	-
RPM	-	-	-	-	-	122.5%	401.1%	-	-	-
NI	-191	-246	-197	-479	-462	310	188	-	-	-1,070
YoY	-	-	-	-	-	-	-	-	-	-
NPM	-	-	-	-	-	121.9%	397.8%	-	-	-

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

Source: Company data

Cisplatin Guiding Micelle (NC-6004 Nanoplatin®)

Orient Europharma Co., Ltd. (OEP) is the licensee for the Asia region (excluding Japan, China, and India; including Oceania). Together with OEP, the company is conducting Phase III clinical trials on patients with metastatic and advanced pancreatic cancer in Taiwan, Hong Kong, Singapore, and South Korea, and has begun administering the drug and registering patients. Preparations are also underway to begin treatment in the Philippines and Malaysia.

In Japan and the US, the company is developing the drug in-house. In Japan, Phase I clinical trials on patients with solid tumors are underway. In the US, the company is conducting major clinical trials (Phase Ib/II) for patients with lung cancer (non-small cell lung cancer). Trials are underway at multiple facilities, including the University of Texas MD Anderson Cancer Center.

DACH-Platin Guiding Micelle (NC-4016)

In the US, Phase I clinical trials on patients with solid tumors are underway. Drug administration to patients and patient registration has been underway since December 2013 at the University of Texas MD Anderson Cancer Center.

On **February 2, 2015**, the company announced that it had obtained a substance patent for Antibody/Drug-conjugated Micelles (ADCM) in Japan.

The Japan Patent Office (JPO) granted NanoCarrier a Notice of Allowance for a substance patent for Antibody/Drug-conjugated Micelles (ADCM), which are linked to sensors that target cancer cells and other affected areas in order to accurately deliver large quantities of drugs. This patent covers an improved version of previous ADCM technology, and will contribute to intellectual property (IP) lifecycle management.

ADCM is a next-generation drug-delivery system and platform technology. It facilitates active targeting, compensating for issues with antibody drug conjugate (ADC), the subject of research efforts worldwide. NanoCarrier expects ADCM to contribute to the development of active targeting, as it broadens the range of antibodies and drugs to include those unavailable for use with ADC. NanoCarrier is developing new anticancer drugs suitable for ADCM, and preparing for non-clinical trials, with an eye toward launching



clinical trials on human subjects. Furthermore, ADCM's ability to use the capacities of antibodies means this technology has the potential for a broader range of applications in the treatment of diseases other than cancer.

View the [full report](#).

Nippon Parking Development (2353)

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

On **February 26, 2015**, Nippon Parking Development Co., Ltd. announced 1H earnings results for FY07/15.

Quarterly Performance (JPYmn)	FY07/13				FY07/14				FY07/15		FY 07/15		FY 07/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY	FY Est.	% of FY	FY Est.
Sales	2,296	3,929	4,217	2,995	3,064	4,401	4,448	3,206	3,218	5,121	101.2%	8,240	48.8%	17,100
Parking Lot Business	2,258	2,291	2,348	2,504	2,474	2,563	2,524	2,650	2,662	2,757			46.8%	11,570
Ski Resort Business	38	1,638	1,869	492	590	1,838	1,924	556	554	2,359			53.0%	5,500
YoY	8.2%	35.3%	29.5%	29.7%	33.4%	12.0%	5.5%	7.0%	5.0%	16.4%	10.4%			13.1%
Parking Lot Business	7.8%	6.7%	6.8%	9.6%	9.6%	11.9%	7.5%	5.8%	7.6%	7.6%				13.3%
Ski Resort Business	39.0%	116.6%	76.5%	1,891.8%	1,439.4%	12.2%	2.9%	12.9%	-6.0%	28.4%				12.1%
Gross Profit	807	1,820	2,026	1,105	1,238	2,188	2,063	1,105	1,252	2,522				
YoY	4.8%	36.8%	28.7%	28.7%	53.3%	20.2%	1.8%	0.0%	1.1%	15.3%				
Gross Profit Margin	35.2%	46.3%	48.0%	36.9%	40.4%	49.7%	46.4%	34.5%	38.9%	49.3%				
SG&A	610	1,099	1,093	935	926	1,295	1,063	974	1,015	1,431				
YoY	9.4%	42.1%	46.5%	47.3%	51.8%	17.9%	-2.8%	4.2%	9.7%	10.5%				
Operating Profit	197	722	932	170	312	892	999	131	236	1,091	104.5%	1,270	45.8%	2,900
Parking Lot Business	536	519	543	571	543	605	564	648	604	674			64.5%	1,980
Ski Resort Business	-193	383	559	-245	-81	499	619	-313	-175	646			49.7%	950
YoY	-7.1%	29.4%	12.6%	-24.0%	58.1%	23.6%	7.2%	-22.8%	-24.3%	22.3%	5.5%			24.2%
Parking Lot Business	0.1%	-7.0%	-2.4%	-4.0%	1.4%	16.5%	3.8%	13.4%	11.2%	11.4%				-16.1%
Ski Resort Business	-	147.3%	29.9%	-	-	30.1%	10.8%	-	-	29.6%				31.1%
Operating Profit Margin	8.6%	18.4%	22.1%	5.7%	10.2%	20.3%	22.5%	4.1%	7.3%	21.3%	15.4%			17.0%
Parking Lot Business	23.7%	22.7%	23.1%	22.8%	22.0%	23.6%	22.3%	24.4%	22.7%	24.4%				17.1%
Ski Resort Business	-503.8%	23.4%	29.9%	-49.7%	-13.6%	27.1%	32.2%	-56.3%	-31.5%	27.4%				17.3%
Recurring Profit	214	819	982	220	354	989	1,058	190	414	1,248	130.9%	1,270	57.3%	2,900
YoY	6.0%	44.1%	7.7%	-1.6%	65.2%	20.8%	7.7%	-13.6%	16.8%	26.2%				11.9%
Recurring Profit Margin	9.3%	20.8%	23.3%	7.4%	11.6%	22.5%	23.8%	5.9%	12.9%	24.4%	15.4%			17.0%
Net Income	115	539	646	79	199	670	656	56	972	812	115.9%	1,540	68.1%	2,620
YoY	21.6%	69.1%	-	-32.6%	73.5%	24.5%	1.6%	-29.5%	387.2%	21.2%	77.0%			65.7%
Net Income Margin	5.0%	13.7%	15.3%	2.6%	6.5%	15.2%	14.8%	1.7%	30.2%	15.9%	18.7%			15.3%

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

Source: Company data

Domestic parking lot business

In the domestic parking lot business, demand for generating revenues from unused parking spaces in office buildings, commercial facilities, and condominiums remained firm, alongside that for providing better services at parking lots. Using the company's mainstay operations of generating revenue from unused parking spaces and management of staffed lots to focus on new contracts, NPD acquired contracts at 44 new properties, with 29 cancellations. This represents a net increase of 15 properties from end FY07/14, bringing the total number of domestic properties to 1,135. The company also focused on personnel hiring and training of existing personnel to strengthen its organizational structure, and through aggressive promotion of monthly contracts for parking spaces, the percentage of occupied parking spaces improved. To meet the increasingly diverse set of needs from parking lot owners and users, the company developed and provided new solutions for clients, such as consulting services for parking lot refurbishing and sales of monthly rental cars packaged together with parking spaces.

Overseas parking lot business

Sales: JPY299mn (+28.9% YoY)
 Properties: 20 (Thailand: 17, China: 3) 1H FY07/14: 13 (Thailand: 11, China: 2)
 Vehicles: 6,977 (Thailand: 5,278, China: 1,699) 1H FY07/14: 4,861 (Thailand: 3,372, China: 1,489)

In Thailand, the company acquired a contract from a government-operated social welfare fund to operate a parking lot at Bangkok City Tower (790 vehicles), which is alongside the busiest intersection in Bangkok. Through operational improvements, NPD aims to contribute to solving the city's traffic issues. Profitability improved at existing properties via measures such as aggressive acquisition of new monthly customers, and strong performance by parking lots that began operations at end FY07/14.



In Shanghai, the company focused on acquiring new contracts via hiring of local employees to advance its initiative of more localized management. At existing properties, NPD worked to improved profitability through promotions to capture monthly customers with the goal of improving occupancy rates, and also modified its pricing structures.

Since the beginning of operations in Seoul in July 2014, NPD has been conducting research on the local market while also approaching parking lot owners with product proposals.

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 **February 13, 2015**, Shared Research updated the report following interviews with management.

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.
Sales	1,570	1,533	1,482	1,413	1,538	1,531	1,632	1,718	1,736	1,813	1,921	1,531	78.1%	7,000
End Mills (up to 6mm)	1,018	956	905	885	946	932	977	1,038	-	-	-	-		
End Mills (over 6mm)	190	185	185	177	194	195	219	217	-	-	-	-		
End Mills (Others)	251	278	289	253	291	302	319	352	-	-	-	-		
Other Products	108	112	101	96	105	101	114	115	-	-	-	-		
Sales (new categories*)														
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%			
Composition (*)														
End Mills (up to 6mm)	64.9%	62.4%	61.1%	62.6%	61.5%	60.9%	59.9%	60.4%	69.9%	73.3%	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			
YoY														
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%			
Gross Profit	777	716	699	652	722	740	779	836	885	902	954			
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%			
SG&A Expenses	470	472	529	451	493	488	498	528	502	570	589			
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			
Operating Profit	307	244	170	201	229	252	280	308	384	332	365	199	84.5%	1,280
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%
Recurring Profit	320	248	177	206	247	253	286	321	405	347	368	210	84.2%	1,330
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%
Net Income	185	146	98	98	142	181	175	196	256	227	249	88	89.3%	820
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.

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. Despite expectations that earnings will remain robust in Q4, the company has decided not to make any revisions. This is partly because it may spend more on promotions and bonuses in Q4, as it celebrates sixty years since its founding.



On **February 12, 2015**, NS Tool Co., Ltd. announced the extension of its Sendai plant.

Increasing production capacity by 20%-30%

The company's mainstay Sendai plant has been responding to growing demand for small-diameter end mills by increasing inventory, but by building another plant on the same grounds, the company expects to be able to increase its current production capacity by 20-30%.

Operation to begin in April 2016; investment of about JPY1.0bn, to be covered by company funds

The company plans for construction to begin in May 2015, finish in March 2016, and operations to begin in April 2016. It will be a one-story steel building with an area of 1,500sqm, to be built in the parking lot of the existing Sendai plant. Total construction costs: JPY1.0bn, including equipment. Shared Research thinks it is highly likely that this will be funded using the company's own funds.

Separate from land and buildings near Sendai plant previously acquired for future growth

It should be noted that this project is different from the land and facilities acquired in August 2011 for future growth, located near the Sendai plant.

View the [full report](#).

NTT Urban Development Corporation (8933)

Real estate company leasing office buildings, commercial facilities, and residential properties. Also sells residential properties, mainly condominiums. Established as a member of the NTT Group (Japan's largest telecoms group), NTT Urban now owns many properties with a higher market value than book value.

On **February 4, 2015**, NTT Urban Development Corporation 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.	FY Est.
Operating Revenue		40,350	82,011	130,289	189,186	36,272	74,379	101,251		66.2%	153,000
YoY		-2.7%	3.8%	19.9%	15.9%	-10.1%	-9.3%	-22.3%			-19.1%
Gross Profit		14,749	26,693	40,191	52,666	10,244	21,359	29,093			
YoY		3.7%	3.6%	14.2%	14.5%	-30.5%	-20.0%	-27.6%			
GPM		36.6%	32.5%	30.8%	27.8%	28.2%	28.7%	28.7%			
SG&A Expenses		4,265	8,873	14,255	22,207	3,999	8,089	11,762			
YoY		10.3%	14.3%	25.7%	19.4%	-6.2%	-8.8%	-17.5%			
SG&A / Sales		10.6%	10.8%	10.9%	11.7%	11.0%	10.9%	11.6%			
Operating Profit		10,483	17,820	25,935	30,458	6,245	13,270	17,330		75.3%	23,000
YoY		1.2%	-0.9%	8.7%	11.2%	-40.4%	-25.5%	-33.2%			-24.5%
OPM		26.0%	21.7%	19.9%	16.1%	17.2%	17.8%	17.1%			15.0%
Recurring Profit		9,243	14,637	21,521	24,865	5,217	11,142	13,972		75.5%	18,500
YoY		1.5%	-4.1%	9.1%	12.9%	-43.6%	-23.9%	-35.1%			-25.6%
RPM		22.9%	17.8%	16.5%	13.1%	14.4%	15.0%	13.8%			12.1%
Net Income		5,658	8,838	17,737	11,343	3,513	6,959	8,622		86.2%	10,000
YoY		-5.4%	-7.3%	51.6%	-6.0%	-37.9%	-21.3%	-51.4%			-11.8%
NPM		14.0%	10.8%	13.6%	6.0%	9.7%	9.4%	8.5%			6.5%
Quarterly Performance (quarterly) (JPYmn)		FY03/14				FY03/15					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Operating Revenue		40,350	41,661	48,278	58,897	36,272	38,107	26,872			
YoY		-2.7%	11.1%	62.5%	8.1%	-10.1%	-8.5%	-44.3%			
Gross Profit		14,749	11,944	13,498	12,475	10,244	11,115	7,734			
YoY		3.7%	3.5%	42.9%	15.5%	-30.5%	-6.9%	-42.7%			
GPM		36.6%	28.7%	28.0%	21.2%	28.2%	29.2%	28.8%			
SG&A Expenses		4,265	4,608	5,382	7,952	3,999	4,090	3,673			
YoY		10.3%	18.2%	50.7%	9.4%	-6.2%	-11.2%	-31.8%			
SG&A / Sales		10.6%	11.1%	11.1%	13.5%	11.0%	10.7%	13.7%			
Operating Profit		10,483	7,337	8,115	4,523	6,245	7,025	4,060			
YoY		1.2%	-3.9%	38.1%	28.0%	-40.4%	-4.3%	-50.0%			
OPM		26.0%	17.6%	16.8%	7.7%	17.2%	18.4%	15.1%			
Recurring Profit		9,243	5,394	6,884	3,344	5,217	5,925	2,830			
YoY		1.5%	-12.5%	54.1%	46.5%	-43.6%	9.8%	-58.9%			
RPM		22.9%	12.9%	14.3%	5.7%	14.4%	15.5%	10.5%			
Net Income		5,658	3,180	8,899	-6,394	3,513	3,446	1,663			
YoY		-5.4%	-10.3%	310.1%	-	-37.9%	8.4%	-81.3%			
NPM		14.0%	7.6%	18.4%	-	9.7%	9.0%	6.2%			

Source: Company data

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

Leasing segment

Segment revenue declined JPY10.6bn YoY. Rental revenue from properties acquired or completed in FY03/14—including 265 Strand, an office building in London, and the Resola South Terrace (Fukuoka)—plus newly completed commercial facility Trad Mejiro (Toshima, Tokyo) contributed JPY400mn to operating revenue. Overshadowing this positive impact, revenue from the sale of properties dropped JPY7.3bn YoY, and rental revenue from existing properties fell JPY3.2bn (down by JPY800mn due to lower rents, JPY1.5bn due to higher vacancy, and JPY800mn for other reasons).

**Residential Property Sales segment**

Segment operating revenue decreased JPY17.7bn YoY. Responsible for JPY15.8bn of the drop was the fact that NTT Urban delivered 64 fewer condominiums than in Q3 FY03/14, at 586. The company also delivered six fewer residential lots, at 45, making a JPY1.8bn negative impact.

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 **February 13, 2015**, Onward Holdings Co., Ltd. announced changes to executive management.

Details of the changes

Takeshi Hirouchi:

(New title) Representative Director and Chairman

(Former title) Representative Director, Chairman, and President

Michinobu Yasumoto:

(New title) Representative Director and President

(Former title) Director

Reasons for the changes

Onward has achieved a certain level of success at JOSEPH and JIL SANDER, both important parts of management policy. It has also established Onward Luxury Group in June 2013, completing a structure that will allow it to focus on its global strategies, centered on Europe. The company will thus take this opportunity to appoint Michinobu Yasumoto president, as Takeshi Hirouchi steps down from his role as president to focus on his role as chairman.

The company also plans to accelerate its global strategies, and move forward with its strategies for growth tailored toward the company's evolution as a lifestyle and culture company, including an omni-channel strategy for increasing customer satisfaction, and the development of businesses in new fields.

The new executive management structure

The company aims to revitalize the Onward Group by clarifying the roles and consolidating the executive authorities of Michinobu Yasumoto, the President of Onward Holdings, and Akinori Baba, the President of Onward Kashiya, two youthful executives in their forties. As Chairman of Onward Holdings, Takeshi Hirouchi will also unify management of the Group as a whole. The responsibilities of each executive are as follows:

Takeshi Hirouchi, chairman of Onward Holdings (b. 1942): general management of the Onward Group as a whole and promoting the expansion of the Group's strategy overseas, as leader of the Group's overseas businesses;

Michinobu Yasumoto, president of Onward Holdings (b. 1965): carrying out operations as the person in charge of the executive management of the Onward Group; taking charge of the omni-channel strategy, including e-commerce, vital to the company's growth strategy, and developing new businesses; clarifying the Onward Group's corporate social responsibility, and increasing corporate value;

Akinori Baba, president of Onward Kashiya (b. 1968): carrying out brand operations as the person in charge of the executive management of the Group's core operating subsidiary; reinforcing the development and proposal of high value-added products through the business division structure and Onward Kashiya's sales network, which utilizes regional headquarters to create strong links with different regions; moving swiftly to expand the scope of Onward Kashiya's operations in response to an increasingly diversified market.

Michinobu Yasumoto's background

Mr. Yasumoto joined the Ministry of International Trade and Industry after graduating from the Faculty of Law, the University of Tokyo, in 1988. After joining Onward Holdings in 2006, he became executive officer at Onward Holdings and Onward Kashiya in 2007, managing executive officer at Onward

Holdings in 2011, director, head of e-commerce, and head of information systems and environmental management at Onward Holdings and director and managing executive officer at Onward Kashiya in May 2014, before becoming director, head of omni-channel retailing, and head of corporate planning, information systems and environmental at Onward Holdings and director and senior managing director at Onward Kashiya in September of the same year.

On **February 4, 2015**, the company released January 2015 monthly sales data.

Onward Kashiya Monthly Sales

FY02/15 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
Total	10%	-8%	2%	-2%	-6%	3%	1%	-4%	0%	-6%	-4%		-1%
Men's	16%	-7%	6%	-3%	-1%	1%	5%	-2%	1%	-8%	-5%		0%
Women's	9%	-9%	0%	-1%	-8%	4%	0%	-5%	0%	-6%	-3%		-2%
Children's	10%	1%	6%	1%	0%	5%	8%	-4%	1%	-5%	-1%		1%
Kimonos	-17%	-49%	36%	-2%	-11%	-31%	-30%	-50%	-48%	-26%	-66%		-26%
Other	8%	-7%	-7%	3%	-9%	-4%	-5%	2%	1%	8%	-2%		0%
FY02/14 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
Total	7%	-2%	4%	7%	3%	8%	2%	-5%	0%	5%	5%	1%	2%
Men's	2%	-8%	1%	1%	-11%	7%	4%	-3%	0%	8%	3%	3%	0%
Women's	10%	1%	6%	10%	0%	8%	2%	-5%	0%	5%	7%	0%	3%
Children's	9%	-7%	-3%	4%	2%	9%	2%	-2%	0%	4%	-1%	0%	1%
Kimonos	-11%	-11%	19%	-12%	-23%	-6%	-14%	-23%	-14%	-17%	-15%	-17%	-12%
Other	-1%	-8%	-9%	2%	0%	11%	-1%	-11%	0%	5%	-1%	-3%	-2%
FY02/13 (YoY)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY
Total	24%	4%	6%	7%	-2%	2%	-1%	0%	-1%	9%	0%	0%	4%
Men's	27%	8%	0%	5%	-2%	3%	-2%	-7%	-2%	6%	-6%	-6%	2%
Women's	24%	3%	8%	8%	-2%	3%	0%	5%	0%	10%	3%	1%	5%
Children's	19%	3%	8%	12%	1%	2%	5%	-3%	1%	8%	4%	2%	5%
Kimonos	22%	23%	17%	-6%	2%	-17%	0%	-4%	16%	18%	-1%	-30%	1%
Other	16%	1%	-2%	7%	-3%	2%	-10%	-15%	19%	0%	-7%	-13%	-2%

Source: Company data

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

View the [full report](#).

Paris Miki Holdings Inc. (7455)

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

On **February 12, 2015**, Paris Miki Holdings announced Q3 FY03/15 earnings results.

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.
Sales	14,452	14,687	13,594	12,686	14,121	15,253	13,910	13,619	13,873	14,359	13,380	15,646	72.7%	57,258
YoY	-5.2%	-10.1%	-7.2%	-4.7%	-2.3%	3.9%	2.3%	7.4%	-1.8%	-5.9%	-3.8%	14.9%	-	0.6%
GP	9,759	10,011	8,888	9,053	9,529	10,250	9,324	9,385	9,547	9,785	9,035	-	-	-
YoY	-5.0%	-9.7%	-7.1%	2.0%	-2.4%	2.4%	4.9%	3.7%	0.2%	-4.5%	-3.1%	-	-	-
GPM	67.5%	68.2%	65.4%	71.4%	67.5%	67.2%	67.0%	68.9%	68.8%	68.1%	67.5%	-	-	-
SG&A	9,319	9,484	9,400	9,080	9,325	9,332	9,314	9,709	9,082	9,330	9,239	-	-	-
YoY	-9.2%	-8.4%	-6.9%	-1.3%	0.1%	-1.6%	-0.9%	6.9%	-2.6%	-0.0%	-0.8%	-	-	-
SG&A / Sales	64.5%	64.6%	69.1%	71.6%	66.0%	61.2%	67.0%	71.3%	65.5%	65.0%	69.1%	-	-	-
OP	440	526	-511	-28	203	919	9	-323	465	455	-204	424	62.8%	1,140
YoY	4,300.0%	-28.3%	-	-	-53.9%	74.7%	-	-	129.1%	-50.5%	-	-	-	41.1%
OPM	3.0%	3.6%	-3.8%	-0.2%	1.4%	6.0%	0.1%	-2.4%	3.4%	3.2%	-1.5%	2.7%	-	2.0%
RP	447	616	-333	336	302	958	67	-292	532	535	0	55	95.1%	1,122
YoY	520.8%	-8.9%	-	-	-32.4%	55.5%	-	-	76.2%	-44.2%	-	-	-	8.4%
RPM	3.1%	4.2%	-2.4%	2.6%	2.1%	6.3%	0.5%	-2.1%	3.8%	3.7%	0.0%	0.4%	-	2.0%
NI	96	200	-292	99	263	600	32	-476	227	307	208	-233	145.8%	509
YoY	-	-51.1%	-	-	174.0%	200.0%	-	-	-13.7%	-48.8%	550.0%	-	-	21.5%
NPM	0.7%	1.4%	-2.1%	0.8%	1.9%	3.9%	0.2%	-3.5%	1.6%	2.1%	1.6%	-1.5%	-	0.9%

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

The company did not modify its full-year estimates. Sales were down year-on-year at main subsidiary Miki because of a pullback in demand following the consumption tax hike, and the closing of unprofitable stores. Although the company is also opening new stores in parallel with closing unprofitable stores, comparable store sales continued to underperform. (Overall sales were down 4.5% YoY to JPY37.1bn.) Similarly to 1H, sales declined more than the company had planned.

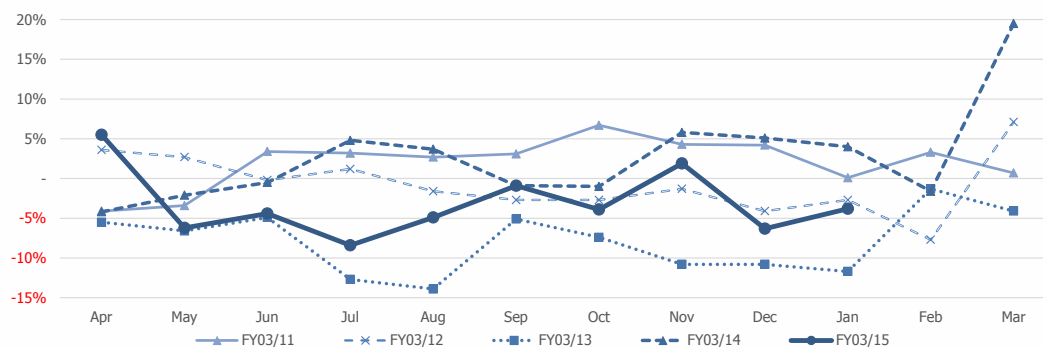
The company's overseas business posted an operating loss of JPY66mn in Q2 compared with an operating profit of JPY31mn for Q1. An operating loss of JPY60mn was also recorded for Q3, and this stemmed from a decline in sales at a subsidiary in Southeast Asia that had previously contributed to the overall operating profit, as well as higher rental expenses at the UK subsidiary, which is in the process of moving its headquarters. Losses are narrowing at the Australia subsidiary as it undergoes the closing of stores.

During Q3, Paris Miki recorded gains on the sales of investment securities in the amount of JPY497mn. According to the company, this was done in order to improve its financial standing and streamline its assets. Shared Research views this as a way to provide padding to maintaining progress to meet its full-year FY03/15 net income target.

On **February 2, 2015**, the company announced January 2015 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%	-3.8%		



Source: Company data

View the [full report](#).



Resorttrust, Inc. (4681)

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

On **February 13, 2015**, Resorttrust, Inc. 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	27,342	30,401	30,787	28,294	27,559	32,044	31,255		77.7%	116,900
YoY	9.1%	10.1%	10.4%	14.2%	0.8%	5.4%	1.5%			
GP	22,369	25,059	25,024	22,988	23,269	27,005	26,523			
YoY	9.1%	11.2%	10.1%	17.5%	4.0%	7.8%	6.0%			
GPM	81.8%	82.4%	81.3%	81.2%	84.4%	84.3%	84.9%			
SG&A	19,301	19,758	19,066	22,196	20,275	20,828	20,448			
YoY	7.5%	9.2%	3.8%	17.7%	5.0%	5.4%	7.2%			
SG&A / Sales	70.6%	65.0%	61.9%	78.4%	73.6%	65.0%	65.4%			
OP	3,068	5,301	5,957	793	2,993	6,178	6,074		98.4%	15,500
YoY	20.2%	19.3%	36.9%	12.0%	-2.4%	16.5%	2.0%			
OPM	11.2%	17.4%	19.3%	2.8%	10.9%	19.3%	19.4%			
RP	4,224	5,330	6,159	1,018	3,266	8,267	7,872		107.8%	18,000
YoY	63.2%	14.8%	34.6%	-13.1%	-22.7%	55.1%	27.8%			
RPM	15.4%	17.5%	20.0%	3.6%	11.9%	25.8%	25.2%			
NI	1,668	3,244	3,754	-61	1,918	5,603	4,699		109.1%	11,200
YoY	20.4%	10.1%	32.3%	-	15.0%	72.7%	25.2%			
NPM	6.1%	10.7%	12.2%	-	7.0%	17.5%	15.0%			

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

Source: Company data

Resorttrust had anticipated some temporary weakness in performance in the wake of the consumption tax hike, but the effect on its business turned out to be limited. Last year the company also booked expenses related to the openings of new properties, but there were no such expenses during Q3 FY03/15. Although the company booked a non-operating profit from forex gains, revenues from memberships for unopened hotels will be carried over until these hotels open.

View the [full report](#).



Round One Corp. (4680)

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

On **February 10, 2015**, Round One 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	20,165	21,706	18,715	23,686	19,694	22,155	19,319	-	71.5%	85,500
YoY	-2.8%	-3.7%	-1.9%	0.5%	-2.3%	2.1%	3.2%	-		-0.5%
GP	2,665	3,051	632	5,375	1,559	2,995	210	-		
YoY	1.4%	-26.8%	-40.7%	-1.7%	-41.5%	-1.8%	-66.8%	-		
GPM	13.2%	14.1%	3.4%	22.7%	7.9%	13.5%	1.1%	-		
SG&A	409	398	465	362	406	403	486	-		
YoY	-3.3%	-2.5%	1.8%	-23.6%	-0.7%	1.3%	4.5%	-		
SG&A / Sales	2.0%	1.8%	2.5%	1.5%	2.1%	1.8%	2.5%	-		
OP	2,256	2,652	168	5,012	1,152	2,593	-276	-	34.7%	8,800
YoY	2.4%	-29.5%	-72.5%	0.4%	-48.9%	-2.2%	-	-		-23.9%
OPM	11.2%	12.2%	0.9%	21.2%	5.8%	11.7%	-	-		10.3%
RP	1,642	1,970	-278	4,484	830	2,577	-222	-	35.4%	8,000
YoY	63.1%	-29.7%	-	2.4%	-49.5%	30.8%	-	-		-2.6%
RPM	8.1%	9.1%	-	18.9%	4.2%	11.6%	-	-		9.4%
NI	631	-11,371	-3,681	-5,260	778	1,527	-479	-	36.5%	4,500
YoY	43.9%	-	-	-	23.3%	-	-	-		-
NPM	3.1%	-	-	-	4.0%	6.9%	-	-		5.3%

Source: Company data

Company estimates are the most recent figures.

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

The company used Disney characters in promotional campaigns and planning, and the LINE messaging app to attract customers. The company also used celebrities in television commercials to advertise a new, better-value pricing structure.

Round One in October 2014 effectively raised prices for bowling, billiard, darts, and some amusement services. In the following month, the company increased the number of stores that provide free shuttle bus services by 55 to 88.

The company in October 2014 opened a store inside A-Qus Hamaotsu, a roadside commercial complex in Shiga prefecture, and inside LaLaport Izumi, a mall in Osaka Prefecture. The company also opened a shop in Stratford, Illinois during the same month, and a store in Arlington, Texas in December 2014.

Sales increased as a result of these measures. However, the company struggled to increase profits. Even so, the company managed to post a net income. Impairment losses associated with the sale of fixed assets through a sale-and-leaseback method did not have much impact earnings.

On the same day, the company announced monthly sales data for January 2015.

Monthly Sales Trends												
FY03/15												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Sales (JPYmn)	6,408	7,024	5,913	6,134	9,318	6,321	5,793	6,071	6,960	7,808		
Bowling	2,001	2,064	1,688	1,686	2,649	1,756	1,624	1,660	2,045	2,431		
Game	2,686	3,070	2,652	2,894	3,955	2,898	2,661	2,777	3,067	3,240		
Karaoke	641	711	625	650	927	645	569	595	775	777		
SPO-CHA	878	956	745	700	1,531	805	730	834	849	1,112		
Other	199	221	201	202	254	216	207	203	223	242		
Total Sales YoY	-3.3%	0.1%	-6.0%	-0.6%	8.4%	-4.4%	3.7%	9.9%	-4.4%	-9.2%		
Bowling	-13.2%	-14.7%	-20.4%	-12.3%	-2.4%	-16.8%	-9.5%	-3.9%	-8.6%	-10.2%		
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%	11.9%	16.7%	-2.5%	-10.5%		
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%	5.7%	10.9%	-4.9%	-5.7%		
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%	9.3%	21.8%	-3.6%	-7.3%		
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%	2.0%	5.8%	9.0%	2.8%		
Comparable Store Sales YoY	-3.3%	0.1%	-6.0%	-0.6%	8.4%	-4.4%	2.0%	7.3%	-6.4%	-10.9%		
Bowling	-13.2%	14.7%	-20.4%	-12.3%	-2.4%	-16.8%	-10.6%	-5.6%	-10.0%	-11.5%		
Game	3.4%	11.1%	3.2%	6.4%	12.9%	5.2%	10.0%	13.4%	-4.9%	-12.8%		
Karaoke	1.6%	6.5%	-0.4%	1.8%	10.6%	2.3%	4.5%	9.0%	-6.5%	-7.2%		
SPO-CHA	1.8%	4.2%	0.9%	4.9%	19.8%	-8.6%	5.4%	18.2%	-6.4%	-9.3%		
Other	-12.2%	-9.6%	-12.8%	-7.6%	-3.9%	-6.7%	1.7%	5.3%	8.7%	2.5%		

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

Source: Company data

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 **February 12, 2015**, Shared Research updated comments on Ryohin Keikaku 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.
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 growth continues in domestic directly managed stores and Asia, record highs for Q3

Sales and profits were up year-on-year. Ryohin Keikaku booked its highest profits to date, as sales and profits from the Asian region grew.

Strategic markdowns squeezing margins; operating profit may fall short of forecasts

In the domestic market, gross profit margin was down due to a weaker yen and strategic markdowns on merchandise, and the company sees these effects continuing into Q4. As a result, Shared Research understands that operating profit may fall short of forecasts.

Overseas and exports saw higher OPM thanks to a weak yen; OP on track to meet targets

Forex risk when exporting overseas is borne by the domestic parent, causing operating profit for exports to rise during periods when the yen is weak (these profits are booked in Other). Operating profit also rises when earnings at foreign subsidiaries are repatriated to Japan. The company expects these factors to linger into Q4, and it appears that operating profit is on track to meet forecasts.

Forex gains boosted both consolidated and parent RP; RP likely to meet targets

Forex gains pushed up the non-operating profit component of recurring profit, and recurring profit is in line to meet targets. The majority of forex gains at Ryohin Keikaku do not consist of valuation gains on assets, but are cash-based receivables that have already been or are planned to be converted into yen. On a cash basis, the company appears to have been successful in minimizing the negative effects of a weaker yen.



On **February 3, 2015**, the company announced monthly sales data for January 2015.

Year-on-year sales growth

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%
Total	17.6%	3.2%	5.7%	-0.7%	3.8%	4.8%	3.8%	2.2%	6.7%	-2.7%	4.2%	7.3%

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%
Total	10.4%	7.0%	8.0%	12.6%	6.4%	16.9%	7.2%	19.6%	14.8%	18.6%	15.7%	14.0%

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%	1.5%	
Directly managed total	28.4%	2.1%	5.6%	8.2%	6.6%	3.9%	7.0%	4.7%	7.5%	2.3%	5.9%	
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%	-4.8%	
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%	-2.2%	
Instore (comparable)	21.9%	-2.2%	1.4%	5.0%	1.2%	-0.9%	1.7%	-2.4%	0.3%	-3.2%	0.2%	
Instore total	27.0%	1.3%	4.9%	7.3%	5.3%	3.4%	5.8%	3.2%	6.5%	1.1%	4.4%	
Total	30.6%	12.0%	11.0%	13.6%	22.7%	13.2%	18.1%	8.6%	12.2%	6.4%	13.9%	

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%

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%

FY02/15	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%	1.5%	
Apparel	11.4%	6.8%	5.0%	6.5%	5.9%	0.6%	9.5%	-0.2%	2.6%	3.4%	2.9%	
Household Goods	31.8%	-8.7%	-1.9%	3.2%	2.8%	-0.6%	-1.3%	-1.0%	2.2%	-3.9%	2.9%	
Food	2.8%	1.9%	6.5%	8.3%	-16.1%	-7.0%	-9.4%	-17.9%	-16.6%	-16.7%	-10.8%	
Customers Traffic	3.0%	-0.3%	3.6%	3.2%	0.9%	0.0%	-2.2%	-6.3%	-3.7%	-5.3%	-3.4%	
Spending per Customer	18.7%	-1.9%	-2.0%	1.7%	0.9%	-0.8%	4.1%	4.3%	4.6%	3.2%	5.0%	

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](#).

Sanix Incorporated (4651)

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

On **February 12, 2015**, Sanix Incorporated 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	FY Est.
Sales	15,753	31,692	51,533	84,222	21,714	44,008	69,627						71.8%	97,000
YoY	78.6%	74.3%	88.1%	94.2%	37.8%	38.9%	35.1%							
GP	4,631	9,003	14,068	21,421	4,806	9,343	13,741							
YoY	81.3%	54.0%	60.8%	60.2%	3.8%	3.8%	-2.3%							
GPM	29.4%	28.4%	27.3%	25.4%	22.1%	21.2%	19.7%							
SG&A	3,666	7,507	11,647	16,913	5,935	12,060	17,520							
YoY	37.3%	41.1%	35.7%	47.1%	61.9%	60.6%	50.4%							
SG&A / Sales	23.3%	23.7%	22.6%	20.1%	27.3%	27.4%	25.2%							
OP	966	1,496	2,421	4,508	-1,129	-2,717	-3,779							-1,160
YoY	-	185.3%	1357.2%	141.0%	-	-	-							-
OPM	6.1%	4.7%	4.7%	5.4%	-	-	-							-
RP	925	1,443	2,186	4,310	-1,005	-2,859	-4,049							-1,430
YoY	-	183.7%	2494.9%	140.9%	-	-	-							-
RPM	5.9%	4.6%	4.2%	5.1%	-	-	-							-
NI	779	1,052	1,301	2,965	-1,222	-3,194	-5,244							-2,720
YoY	-	177.4%	-	88.2%	-	-	-							-
NPM	4.9%	3.3%	2.5%	3.5%	-	-	-							-

Quarterly Performance (JPYmn)					FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					% of FY	FY Est.
Sales	15,753	15,939	19,841	32,689	21,714	22,294	25,619							
YoY	78.6%	70.3%	115.2%	104.8%	37.8%	39.9%	29.1%							
GP	4,631	4,372	5,065	7,353	4,806	4,537	4,398							
YoY	81.3%	32.8%	74.5%	59.1%	3.8%	3.8%	-13.2%							
GPM	29.4%	27.4%	25.5%	22.5%	22.1%	20.4%	17.2%							
SG&A	3,666	3,842	4,140	5,266	5,935	6,125	5,460							
YoY	37.3%	44.8%	27.0%	80.5%	61.9%	59.4%	31.9%							
SG&A / Sales	23.3%	24.1%	20.9%	16.1%	27.3%	27.5%	21.3%							
OP	966	530	925	2,087	-1,129	-1,588	-1,062							
YoY	-	-17.2%	-	22.5%	-	-	-							
OPM	6.1%	3.3%	4.7%	6.4%	-	-	-							
RP	925	518	743	2,124	-1,005	-1,854	-1,190							
YoY	-	-17.0%	-	24.6%	-	-	-							
RPM	5.9%	3.3%	3.7%	6.5%	-	-	-							
NI	779	273	249	1,664	-1,222	-1,972	-2,050							
YoY	-	-50.3%	-	-2.2%	-	-	-							
NPM	4.9%	1.7%	1.3%	5.1%	-	-	-							

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

Source: Company data

Sales of PV systems increased in the SE segment. In the Environmental Resources Development (ERD) segment, electricity sales were up at the Tomakomai Power Plant, but sales of plastic fuel fell due to a decrease in collection volume of waste plastic. The company transferred the PV systems business from the HS and ES segments to the SE segment, resulting in a significant fall in sales for these segments as their main business became sanitation maintenance.

Although sales of PV systems were higher in the SE segment, the company was affected by prolonged technical investigations by power companies prior to grid connections and the inability to conduct construction work in most of Kyushu and Shikoku due to requests being put on hold by solar-power facility operators to connect their systems with power distribution networks. As a result, profits were lower despite the increase in sales, as these were not enough to absorb fixed costs. Profits fell in the ERD segment due to lower volumes. The company restructured the HS and ES segments and made maintenance these segments' core business. As a result, profits were up in the HS segment, and down in the ES segment.

On **the same day**, the company announced a revision to its FY03/15 full-year earnings forecast, a reversal of deferred tax assets, and changes to its medium-term management plan.

Revised FY03/15 full-year earnings forecast (previous forecast in parentheses)

Sales:	JPY97.0bn	(JPY118.0bn)
Operating loss:	JPY1.2bn	(operating profit of JPY3.6bn)
Recurring loss:	JPY1.4bn	(recurring profit of JPY3.2bn)
Net loss:	JPY2.7bn	(net income of JPY1.3bn)

Reasons for revision

The company was affected by prolonged technical investigations by power companies prior to grid connections and the inability to conduct construction work due to requests being put on hold by solar-power facility operators to connect their systems with power distribution networks from September 2014 onward. Sanix sees these trends continuing through Q4, and although it revised forecasts downward on October 31, 2014, delays have been even longer than expected, and the company has made another revision to its forecasts.

As a result of lower sales, operating profit and recurring profit are forecast to dip into negative territory. The reversal of deferred tax assets is also expected to have a negative effect and cause net income to turn to net loss.

Future plans for the solar power systems business

In January 2015, the renewable energy feed-in tariff was revised by the Japanese government, and changes were made to rules on output restrictions and the timing of when pricing is determined. The FY2014 deadline for receiving facilities approval was set for January 30, 2015, making it difficult to forecast profitability for power generation companies that Sanix holds as clients. For Tokyo Electric, Chubu Electric, and Kansai Electric, which all have significant grid connection capacity, small-scale solar power generators (capacity of less than 50kW) are outside of the scope of the above output restrictions, and being located in major operating areas, it will be essential for Sanix to commence marketing activities tailored to each region.

While maintaining optimal personnel levels in the Kyushu and Shikoku regions, the company will move to transfer personnel to the Kanto, Kansai, and Chubu regions in order to adapt to the changing market environment. Additionally, in order to improve profitability, fixed costs in solar power generation such as materials and logistics expenses will be reduced, and Sanix will aim for a lower breakeven point. The company plans to finish making these changes during Q4 FY03/15.

Reversal of deferred tax assets

Taking into account the revised earnings forecasts, the company reevaluated the recoverable amounts for deferred tax assets, and recorded JPY847mn in income tax adjustments as a result of a reversal of deferred tax assets.

Medium-term management plan revisions

In May 2014, the company unveiled its Sun Shine Plan 2016, a medium-term management plan covering the years between 2014 and 2016, with the key components being the expansion of sales and construction of solar power generation systems. However, from September 2014 onward, issues have arisen concerning the grid connection capacity of power companies for renewable energy sources such as solar power. In combination with revisions to the renewable energy feed-in tariff by the Japanese government in January 2015, the company has decided to cancel its existing medium-term management plan. In the event that a new plan is put into place, the company will disclose details as soon as possible.

View the [full report](#).

Sanrio Co., Ltd. (8136)

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

On **February 10, 2015**, Sanrio Co., Ltd. announced earnings results for Q3 FY03/15 and a revision to its full-year earnings forecasts.

Quarterly Performance (JPYmn)	FY03/14				FY03/15				FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	17,242	17,674	22,373	19,720	17,994	17,530	20,218	-	75.1%	74,200
YoY	2.2%	2.6%	4.4%	5.4%	4.4%	-0.8%	-9.6%	-		-3.6%
Gross Profit	11,957	12,930	15,021	13,451	12,034	12,641	13,675	-		
YoY	6.7%	10.3%	9.9%	4.6%	0.6%	-2.2%	-9.0%	-		
GPM	69.3%	73.2%	67.1%	68.2%	66.9%	72.1%	67.6%	-		
SG&A Expenses	7,278	7,851	8,058	9,153	7,717	8,489	8,163	-		
YoY	2.6%	7.0%	10.6%	21.4%	6.0%	8.1%	1.3%	-		
SG&A / Sales	42.2%	44.4%	36.0%	46.4%	42.9%	48.4%	40.4%	-		
Operating Profit	4,678	5,079	6,964	4,298	4,316	4,153	5,511	-	79.0%	17,700
YoY	13.9%	15.7%	9.1%	-19.2%	-7.7%	-18.2%	-20.9%	-		-15.8%
OPM	27.1%	28.7%	31.1%	21.8%	24.0%	23.7%	27.3%	-		
Recurring Profit	4,133	4,915	6,593	4,539	4,288	4,733	5,891	-	78.5%	19,000
YoY	-3.8%	5.9%	14.7%	-8.5%	3.8%	-3.7%	-10.6%	-		-5.8%
RPM	24.0%	27.8%	29.5%	23.0%	23.8%	27.0%	29.1%	-		
Net Income	2,635	3,214	4,295	2,658	2,805	3,241	4,109	-	76.9%	13,200
YoY	-9.5%	20.0%	17.3%	-19.0%	6.5%	0.8%	-4.3%	-		3.1%
NPM	15.3%	18.2%	19.2%	13.5%	15.6%	18.5%	20.3%	-		

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.

Sanrio rebuilt its organizational structure in Europe, pursued corporate licensing operations in North America, and expanded sales floors in Latin America, particularly in Mexico. In Asia, the company strengthened its product licensing and space licensing operations, and local developers opened more Sanrio stores. In Japan, the company increased sales to visitors from foreign countries. Bonbon Ribbon, a new character developed by a Sanrio fan, also contributed to earnings, so did Kirimi-chan and Gudetama, which became popular through social-networking services. However, European sales fell because of the weak economy. Revenue from US licensing operations also declined because of the cold weather at the beginning of the year and increasing competition. Sales in Europe and the US fell 2.7% as a result.

Operating profit fell 16.4% because of a decline in sales in Europe and North America, as well as an increase in SG&A expenses, such as retirement benefits. However, the decline in recurring profit was held at 4.7% because the yen's plunge in September resulted in JPY700mn in currency gains. Net income rose 0.1% due to a higher proportion of earnings from Asia, where taxes are low.

Sales and operating profit in Japan were JPY37.3bn (+0.5% YoY) and JPY700mn (-62.5%), respectively. Overseas sales and operating profit were JPY31.2bn (-5.2%) and JPY13.7bn (-14.3%), respectively.

FY03/15 full-year earnings forecast revision

Sanrio made revisions to its FY03/15 full-year earnings forecast, as shown below.

Sales:	JPY74.2bn	(previous forecast: JPY75.8bn)
Operating profit:	JPY17.7bn	(JPY19.3bn)
Recurring profit:	JPY19.0bn	(JPY20.1bn)
Net income:	JPY13.2bn	(JPY13.2bn)

The company has lowered its full-year earnings forecast because strong earnings from Latin America and Asia, or a weak yen that had led to an increase in exports, may not compensate for a sales decline in Europe and the US.

View the [full report](#).

SATO Holdings Corp. (6287)

Provider of comprehensive solutions based on auto-ID technology.

On **February 5, 2015**, SATO Holdings Corp. 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.
Sales	21,208	21,458	22,288	22,302	22,619	23,494	24,589	26,071	23,512	24,054	25,368	27,066				72.9%	100,000
Hardware	8,130	8,611	8,369	9,631	8,601	9,743	9,513	11,365	9,478	10,150	-	-					
Supplies	13,077	12,848	13,919	12,671	14,017	13,752	15,076	14,706	14,033	13,903	-	-					
YoY	8.3%	8.9%	8.3%	7.9%	6.7%	9.5%	10.3%	16.9%	3.9%	2.4%	3.2%	3.8%					3.3%
Hardware	11.5%	11.5%	12.4%	9.0%	5.8%	13.1%	13.7%	18.0%	10.2%	4.2%	-	-					
Supplies	6.4%	7.2%	6.0%	7.0%	7.2%	7.0%	8.3%	16.1%	0.1%	1.1%	-	-					
GP	8,829	8,904	9,306	9,371	9,655	9,825	10,403	11,297	10,293	10,289	10,764	-					
YoY	-21.9%	69.0%	6.2%	5.5%	9.4%	10.3%	11.8%	20.6%	6.6%	4.7%	3.5%	-					
GPM	41.6%	41.5%	41.8%	42.0%	42.7%	41.8%	42.3%	43.3%	43.8%	42.8%	42.4%	-					
SG&A	7,761	7,581	7,912	7,704	8,362	8,171	8,547	9,341	8,757	8,807	8,852	-					
YoY	5.3%	3.4%	9.0%	1.4%	7.7%	7.8%	8.0%	21.2%	4.7%	7.8%	3.6%	-					
SG&A / Sales	36.6%	35.3%	35.5%	34.5%	37.0%	34.8%	34.8%	35.8%	37.2%	36.6%	34.9%	-					
OP	1,068	1,323	1,394	1,667	1,292	1,655	1,856	1,955	1,536	1,482	1,911	3,071				61.6%	8,000
YoY	18.1%	37.8%	-8.0%	31.0%	21.0%	25.1%	33.1%	17.3%	18.9%	-10.5%	3.0%	57.1%					18.4%
OPM	5.0%	6.2%	6.3%	7.5%	5.7%	7.0%	7.5%	7.5%	6.5%	6.2%	7.5%	11.3%					8.0%
RP	714	1,105	1,727	1,883	1,425	1,764	1,984	1,911	1,590	1,581	2,020	2,709				65.7%	7,900
YoY	-10.5%	124.6%	8.8%	45.6%	99.6%	59.6%	14.9%	1.5%	11.6%	-10.4%	1.8%	41.8%					11.5%
RPM	3.4%	5.1%	7.7%	8.4%	6.3%	7.5%	8.1%	7.3%	6.8%	6.6%	8.0%	10.0%					7.9%
NI	224	505	868	1,129	845	1,048	1,393	1,009	886	890	1,358	1,866				62.7%	5,000
YoY	-52.0%	119.6%	198.3%	17.0%	277.2%	107.5%	60.5%	-10.6%	4.9%	-15.1%	-2.5%	84.9%					16.4%
NPM	1.1%	2.4%	3.9%	5.1%	3.7%	4.5%	5.7%	3.9%	3.8%	3.7%	5.4%	6.9%					5.0%

Performance by Region (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.
Sales	21,208	21,458	22,288	22,302	22,619	23,494	24,589	26,071	23,512	24,054	25,368	27,066				72.9%	100,000
Japan	15,836	16,145	16,800	16,102	15,707	16,488	17,296	18,908	15,834	16,437	16,965	-				72.2%	68,200
The Americas	1,817	1,644	1,818	2,069	2,296	2,326	2,298	2,328	2,489	2,498	2,898	-					
Europe	1,294	1,232	1,407	1,582	1,728	1,692	1,865	1,888	1,966	1,828	1,974	-					
Asia and Oceania	2,260	2,437	2,263	2,548	2,887	2,989	3,130	2,945	3,221	3,292	3,530	-					
YoY	8.3%	8.9%	8.3%	7.9%	6.7%	9.5%	10.3%	16.9%	3.9%	2.4%	3.2%	-					
Japan	6.5%	6.8%	2.5%	3.2%	-0.8%	2.1%	3.0%	17.4%	0.8%	-0.3%	-1.9%	-					
The Americas	20.1%	10.6%	38.6%	32.6%	26.4%	41.5%	26.4%	12.5%	8.4%	7.4%	26.1%	-					
Europe	-18.2%	-15.7%	3.0%	14.6%	33.5%	37.3%	32.6%	19.3%	13.8%	8.0%	5.8%	-					
Asia and Oceania	40.3%	48.7%	50.0%	19.7%	27.7%	22.7%	38.3%	15.6%	11.6%	10.1%	12.8%	-					
OP	1,068	1,323	1,394	1,667	1,292	1,655	1,856	1,955	1,536	1,482	1,911	3,071				61.6%	8,000
Japan	898	1,170	1,205	1,464	867	1,126	1,353	1,768	1,000	997	1,486	-				65.7%	5,300
The Americas	95	46	59	147	122	143	111	56	213	171	128	-					
Europe	-48	-66	-41	-58	29	44	81	-30	103	121	128	-					
Asia and Oceania	152	164	114	135	263	376	373	244	278	240	353	-					
Eliminations	-29	9	57	-21	11	-34	-62	-83	-58	-47	-184	-					-100
YoY	18.1%	37.8%	-8.0%	31.0%	21.0%	25.1%	33.1%	17.3%	18.9%	-10.5%	3.0%	-					18.4%
Japan	6.8%	36.7%	-18.6%	30.5%	-3.5%	-3.8%	12.3%	20.8%	15.3%	-11.5%	9.8%	-					3.6%
The Americas	533.3%	-9.8%	2,850.0%	107.0%	28.4%	210.9%	88.1%	-61.9%	74.6%	19.6%	15.3%	-					
Europe	-	-	-	-	-	-	-	-	255.2%	175.0%	58.0%	-					
Asia and Oceania	65.2%	24.2%	-28.8%	6.3%	73.0%	129.3%	227.2%	80.7%	5.7%	-36.2%	-5.4%	-					
OPM	5.0%	6.2%	6.3%	7.5%	5.7%	7.0%	7.5%	7.5%	6.5%	6.2%	7.5%	-					8.0%
Japan	5.7%	7.2%	7.2%	9.1%	5.5%	6.8%	7.8%	9.4%	6.3%	6.1%	8.8%	-					7.8%
The Americas	5.2%	2.8%	3.2%	7.1%	5.3%	6.1%	4.8%	2.4%	8.6%	6.8%	4.4%	-					
Europe	-3.7%	-5.4%	-2.9%	-3.7%	1.7%	2.6%	4.3%	-1.6%	5.2%	6.6%	6.5%	-					
Asia and Oceania	6.7%	6.7%	5.0%	5.3%	9.1%	12.6%	11.9%	8.3%	8.6%	7.3%	10.0%	-					

Source: Company data

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

Q4 FY03/15 figures are the difference between cumulative Q3 results and full-year forecasts.

Japan

Mechatronics sales were up year-on-year as the company captured streamlining demand from the manufacturing sector. SATO secured large orders and made sales of mobile printers for major logistics companies and for public-sector clients, keeping in line with plans to capture new clients. But supplies sales fell as demand faltered, particularly from retailers. This was the result of the pullback in demand following the rush to beat the consumption tax hike and the economic slowdown. As a result, sales were down year-on-year, but operating profit was up as the company made improvements to gross margins.

**The Americas**

Favorable economic conditions in North America led to significant gains in unit sales for industrial 4-inch printers, particularly in the CL4NX series of industrial barcode printers, a strategically important product that the company began selling overseas during FY03/15. The company also secured more orders from original equipment manufacturers (OEMs) for food management systems, in addition to orders for laser printers for the apparel industry and drugstores.

Europe

Results were robust, with European operations demonstrating sustained profitability. The company focused on enhancing and expanding the production of stickers and labels across Europe, selling to new clients and markets, and improving margins.

In the UK, SATO increased sales to retailers, the apparel industry, and major logistics companies. In Germany, the company secured major orders for mobile printers for the apparel industry, and talks are underway to capture sales contracts for the company's new CL4NX series of printers.

In December 2014, the company acquired a 75% ownership stake in OKIL-HOLDING, Russia's largest label manufacturer, and consolidated it as a subsidiary. SATO seeks to use this acquisition to produce and sell product labels for OKIL's existing businesses, and gain a foothold in Russia for its auto-identification solutions business.

Asia and Oceania

Sales were higher in China and Thailand to manufacturing and trucking companies, and Group companies in Malaysia, Indonesia, Vietnam, and India all reported double-digit growth in sales on a local-currency basis.

Operating profit was down JPY141mn YoY. This was partly due to upfront investment in Australian subsidiary SATO Vicinity Pty Ltd., which began operating in December 2013.

Sales discussions related to the company's proprietary phase jitter modulation (PJM) RFID technology are currently in progress with companies in the healthcare and diamond industries.

View the [full report](#).

SBS Holdings, Inc. (2384)

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

On **February 13, 2015**, SBS Holdings, Inc. announced earnings results for full-year FY12/14 and a revised dividend forecast.

Quarterly Performance		FY12/13				FY12/14				FY12/14	
(JPYmn)	Q1	1H	Q1-Q3	Q1-Q4	Q1	1H	Q1-Q3	Q1-Q4		% of FY	FY Est.
Sales	29,833	61,806	94,944	132,205	32,266	65,777	103,150	141,535		103.3%	137,000
YoY	-3.7%	-1.7%	-0.3%	3.3%	8.2%	6.4%	8.6%	7.1%			3.6%
Gross Profit	2,312	5,422	8,555	13,459	2,935	6,026	10,502	14,276			
YoY	-20.8%	-11.6%	-6.8%	7.1%	27.0%	11.1%	22.8%	6.1%			
GPM	7.7%	8.8%	9.0%	10.2%	9.1%	9.2%	10.2%	10.1%			
SG&A Expenses	2,375	4,718	7,012	9,318	2,260	4,545	7,213	10,152			
YoY	-0.5%	-1.7%	-2.1%	-3.6%	-4.8%	-3.7%	2.9%	9.0%			
SG&A / Sales	8.0%	7.6%	7.4%	7.0%	7.0%	6.9%	7.0%	7.2%			
Operating Profit	-63	704	1,542	4,141	674	1,480	3,288	4,123	85.9%		4,800
YoY	-	-	-	42.7%	-	110.3%	113.2%	-0.4%			15.9%
OPM	-	1.1%	1.6%	3.1%	2.1%	2.3%	3.2%	2.9%			3.5%
Recurring Profit	-195	534	1,277	3,801	570	1,373	2,933	3,672	83.5%		4,400
YoY	-	-	-	37.3%	-	156.9%	129.6%	-3.4%			15.8%
RPM	-	0.9%	1.3%	2.9%	1.8%	2.1%	2.8%	2.6%			3.2%
Net Income	-157	150	567	1,571	390	1,761	2,501	2,750	78.6%		3,500
YoY	-	-	-	-4.6%	-	1075.2%	340.8%	75.0%			122.8%
NPM	-	0.2%	0.6%	1.2%	1.2%	2.7%	2.4%	1.9%			2.6%
Quarterly Performance		FY12/13				FY12/14					
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Sales	29,833	31,973	33,138	37,261	32,266	33,511	37,373	38,385			
YoY	-3.7%	0.3%	2.4%	13.9%	8.2%	4.8%	12.8%	3.0%			
Gross Profit	2,312	3,111	3,132	4,904	2,935	3,091	4,476	3,774			
YoY	-20.8%	-3.3%	2.9%	44.8%	27.0%	-0.6%	42.9%	-23.0%			
GPM	7.7%	9.7%	9.5%	13.2%	9.1%	9.2%	12.0%	9.8%			
SG&A Expenses	2,375	2,344	2,294	2,306	2,260	2,285	2,668	2,939			
YoY	-0.5%	-3.0%	-2.7%	-8.0%	-4.8%	-2.5%	16.3%	27.5%			
SG&A / Sales	8.0%	7.3%	6.9%	6.2%	7.0%	6.8%	7.1%	7.7%			
Operating Profit	-63	767	838	2,599	674	806	1,808	835			
YoY	-	-4.4%	21.9%	194.9%	-	5.1%	115.6%	-67.9%			
OPM	-	2.4%	2.5%	7.0%	2.1%	2.4%	4.8%	2.2%			
Recurring Profit	-195	730	743	2,524	570	803	1,560	739			
YoY	-	-0.1%	29.0%	227.9%	-	10.1%	110.0%	-70.7%			
RPM	-	2.3%	2.2%	6.8%	1.8%	2.4%	4.2%	1.9%			
Net Income	-157	307	418	1,004	390	1,371	740	249			
YoY	-	15.6%	199.5%	47.9%	-	347.1%	77.2%	-75.2%			
NPM	-	1.0%	1.3%	2.7%	1.2%	4.1%	2.0%	0.6%			

Source: Company data

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

Sales increased due to new clients and services in the Logistics segment, and acquisitions.

Operating profit and recurring profit were down year-on-year, owing to higher costs related to acquisitions, and poor performance in the customs clearing and CD and DVD logistics businesses. Net income increased as the company booked JPY1.4bn in extraordinary gains on the sale of fixed assets, including an office building.

Despite a rush to beat the consumption tax hike, the logistics industry suffered from a protracted pullback from the rush demand, and a slump in consumer spending caused by poor weather over the summer. The industry also faces pressing issues, such as rising costs for fuel, vehicle-hire, and part-time workers, plus a worsening shortage of drivers.

FY12/14 is the first year of SBS's medium-term plan, SBS Growth 2017, which runs until FY12/17. Faced with the conditions above, SBS focused on business strategy, investment strategy, and improving the foundations of the group's business.



On **the same day**, the company announced a revised dividend forecast.

The company has raised its year-end dividend per share forecast for FY12/14 by JPY1 to JPY15, from JPY14 as announced in April 2014. In light of the three-for-one stock split carried out on June 1, 2014, the dividend for FY12/14 now represents an increase of JPY5 over FY12/13, when the full-year dividend per share was JPY40.

View the [full report](#).

Ship Healthcare Holdings Inc. (3360)

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

On **February 17, 2015**, Ship Healthcare announced that Healthcare & Medical Investment Corporation (TSE Mothers: 3455), an investment corporation specializing in health care facilities in which the company has 33.3% ownership, has been approved for listing on the REIT market of the Tokyo Stock Exchange.

The scheduled date of listing is March 19, 2015, and plans call for a public offering of 106,500 units alongside an overallotment of 12,000 units. The public offering is projected to generate JPY10.7bn in funds, while the overallotment is projected to generate JPY1.2bn.

Assets under management of Healthcare & Medical Investment Corporation amount to JPY23.7bn (the total amount of assets scheduled to be acquired; exclusive of consumption tax and other related fees). Primary sponsors are Ship Healthcare (33.3% stake), NEC Capital Solutions (TSE1: 8793; 33.3%), and the Sumitomo Mitsui Banking Corporation (5.0%). Other sponsors include Sumitomo Mitsui Finance & Leasing (4.8%) and SMBC Friend Securities (4.8%).

The policy for portfolio creation—based on acquisition cost—will be 80% or more of investment to occur in healthcare facilities (senior citizen facilities and residences, medical facilities, etc.), and 20% or less to occur in other areas. By region, 80% or more of investment will be made in the three major metropolitan areas and key population centers, followed by 20% or less in other areas. As a general rule, investments will be made only in properties that are valued at JPY500mn or more.

On **February 10, 2015**, the company 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.
Sales	51,185	56,624	52,906	63,648	55,330	54,256	58,337	91,266	51,504	73,852	61,302	93,342	66.7%	280,000
YoY	23.1%	43.2%	11.2%	5.8%	8.1%	-4.2%	10.3%	43.4%	-6.9%	36.1%	5.1%	2.3%		8.0%
Gross Profit	7,484	8,030	6,716	8,731	7,255	6,966	7,549	11,787	6,569	9,711	8,033			
YoY	21.5%	40.4%	1.1%	2.0%	-3.1%	-13.3%	12.4%	35.0%	-9.5%	39.4%	6.4%			
GPM	14.6%	14.2%	12.7%	13.7%	13.1%	12.8%	12.9%	12.9%	12.8%	13.1%	13.1%			
SG&A Expenses	4,361	4,401	4,635	5,020	4,744	4,632	4,924	5,399	5,302	5,197	5,439			
YoY	14.5%	17.3%	11.0%	-3.7%	8.8%	5.3%	6.2%	7.6%	11.8%	12.2%	10.5%			
SG&A / Sales	8.5%	7.8%	8.8%	7.9%	8.6%	8.5%	8.4%	5.9%	10.3%	7.0%	8.9%			
Operating Profit	3,122	3,629	2,081	3,711	2,511	2,333	2,625	6,388	1,267	4,514	2,593	6,226	57.4%	14,600
YoY	32.9%	84.5%	-15.7%	10.9%	-19.6%	-35.7%	26.1%	72.1%	-49.5%	93.5%	-1.2%	-2.5%		5.4%
OPM	6.1%	6.4%	3.9%	5.8%	4.5%	4.3%	4.5%	7.0%	2.5%	6.1%	4.2%	6.7%		5.2%
Recurring Profit	3,460	3,824	2,282	4,023	2,779	2,534	2,859	6,582	1,538	4,694	2,708	6,060	59.6%	15,000
YoY	30.9%	66.8%	-15.9%	11.7%	-19.7%	-33.7%	25.3%	63.6%	-44.7%	85.2%	-5.3%	-7.9%		1.7%
RPM	6.8%	6.8%	4.3%	6.3%	5.0%	4.7%	4.9%	7.2%	3.0%	6.4%	4.4%	6.5%		5.4%
Net Income	2,149	2,257	1,390	2,793	1,597	1,377	1,615	3,934	570	2,623	1,335	4,272	51.5%	8,800
YoY	31.0%	65.1%	-6.4%	10.2%	-25.7%	-39.0%	16.2%	40.8%	-64.3%	90.5%	-17.3%	8.6%		3.3%
NPM	4.2%	4.0%	2.6%	4.4%	2.9%	2.5%	2.8%	4.3%	1.1%	3.6%	2.2%	4.6%		3.1%

Source: Company data

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

Q4 FY03/15 estimates calculated by subtracting cumulative Q3 results from full-year forecasts.

Solid earnings except for the Healthcare segment

Ship Healthcare booked robust earnings overall. In the Total Pack Produce segment, the company faced rising construction costs at manufacturing subsidiaries and delays to checks and inspections due to construction setbacks. Imported component costs also rose owing to the weak yen. But progress with major projects was in line with initial expectations. In the Medical Supplies segment, efficiency improvements and subsidiaries acquired in FY03/14 contributed to earnings. The company also opened new stores in the Dispensing Pharmacy segment.

View the [full report](#)

SOURCENEXT Corporation (4344)

Plans, develops and sells PC software and smartphone apps. An industry forerunner that also handles other companies' software. One of the top three manufacturers of security software in Japan.

On **February 12, 2015**, SOURCENEXT Corporation announced earnings results for Q3 FY03/15.

Quarterly Performance (JPYmn)					FY03/15			FY03/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Sales	1,262	1,373	1,778	1,323	1,392	1,363	1,847	-	-
YoY	2.8%	16.8%	10.4%	15.7%	10.3%	-0.7%	3.9%		
Gross Profit	966	979	1,325	966	1,047	1,038	1,310		
GPM	76.6%	71.3%	74.5%	73.0%	75.2%	76.2%	70.9%		
SG&A Expenses	691	737	842	721	729	749	895		
YoY	6.8%	16.9%	9.4%	7.6%	5.5%	1.6%	6.4%		
Operating Profit	276	241	484	245	355	254	415	-	-
YoY	104.4%	34.1%	44.5%	99.0%	28.5%	5.1%	-14.2%		
OPM	21.9%	17.6%	27.2%	18.5%	25.5%	18.6%	22.5%		
Recurring Profit	262	241	479	243	357	260	411	-	-
YoY	92.7%	51.5%	48.8%	118.2%	36.4%	7.5%	-14.2%		
Net Income	294	282	471	174	368	325	278	-	-
YoY	87.8%	69.0%	46.7%	8.2%	25.2%	15.3%	-41.0%		
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	% of FY Est.	FY Est.
Sales	1,262	2,635	4,413	5,736	1,392	2,756	4,602	74.8%	6,153
YoY	2.8%	9.6%	10.0%	11.2%	10.3%	4.6%	4.3%		7.3%
Gross Profit	966	1,945	3,270	4,236	1,047	2,086	3,396		
GPM	76.6%	73.8%	74.1%	73.9%	75.2%	75.7%	73.8%		
SG&A Expenses	691	1,428	2,269	2,991	729	1,478	2,373		
YoY	6.8%	11.8%	10.9%	10.1%	5.5%	3.5%	4.6%		
Operating Profit	276	517	1,001	1,246	355	608	1,023	78.5%	1,303
YoY	104.4%	64.2%	54.0%	61.2%	28.5%	17.6%	2.2%		4.6%
OPM	21.9%	19.6%	22.7%	21.7%	25.5%	22.1%	22.2%		21.2%
Recurring Profit	262	503	983	1,226	357	617	1,028	78.9%	1,302
YoY	92.7%	70.4%	59.2%	68.2%	36.4%	22.5%	4.6%		6.2%
Net Income	294	576	1,047	1,221	368	693	971	85.2%	1,140
YoY	87.8%	78.1%	62.4%	51.6%	25.2%	20.4%	-7.3%		-6.6%

Source: Company data

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

PC shipments fell by 15.4% YoY over the nine months of cumulative Q3, as replacement demand following the end of support for Microsoft Windows XP in April 2014 tailed off (source: JEITA, December 2014). By December 31, 2014, the total number of mobile phone contracts stood at 125.1mn, equivalent to 98.5% of the population. Smartphones made up 65.4mn (52.3%) of this figure, and the company expects the number of smartphone users to continue growing (source: MM Research Institute, February 2015). In response, SOURCENEXT focused on expanding its range of PC software and smartphone apps, mainly for Android devices.

In the PC software market, the company focused on promoting its FUDEOH postcard creation software. As a result, this software was ranked first in its category for OTC unit sales for the third year in a row, according to GfK Japan research on sales at major domestic mass market electronic retailers.

In the smartphone market, the company provided new products (apps) and upgraded existing products on KDDI's Smart Pass, NTT Docomo's Sugotoku Contents, SoftBank Mobile's App Pass, and Sprint Corporation (US)'s App Pass. The company also announced APPLI CHOU HOUDAI, an all you can use app service offered in partnership with low-price smartphone and SIM providers such as Aeon Retail Co., Ltd. and Biglobe Inc., and marketed at general consumers. The company expects demand to increase for this service, which offers a simple way for users to access a select range of over 90 quality apps ranging from security to popular games.

View the [full report](#).

SymBio Pharmaceuticals (4582)

Specialty pharmaceutical company focusing on the oncology, hematology, and autoimmune space. In-licenses drugs for niche markets from US and EU biotech companies to address the underserved medical needs of patients in Japan and the rest of Asia.

On **February 10, 2015**, SymBio Pharmaceuticals announced earnings results for full-year FY12/14 and a mid-term plan for FY12/15 through FY12/17.

Quarterly Performance (JPYmn)	FY12/13				FY12/14				FY12/14	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	489	322	513	209	174	802	373	607	98.2%	1,990
YoY	-15.8%	-32.0%	10.5%	-52.3%	-64.5%	149.1%	-27.3%	191.0%		29.9%
GP	151	33	89	45	32	215	106	173		
YoY	17.6%	-75.7%	-59.5%	-58.5%	-78.6%	543.6%	19.8%	286.1%		
GPM	30.9%	10.4%	17.3%	21.5%	18.6%	26.8%	28.5%	28.5%		
SG&A	492	500	475	532	448	445	427	510		
YoY	-19.2%	-5.9%	-18.7%	-6.5%	-9.0%	-10.8%	-10.1%	-4.3%		
SG&A / Sales	100.6%	155.2%	92.6%	255.3%	257.9%	55.6%	114.5%	84.0%		
OP	-341	-466	-386	-488	-416	-231	-320	-337		-1,311
YoY	-	-	-	-	-	-	-	-		-
OPM	-	-	-	-	-	-	-	-		-
RP	-352	-460	-376	-414	-454	-259	-228	-170		-1,308
YoY	-	-	-	-	-	-	-	-		-
RPM	-	-	-	-	-	-	-	-		-
NI	-353	-461	-377	-414	-455	-261	-228	-172		-1,311
YoY	-	-	-	-	-	-	-	-		-
NPM	-	-	-	-	-	-	-	-		-

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

Source: Company data

Sales for FY12/14 totaled JPY2.0bn (+27.6% YoY) due to domestic and overseas shipments of SyB L-0501.

Domestic sales of Treakisym rose 12.9% YoY. Overseas sales increased by 3.6x after the company added one year of inventory in South Korea following a factory alignment. Milestone revenues declined 85.0% YoY.

SG&A expenses were JPY1.8bn (-8.4% YoY), including R&D expenses of JPY774mn (-26.5% YoY) associated with SyB L-0501, SyB L-1101, and SyBC-1101.

As a result, operating loss totaled JPY1.3bn (FY12/13: loss of JPY1.7bn). The company also had a recurring loss of JPY1.1bn (FY12/13: loss of JPY1.6bn). The recurring loss was narrowed because the company had a JPY189mn in currency gain, received JPY16mn in interest payments, and earned JPY8mn from securities holdings. Net loss totaled JPY1.1bn (FY12/13: loss of 1.6bn).

On **the same day**, the company announced a mid-term plan for FY12/15 through FY12/17.

Midterm Plan (JPYmn)	FY12/14 Act.	FY12/15 Est.	FY12/16 Target	FY12/17 Target
Sales	1,955	1,870	2,919 ~ 2,148	3,754 ~ 2,160
Operating Profit	-1,303	-2,452	-2,390 ~ -3,005	-2,525 ~ -3,492
Recurring Profit	-1,110	-2,481	-2,419 ~ -3,034	-2,554 ~ -3,521
Net Income	-1,115	-2,485	-2,422 ~ -3,038	-2,557 ~ -3,524

Source: Company data



MONTHLY WRAP – March 2015



Main Pipeline Schedule	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20
Treakisym (initial treatment of lower-grade NHL and MCL)		Apply for approval	Obtain approval Start sales				
Treakisym (CLL)			Apply for approval Obtain approval Start sales				
Rigosertib (for injections) (relapsed and refractory higher-risk MDS)					Apply for approval	Obtain approval Start sales	
Rigosertib (for oral use) (blood transfusion-dependent lower-risk MDS)					Apply for approval	Obtain approval Start sales	
Rigosertib (for oral use) (frontline treatment of higher risk MDS)							Apply for approval

Source: Shared Research (includes Shared Research estimates for applications)

The company's mid-term plan calls for an increase in Treakisym sales growth by securing a larger share of the relapsed or refractory low-grade NHL and MCL market. The company plans to hold seminars for doctors in Japan to promote Treakisym as an efficacious and safe alternative treatment to existing drug therapies. Such efforts may also lead to an increase in per-patient sales as patients complete additional treatment cycles.

The company expects to receive marketing approval in Japan to use Treakisym in the treatment of first-line low-grade NHL and MCL in FY12/16, and CLL in FY12/16. The company expects to see an increase in sales once these additional indications are approved.

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 **February 2, 2015**, Takashimaya Co., Ltd. released monthly store sales data for January 2015.

All Store Sales	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
FY02/12												
Takashimaya (Parent)	-15.6%	-1.9%	-3.5%	0.8%	0.1%	-1.1%	-1.6%	-0.1%	-1.7%	0.9%	-1.8%	0.7%
Domestic Department Stores	-16.8%	-0.9%	-2.8%	0.6%	0.8%	-1.2%	-1.9%	0.3%	-1.4%	0.3%	-1.8%	-1.0%
Corporate Business	14.7%	-22.0%	-22.3%	3.5%	-19.2%	3.1%	-4.9%	-11.8%	-11.5%	14.4%	-0.9%	16.8%
Cross-Media Business	2.7%	-0.3%	5.3%	6.7%	1.0%	-13.6%	1.8%	1.5%	-6.6%	6.7%	-5.3%	-0.3%
FY02/13												
Takashimaya (Parent)	16.5%	2.8%	-0.2%	-0.9%	-1.9%	0.6%	1.9%	-1.0%	2.4%	-2.7%	-2.2%	-0.3%
Domestic Department Stores	16.9%	1.9%	-0.7%	-0.5%	-3.0%	-0.6%	1.1%	-1.6%	1.6%	-2.6%	-2.9%	0.3%
Corporate Business	0.1%	23.6%	9.0%	-2.5%	31.5%	20.0%	26.1%	10.3%	21.8%	-7.8%	5.2%	-5.6%
Cross-Media Business	13.4%	-10.3%	-3.8%	-11.7%	-1.4%	22.3%	0.9%	3.6%	7.1%	-0.8%	13.8%	-6.1%
FY02/14												
Takashimaya (Parent)	2.9%	-1.3%	2.5%	8.9%	-3.6%	0.4%	1.9%	-2.6%	2.2%	1.8%	4.1%	3.7%
Domestic Department Stores	4.9%	-0.5%	1.0%	7.8%	-4.0%	0.3%	2.6%	-2.3%	3.0%	1.8%	4.1%	3.9%
Corporate Business	29.1%	-11.5%	20.7%	38.8%	6.0%	-3.0%	3.7%	-4.2%	-5.9%	11.7%	7.5%	3.0%
Cross-Media Business	-1.8%	4.5%	11.3%	0.6%	3.9%	13.2%	-18.3%	-5.3%	-11.2%	-7.0%	-0.7%	-5.8%
FY02/15												
Takashimaya (Parent)	32.3%	-13.2%	-7.0%	-4.9%	-4.4%	0.1%	-0.3%	-0.4%	0.7%	-1.0%	-1.2%	
Domestic Department Stores	31.7%	-13.5%	-6.5%	-4.9%	-4.3%	0.0%	-0.4%	-0.5%	0.5%	-1.1%	-1.4%	
Corporate Business	55.4%	-21.1%	-17.9%	-15.6%	1.2%	-5.3%	-3.6%	-1.3%	-11.4%	-8.7%		
Cross-Media Business	5.4%	-33.8%	-36.0%	-25.2%	-12.8%	-3.4%	-11.7%	1.0%	-10.7%	16.2%		

Source: Company data

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

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 **February 23, 2015**, Tamagawa Holdings Co., Ltd. announced that its mega solar power plant in Tateyama City, Chiba Prefecture commenced operations.

According to the company, connections from its mega solar power plant in Tateyama City to the Tokyo Electric Power (TEPCO) grid have been completed, and sales of power began on February 23, 2015. The company does not expect this to have a material impact on its FY03/15 earnings results.

Summary of Tateyama City mega solar power plant

Plant name: Tateyama Power Plant

Land area: approx. 35,386sqm

Generation capacity: 1,999kW

Feed-in tariff (fixed rate for 20 years): JPY40/kWh (tax exclusive)

Estimated feed-in revenue: JPY95mn/year, JPY1.9bn cumulative total for 20 years

On **February 12, 2015**, the company 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 Est.	FY Est.
Sales	914	906	918	1,433	835	1,089	1,178		68.4%	4,534
YoY	23.9%	6.3%	-3.4%	26.7%	-8.7%	20.1%	28.3%			8.7%
GP	253	293	301	350	261	356	379			
YoY	51.0%	24.7%	-9.6%	12.2%	3.0%	21.3%	25.8%			
GPM	27.7%	32.4%	32.8%	24.4%	31.2%	32.7%	32.2%			
SG&A	164	167	200	190	204	201	220			
YoY	10.2%	4.5%	14.1%	-0.7%	24.0%	20.0%	9.7%			
SG&A / Sales	17.9%	18.5%	21.8%	13.2%	24.4%	18.5%	18.6%			
OP	89	126	101	161	57	155	160		73.5%	506
YoY	371.9%	68.0%	-35.9%	32.5%	-35.8%	23.2%	57.6%			6.0%
OPM	9.8%	13.9%	11.0%	11.2%	6.9%	14.2%	13.6%			11.2%
RP	95	124	100	159	56	154	154		74.5%	489
YoY	847.7%	69.1%	-36.6%	19.1%	-40.8%	24.1%	54.5%			2.2%
RPM	10.4%	13.7%	10.9%	11.1%	6.8%	14.1%	13.1%			10.8%
NI	90	101	114	131	26	94	141		58.0%	450
YoY	939.0%	22.0%	-26.8%	42.6%	-71.1%	-6.6%	22.9%			3.1%
NPM	9.8%	11.1%	12.5%	9.2%	3.1%	8.7%	11.9%			9.9%

Source: Company data

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

Electronics and Telecoms Equipment

Mobile telecoms companies changed construction plans, resulting in lower orders year-on-year, but a recovery has been underway beginning in 2H FY03/15, and sales related to public expenditure for defense facilities and public wireless facilities were up, leading to higher overall sales and profits.

Solar System Sales

Although the company worked to make sales operations more efficient, there were shipment delays as clients pushed back construction commencement dates. Sales and profits were down year-on-year as a result.

**Solar Power Plant Operations**

Sales of electricity at the Shimonoseki solar park were in line with targets, yielding higher sales and profits year-on-year.

Geothermal Power Plant Operations

Newly established during Q3 FY03/15, this segment is working to commence operations of geothermal power plants as soon as possible. Operations are scheduled to commence in FY03/16, and as such, no sales were recorded, and due to miscellaneous expenses, the company booked an operating loss of JPY0mn for the segment.

On **February 6, 2015**, the company announced that it will borrow long-term operating funds.

Funds will be loaned to the company from the Chiba Bank in the amount of JPY100mn, with a due date of January 31, 2018.

On **February 3, 2015**, the company announced that a subsidiary will secure a site for a low-voltage solar power plant, to be sold in lots.

Subsidiary Tamagawa Solar Systems Co., Ltd. decided at a meeting of the board of directors that it will secure land for low-voltage power plant, to be sold in lots. According to the company, after acquiring the rights to a feed-in tariff of JPY36 set by the Ministry of Economy, Trade and Industry (METI), it will be able to divide ownership of the low-voltage power plant into 13 lots, to sell to outside buyers. This is expected to boost group earnings, and the company is calculating the expected effect on consolidated earnings forecasts.

Details of the low-voltage lot sales

Location: Kanoya City, Kagoshima Prefecture

Total area: about 11,070sqm (for all 13 lots)

Output capacity: about 650Kw (for all 13 lots)

Feed-in tariff: JPY36/kWh (fixed for 20 years)

Acquisition date: February 3, 2015

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 **February 19, 2015**, TOKAI Corporation, a subsidiary of TOKAI Holdings Corporation, announced the establishment of a new marketing company as part of improvements to its marketing structure in the energy business, as it prepares to enter the retail electricity sales market.

The TOKAI Group aims to act as a "Total Life Concierge" (TLC). It provides lifestyle products and services to match this vision, covering energy—mainly LP gas—information telecommunications, CATV, Aqua, residential facilities, security, insurance, and healthcare. The company now intends to add electricity sales to its range of services, ahead of the liberalization of the retail electricity and gas markets.

TOKAI Corporation handles the group's LP gas operations. This subsidiary is utilizing online sales channels and enhancing its sales department, in response to the changing lifestyles and demands of its increasingly diversified client base. As part of this strategy, TOKAI Corporation will establish a new subsidiary on April 1, 2015, in a bid to improve its marketing structure. The company plans to make full use of its expertise, flexibility, and selling power as it prepares to enter the retail electricity sales market.

On **February 18, 2015**, TOKAI Communications Corporation, a subsidiary, announced its entry into the childcare market, with the launch of Pass Tell Apps, a cloud-based preschooler management system.

Pass Tell Apps is a cloud-based service that allows users to manage information relating to preschoolers, parents and guardians, and teaching staff at educational and nursery facilities. This system is designed to make operations more efficient and facilitate communication with parents and guardians. TOKAI Communications and Sunloft Corp. developed the system together, prior to its release on February 18, 2015. TOKAI Communications plans to use the opportunity to expand its services in the childcare market, a new channel.

View the [full report](#).

Verite Co., Ltd. (9904)

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

On **February 9, 2015**, Verite Co. 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.
Sales	2,217	2,392	2,589	3,367	2,251	2,296	2,505	2,726	1,747	2,009	2,108	3,136	65.2%	9,000
YoY	7.8%	1.3%	-5.1%	-8.5%	1.5%	-4.0%	-3.2%	-19.0%	-22.4%	-12.5%	-15.8%	15.0%		-8.0%
GP	1,162	1,257	1,783	1,521	1,127	1,200	1,280	1,270	902	1,022	1,100	-		
YoY	-0.2%	-4.6%	14.7%	0.2%	-3.0%	-4.5%	-28.2%	-16.5%	-20.0%	-14.8%	-14.1%			
GPM	52.4%	52.6%	68.9%	45.2%	50.1%	52.3%	51.1%	46.6%	51.6%	50.9%	52.2%			
SG&A	1,371	1,333	1,368	1,446	1,169	1,148	1,140	1,198	1,027	861	1,036	-		
YoY	8.6%	-3.8%	-3.6%	1.1%	-14.7%	-13.9%	-16.7%	-17.2%	-12.1%	-25.0%	-9.1%			
SG&A / Sales	61.8%	55.7%	52.8%	42.9%	51.9%	50.0%	45.5%	43.9%	58.8%	42.9%	49.1%			
OP	-209	-75	414	79	-42	52	140	90	-125	20	64	281	-	240
YoY	-	-	204.4%	2.6%	-	-	-66.2%	13.9%	-	-61.5%	-54.3%	212.2%		0.0%
OPM	-	-	16.0%	2.3%	-	2.3%	5.6%	3.3%	-	1.0%	3.0%	9.0%		2.7%
RP	-238	-105	378	39	-66	-1	81	6	-151	-3	43	211	-	100
YoY	-	-	220.3%	77.3%	-	-	-78.6%	-84.6%	-	-	-46.9%	3,416.7%		400.0%
RPM	-	-	14.6%	1.2%	-	-	3.2%	0.2%	-	-	2.0%	6.7%		1.1%
NI	-254	-202	354	215	-58	-16	69	157	-164	-25	30	199	-	40
YoY	-	-	306.9%	-	-	-	-80.5%	-27.0%	-	-	-56.5%	26.8%		-73.7%
NPM	-	-	13.7%	6.4%	-	-	2.8%	5.8%	-	-	1.4%	6.3%		0.4%
Product Inventory	5,070	4,720	5,604	5,268	6,085	6,442	6,208	5,927	5,944	5,951	5,898			
YoY	5.5%	-12.1%	-0.9%	-0.5%	20.0%	36.5%	10.8%	12.5%	-2.3%	-7.6%	-5.0%			
Turnover (days)	448	394	584	269	461	522	471	380	641	550	536			

Source: Company data

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

Q4 FY03/15 figures are the difference between FY03/15 forecasts and Q3 FY03/15 results.

Difficult conditions persisted during Q3 FY03/15, namely due to the pullback in demand after the rush to beat the consumption tax hike, poor consumer spending, and poor weather conditions. As a result, sales and gross profit during the October-December quarter continued to underperform compared to the previous year. As in Q2, although the company booked an operating profit during Q3 on a quarterly basis, it was unable to make up for losses seen during Q1, and thus on a cumulative basis, operating loss for Q3 was JPY41mn.

On **February 6, 2015**, the company announced January 2015 sales figures.

Monthly Sales (YoY)	FY03/15												FY	
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
All Stores														
Sales	-27.6%	-15.0%	-10.9%	-9.1%	-16.2%	-11.7%	-13.0%	-15.7%	-17.4%	6.9%			-14.7%	-12.4%
Customer Count	-38.7%	-24.9%	-18.2%	-19.7%	-19.3%	-15.9%	-14.4%	-15.4%	-19.5%	-6.6%			-23.2%	-19.6%
Sales Per Customer	18.0%	13.2%	9.0%	13.2%	3.7%	5.0%	1.6%	-0.4%	2.5%	14.4%			11.2%	8.8%
Stores	81	81	81	80	80	80	83	83	84	81			80	81
Comparable Stores														
Sales	-21.8%	-8.6%	-11.1%	-2.3%	-9.7%	-10.6%	-10.7%	-11.7%	-11.6%	15.8%			-10.3%	-7.6%
Customer Count	-33.6%	-23.9%	-17.4%	-18.1%	-17.4%	-14.9%	-14.9%	-12.2%	-15.5%	-2.2%			-21.0%	-17.0%
Sales Per Customer	17.7%	20.1%	7.7%	19.3%	9.3%	5.1%	4.9%	0.6%	4.6%	18.4%			13.5%	11.3%
Stores	76	79	79	80	79	79	79	80	80	80			79	80
FY03/14	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
All Stores														
Sales	8.5%	-8.7%	-7.4%	-0.8%	-9.8%	-1.9%	-7.0%	4.2%	2.3%	8.4%	-10.8%	-0.3%	-3.8%	-2.0%
Customer Count	17.4%	2.5%	-9.5%	-7.2%	-14.2%	-11.6%	-9.4%	-8.9%	-12.6%	-14.6%	-30.0%	-19.4%	-4.3%	-10.3%
Sales Per Customer	-7.6%	-11.0%	2.4%	6.9%	5.1%	11.0%	2.6%	14.4%	17.0%	26.9%	27.4%	23.7%	0.5%	9.3%
Stores	87	84	83	83	83	82	82	84	84	86	81	80	82	80
Comparable Stores														
Sales	7.7%	-9.0%	6.7%	0.5%	-4.0%	2.4%	-0.2%	12.2%	11.8%	18.7%	-4.1%	0.7%	0.4%	3.6%
Customer Count	18.6%	1.8%	-1.6%	-0.6%	-8.0%	-4.6%	-0.1%	-3.5%	-3.6%	-7.6%	-23.9%	-12.8%	0.6%	-4.1%
Sales Per Customer	-9.2%	-10.7%	8.5%	1.2%	4.4%	7.3%	-0.1%	16.3%	16.0%	28.4%	26.0%	15.5%	-0.2%	8.0%
Stores	81	78	78	77	77	76	77	78	79	79	76	77	76	77
FY03/13	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	1H	FY
All Stores														
Sales	7.4%	8.6%	-12.1%	-7.3%	4.0%	1.1%	-2.0%	-12.7%	-10.9%	-3.9%	0.7%	-7.1%	-0.5%	-3.7%
Customer Count	-4.1%	-6.9%	2.6%	-8.7%	-0.1%	-5.5%	-12.4%	-7.4%	-6.8%	3.4%	3.2%	5.5%	-3.9%	-3.1%
Sales Per Customer	12.0%	16.6%	-14.3%	1.5%	4.1%	7.0%	11.8%	-5.7%	-4.3%	-7.0%	-2.4%	-12.0%	3.5%	-0.6%
Stores	100	100	101	101	101	102	103	104	104	102	99	97	97	97
Comparable Stores														
Sales	6.4%	9.8%	-11.3%	-4.2%	1.3%	-1.5%	-2.2%	-6.1%	-9.1%	-4.2%	2.3%	-2.8%	-0.4%	-2.4%
Customer Count	-2.9%	-3.7%	1.0%	-8.6%	-2.4%	-8.2%	-14.8%	-5.3%	-5.2%	3.1%	6.1%	9.5%	-4.3%	-2.7%
Sales Per Customer	9.6%	14.0%	-12.2%	4.8%	3.8%	7.3%	14.8%	-0.8%	-4.1%	-7.1%	-3.6%	-11.3%	4.0%	0.3%
Stores	81	81	82	84	85	90	92	96	96	95	90	90	90	90

Source: Company data, SR Inc. Research

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

View the [full report](#).

WirelessGate Inc (9419)

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

On **February 12, 2015**, WirelessGate, Inc. 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		
Sales	1,617	1,729	1,811	1,898	2,046	2,159	2,369	2,532	-	-
YoY	31.3%	29.9%	27.3%	25.3%	26.5%	24.8%	30.8%	33.4%	-	-
Gross Profit	502	529	564	571	594	603	633	655	-	-
YoY	17.4%	19.0%	21.6%	22.3%	18.2%	14.1%	12.3%	14.8%	-	-
GPM	31.0%	30.6%	31.1%	30.1%	29.0%	27.9%	26.7%	25.9%	-	-
SG&A Expenses	326	339	354	361	386	404	457	444	-	-
YoY	18.7%	9.2%	17.5%	13.2%	18.3%	19.1%	29.2%	23.0%	-	-
SG&A / Sales	20.2%	19.6%	19.6%	19.0%	18.9%	18.7%	19.3%	17.5%	-	-
Operating Profit	176	190	210	210	208	200	176	212	-	-
YoY	15.1%	41.8%	29.3%	41.9%	18.2%	5.1%	-16.2%	0.7%	-	-
OPM	10.9%	11.0%	11.6%	11.1%	10.2%	9.3%	7.4%	8.4%	-	-
Recurring Profit	176	190	209	210	207	199	174	209	-	-
YoY	15.1%	44.2%	45.1%	42.4%	17.9%	5.0%	-16.9%	-0.2%	-	-
RPM	10.9%	11.0%	11.5%	11.0%	10.1%	9.2%	7.3%	8.3%	-	-
Net Income	108	117	129	129	127	131	110	132	-	-
YoY	-29.0%	14.5%	53.2%	52.4%	16.8%	12.5%	-15.0%	1.9%	-	-
NPM	6.7%	6.8%	7.1%	6.8%	6.2%	6.1%	4.6%	5.2%	-	-
Cumulative	Q1	1H	Q3	FY	Q1	1H	Q3	FY	% of FY	FY Est.
Sales	1,617	3,346	5,157	7,055	2,046	4,204	6,574	9,106	107.0%	8,509
YoY	31.3%	30.6%	29.4%	28.3%	26.5%	25.6%	27.5%	29.1%		20.6%
Gross Profit	502	1,031	1,595	2,165	594	1,197	1,830	2,485		
YoY	17.4%	18.2%	19.4%	20.1%	18.2%	16.1%	14.8%	14.8%		
GPM	31.0%	30.8%	30.9%	30.7%	29.0%	28.5%	27.8%	27.3%		
SG&A Expenses	326	665	1,019	1,380	386	789	1,247	1,690		
YoY	18.7%	13.6%	14.9%	14.5%	18.3%	18.7%	22.3%	22.5%		
SG&A / Sales	20.2%	19.9%	19.8%	19.6%	18.9%	18.8%	19.0%	18.6%		
Operating Profit	176	366	576	786	208	408	583	795	88.3%	900
YoY	15.1%	27.6%	28.2%	31.6%	18.2%	11.4%	1.3%	1.2%		14.6%
OPM	10.9%	10.9%	11.2%	11.1%	10.2%	9.7%	8.9%	8.7%		10.6%
Recurring Profit	176	366	575	785	207	407	580	790	87.9%	898
YoY	15.1%	28.6%	34.1%	36.2%	17.9%	11.2%	1.0%	0.7%		14.5%
RPM	10.9%	10.9%	11.1%	11.1%	10.1%	9.7%	8.8%	8.7%		10.6%
Net Income	108	225	354	483	127	258	368	499	91.9%	543
YoY	-29.0%	-11.6%	4.5%	14.1%	16.8%	14.6%	3.8%	3.3%		12.4%
NPM	6.7%	6.7%	6.9%	6.8%	6.2%	6.1%	5.6%	5.5%		6.4%

Source: Company data

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

Sales increased on a smooth rise in the number of members for its mainstay wireless broadband services, with the total sales amount coming to 107.0% of the company's full-year forecast. Profits also rose on the increases in sales and gross profit, despite fresh costs in starting a new LTE business, such as costs to acquire communication lines and sales promotion costs.

However, operating profit, recurring profit, and net income all failed to achieve the full-year forecasts, standing at 88.3%, 87.9%, and 91.9% of each forecast, due to unforeseen upfront costs related to the new SIM card business (capex, plus maintenance and running costs), as well as procurement costs for the communication lines.

On **February 4, 2015**, the company announced a withdrawal of its application for a transfer of its stock listings to the main market of the Tokyo Stock Exchange.

The company had been preparing to transfer its stock listings to the main board of the Tokyo Stock



Exchange, but decided to withdraw its application at a meeting of the board of directors held on February 4, 2015.

On December 12, 2014, the Securities and Exchange Surveillance Commission advised the imposition of administrative penalty charges to an individual who received insider information about WirelessGate. The Financial Services Agency issued said penalty charges on January 15, 2015.

This event does not represent any illegal action on WirelessGate's part, but the company is nonetheless working to improve information management, insider-trading prevention systems, and compliance. It will measure current levels of awareness about the issues, as well as enforce compliance (including the regulation of insider trading) through more thorough training.

The company is planning to shift to a new management system, at a general shareholders meeting scheduled for March 27, 2015. It intends to strengthen the enforcement of corporate governance to accelerate growth and raise corporate value.

Based on these circumstances, the company has decided to withdraw its application to transfer its stock listings to the main market. But it will continue preparations to eventually transfer its stock listings.

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 **February 18, 2015**, Shared Research updated the report following interviews with management.

Quarterly Performance (JPYmn)	FY09/14				FY09/15				FY09/15	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	3,780	4,186	4,148	4,369	5,135				22,500 ~ 25,500	
YoY	25.8%	33.9%	36.9%	29.4%	35.8%				36.5% ~ 54.7%	
GP	1,004	1,245	1,151	1,182	1,399					
YoY	12.4%	30.9%	52.7%	38.9%	39.3%					
GPM	26.6%	29.7%	27.7%	27.1%	27.3%					
SG&A	699	678	658	691	777					
YoY	40.1%	18.3%	22.0%	13.5%	11.1%					
SG&A / Sales	18.5%	16.2%	15.9%	15.8%	15.1%					
OP	305	567	493	492	622					
YoY	-22.7%	50.1%	129.7%	102.3%	104.2%					
OPM	8.1%	13.6%	11.9%	11.3%	12.1%					
RP	365	1,612	514	461	729					
YoY	-23.4%	236.2%	91.5%	-15.7%	99.7%					
RPM	9.7%	38.5%	12.4%	10.5%	14.2%					
NI	299	1,119	435	392	416				2,250 ~ 3,200	
YoY	-3.9%	310.0%	138.7%	-37.0%	39.2%				0.2% ~ 42.5%	
NPM	7.9%	26.7%	10.5%	9.0%	8.1%					

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

Source: Company data

Construction Technician Temporary Staffing

Due to an aging workforce and shortage of young workers, dispatch demand at general contractors remained firm. The company focused on hiring, with a target of 1,600 technicians over the year in preparation for higher domestic infrastructure investment, reconstruction efforts in northern Japan, and construction related to the 2020 Tokyo Olympic Games. The company hired 269 new technicians in Q1 FY09/15 (275 in Q1 FY09/14).

Engineer Temporary Staffing

Production recovered at core manufacturing clients, supported by a correction to the yen's appreciation. Yumeshin also dispatches IT engineers in the IT industry, where corporate systems investment is picking up after a few years of restricted investment. The company focused on hiring machinery and IT engineers, acquiring new clients, and increasing utilization rates.

View the [full report](#).

ZIGExN Co., Ltd. (3679)

Comprehensive search aggregator connects users with multiple websites, such as those specializing in job listings. Convenience for users and performance-based fee structure sustain profits and growth.

On **February 12, 2015**, ZIGExN announced earnings results for Q3 FY03/15.

Quarterly Performance (JPYmn)	FY03/14 (Cons.)				FY03/15 (Cons.)				FY03/15 (Cons.)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	458	439	465	565	572	580	839		-	-
YoY	121.1%	76.9%	66.8%	28.9%	24.9%	32.1%	80.3%		-	-
Gross Profit	429	407	431	532	546	538	778		-	-
YoY	-	-	-	38.6%	27.2%	32.2%	80.6%		-	-
GPM	93.8%	92.8%	92.6%	94.2%	95.5%	92.9%	92.8%		-	-
SG&A Expenses	194	207	218	255	286	290	472		-	-
YoY	-	-	-	47.0%	47.0%	40.3%	116.7%		-	-
SG&A / Sales	42.4%	47.1%	46.8%	45.1%	50.0%	50.1%	56.3%		-	-
Operating Profit	235	200	213	277	260	248	306		-	-
YoY	113.7%	60.1%	44.8%	31.8%	10.8%	23.9%	43.7%		-	-
OPM	51.4%	45.6%	45.8%	49.1%	45.6%	42.8%	36.5%		-	-
Recurring Profit	236	199	194	278	260	247	314		-	-
YoY	-	-	-	32.3%	10.4%	24.5%	61.9%		-	-
RPM	51.5%	45.3%	41.7%	49.3%	45.5%	42.6%	37.4%		-	-
Net Income	144	122	93	178	159	141	167		-	-
YoY	-	-	-	40.1%	11.0%	16.1%	79.5%		-	-
NPM	31.4%	27.8%	20.0%	31.4%	27.9%	24.4%	20.0%		-	-
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	458	896	1,362	1,927	572	1,151	1,990		73.2%	2,718
YoY	121.1%	97.0%	85.5%	64.4%	24.9%	28.4%	46.1%			41.0%
Gross Profit	429	836	1,267	1,800	546	1,084	1,863			
YoY	-	-	91.1%	71.9%	27.2%	29.6%	47.0%			
GPM	93.8%	93.3%	93.1%	93.4%	95.5%	94.2%	93.6%			
SG&A Expenses	194	401	619	874	286	576	1,048			
YoY	-	-	119.6%	91.9%	47.0%	43.6%	69.3%			
SG&A / Sales	42.4%	44.7%	45.5%	45.4%	50.0%	50.0%	52.7%			
Operating Profit	235	435	648	926	260	508	814		67.9%	1,199
YoY	113.7%	85.2%	70.1%	56.5%	10.8%	16.8%	25.6%			29.5%
OPM	51.4%	48.5%	47.6%	48.0%	45.6%	44.2%	40.9%			44.1%
Recurring Profit	236	434	628	907	260	507	821		68.5%	1,199
YoY	-	-	64.9%	53.3%	10.4%	16.8%	30.8%			32.3%
RPM	51.5%	48.4%	46.1%	47.0%	45.5%	44.1%	41.3%			44.1%
Net Income	144	265	359	536	159	301	468		74.2%	631
YoY	-	-	55.9%	50.3%	11.0%	13.3%	30.5%			17.7%
NPM	31.4%	29.6%	26.3%	27.8%	27.9%	26.1%	23.5%			23.2%

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

Source: Company data

Sales and operating profit both reached a record. Operating profit margin fell as a result of labor costs of recently acquired subsidiaries, as well as an increase in goodwill expenses and SG&A expenses related to the acquisition. Even so, operating profit rose thanks to better sales.

In the Internet business field, the increase in smartphone subscribers and penetration of tablet devices is leading to greater diversity in internet usage and frequency. Such developments are driving growth in market scale. Underpinned by this operating environment, ZIGExN is working to expand its business domain and move into new geographic regions. In addition, the company is also pursuing the creation of new businesses and seeking to diversify its business model.

View the [full report](#).



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